Company: Brambles Limited

Title: 2015 Annual General Meeting

Date: 12 November 2015

Start of Transcript

Stephen Johns: Well good afternoon ladies and gentlemen. My names is Stephen Johns, I'm the Chairman of Brambles. It's now three o'clock - or two o'clock or thereabouts so we're ready to roll.

It is my pleasure to welcome you today and to declare open Brambles 2015 Annual General Meeting. The Notice of Meeting was provided to you when you registered and copies of the minutes of our 2014 AGM are in the registration area. With your agreement I propose to take the Notice of Meeting as read.

Thank you.

I'd now like to introduce my colleagues on stage with me today. From my far left are Non-Executive Directors Scott Perkins, Brian Long who's Chairman of the Audit Committee.

Brian Long: Afternoon.

Stephen John: Carolyn Kay.

Carolyn Kay: Good Afternoon.

Stephen Johns: Scott stands for election today while Carolyn stands for re-election. They both have the unanimous and full support of their colleagues on the Board. To my immediate left is Chief Executive Officer and Executive Director Tom Gorman who will address you shortly and to his left is Chief Financial Officer Zlatko Todorcevski. From my far right are Christine Cross, Tahira Hassan.

Tahira Hassan: Good afternoon.

Stephen Johns: David Gosnell.

David Gosnell: Good afternoon.

Stephen Johns: Tony Froggatt.

Tony Froggatt: Afternoon.

Stephen Johns: Tony will address you later on, he's Chairman of our Remuneration Committee. To my immediate right is Robert Gerrard our Company Secretary.

We'll be holding a poll which I'll now open on all resolutions before this meeting. 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 we reach the formal part of the meeting. I'll respond to shareholders' questions before we move on to the formal items of the business but now I'd first like to provide my Chairman's address to you.

Ladies and gentlemen, it is a great privilege to address you as Brambles' Chairman. It has been my first year as Chairman, albeit my eleventh as a Non-Executive Director and I am pleased to say that the transition from my predecessor Graham Kraehe has been seamless. I thank my Board colleagues for their co-operation and support.

Brambles is a company with a proud heritage and with strong market positions in its core businesses, pallets, re-usable plastic crates and containers. We play an integral role in our customers' supply chains, striving to make those supply chains more efficient and sustainable. We are privileged to count among our customer base many of the world's best known brands. These include manufacturers such as Proctor & Gamble, Nestlé and Unilever and most of the world's major retailers.

The scale and breadth of our network and our pools of pallets, crates and containers - about 500 million in total with a replacement value of more than $7 billion has been established over many decades and would be extremely hard to replicate. Our operations provide an attractive return on capital for shareholders. A strong position like ours though requires a focus on continued value-adding investment to protect that position and to enable the ongoing creation of long-term sustainable value for customers and wealth for shareholders.

Disciplined investment in growth programs that strengthen our existing businesses or create new avenues for long-term growth, coupled with actions to deliver efficiencies, are designed to sustain our value proposition for the long-term. That is why we have identified growth capital expenditure opportunities totalling approximately $1.5 billion over the next four financial years. Including $500 million US dollars in the 2016 financial year alone as we continue to expand our operations.

Our 2015 result was strong, despite underlying economic conditions remaining quite uncertain in many of our markets and despite the continued aggressive activity of competitors. Sales revenue was $5.5 billion, up 8 per cent at constant currency. While underlying profit - which is defined as earnings before interest, tax and significant Items - was up 10% to $986 million. Profit after tax was up 7% $586 million. Return on capital invested, on a pre-tax basis and based on underlying profit remained strong at around 16% which continues to compare very favourably with the performance of other industrial companies.

As we announced previously, we expect to achieve a 20% return on capital invested in the 2019 financial year. Alongside our expectation for continued percentage growth in sales revenue, at constant currency, in the high single digits. Our performance in the 2015 financial year enabled the Board to increase the dividend payout by AUD0.01 per share to AUD0.28 per share, an increase of 4% over the prior year. This was consistent with our progressive dividend policy to increase dividends in Australian cents on a sustainable basis.

I will take this opportunity to address some questions we have received about the dividend from retail shareholders in the run-up to this meeting. The first relates to our payout ratio, which on an Australian dollar basis was 62% for the 2015 financial year. We believe this is an appropriate and healthy ratio for a company such as Brambles with good opportunities to reinvest cash for growth and thereby generate high returns on capital. It is important to bear in mind the impact of foreign exchange movements on the payout ratio. We declare our dividends in Australian dollars, because most of our shareholders are resident here, but we report our results in US dollars because over 90% of our revenue is derived overseas.

This means that in years when the Australian dollar rises against the US dollar the payout ratio increases. In years where the Australian dollar falls against the US dollar - as it did in the 2015 financial year - the payout ratio falls. As a consequence of foreign exchange volatility, a commitment to a certain payout ratio, rather than through the progressive policy we operate, would potentially lead to considerable volatility in the actual dividend paid. In particular, where the Australian dollar rose in value in a particular year, it would lead to lower dividends.

To address another shareholder question in relation to dividends, our franking of 30% is also a result of our strong international presence. While our overall tax rate across the world is 29%, with a relatively small proportion of earnings being generated here in Australia, it is just not possible for Brambles to generate the credits necessary to increase franking.

Another question from several retail shareholders prior to the AGM related to why we do not publish net debt to equity ratios, commonly known as gearing. The key measures that the Board monitors under its financial policy are net debt to earnings before interest, tax, depreciation and amortisation - usually called EBITDA - and the extent to which these earnings cover our annual interest payments. This is because, in the industrial sector, lenders and rating agencies assess borrowers primarily on the ability of that borrower's cash flows to service those borrowings, rather than on the accounting value of its assets. Net debt to EBITDA is the most appropriate metric in the Board's opinion.

At 30 June 2015, net debt was 1.75 times EBITDA and EBITDA covered our interest payments 13.7 times. Both of these metrics are within our policy and well below the levels required by our banking covenants. The Board is very comfortable with the company's funding strategy and our prudent and disciplined approach to our balance sheet has the support of our lenders and the international credit markets, as reflected in our very successful completion last month of a 10 year bond issue in the United States to a value of $500 million. We also maintain our solid investment grade credit ratings - BBB+ from Standard and Poor's, and Baa1 from Moody's.

Sustainability is another topic and it's of great interest to shareholders, many of whom will have noted the publication late in October of our 2015 Sustainability Review which is now available on the Brambles website. This is an important area for Brambles. Our business model is built on sound sustainability principles of shared use and re-use of resources, and the reduction of waste and inefficiencies in our customers' supply chains. Highlights of our sustainability performance in the 2015 financial year included firstly the increase in the proportion of the lumber used in our pooled pallets that is sourced from certified sources to 97%. The removal of 42 million kilometres of truck journeys as a result of transport collaboration programs with our customers. The reduction of food waste by more than 3000 tonnes and our ongoing involvement with food bank programs worldwide.

Brambles worldwide employs more than 14,000 people. We delivered year-on-year improvements in our safety performance and continue to devote a great deal of time and effort to provide a safe environment for our employees under our global Zero Harm program. However, very sadly, we did incur a tragic fatality in the year under review. In December 2014 a truck driver in our Recycled Pallets Operations in the USA passed away as a result of injuries sustained in a road traffic accident. Notwithstanding the continued improvement in our overall injury frequency rate in the year, such events are extremely saddening and are taken very seriously by the Board - by both the Board and management. Our aspiration is to achieve zero harm in our operations.

I would like to close by thanking you for today's attendance and by thanking all of our shareholders for their ongoing support for our Company. I would also like to thank Brambles' employees worldwide, the leadership team and my fellow directors for their ongoing endeavours. Ladies and gentlemen, this concludes my address and I will now hand over to our CEO Tom Gorman, to talk in more detail about our Company's operations.

Tom Gorman: Well thank you very much Stephen. Fellow shareholders, in Brambles I believe we are all very fortunate to have ownership in what I would describe as a pretty good company. Now I imagine as CEO of this Company that you would probably expect me to say that. But what I would like to share with are some data on our Company's performance over the past five years, which I believe will help me make my point.

When I became CEO in November 2009 we identified the need to do a few things. Firstly we had to fix the performance trajectory of the CHEP business in the USA. We were going to do this by addressing pallet quality issues, regaining our customers' trust and delivering growth by providing real value to our customers. I am very pleased to say the CHEP USA team has done an absolutely great job and that business is now heading in the right direction with growth in excess of underlying growth in grocery retail sales. The team has delivered that growth every year since the 2012 financial year.

Secondly, we needed to develop a growth strategy. Here again, I am very pleased to say that we have delivered a credible and well understood strategy that has in fact delivered positive results. We have executed our plans to expand geographically. We have entered or are developing businesses in more than 15 new countries in the CHEP pallet business operations since 2010. And we have also diversified our portfolio of pooled assets. Re-usable plastic crates now comprise 17% of our sales revenue. This compares with only 5% of our revenue in the 2010 financial year. Our Specialty Containers Group now comprises 9% of our sales. We have proven that we can put investments to work to deliver long-term benefits to our customers and to our shareholders.

Since the 2010 financial year, excluding Recall which we demerged in December of 2013, we have grown Brambles' sales revenue at a compound annual rate of 11% per year. Underlying profit has grown at a compound annual rate of 12% and average capital invested has grown by 14%. Now despite the fact that this growth was achieved partially through acquisitions - and those acquisitions have added about $1.6 billion of goodwill and intangible assets to our balance sheet. Despite that fact this growth has resulted in only 1 percentage point deterioration in our overall return on capital invested.

Now stepping back and looking at our share price, I believe that we have delivered significant out-performance relative to market benchmarks. The increase in our share price to AUD10.60 at 30 June 2015 - that reflects total shareholder return of 146% on a five-year basis, adjusting for the value of the Recall demerger and assuming that all dividends that were paid were reinvested in Brambles shares. Now this analysis compares to the 61% growth from the benchmark S&P/ASX200 Accumulation Index. Yesterday, our shares closed at AUD10.58.

But, of course, our strategy has not just been about delivering shareholder returns. It has really been about delivering for our customers, our employees and our shareholders. Fundamentally at Brambles we believe that if we deliver value to our customers and if we treat our employees with respect, wealth creation for shareholders will fundamentally take care of itself. Over the past five years we have seen significant improvement in customer satisfaction as measured by Net Promoter Score and employee satisfaction as measured by the Brambles Engagement Survey as also improved significantly. But what all of us, as shareholders, should be actually saying today is Tom, that's a pretty nice story but what have you done for us lately and what will you do for us going forward?

This is really what I would like to address with you today. Where is our Company going? What drives us to be successful? How are we going to deliver our objectives? Now where we want to go is very clear. As the Chairman alluded to we believe that by continuing to invest in strengthening our company by delivering value for our customers, we will continue to strengthen our competitive advantage and be in a position to create wealth for shareholders on an ongoing basis. Now in terms of our financial performance, we articulated some medium-term objectives back in December of 2013.

That's almost two years ago now and we did it just following the demerger of Recall. At that time we said that we expected to deliver annual percentage growth in sales revenue in the high single digit range and this of course is at constant currency. We said we would target to grow our underlying profit at a rate faster than the rate of sales revenue growth, and that we expected our average capital invested to grow at about 5% a year. Now based on this performance, we said that we expected a return on capital invested, excluding the impact of any acquisitions we might make after the December 2013 date. We expected the return on capital to reach 20% by the 2019 financial year.

Now these objectives, in effect, these reflect our commitment to driving wealth creation for shareholders through a combination of both quantity - and that is continued disciplined expansion of our business - and quality which is really about the improvement of our financial returns. Now compared with the wealth creation growth over the past five years, which was fundamentally driven by expanding the business at a very strong rate while holding returns broadly constant, we are now entering a period in which we expect to grow - in which we expect the growth rates to remain very attractive. But improvements in return on capital will make a much larger contribution. At our recent full-year results, we stated that growth in average capital Invested would now likely exceed the 5% growth rate as a result of the great investment opportunities that we have in front of us today.

But at the same time we did re-confirm our expectations that we could achieve that 20% return on capital invested objective. After all, the core CHEP business has historically delivered returns in excess of the 20% target. The aggregate return on our tangible capital base, on which we are leveraging our organic capital expenditure - this is the capital base which excludes good will. On this base today our returns exceed the 20% target as well. It is of course the case that opportunities may arise to change that mix and we may have the opportunity to pursue greater wealth creation through further, more rapid expansion.

The critical factor is that we understand what is required to succeed and we are committed to wealth creation rather than the blind pursuit of near or medium-term financial targets. Indeed many shareholders are worried about this medium return on capital invested objective because they fear we may ignore the long-term sustainability of the business. I can say directly today we will not do that. Although the objectives remain achievable, we will not put the customer nor the long-term interest of shareholders behind the achievement of any specific financial target in any given year.

So of course then the question is why then do we set objectives publicly at all? There are really two key reasons that we do this. First, publicly-stated objectives really are a rallying cry for our employees. These kind of objectives help us gain alignment with our teams around the world. Secondly we fundamentally believe that it's better to be judged by our own objectives, based on our understanding of our business, rather than the market's externally developed expectations. Indeed, during my annual road-show with institutional investors last month, one of our very largest shareholders asked me what I thought were the keys to Brambles' sustainable success. In essence, this shareholder was asking what we had to do to ensure that we delivered a successful future.

My response to that shareholder, which I'd like to share with you today, really focused on three key themes - customer centricity, accountability and driving innovation. So let me address each of these focus areas. First I'll start with customer centricity or sometimes referred to as customer intimacy. What this really means is that we are working very hard to stay close to our customer. We want to understand what is key to their satisfaction, we want to anticipate their needs rather than respond to their complaints. This has to occur at every level of the organisation. From myself as Chief Executive, through the direct account management team. Now we have pressed very hard to build this intimacy at Brambles through direct customer contact, collaboration through major organisations such as the Consumer Goods Forum and various customer panels that we have in every one of our businesses around the world. We have learned a great deal but we cannot let up on this commitment.

Secondly we must continue to hold ourselves accountable. Accountability, the way we look at that word it means doing what you say you are going to do. We believe that this is a critical element of our culture and as a Company it is something which I personally believe in strongly. Again, we cannot let this slide. Finally, we must drive innovation at a more rapid pace. Now all of us can think of many companies that have been disrupted by an upstart that didn't even exist five years before. Now while we believe that this risk is relatively low for Brambles today, we cannot be complacent or one day it will happen to us. We must be more confident in pushing the envelope of innovation, whether this relates to solutions for problems our customers face when they're addressing challenges in omni-channel retail, for example. Or when they're trying to deliver solutions in the last mile of the retail supply chain, or when it's our own company assessing data analytics opportunities and of course the role of the Internet of Things.

We have enormous capability as a company and it is really up to us to harness this capability and to deliver real customer solutions. I believe that this is the key to building a truly sustainable business that can deliver value for our customers, for our employees and ultimately for all of us as shareholders and we can do this on an ongoing basis. Thank you very much for joining us today and I'll now hand back to our Chairman Stephen Johns. Thank you.

Stephen Johns: Thank you Tom. I'll now hand over to Tony Froggatt, Chairman of our Remuneration Committee to discuss our Remuneration Policy in more detail. Tony.

Tony Froggatt: Thank you very much Stephen and good afternoon ladies and gentlemen. Today I will cover firstly how Brambles' executive remuneration is structured. Secondly the outcomes for fiscal year 2015 including share vesting. Finally an update on our employee share plan MyShare. Turning to the executive remuneration policy, the key is that remuneration approach should firstly attract and retain the right talent for the organisation. Reinforce business strategy by rewarding for results and pay out for performance and creation of shareholder value which is to all our benefit. I also took the opportunity to meet with proxy advisers again in 2015 to seek feedback on Brambles' remuneration policy. I'm pleased to say that there was continuing support for our remuneration policy and structure and it was seen as meeting the objectives shown.

So how is the executive pay at Brambles structured? There are two categories, fixed and at risk. As you can see more than 75% of executive remuneration is at risk. Meaning it is only delivered if stretch targets are achieved. The pie chart shows how remuneration would break down where maximum targets are met. Fixed salary and benefits comprise 24% of the potential. At risk cash which is the annual short-term incentive comprise mainly of financial results as a 50% cash pay out. At risk short-term incentive shares is the other 50% of annual bonus and takes the form of shares deferred for two years. At risk long-term incentive shares is the award of performance shares with payout conditional on meeting stretch results over three years. Clearly there is an aligned interest for both shareholders and executives to see good payouts to reflect high levels of business achievement.

For fiscal year 2015 there as a modest salary increase of between 3% to 5% for executives - which included the CEO - with a 3% companywide average. Our short-term incentives reflected company performance with a payout of between 59% and 67% of potential bonus. Our long-term incentives vesting in 2015 only partially vested at 57.1% with TSR vesting at 18% above the median for the ASX100. There was no non-executive director fee increase in fiscal year 2015. A below market increase of 2% was deferred by six months to the 1 July.

A full review of our remuneration strategy was conducted in April 2015 which reaffirmed our current policy and structure with two minor changes to the long-term incentive vesting to reflect market practice. Total shareholder return will vest at 50% at median rather than the previous 40% and the sales revenue/BVA matrix will provide mid point vesting between BVA hurdles - i.e. vesting every $100 million rather than $200 million increases. These changes are fully explained in the Remuneration Report in the 2015 annual report.

Finally our all employee share plan MyShare. Through MyShare our employees now own 2.85 million shares or roughly 0.2% of total shares in Brambles. In conclusion, I hope you'll agree that our remuneration strategy continues to support the business strategy and to reward executives for the creation of shareholder wealth. Thank you.

Stephen Johns: Thank you Tony. Ladies and gentlemen before moving to the formal part of the meeting I'll now answer questions from shareholders. In prepared remarks I addressed three main topics of questioning raised by shareholders using the form provided with the Notice of Meeting. It was dividend policy, gearing and sustainability. In addition we received several questions on remuneration policy which I believe Tony has addressed. Paul Bendall and Sue Horlin from our external auditor PwC are in the front row in the audience and if any shareholder wishes to ask them any questions they are available to do so.

Ladies and gentleman I'll now take the questions from the floor. I will say that we'll take any questions you'd like to ask. Remuneration there is a separate item on the agenda and so therefore you might like to leave those questions until Item 2 comes up. I remind you that only shareholders or their proxies or company representatives are entitled to speak at the meeting. If you'd like 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 a microphone then please raise your hand and an attendant will bring a microphone to you. To maximise the opportunity for shareholders I request that you only ask one question at a time. So the meeting is now open for questions. Are there any questions?

Operator: We have Mr Jack Tilburn Chairman.

Stephen Johns: Good afternoon Jack and welcome.

Jack Tilburn: (Shareholder) Yes, thank you very much Stephen Johns and to the other Board of Directors - or as I call them sometimes Board of Dictators that we've got to put up with. As a comment ladies and gentlemen, fellow shareholders, I did write a two page letter to our Chairman and he kindly replied to me - answered me. But I'm going to bring up the two matters that I didn't like him replying to me in the way he did. Because I'm absolutely against what he put in his letter. He knows that. It's the payout ratio and it's the long-term debt ratio to equity. I think you said Stephen that you only want one good question at a time. Well ladies and gentlemen I've got about six, seven, eight questions so I'll be able to keep the poor old AGM rolling along. But the first comment I'd like to make and don't take it too seriously Stephen because I think I've known you from Leighton Holdings and now Brambles and you're not a bad bloke at all. But all directors, ladies and gentlemen…

Stephen Johns: Jack, not too many say that, I appreciate it.

Jack Tilburn: (Shareholder) All directors ladies and gentlemen - I'll start again - have to have a serious code of ethics and code of conduct for their role in companies. I'm in 32 companies and they all know that I'm a very hard hitter. These directors like Stephen Johns and all the others on the Board - seven after Stephen Johns - have to act in good faith. That's a very big condition - have to act honestly - that's a bigger condition and have to exercise care and diligence. Well I don't think our Board is doing all of those things properly for our 69,000 shareholders.

Now one good comment and after that it all goes downhill with Brambles today which 10 years ago used to be called the Mr Shambles company. Why? Well it was a dual listed company in Sydney and London and it wasn't going anywhere. They had a chairman called Don Argus - don't argue with me. I think the culture today in Brambles, 10 years later, is still don't argue with me Mr Tilburn because you won't get anywhere. We know everything, our culture is superb. Well I don't think so.

The first comment after that introduction was to say I'm very happy with the MyShare policy proposal. A very good policy ladies and gentlemen for all employees - 14,000 - to participate in for creation of their wealth and I think it's good. They can buy shares after tax and pay for them for over two years. If they qualify for that two year period, Brambles will match them with the same number of shares at no cost to them. So that's very good and that's my biggest comment today to give credit to the company. After that, we're all going to go down.

The share price Mr Gorman mentioned. Well on Tuesday a couple of days ago it was only AUD10.56 and on that Tuesday it went down AUD0.18 to reach AUD10.56. The highest it's been Mr Johns is AUD11.95 and the lowest it's been is AUD9.34. Nothing to write home about to good old Agatha Christie or Malcolm GST Turnbull. I think now one of the seven or eight questions I've got is on page 7 after due diligence and care that I gave it - and I've spent over two days on the annual report. Cash flow from operations was $729 million, in 2014 it was $828 million so we've gone down and decreased and declined almost $100 million. Well why was this on the cash flow operations? Of course I don't think it's explained in the annual report unfortunately.

Overall this page 7 shows a dull year compared to 2014. That is all financial metrics appeared to stand still in 2015 become becalmed like no good wind is affecting operations and to prove my point, profit after tax of the Company was $585 million. In 2014 it was $584 million so we went up the ladder $1 million. I don't see that that's great progress by Brambles coming out of what it was a shambles 10 years ago. To finish up, overall, all together brambles hardly moved in 2015 compared to 2014 results. You know that Stephen Johns. So perhaps we could not expect any sizeable jump in our dividends ladies and gentlemen which are only AUD0.01 jump. AUD0.27 last year and AUD0.28 this year. I don't think that's a very good progressive dividend policy at all. That's enough for the moment, thank you.

Stephen Johns: Well thank you Jack, that was quite a lot and there's a few questions there and a few statements. Could I just say firstly that I welcome your interest in the company and you obviously spent a lot of time reading our annual report. We do appreciate getting your correspondence prior to the AGM so it gives us a chance to respond. I apologise - well I'm not going to apologise so much - but I'm afraid that if we didn't satisfy you with our answers, I'll try and do a better job here in front of a bigger audience. But we do - you made a comment about a code of conduct. It wasn't a question, it was a statement, good faith, honesty and good care that we take and you said we don't do a good job with that. Firstly as a Board I think that's a pretty unfair comment. We certainly acted very honestly, very transparently - good faith. We spend an inordinate amount of time - together with management - who I believe are doing an excellent job in looking after the affairs of the Company. But I don't want to sound defensive; I think we're doing a good job.

2015 was a very good year for us Jack and I - and you have to look at the constant currency numbers, not just the FX. The Australian dollar started the year at something over parity, ended up in the low 70s. As good a management team as I think we have we can't foresee the currency movements, nor do we try to. But we do measure ourselves on a constant currency basis. We said to the market ahead of time that on a constant currency basis we'd achieve a profit of between $1.055 billion - this is an underlying profit - between $1.055 billion and $1.085 billion. That's a pretty small range when you're going for a profit over $1 billion. We achieved $1.065 billion in constant currency terms. In actual currency that reduced from $1.065 - from $1.065 down to $986 million. That is a - in essence on constant currency we are up 8% on revenue, up 10% on underlying profit.

So those - we're very proud of those results. It's pretty good and we also very importantly confirmed the fact that when we give guidance to the market as we have done for most of the years that Tom Gorman has been the CEO - we have achieved those numbers. We haven't disappointed the market in having to advise of an earnings downgrade. So I think that our operations are good, cash flow is something we are very cognisant of. But you also have to look at how much we're investing for the future in CapEx when you look at what cash flow is available. I think we had a pretty good year last year so I'll dispute your mathematics there. But just looking at the future. As I announced my own address and

Tom Gorman also referred to it - we've got a CapEx program of $1.5 billion over the next four years up to FY19 and $500 million in this year alone. That is CapEx not just going out the door but to earn a superior return on the invested funds.

So I think we're in pretty good shape and in fact Tom Gorman said we've got a pretty good company, I think we've got a fantastic company. Are there any other questions? Thank you. I'm sorry we're - number two - we'll go back to number one in a second. Sorry, I was looking in the wrong direction. Thank you.

Operator: Mr Chairman we have Mary Curran who'd like to ask a question.

Stephen Johns: Hi Mary, welcome.

May Curran: (Shareholder) Thank you. Good morning - or should I say good afternoon. My name is Mary Curran; I'm a long term shareholder of Brambles. Today I also represent the Australian Shareholders' Association - 314 shareholders and approximately 1.6 million shares. Congratulations on a good year at Brambles. I think I said once before it's great with crates and positive for pallets. We are pleased to hear about the focus on the customer which of course we hope will flow through to the shareholders. We've seen how Airbnb and Uber have affected the landscape. We noted some of your comments Mr Gorman and we just wonder what are the risks to the business? Can the 500 million pallets be threatened by disruptive technology? Could deliveries be dropped in by drones? Or should we look at your - I noted you talked before about the intelligent pallets at a conference in the US. Perhaps you could share a little bit more information with us about that.

Stephen Johns: Mary, thanks for that it's a very good question. Tom would you…

Tom Gorman: Well thank you very much Miss Curran, I appreciate your interest in our company, I appreciate your shareholding and I appreciate your question. Just to reiterate a little of my comment. I actually think that the near-term risk to Brambles is very, very small. I think that as a business we have many competitive advantages that are very, very difficult to replicate. It starts with the density of our network, not just here in Austria but globally, the depth of our relationships with our customers and the stickiness of our business. It also includes the vast opportunities for growth that we have. Not just in markets that we're yet to enter but also in markets that we consider core to us, we still have considerable growth opportunity.

Or growth strategy has all been about taking what we do very well, which is fundamentally the pooling of assets. Doing that in more jurisdictions and I've identified 15 new countries that we've entered in the last five years. As well as applying it to new asset types. We have done that I think very well and aggressively both in the RPC business and then in a number of other container types. My comments really go to the fact that even though you're very successful today you must be aware of the threats that are on the horizon. Oftentimes companies that are too focused on the next year or the year after miss what's coming that's going to impact the business in the long-term. I think as a Company we've fought very hard strategically to make sure we don't fall into that trap. Part of that is making sure that were aware of all the technological changes that are in front of us that both give us opportunity and may perhaps create a threat.

We don't see drone delivery as a near-term threat. We spent a lot of time with a number of players in the space and that's not what's going to disrupt the business. So more for us Miss Curran, the opportunity is to enhance our business. So today our assets - they really don't communicate in any way with us. We track them extremely well, our losses are at an all time low and our ability to manage our asset base is better than it's ever been in my history with the company. But the question that we ask ourselves is can we do more with those assets? Can we actually make them - as you used my own words - make them intelligent? So not only do they tell us where they are, can they tell us whether they're hot or cold? Can they tell us where they're going next? Can they tell us what products are on top of them or which types of produce are inside of the containers? All of those things are things that we're exploring today.

As we sit here today the technology is not yet economic for us to deploy across 500 million assets. But we're continuing to investigate the technology and we'll continue to invest in the technology so that as the global market leader in this space, we're really the ones that initiate the change and the innovation and not have it done to us. So fundamentally that's how we think about this and that's where our investments are going today. It's necessary that we invest for the future. I think to sit here and only think about the next year or the year after is not doing what you as shareholders want us to do. You want us to secure a future that leads to the next decade and the decade after that. I fundamentally believe - and my team believes - that technology will play a role in that future and we're going to continue to invest in those technologies.

Stephen Johns: Thank you Tom. Number one.

Operator: Mr Chairman introducing Mrs Yvonne Chan.

Stephen Johns: Welcome.

Yvonne Chan: (Shareholder) Thank you. Good afternoon Chairman and the Board. I definitely - my name is Yvonne Chan and I thank Mr Gorman's commitment on the tracking of our 500 million assets. It wasn't too long ago I remember we lost 20 million of our CHEP pallets just like that. Then the Chairman then told us well they're not lost, we just can't find them was his words.

Anyhow, I'll get to the point. I'd like to find out [unclear] on what you said earlier on today over the - recently we had a few acquisitions. One of them I saw in the Notice of Meeting you mentioned is the acquisition of the Ferguson Group. I'd like to know if it's possible to tell us a little bit more about the Ferguson Group? Is that the largest acquisition that we had so far?

Stephen Johns: Thank you Yvonne. Ferguson Group acquisition as around about $500 million - $520 million I think. Which was our biggest acquisition in the last 12 months. Prior to that four years ago we made an acquisition of the IFCO re-usable plastic crate business which was about - I think EUR1 billion…

Unidentified Male: EUR1.32.

Stephen Johns: EUR1.3 billion so that was a much bigger acquisition. We've got a market capitalisation - just put it in perspective - we have a market capitalisation here of Australian dollars - about AUD20 billion which is say $15 billion in today's currency with the reduction of the Aussie dollar and a $500 million acquisition with a $15 million market capitalisation. Just to put it in perspective our actual - on our balance sheet we've got about $6 billion of asset base. So it was not a very large investment if you took it - if you take it from that perspective. But it was an important strategic investment for us. I think to do it justice I might ask Tom to give you a bit more detail.

Tom Gorman: Sure. Look I - thank you very much Chairman. Miss Chan thank you also for your ownership and your interest. I'll start by saying Ferguson's a great company. We have been looking at expanding, we have a small presence in the oil and gas industry today through a Houston based company that we own which is called The Catalyst and Chemical Container Business. We have always liked the oil and gas business, it's a business where the major players are comfortable outsourcing. So they're willing to work with outsource parties which is what we do. We believe it's an area that has great growth and it has great margin performance and strong return on capital. Ferguson is the number two player in this industry and we consider ourselves very fortunate to have Ferguson as part of the Brambles family.

It's clear however that the oil and gas market is going through a turbulent period. I think the reason that the Ferguson acquisition gets so much attention is because of the volatility that we're presently experiencing. But the Ferguson business continues to operate well; it's a profitable business for us. Every dollar that we continue to invest in Ferguson gives us a return in excess of the target return that we've established. So we're very pleased with where we are on that acquisition. The timing - it presents some unique issues in terms of the market - but in the long run we like the oil and gas business. We think we can play a very strong role and Ferguson is an outstanding platform us to continue to grow.

Yvonne Chan: (Shareholder) Thank you.

Stephen John: Pleasure, thank you. Are there any other questions? I think there's…

Operator: Mr Chairman we have Mr [Kasim].

Stephen Johns: Welcome.

Mr Kasim: (Shareholder) Good afternoon Mr Chairman and the Board. Thank you for the positive metrics you've given us and hope for the future. But what I'd like to raise is the issue of climate change which is a global issue and poses a major challenge to all of us. You've mentioned sustainability but what you haven't told us is what sort of a carbon footprint we are leaving at the moment. Is there a measure of the carbon footprint the Company is leaving at the moment? How would the Company be impacted if a carbon tax were to be re-introduced?

Stephen Johns: Well thank you for the question I might let Tom answer some of the specifics. But can I just say that sustainability is very important for us. In fact it's very much in the value proposition we provide to our customers. The fact that our equipment - our pallets don't get trashed and sent to the tip and that we avoid a lot of that. We have the re-use of pallets throughout the system. We collaborate - as I said in my address - with our customers to avoid empty traffic lines or lanes so that we - so that they reduce the amount of road traffic. So we have a lot to offer to our customers and to our shareholders.

We've been included in the Dow Jones Sustainability Index which is a great honour for us and we are very pleased about that. It recognises leaders in sustainability in their respective field. So we're doing a lot - we actually do spend a lot of money, time and effort on this. I'd ask you to read the sustainability report which is on our website. It's very detailed but I think it's also very informative. We've tried to make it as concise and simplified as possible so that it gets our message across. But - so we do a great deal in that regard. About our carbon footprint itself, Tom do you have…

Tom Gorman: Yes, I think again - thank you very much Mr Kasim for your questions and for your - again your interest and your ownership in our Company. A couple of things I would just echo what the Chairman said and then maybe add a few more. First of all I think it would be very informative if you actually did access the sustainability report. We have worked pretty hard over the last couple of years to make that report much more shareholder friendly. So that it's very clear what our focus is as a company, the areas that we're focusing on in terms of improving our footprint. It isn't just a carbon footprint that we're concerned with; it's all natural resources that we either use or that our customers use and our effort to reduce that footprint globally.

In terms of your specific question regarding a carbon tax. That really is not a major issue us here in Australia. So that's not something that given our usage of energy in this country - which on a relative basis for some of the major industrial companies here in Australia is very small. So that is not a major issue for us. The real focus for us when it comes to carbon footprint is how we work with our customers. All of our customers are moving product from manufacturing source to market and they move those products in our packaging, on our platforms. Whether it be a pallet, and RPC or an industrial container. In all of those cases we work very, very hard with our customers to reduce the combined effort of getting product to market.

As the Chairman indicated we have made a significant improvement in the last couple of years of taking empty miles off the road, so actually combining our transportation. Through our company of LeanLogistics we work very hard to effectively manage how we move product and fundamentally to reduce empty miles which is all towards reducing our carbon footprint. So from a carbon perspective I think you'll see in the report that we are making great progress. The other big area for us are the natural resources that we use. Really primarily timber in the pallet business and water in the RPC business. You'll see in the report where we are today in the use of those natural resources and then also our commitment for improvement going forward.

Mr Kasim: (Shareholder) I was thinking of a figure of some sort and what impact it might be if there was a carbon tax related to it.

Tom Gorman: Yes, it's a de minimis issue the carbon tax in Australia.

Mr Kasim: (Shareholder) I'm not just talking about Australia though, I'm talking about Brambles operation right throughout the…

Tom Gorman: Again globally because all of the movement that we - we are not a trucking firm, we do not own our transportation. We have a small number of trucks in the CHEP recycle business in the US. But we work with third party providers, so the actual impact of the carbon tax for us is very minimal globally.

Mr Kasim: (Shareholder) Okay, thank you.

Stephen Johns: Could I just add that the sustainability - which I've already said is very, very important to us. We do a great deal of very good work in minimising food wastage in the supply chain of our customers. Tom maybe you'd just like to give a bit more flavour to that?

Tom Gorman: Yes, so I think in terms of the areas that we focus on. As the Chairman indicated because we work so much in the supply chain that moves food to the market, a major focus for us has been how do we reduce food waste? Globally it's now recognised that about 30% of all of the food post harvest to consumption is actually lost. Either through bad transportation or other impacts on that food. In developing countries you lack proper refrigeration or you lack pesticides for storage. In many emerging companies just movement of the produce destroys the product.

So we have been partnering with a number of non-governmental organisations around the world and a number of our direct customer partners to try to focus on how we take that waste out of the system and we'll continue to do that. Not only is it a focus of our corporate social responsibility efforts but it's also a great place for us to partner with our customers. To give you a very simple response to your question around our carbon usage. The number that we have is that we've had a 20% reduction since 2010 and that's the number that you'll see published in our sustainability report.

Stephen Johns: Thank you. Are there any more questions? Number one.

Operator: Mr Chairman, introducing Mr Kevin Daly.

Stephen Johns: Good afternoon Kevin.

Kevin Daly: (Shareholder) Afternoon. I don't know what you do in your spare time but I often walk past Port Botany and when I do I go past the container port and I look up and see the empty containers stacked five or six high and about 500 metres of them. I never see any that are marked Brambles. I notice you've got $874 million of average capital invested in containers. So I'm just wondering if you could give me a breakdown of the geographies and the types of containers where that $874 million is invested?

Stephen Johns: In our containers' division we've really got four businesses. One is automotive, the other is intermediate bulk containers which we call the IBCs. We have Ferguson which is containers in the oil and gas division and we also have - that's it? CCC - the containers also in the oil and gas division that Tom Gorman referred to. So I think the big containers that you see at Port Botany are not the containers that we're talking about. But Tom is there…

Tom Gorman: Yes, so I think you're really referring to sea containers. So the 40 foot containers that you see. I know Port Botany quite well; I go by there frequently as you do. We're not in the sea container business at all. So the fact that you don't see a Brambles, a CHEP or an IFCO brand on the side of that, that's actually good news for us because we're not in the business. If you saw one of those I would say that someone's stealing our brand. The reason we're not in that business is because the financial structure of the sea container business is fundamentally different than the businesses that we're in today. It's not a business that we have any intention to enter.

Oftentimes the packaging that we provide may be inside of those containers as they're being shipped. But once they arrived at their destination the packaging is taken out immediately, we recover our packaging and then we put it back to work again. So sitting idle in a place like Port Botany or any port around the world is not the business that we want to be in.

Stephen Johns: Kevin, maybe I should sort of add because I got all excited in answering this question before. But there is one other type of container that we have which is used in airlines and the aerospace industry. So if you go to some airports around the world - particularly in Europe and elsewhere, you might see some of the smaller containers with CHEP written all over them. But we do have those under control; we actually know exactly where they are. Number two.

Operator: We have a re-question from Mr Jack Tilburn.

Unidentified Male: I think we should [unclear].

Jack Tilburn: (Shareholder) Yes, so thank you Mr Stephen Johns, thank you for your invitation to speak again. Ladies and gentlemen I think this is my number 557 AGM and I never give up. All chairmen know that I'm extremely passionate - 110% passionate.

This time it's a very, very strong criticism and a justified criticism Stephen Johns of the too, too small size print called technically font in our annual report. It's terrible, it's horrible. I can hardly see it or read it; I have a magnifying glass to see it.

To bring it home how rotten it is, how miserable it is, how lazy it is fellow directors - I went to the 2013 Brambles Annual Report and what did I find out? I found out Stephen that the annual report of 2013 is comprised of 128 pages. What does is one, 2015, comprised of? Ninety pages. I worked it out that's a 38 page decrease - decline and it's 43% decrease and decline. No wonder I couldn't read the bloody thing even though I've spent two and a half days on it. That's terrible. So I'm saying it's justified criticism.

We have 69,485 shareholders to look after; ladies and gentlemen the annual report is a bible. The constitution of the Company is number one bible, very rarely looked at the by the directors. Number 2 is the annual report, that's the number two bible. So I'm telling you that it's got to be reversed Tom Gorman for 2016. Also on top of the poor, lousy, miserable print size in 2015 you can't see and read the footnote numbers. Now the footnote numbers are extremely important. I read them all frontwards and backwards to get the language of what's going on with the Company. But you can't see the numbers in the text. When you go to the bottom of the page they're still small printed. So what did BHP do 10 years ago? They put the bloody numbers in brackets and we haven't got the brainpower to put our footnote numbers in the text Mr Gorman in brackets and at the bottom for consistency and uniformity in brackets as well.

So in 2016 Stephen Johns you've got fix things up otherwise I'll be back again with my justified criticism I've got a couple more questions too.

Stephen Johns: Well Jack, do you want to ask the questions now because there's not much I can answer on that other than to say that firstly, I'm delighted that you spent two days reading our annual report because we spent a lot of time and effort going through it and getting all the information that we think shareholders need. We actually also spent a fair bit of time in trying to make it more readable. Our remuneration report is I think more readable than before. We've tried to make our annual accounts more concise. So we spend a lot of time on it and I'm very glad that you do spend the time. We'll certainly take on notice the size of the print; but if you've got other questions, would you like to ask one of them now?

Jack Tilburn: (Shareholder) Thank you. It's a lovely invitation. I respect that and regard that from your culture, Mr Stephen Johns. I pick up on the auditors, ladies and gentlemen. I am a person that never believes in auditors because the joke is that when all the companies go down the drain, go bust, liquidated, bankrupted, there's always a bloody auditing firm behind them. So what the hell are they doing? They charge enormous amounts of money for looking over the accounts. I don't think they're very good auditors in my opinion, of course I've never employed one in my 89 years and never will. I'm a bachelor of economics.

Question on PWC company auditors. Expenses, charges, et cetera, et cetera, refer to PWC auditor on page 80. Page 80. Question. The finance due diligence in 2015 was $291,000 but in 2014 it was $1 million. So how did we come down? I'm pleased we have. It's a pity that the figures aren't less, but Mr Stephen Johns, $291,000 is still a lot of money but $1 million last year was more. It's called finance due diligence. What the hell is all that for $291,000?

Next question. On tax advisory services - I don't do that. I'm a smart man with my taxes. I've been paying them for 70 bloody years. Tax advisory services - in 2015, $311,000. $311,000 but in 2014 was nil, nought. How can we go up from nil and nought for tax advisory services for $311,000? Perhaps Mr Gorman can tell us because he's supposed to be looking into and investigating everything for our annual report and he gets paid over $7 million to do his job, which is $138,000 per week that he gets. So I'd like you to tell us about how we're paying too much to the auditor PWC.

Lastly, the total expenses, Stephen Johns in 2015 was $6.3 million. In 2014, $6.9 million. Okay, we've dropped $600,000. I suppose we aren't auditing good old [Recall] - and by the way Stephen Johns, Recall is going very, very well indeed. I'd like to say that I'm upset with the auditing firm and question Mr Johns and Board - do you believe it is time to call for quotes or quotations for a possible new auditor? After all, there's the other two big companies KPMG and Ernst & Young to go to and find out if they could do a cheaper job. Thank you.

Stephen Johns: Well thanks Jack. It's a fair, wide-ranging…

Tom Gorman: Spray.

Stephen Johns: …attack on our auditors but - and by the way, there is a fourth firm, not that I have any interest in it but there's Deloitte so there's a fourth firm that many of the public companies use for their audit work. Firstly, I'll allow in a moment, Brian Long - Brian is over here as chair of the audit committee - to respond to that and previous times in previous years, Jack, you've asked very similar questions with similar vigour and I was the chair of the audit committee so I answered it as well but at those times. So I'll start off and certainly allow Brian to get into the detail.

Firstly, PWC is an excellent audit firm. We believe they do an excellent job. [Whenever] they get paid, they provide details to us in advance which the audit committee reviews and then recommends to the Board for approval. Nothing goes through without proper approval processes to ensure that the work being done is being fairly compensated for.

You mentioned Recall. I'm delighted that Recall has done such a good job. I think the whole concept behind the demerger of Recall in December 2013 was a very sound one and I think that's been borne out by the market. A lot of eth work in 2014 that you said was now less in 2015 was because PWC did a huge amount of tax and other work on the Recall demerger.

As you know - I'm sure you know and I think shareholders generally would know that when you have a scheme of arrangement, there's an enormous amount of legal, accounting and other work, due diligence work. We have to go to the court to get approval, we have to share - shareholders give approval and we have to go back to the court. There's restructuring within the organisation which is both from a corporate and legal point of view as well as tax. There are always tax implications you have to take into account.

So the difference between 2014 and 2015 on that line item was very much to do with the Recall demerger which happened in the previous financial year. I have every confidence in our auditors. We do not have any plans to go out to tender or to do anything different, but maybe on that note, Brian, you'd like to respond.

Brian Long: Thank you Chairman. Jack, I might just address the relationship with Pricewaterhouse that Brambles has. You need to look at the fee arrangements with them in four different buckets. The first one is the total audit work that's done in this country by the Pricewaterhouse firm. The second is other services which have got nothing to do with the audit process but which relates to tax services that they might do from time to time on special projects, typically isolated projects and the third is other services, not tax, but in the same vein - fees charged for special projects. Lastly, there's the total of fees paid to the auditors both for audit assurance and other services globally which includes the international affiliates of Pricewaterhouse all the way around the world.

So in relation to the base audit fee, that is a fairly tightly negotiated arrangement between - negotiated between Brambles and Pricewaterhouse. You noted in fact that the fees are actually a little lower this year than they were last year, notwithstanding the growth that the Company has had but reflecting improvements that the Company has made in its efficiency and effectiveness of its processes which is reflected in slightly lower audit fees ignoring inflation. The two services that you called out, one relating to tax services is to do with a particular transaction where we deemed it appropriate for the auditors to carry out. It had no impact at all on their objectivity or independence and it was commissioner consistent with the Charter of Audit Independence and the provision of other services that we have.

Similarly, the due diligence you refer to is due diligence in relation to a proposed acquisition that the Company was involved in and it seemed appropriate for us to use the auditors because (a) their knowledge of the Company and (b) the fact if acquisitions like that proceed, then they're going to be responsible for auditing the acquisition accounting. So there's an efficiency there which we think is in the best interests of the shareholders and overall as you note, the total fees paid are less this year than last year, which I think does reflect efficiency. I agree with Stephen. Every year the audit committee assesses the effectiveness of the auditors. Every year we assess their independence and objectivity and on each of those measures, Pricewaterhouse has performed ahead of our expectations.

Stephen Johns: Thanks Brian. Number one?

Unidentified Company Representative 1: Mr Chairman, introducing Mr [Edward Walgin].

Edward Walgin: (Shareholder) Thank you Mr Chairman. I'm a long term shareholder and I can remember a lot of changes here. I can actually remember the time I turned around to Mr Argus and said he doesn't know anything about recovery of pallets and that's part of the problem.

What I didn't understand at that time was we had three or four different systems of rending pallets out. I'm very happy to - I'm not too worried about pallet recovery in Australia because you don't need to worry about pallet recovery in Australia that much because people - if people don't want to return them, they keep paying for them and if they declare them lost, they have to pay. So somewhere along the line we continue to make money.

I was very happy to hear Mr Gorman say that the recovery of pallets in the US is where it is becoming extremely important that we - where we have the supposed lost pallets, that became - we've got to the stage where the recovery rate has gone very, very high. I think the costs are probably still very high and I hope Mr Gorman can give us some indication of that. It might be worthwhile as you're talking about knowing where all our stuff is, starting with the most expensive stuff because that's obviously the stuff we don't want to lose. Starting putting GPS trackers on the - I'm aware it's economical. I'm not that silly.

Finally, I'll just finish up where I often come to which is safety and I'm very glad to see that the safety figures have improved excellently, but I'm very, very sad to see that we've lost an employee and a person involved in the accident. Perhaps you might give us a slightly extended explanation please, Mr Gorman, or Mr Johns if you wouldn't mind…

Stephen Johns: Yes. Well thank you very much and just on the - before I get to the important part or the important question about the tragic traffic accident, and just referred to the pallets recovery. First of all if you - I'm sure you've seen this but on page 51 of the annual report, the irrecoverable pooling equipment provision which is really the provision for lost pallets has gone down from $88 million to $80 million or to $79.7 million. So we've made continuing very good recovery in that regard and further efforts are going into that and so Tom can talk about that a bit more, but I think you can take it as read that this is a major focus of all of our businesses around the world. We also try to recover our pallets effectively in Australia because we don't want our customers to be paying penalties to us.

Unidentified Participant: [Inaudible].

Stephen Johns: [Laughs] Regrettably. Regrettably it does but that's not what we're in business to provide barbecue wood for you and Kevin sitting there and others, but - or even for myself.

So you know, that's a big focus but zero harm is really important to us as a Company. It goes right to the very culture of the Company. The Board takes it seriously, management take it seriously. I can tell you that every time we have a presentation to the Board from management, whichever division it is, whichever country it comes from, the very first thing that gets reported is zero harm and the statistics and the improvements and the activities which are going on to make us even better. It will never get to zero, but there are many operations throughout our Group that do have zero harm and that's what we're aspiring to overall.

Now, you know, 2014 financial year we didn't have any fatalities. This year we did have a tragic one in the traffic accident and we do take that enormously seriously and we're very sad about that, but I think it's really worthwhile Tom…

Tom Gorman: Sure.

Stephen Johns: …for you to give a bit more flavour to that.

Tom Gorman: So, I'll comment on - thank you again for your interest in the Company and your long term shareholding. First of all, the individual is a person, so let's start with that. His name is [John Greer]. He's an American. He's 29 - he was 29 years old when he passed away and he had a family. So it's not just a number to us, it's a person, so we'll start with that.
The cause of the accident we actually don't know. He was driving a very late shift. He was driving one of our trucks. We have inspected the truck, we have inspected the service log. Everything was fine with the truck and with the service on the truck. There were no skid marks at the accident so one could conclude that Mr Greer unfortunately fell asleep. We don't know that. We may never know the cause of it but it's a terrible loss. It's obviously particularly a loss to the people that knew Mr Greer. He was not a long term serving employee but that's irrelevant to us, he was an employee of ours.

So I think everybody - obviously the closer you are to him and to his family, the more deeply you feel it, but throughout the organisation we feel it very deeply. Obviously there is an impact to all of us in terms of the objectives that we set as a Company to continually improve our safety and we are improving. Without a doubt, every one of our operations is improving, but when you have a tragic accident like occurred to Mr Greer, it really takes all of the shine away from the progress and it's enormously painful. We work very hard to avoid those situations, but you know, 14,000 employees - things like this sometimes do happen and that's really the case here.

In your comment now back maybe to the core business around our assets, you mentioned a lot of things and some of them are accurate and some of them are maybe just a little bit off. The cost of the asset to us is important. So your idea that a more expensive asset, you'll spend more money to track it. That's probably in most cases correct. I will also tell you that the more expensive the asset, the less likely it is to be lost because generally a very expensive asset also has very expensive contents. So when you have contents in it that are high value to the customer, they have an inherent interest as well to know where those assets are. So that's the first thing. So it's not always the cost of the asset.

Secondly, in - you were correct to point out that our asset performance is the best that I've seen it in the now eight years that I've been with the Company and we've worked very hard to do that. Our losses in the US are about 2% of every pallet issue in the United States, so quite low. Losses are a little bit higher than that in Europe. Our European business is more complex. We deliver to about 250,000 different points in Europe and in the US we deliver to about 20,000 different drop-off points. I would - all of you as shareholders, I would just impress upon you the fact that the complexity of our business is what makes us so valuable.

So the more complex the business, the more challenges that our customers have that we can solve for them, that's good for us. So in some cases that means that our losses may in fact go up. If we price the business appropriately and we factor those losses in or the cost of recovery in, that means our business is doing very well. Even though our losses are slightly higher in Europe than they are in the US, if you look at our underlying performance in Europe, it actually is better than the United States because we price for it, we assume that going in and our customers accept that because of the complexity of the service we provide.

Stephen Johns: Thank you Tom. Are there any questions? Number two.

Unidentified Company Representative 2: Mr Chairman, I have [George Kineri] who would like to ask a question.

Stephen Johns: Welcome.

George Kineri: Hi Mr Chairman and all Board members. As a 60 year holder of Brambles shares, I would like to say that a $0.01 increase in the dividend is a total disgrace. If we go on at this rate, I'll be long dead before we pay a reasonable dividend. Thank you.

Stephen Johns: Well thank you for the question but I did - I don't want to go into the last part of your question about whether you will be around to see a dividend that will satisfy you but can I just say that we have a progressive dividend policy which has been very clear and well-articulated to the market for quite a few years now and that is that we don't want to have volatility. We want to at least keep the dividend the same in Australian dollars or Australian cents as the case may be and wherever possible to increase that. So we went from $0.27 to $0.28, that's a 4% increase and I think as I explained, that we have a payout ratio which is appropriate. When you look at it in comparison with our US dollar earnings, it is going to be very volatile because of the foreign exchange movements.

So we try to avoid the foreign exchange. We try to keep our Australian dollars or the dividends in Australian dollars constant or increasing and we've done that basically year-on-year. When we had the Recall demerger, we kept our dividend constant even though Recall left Brambles and Recall then had its own dividend. So that was actually a very big increase in dividends, [or] dividend rate in that particular year and that is in the FY14 year.

So you know, a 4% increase in dividend in times when we have actually got lots of opportunities to invest our capital for the long term growth of Brambles we believe as a Board is appropriate and we've kept to the policy that we've articulated to the market. So we will indeed endeavour to increase dividends wherever possible and certainly not to have any volatility and not go backwards in any year if at all possible.

Number three.

Unidentified Company Representative 3: Mr Chairman, reintroducing Mr Kasim.

Stephen Johns: Mr Kasim.

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Mr Kasim: (Shareholder) I think there's still room for improvement and as a concluding remark, may I recommend the paper by Harvard professor Chris Argyris. The title of his paper is *Teaching Smart People to Learn*. He wrote this paper after he'd interviewed the most successful CEOs in the United States. By interviewing them he discovered the attitude they took was if it ain't broke, don't fix it and by Socratic method, he uncovered [unclear] thinking and discovered that their success was a very barrier in their further learning.

So what I would do is to recommend this paper. I sent a copy of it today with Tony, he read it, sent it to me, he said yes, thank you. He circulated to all his staff and he did admit to what he called defensive reasoning which is, Chris Argyris says is the heart of the problem in the CEOs conducting their businesses.

So it's a paper by Chris Argyris, Harvard professor. Classic and I suggest the Board and the Chairman read it so that we can engage in continuous ongoing improvement for the Company.

Stephen Johns: Well thank you and I think we're all into continuous improvement and actually for my chartered accountants thing, I have to go through a certain amount of continuing education every year to keep my qualification, so I can include that in the 20 hours or whatever it is that I've got to do every year, but seriously, please do send that to us. I'd be delighted to read it. I'm sure my Board colleagues would be as well.

Mr Kasim: (Shareholder) Would be delighted.

Stephen Johns: Okay.

Mr Kasim: (Shareholder) Thank you.

Stephen Johns: Maybe you could just - we can give you an email address or whatever it is after the meeting. Thank you. Number two.

Unidentified Company Representative 2: Mr Chairman, we have Mr Jack Tilburn asking another question.

Jack Tilburn: (Shareholder) You'll be happy, Stephen Johns and the Board, this is my last question on the great financial reporting. I was upset again and I am upset shareholder - I've referred to many complaints that I put forward today. Another complaint. I'll refer to page 31 and the question on the cost of acquisition, Mr Gorman, is not stated on page 31, most unfortunately for readers like myself. So I said, well where in the hell is the information? Because it's not under the subheading of significant changes in state of affairs. What the hell does that mean if it didn't mean that you've got to put down that the cost of the Ferguson acquisition was $454.7 million? That's a damn lot of capital expenditure. That's a damn big acquisition for Brambles.

So under the matters of and issues of honesty and you've got to give disclosure, transparency and accountability, that figure of $454.7 million, Mr Gorman, should have been placed in under significant changes in state of affairs, page 31. My further homework, Stephen as you know, I did find on pages 58 and 59 all about the purchase of the Ferguson Group for a large sum of money and over to you, again Stephen Johns, through to Mr Gorman. What do we get back from investing $455 million in Ferguson company? Where is the profit for this year 2015? Is it, Mr Stephen Johns and Mr Gorman, found on page seven under the subheading containers, $59 million? Well if Ferguson Group contributed to $59 million, how much did we get? Did we get a good return on $455 million spent on the Ferguson Group? Thank you.

Stephen Johns: Jack, thanks very much. Firstly, you keep on mentioning the word honesty and I really have to say that, you know, honesty is one thing and transparency and openness is something which we pride ourselves on and I don't think I could let you just simply say that or give the impression to all of our shareholders here that there's any lack of honesty either at management level or at the Board level. So you mentioned [unclear] page 31 I think, but actually page one, is where we actually said how much we paid for Ferguson, that's $523 million as part of the letter from the

Chairman and the CEO. So I know you read it very thoroughly. Maybe you just ignore my letter and just go back to the accounts and don't see the front part.

Anyhow, there's certainly no cover up. There's what we paid for Ferguson. It's there [in 51], it's in the financial statements as well. [So] I assume it's in the financial statements. So it's clear there. We also made an announcement to the market, to the ASX in September when we acquired Ferguson exactly what we paid for it and what the circumstances were there. So you know, Ferguson - I think Tom Gorman has already made a fairly comprehensive comment about what Ferguson has done and what we expect Ferguson to achieve going forward. Tom, is there anything additional you'd like to add?

Tom Gorman: Sure. Again, Mr Tilburn, thank you for your question. I think just to echo what the Chairman said, in terms of transparency, not only is it on page one but if you go to page 41 in the detail of the annual report, you'll see the cash impact because obviously when you acquire a company, it has cash on the balance sheet. So the net cash is actually just slightly lower than the $523 million but it's in three locations included in the annual report plus on the day that we made the announcement, there's a complete disclosure released to the ASX and all of those releases are publicly available. So I don't think there's any issue on transparency.

When it comes to how we report our business, as you're correct to point out that Ferguson is now part of the containers group and the vast majority of that $59 million profitability does come from the Ferguson Group. We don't disclose every single business unit. We have no intention of changing that. We don't disclose every single country's performance and we have no intention of changing that. We organise our business into three distinct business units and in certain cases we give a regional description of those businesses as well, but you are correct to point out that of the total profit in the containers group, the majority of that profit does come from the oil and gas business.

Stephen Johns: Thank you. Are there any other questions? No more questions at this time. Well thank you. We'll now turn to the items of business. All items on the agenda will be proposed as ordinary resolutions and I will now explain the voting procedure. If you're entitled to vote, you will 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 - each of the items of business. The proxy position for each resolution will be shown on the screen after shareholders have had the opportunity to ask questions on each resolution. 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 will announce the poll results to the ASX later today and also post them on our website. Harriet Jackson of Link Market Services has been appointed returning officer.

So we'll now turn to the first item of business which is to consider and receive the financial report, director's report and auditor's report for Brambles for the year ended 30 June 2015. Are there any questions on this item? No questions? If there are no questions, I'll now move onto the next item of business which asks shareholders to adopt the remuneration report for Brambles for the year ended 30 June 2015 which is contained in the annual report itself. You've heard from Tony Froggatt on the principal issues raised by shareholders on remuneration. Are there any other questions on the remuneration report?

I think number two, to start with and then number one after that. So to first start over here at number two.

Unidentified Company Representative 2: Mr Chairman, I have Jack Tilburn for a question.

Jack Tilburn: (Shareholder) Thank you Mr Stephen Johns and I believe that we can say thank you to Mr Tom Froggatt. I believe he is the chairman of the remuneration report and he gave an educated and helpful address much earlier in our proceedings. We thank him for that. We thank you for the remuneration report Mr Froggatt, which up to a point is not too bad at all. I'll give it support, I'll give it a yes vote, a green light, but there's one or two questions I think. I was looking at page 25 Mr Stephen Johns, thank you, and I saw that there was a female director mentioned called Christine Cross and on that page 25, unless my eyes are blind, I couldn't see where she had any shareholding in Brambles.

Well I'm not a squib. I'm not a traitor to Brambles. I own 28,738 Brambles shares. I'm very loyal to the Company. I've been in the Company 20 years and I think it's not a bad company, but there's always room for improvement, Mr Gorman. For a joke ladies and gentlemen, all the companies show perfect imperfection. That's what they all show. I thank you on page 15, no increases in 2015 for the eight non-executive directors. That was very good to freeze the remuneration that they got although I think I read that in 2016 they might get a small increase of 3% or 4% or 5%. That's up to the Company.

I'll refer also to page 22. Now I did give a question about Christine Cross. You'll look into that. On page 22, Mr Gorman's very, very high salary is all set out and he's got a lot of perks and lurks as well. So we turn to finish up to page 22, ladies and gentlemen, and it's enormously important to comment on the following matters that Mr Gorman's got. You can't see the page numbers, so I have made page 22 available. Ah yes. Page 22. Now congratulations Mr Gorman. You do very well. You've got a very, very handsome salary, in American dollars too I believe, $7 million which I said was…

Tom Gorman: [Inaudible] dollars.

Jack Tilburn: (Shareholder) …$136,000 per week.

Now what I don't like really is though sort of a granny state application given to him. When you read the footnote, if you can read the footnote, Mr Gorman is entitled to non-monetary benefits. I don't quite understand how you can have non-monetary, non-money benefits but that's the way they describe things. He gets car parking. He gets motor vehicles. He gets personal and spouse travel. He gets club membership. He also gets fringe benefits tax. Well I reckon that's another $0.5 million. Good luck to him, but I don't think that we should do all that. When a bloke gets over $7 million, why we have to do a nanny state application to him for those things.

I know that you'll say, Mr Stephen Johns, Mr Tilburn, this is part and parcel of his employment contract and if it's in the employment contract, he's going to get it whether you like it Mr Tilburn or whether you don't like it. Thank you.

Stephen Johns: Well Jack, thank you for that. Let me first answer that - or most of that and I'll also give Tony Froggatt the opportunity to address those issues as well. Firstly, Christine Cross shareholding at the moment nil, but she has given a strong indication and commitment that she will buy shares in the Company. You've actually complimented us in the past that we do have a policy for directors to own - a policy or a guideline I should say - to own shares to the value of one year's director's fees on a post-tax basis. We - and all directors in the past by and large have honoured that guideline. They have three years in which to do that and I am sure that Christine will do that shortly.

As regards to Tom Gorman, he is an outstanding CEO. He has been with the Company for eight years. He has been CEO now for six years. Yes, he has a contract and we wouldn't pay him anything other than in accordance with this contract but the contract was negotiated in a way to ensure that we could attract and retain him. He is a very valuable asset for us and that in fact applies to all of our senior executive team. That's one of the fundamental parts of our remuneration strategy as Tony described when he gave the address earlier on in the meeting.

We are very conscious of that. We do do reviews and I think Tony is probably better placed to talk about that. We review the market situation every year and we then look at what's an appropriate increase in his base pay and then that then feeds into the STI and LTI. As Tony said, 25% or thereabouts of his overall remuneration is not at risk. It's his base pay. Three quarters is at risk and has to be earned. I think if you look at I think the statistics if I remember them Tony correctly, that Tom is just short of the 90th percentile in terms of his base pay. He is down at the 60th percentile in terms of gross pay including all of his two bonuses, his STIs and his LTIs.

So for us, a very successful and extremely successful CEO of a major public company or an ASX 20 company. We are very comfortable and believe that what Tom is receiving is appropriate.

Tony Froggatt: Yes. No, if I could add to that, yes thank you. First of all, thank you Stephen and thank you Mr Tilburn. Just going back onto Christine Cross's, as Stephen said, we have regular reviews on guidelines for both the senior executive leadership team members and also the non-executive directors in terms of their shareholding. In the case of ELT members, executive leadership teams, there is five years to attain 100% of their gross salary and all the members are working in that direction.

As far as non-executive directors are concerned, Christine has been on the Board for a short time. We had a review quite recently on this particular point which you well picked up and she and all of the other directors are totally committed to going within those guidelines, so I just want to confirm that to you. We keep a very close eye on that, Mr Tilburn.

Secondly on Tom, I think there's not much I can add on that. I think we, as we do with all our key executives, we look at reviews - we review against benchmarks of similar roles in Australia and across the world in terms of how we pay and as you pointed out, there are certain benefits that Tom gets and as you rightly also pointed out, it's in his employment contract. So you jumped the gun on that one. Having said that, you know, these are important items that we feel are absolutely adequate and certainly within general Australian and worldwide guidelines so we feel very comfortable about that. [Thanks].

Stephen Johns: Thanks Tony. Number one? [Mary], we'll get to you at number two in a minute.

Unidentified Company Representative 1: Mr Chairman, introducing Mr Levi.

Mr Levi: (Shareholder) Good afternoon, Mr Chairman. First of all, my comments are not to denigrate the executives. My comments relate to the remuneration committee. They're the people that I think are responsible for these exotic remunerations. Just on the paper this morning, the ex-chief executive of Westpac, on $100,000 a day. The chief executive here is, you know, I think it's $7 million which I - it was already expressed, is $140,000 a week. The medium wage I think in Australia I think is about $60,000. So you know, a person on medium wages would have to spend nearly 50 years earning as much as a chief executive earns in one year. Anyway, that's just a side kick.

On your comments on this information you gave, you mentioned on the second paragraph. Our supports are focused on creating value for shareholders for the long terms. [They're] interested in the long term shareholders. The chief executive said the same thing in his address today. Now the remuneration committee seem to be out of touch or there's a lack of communication between you, Mr Chairman, and the remuneration committee. In their information which they gave us, the remuneration, fixed annual remuneration I think is about 25% of the total. You've got the short term incentive. The cash - cash is another 24% and another 22% in the short term are in rights. So you've got 44% on short term incentives. You've got 24%, around that on the fixed annual remuneration.

So in fact, your incentives are encouraging short term benefits, not long term. The long term entitlements should be the larger one because I'm interested as an investor, not interested in buying shares today and sell them in six months' time. I realise institutions probably put a lot of pressure on you for this because it suits them, because they're not generally long term shareholders, they're just short term. So I'm very disappointed with this remuneration committee that they had an update on them it seems last year but they don't seem to have improved.

Some of the comments then relating to the long term incentive scheme, you've got the total shareholder return. It's relative. Now because they're actually getting their incentives as rights, they don't pay anything for them and because it's relative, it's only in comparison to the other companies that you relate to or compare to. So us shareholders, we can - share market or share prices can be down. The dividends could be down and we lose capital, but the executives can still get their remuneration if they perform relatively better than the comparator group. So I think that should be absolute [TSR]. If it's absolute TSR, well if we suffer, they suffer and that's how I think it should be.

I've noticed some companies have got options which you don't have but I think you should have. If they've got options, I don't mind the relative TSR. It's relative then, it's satisfactory, but you've got rights, things which they don't pay anything for, the shares, they get them for free. So for that reason, I'm disappointed with the remuneration commission. If they look at the incentive schemes, they haven't changed them. They're still the same, so they're not satisfactory. I don't know why you don't look at earnings per share. Some companies use that. That's something we can see every year. It's not something complicated, it's simple and we can see if the earnings per share have gone up. If they have, well even though if the market has gone down, but the earnings per share, it means the shareholders will benefit in the long run. So I can't understand why you don't use earnings per share.

That's the last thing but I think the long term incentives, why do you say, Mr Chairman, that the Company, which you specify here is [interested] in long term incentives and long term view of the Company, but your remuneration committee, they're actually overrating the short term? So why the discrepancy?

Stephen Johns: Well thank you very much for the question and appreciate, you're interested and obviously you've spent a great deal of time reviewing the report. I will allow Tony to respond to most of the questions but firstly, long term versus short term is a big issue. You're probably read about a lot of this in the media. Not so much about remuneration but about the pressures on companies to achieve long term gains for shareholders whereas some shareholders are actually looking for more short term. Short term versus long term. I think the - I can confirm the commitment that we have and the address by Tom Gorman went into some detail about how important it is for us to create a basis for sustainable, long term value for our customers and for our shareholders and for our employees.

Now our remuneration structure has been in place for a number of years now. I have to say, it's been very well received by the market generally and certainly by the institutional investors. Most of our institutional investors I will emphasise have been with us for the long term. We must have some there who are there for the short term, but the majority of our large investors have been there for the long term and are looking for us to provide the same sort of returns that you're seeking which are the sustainable long term results.

Now we - I'm sorry, if I could just finish for a moment - we believe the structure gets us there. Half of the short term incentive is in fact share rights which are deferred for two years and our long term share rights are deferred for three years and they vest only - and particularly in the long term - they vest when the various benchmarks have been received, but I think I could talk for quite a while about this. Probably Tony will do a better job with more knowledge and details, but maybe we can just respond. If we don't cover all of your points, please ask them again.

Mr Levi: (Shareholder) We pay you people to run the Company…

Stephen Johns: Indeed.

Mr Levi: (Shareholder) …but it appears as if the funds manager, that you seem to respond to them all the time. Do they actually run these companies…

Stephen Johns: Not at all, no not at all. I think just to put that into perspective, management run the Company. The Board is responsible for management and running - and the operations of the Company even though we don't do it on a daily basis, we delegate and if you look at our charter, our Board charter on our website, see exactly that the Board retains responsibilities for the running and the good operation of the Company and what it delegates to the management. However the Board retains the responsibility, just so shareholders are very aware of this, for major items, whether it's selling businesses, buying businesses, major capital raisings, approving budgets, approving remuneration strategy, approving strategies [ourselves].

So we of course, we don't do this without taking into account what we think is appropriate in the market. We take into account what we think is appropriate for all of our shareholders, both the institutional shareholder who make up probably about 80% of our shareholder base as well as the retail shareholders who make up the balance. So we certainly take into account what our shareholders are - what we believe our shareholders are looking for. Also what we believe the market is seeing and then also if you take into account that we need to firstly attract and retain good management talent. Therefore we've got to meet what's in the market. We're an international company in 60 countries, thereabouts of operations, we have to meet the requirements in each of those countries so we can get the right people, and then also we then - we align and I think we believe it's a very fair comment to make that we align our remuneration strategy to align the interests of employees and executives with the shareholders.

Tony, would you like to respond to some of the other…

Tony Froggatt: Thank you, thank you Stephen. Yes look, if I can just say very briefly, thank you for the questions and I want to assure you that the committee does listen. We do listen to input that we get and as Stephen said, we do wherever possible - in fact we emphasise the fact that we align our remuneration strategy to the strategy of the business. That's the way it goes. It's - we don't dictate the strategy of the business, we align ourselves to support it and to ensure that our management are really incentivised to achieve the very tough targets that are set for them.

If I can just go to the short term incentive points you made and Stephen alluded to this - yes you're right, 22% of the short term incentive is paid out by cash. I can say that on the short term incentives, they are stretching and they do vary but they do cover all the key parts of the business. The other 22%, which is short term incentive is share based and it is deferred for two years. So that is to ensure that the executives have a skin in the game which aligns themselves very much to you the shareholder. On the long term incentive, again as Stephen pointed out, TSR is only 50%. Now I've been involved with other boards as well, total shareholder return on a relative basis you are right, is designed really to ensure that you as a shareholder can look at us and then look at other members of the ASX100 and make a - and get a sense of how we're performing against our peers.

Yes, there are always in any of these kinds of metrics, there are frailties, problems, but in general terms, relative TSR works very well for us but I must point out that that's only 50% of the long term incentive. We have this other - and that's - TSR is an external factor. Internally, we have what we call the revenue and BVA part of it which ensures that we get a combination of growth and with set thresholds in terms of value and ensuring that we get the kind of returns that we want with that growth. We find that that works very effectively and again as Stephen said, we have visited both proxies and institutions who actually applaud the use of this particular metric as well. So we have that external metric and we have an internal metric and we find that combination works very well. I hope you will find that in terms of the results we're getting, that they are actually working.

Stephen Johns: Number two.

Unidentified Company Representative 2: Mr Chairman, we have [Mary Curran] on the phone.

Mary Curran: (Shareholder) Thank you. Just really a further comment because I think we've spoken quite [inaudible] now about remuneration but - and there are some good things about the Brambles remuneration. We seriously compliment the Company on the MyShare plan, the fact that you use face market value instead of fair, unfair value for share incentives and also that the hurdles are readily comprehensible. However, the long term is still designated as three years. We really prefer a minimum of four and especially after the discussions today and that the payment of the long term incentives is too much, too quickly, which is 50% if the total share return equals the median ranked ASX100.

Additionally, as we've discussed also earlier, should TSR be negative, so should absolute TSR be negative, the incentives may still be payable. Therefore I will be voting my shares and the undirected shares against the motion, but thank you for giving us a lot more information. Thank you.

Stephen Johns: Well Mary, thanks very much and it's also very helpful that we do have the opportunity to talk to you outside of this meeting that we can give you full and lengthy explanations to the many, many points you raise and the points you've raised here at the meeting today are just a few of the points that we talked about when we met in the

Brambles offices, but we appreciate that. I expected you to raise the point about four years versus three years because you made that point strongly. You also made that point last year and I think maybe the year before that as well, but so it's not a surprise but we have looked at that.

I think it's correct to say that every year the remuneration committee with outside advice from experts in the field reviews the whole policy and structure and strategy. Having gone through that process earlier this year, we believe that what we're doing is absolutely correct and well not absolutely correct but is appropriate in the circumstances and compares extremely favourably with what's in the market generally and achieves the objectives that Tony Froggatt previously referred to. As Tony mentioned that we met with the three major proxy advisors some months ago to explain the scheme. The scheme hasn't changed in FY15. The change from 40% to 50% only takes effect next year, but nevertheless, we announced it so it is part of our strategy going forward and that was accepted as being at the [median at] 50% vesting rather than 40% was accepted as being normal market practice and therefore we were just aligning ourselves with what's generally in the market.

In all of this we're seeking to - I've said this a few times now but I'll just say it once more - to attract and retain the best people and have a fair remuneration policy which is fair to our executive team, to our employees generally and also to our shareholder base and we think we have that. So we'll take on notice again your comment about four years. We're not beholden to the previous question from over here to what any of our shareholders say but we listen to all of our shareholders, whether they be shareholder here today, whether they be shareholders who haven't come here today but have written to us prior to the meeting and whether it be the large institutional investors who we see on a regular basis. The management team, Tom Gorman and Zlatko Todorcevski, they do with our investor relations people a number of tours around the world to speak to our investors, both for here and offshore.

I as Chairman have been to see most of our large investors over the last 30 days or so and I have to say, not one of those investors nor the proxy firms have raised with me or with Tony the fact of three years being inappropriate. Now maybe they had other things to think about or talk about but they didn't raise that with us, but generally what they did say to us was that they think that our strategy's fair, appropriate and achieves the objectives that we're seeking to achieve and I think from my perspective and from the perspective of the Board and maybe if I can speak just for Tony as the chair of the rem committee for the rem committee, you know, we feel very comfortable and pleased about that.

Tony, is there anything else you…

Tony Froggatt: No, I think you've said it all actually. No, thanks.

Stephen Johns: So - but Mary, thank you for input and we certainly don't ignore it and we know that you'd prefer four rather than three years for the vesting period and that will continue to be part of our review when we review strategy next year. Are there any other questions on the remuneration report? No? Well thank you and thank you for the input. It's important that we get this feedback and we genuinely appreciate it. So the resolution and the direct voting and proxy position are now on the screen. So can see where the institutional base and other shareholders who couldn't attend today's meeting have voted. So please now mark your voting card for item two, which I'll also do. So you've got a minute or so to do that.

Thank you. The next item of business is the election of Scott Perkins as a director. Scott's election is item three as set out in your notice of meeting. Scott was appointed as a director on 1 June of this year and as this is his first shareholders' meeting since his appointment, he now stands for election. Scott's biographical details are set out in the notice of meeting and the annual report and his election is supported unanimously by his fellow directors. I'd now invite Scott to address the meeting.

Scott Perkins: Thank you Mr Chairman. Ladies and gentlemen, it is my pleasure to speak to you today about my non-executive directorship of Brambles, a role I commenced relatively recently on 1 June this year. I regard the opportunity to serve as your elected Board representative as both a tremendous opportunity and a tremendous responsibility. I am looking forward to applying my skills as a Board member, working with my fellow Board colleagues to ensure your investment in Brambles is both protected and reaches its full potential. My professional career has been as a corporate advisor with senior management responsibility for Deutsche Bank's corporate finance activities in our region. Most recently I have also joined the boards of Origin Energy and Woolworths Limited. I also serve on the boards of several not-for-profit organisations.

Over my career, I have had a great privilege to work alongside many leading local and international companies including those in the transport logistics and FMCG industries. Together with my experience as a non-executive director, this provides me with some specific skills which I bring to the Board. These include corporate strategy, the allocation of capital, the operation of debt and equity capital markets here in Australia and globally. As a non-executive director, a manager and an advisor, I have learned a broad set of governance and people skills that I am confident will be of application to the governance of Brambles.

This is an exciting time for Brambles. Our businesses are an uncommonly strong mix of both high quality defensive earnings with attractive growth prospects. Whilst there are the continual challenges of new and existing competition, striving for even better customer service and carefully allocating capital to create value, I am encouraged by the focus and determination of our management team and the prospects for continued growth if we can execute our strategies effectively. With your support, I look forward to working with my fellow Board colleagues to do my very best to safeguard and growth your investment in Brambles over time. Thank you very much.

Stephen Johns: Scott, thank you very much indeed. Are there any questions? Yes, I think number three down here, Mr Kasim?

Mr Kasim: (Shareholder) I'd like to congratulate Mr Perkins, but what I'd like to ask him is that he's on the board for Origin and Woolies, both of which have companies have taken a dive and I also observe with great interest that he has no shareholdings in Brambles. Does he have any intentions to take up some Brambles shares in the future, like 50% of his director's fees or something of that order?

Stephen Johns: Well thank you. I'll answer that on behalf of Mr Perkins. First of all, as I said before, the guideline is for all directors to own 100% of their after tax annual directors fees, so - and there's a period, a normal period of three years in which to do that. Mr Perkins, just to be practical, joined on 1 June. We had a blackout period because of the profit reporting season on 1 July or late June through to end of August and for whatever other reasons, it hasn't been a practical situation but I won't speak for him when he wants to buy the shares, but I'm absolutely certain and confident that by the time we come here to next year's meeting, he'll have fulfilled the shareholding requirement.

Mr Kasim: (Shareholder) Good, thank you, because it's always nice to see the directors putting the money where their mouth is.

Stephen Johns: [Thank you]; and that's the purpose, as we said before Mr Kasim, that's our policy and guideline for directors. As I think Jack pointed out to me at another company's meeting that he wished that the company had the same policy as Brambles. Because not every company has that guideline for the directors but we have that for directors and as Tony Froggatt said before for our senior management team, our executive leadership team, they are required through the guideline to have shares worth or to the value of 100% of their annual earnings or their base pay, but they have five years in which to get to that period because that's a larger sum.

Mr Kasim: (Shareholder) Thanks very much.

Stephen Johns: Are there any other questions? I think there is at number two.

Unidentified Company Representative: We have a question, Mr Chairman, from Jack Tilburn.

Jack Tilburn: (Shareholder) Yes. Through you Mr Stephen Johns, thank you. I'll make this my last hurrah, although I would like to speak for the next person coming up, Carolyn Kay but she's got a very good track record so I won't make any comments. For Mr Scott Perkins, you Mr Scott Perkins, thank you for your address. It's very good democracy, thank you Mr Stephen Johns, to have any election candidate or re-election candidate to speak out. That's proper democracy. There's only one or two companies that don't do it now from the 1800 on the Australian Stock Exchange and of that 1800 as you know Mr Stephen Johns, I'm in 32 of them.

Just a short, sharp, snappy commentary though, not perhaps a question. I could ask a question, hypothetically, why is Mr Scott Perkins selected to go onto Brambles Board? Because this is the answer that won't be very good. My short, sharp and snappy commentary is that things are peculiar, queer, strange and weird in his other two companies - Origin Energy Limited, which I'm in, and Woolworths Limited. We'll have some fireworks there at the AGM on 28 November. But an old cliché is - I don't know whether to laugh at Mr Scott Perkins or whether to cry at Mr Scott Perkins's nomination and selection for Brambles Limited.

His background with Origin Energy and Woolworths must come into the nomination committee, but of course those two companies by fate are very dysfunctional. They're very disorganised and both of them are [nearly] collapsing companies. That's not very good for his background to be nominated for Brambles, but still as I said, bad fate is [inaudible] Mr Scott Perkins. I hope that Origin Energy and Woolworths won't drag you down, but you will contribute 110% to the progress of Brambles. Thank you.

Stephen Johns: Jack, thank you very much for that and can I just say firstly and I'll make the obvious statement, this is a Brambles AGM. Got nothing to do with Woolworths, nothing to do with Origin and so I won't make any comment about that and I'm sure Mr Perkins won't either. It'd be totally inappropriate to do so.

Why was he selected? Because he's a terrific candidate. If you look at our corporate governance statements on our website and elsewhere, we have a skills matrix where we're very specific about the sort of skills we want to have on the Board, the people with those skills that we want to attract on the Board, both from Australian and internationally and I think we follow that fairly religiously and we do a good job. We want to get the best people. Scott has got a marvellous reputation in the financial markets and a stellar career at Deutsche Bank. He has got - as he himself said and you probably read - very great expertise in capital markets, capital allocation.

So you know, I as Chairman and I can say this very confidently for the rest of the Board, we are absolutely delighted to have him on the Board. One question that comes up from the ASA regularly and no doubt from you and from other interested shareholders is, does a director have too many directorships that he or she can't devote sufficient time to this particular company that he or she are on? We are absolutely convinced and we looked at that and we discussed that and I discussed that with Scott before he joined us, that he would not take on any more than what he could cope with. He's got a great capacity for work. He's on three major public companies and we as a Board were very satisfied that he would be able to fulfil his duties and he will do so. So no issues in that regard and I'll just say once again, absolutely delighted to have him as one of our fellow directors.

So any other questions? I think there might be on number two.

Unidentified Company Representative: Mr Chairman, introducing Mr Levi.

Stephen Johns: Mr Levi.

Mr Levi: (Shareholder) Mr Chairman again, just this policy on the Board having to have shares in the Company, that's really good. Why not have this for the executives as well? In other words, why don't you have options in remuneration rather than rights? They get the rights for nothing, they don't pay anything so they haven't got any, as they say, skin in the game. If there were options, they would have to put some of their money in to purchase the share if they vest. So my question is, why not have options? Seeing you people up there have to have shares and have to put some of your money in. Why not the executives?

Stephen Johns: Well I think firstly, there is - there are different views in the market as whether it should be options or share rights. I think it's absolutely incorrect to say that directors who - executives who have share rights don't have skin in the game because it is value. There's an opportunity cost. Whether you've got to write a check for a certain amount of money and then you've got the value above that, it is not in my view not particularly relevant. The share rights, if they are there, they're worth a lot of money or some money if they've done well in the market. So I think what we're saying is that our directors see our executive team as being rewarded partly in cash, partly in shares because they will acquire those shares. They may not pay money because it's a share right but they will acquire them and they have value and they have to perform to meet very stringent and stretched guidelines to get those share rights to be able to get them to vest.

So we're confident and we're not alone. You know, share rights are very common throughout the market and so it's an appropriate way of, as I say, rewarding our executives appropriately, aligning their interests with shareholders and making sure that there's sufficient attraction there for them, that they stay with us.

Number two.

Unidentified Company Representative 2: Mr Chairman, I have Mary Curran for a comment.

Stephen Johns: Yes.

Mary Curran: (Shareholder) Yes, just a comment but we are supporting the election of both Scott Perkins and Carolyn Kay, isn't it?

Stephen Johns: Yes.

Mary Curran: (Shareholder) Indeed, we do find your policy or is it really a guideline…

Stephen Johns: It's a guideline.

Mary Curran: (Shareholder) It's a guideline and I do want to just make the point that you have had a director, an NED who has left the Company that we paid for three years that never bought a single share and I'm really upset about that. That's why I think you'll find today that a lot of the shareholders are questioning people like Scott. He's just come at the end of a situation where shareholders are nervous that we're paying you and you're not buying shares. So I love the guideline, but I really want you to enforce it. Is that a fair comment?

Stephen Johns: It's a fair comment that you love the guideline. It's a fair comment that we will - you can't enforce a guideline but that we will police it, we will encourage it and I don't think it needs any encouragement.

Mary Curran: (Shareholder) Thank you.

Stephen Johns: Okay, it will…

Mary Curran: (Shareholder) We'll be watching.

Stephen Johns: It will happen. Please watch. Watch this space. Right. Are there no more questions or I don't think there are on this resolution. So the resolution and direct vote and proxy position is now on the screen and I'd ask you to mark your voting card for item three. Is everybody complete? I think so. Well as Mary pointed out, the next item of business is the re-election of Carolyn Kay as a director. Carolyn's re-election is set out at item four in your notice of meeting.

Carolyn has been subject to an assessment process and her re-election is unanimously supported by her fellow directors. The assessment process is set out in the corporate governance statement so I won't go into any details about that, but I'll simply ask Carolyn to speak to the meeting.

Carolyn Kay: Thank you Chair. Good afternoon and thank you fellow shareholders for allowing me to address you today. I am honoured to be a director of Brambles and request the opportunity to continue in this role. The Board has a diverse range of skills and we utilise them to create long term value for you, the shareholder. We bring our individual perspectives but work constructively and productively as a team. For my part, I have been a non-executive director of Brambles since 2006, during which time we have gone through significant positive transformation. Brambles has operations in more than 60 countries. I have lived and worked in Australia, the UK and the US and have also been in and commercially engaged in over 20 different countries, which equips me with an understanding of operating within a global environment.

I have had 30 years' experience in finance working as a lawyer, a banker and a director. I have also been and am currently a non-executive director across a broad range of sectors. My background in law and finance coupled with my experience as a non-executive director provides me with the relevant skills, particularly in the areas of global markets, finance, risk, governance and strategy. I take my responsibilities very seriously and it is with a commitment to continue to work diligently for you that I offer myself for re-election. Thank you.

Stephen Johns: Carolyn, thanks to you. Are there any questions? Any questions on Carolyn's re-election?

If not - if not okay, we'll move on. The resolution and direct vote and proxy position is now on the screen. Please now mark your poll card for item four. Thank you. Please don't forget to place your voting cards in the boxes beside the exits. The poll will remain open for another 10 minutes and when the poll closes, you will be notified on the screen behind me.

Ladies and gentlemen, I now declare the AGM closed. I invite you to join members of the Board and senior management outside for tea and coffee and thank you once again for your attendance. We greatly appreciate it. Thank you.

End of Transcript