CLEANAWAY

Appendix 4E

Results for announcement to the market for the financial year ended 30 June 2022.

ASX Listing Rule 4.3A.

Reporting period

Reporting period: 30 June 2022

Previous corresponding period: 30 June 2021

Results for announcement to the market

	2022 $'M	2021 $'M	UP/DOWN	MOVEMENT
Revenue from ordinary activities	**3,006.2**	2,406.4	Up	24.9%
Profit after income tax	**80.6**	147.7	Down	45.4%
Attributable to:				
Ordinary equity holders of the parent	**78.9**	145.3	Down	45.7%
Non-controlling interest	**1.7**	2.4	Down	n/a
Profit after income tax	**80.6**	147.7	Down	45.4%

Dividends

DIVIDEND INFORMATION	AMOUNT PER SHARE (CENTS)	TAX RATE FOR FRANKING CREDIT
Interim 2022 partially franked dividend (paid 6 April 2022)	**2.45**	30%
Final 2022 unfranked dividend (to be paid 7 October 2022)	**2.45**	30%
Final dividend dates:		
Record date		23 September 2022
Payment date		7 October 2022

A final dividend of 2.45 cents per share has been declared. The Dividend Reinvestment Plan (DRP) will be in operation for the final dividend. The DRP election date is 26 September 2022. Under the DRP, Cleanaway shares will be issued at the average of the daily Volume Weighted Average Price (VWAP) of all shares sold on the ASX over the period from 27 September to 3 October 2022. No discount will be applied to shares issued under the DRP.

Net Tangible Assets (NTA) per security

	2022 CENTS	2021 CENTS
NTA per security (including right-of-use assets)	**(21.6)**	15.3

Commentary on the results for the period

Refer to the 30 June 2022 Consolidated Financial Report, FY2022 Full Year Results Media Release and Investor Presentation.

Status of audit

The Consolidated Financial Report for the financial year ended 30 June 2022, which contains the Independent Auditor's Report, is attached.

D J F Last
Company Secretary
19 August 2022

Cleanaway Waste Management Limited
ABN 74 101 155 220

Registered Office:
Level 4, 441 St Kilda Road,
Melbourne VIC 3004
Australia

P +61 03 8397 5100
F +61 03 8397 5180

cleanaway.com.au

Contents of Financial Statements

For the financial year ended 30 June 2022

Notes to the Consolidated Financial Statements

Directors' Report

The Directors present their Report (including the Remuneration Report) together with the Consolidated Financial Statements of the Group, consisting of Cleanaway Waste Management Limited (the Company) and its controlled entities (Cleanaway or the Group), for the financial year ended 30 June 2022 and the Independent Auditor's Report thereon.

Directors

The names of Directors of the Company at any time during or since the end of the financial year are set out below. Directors were in office for this entire period unless otherwise stated.

M P Chellew	Chairman and Non-Executive Director (Executive Chairman up to 30 September 2021)
M J Schubert	Chief Executive Officer and Managing Director (appointed 30 August 2021)
R M Smith	Non-Executive Director
T A Sinclair	Non-Executive Director
R M Harding	Non-Executive Director
P G Etienne	Non-Executive Director
S L Hogg	Non-Executive Director
I A Player	Non-Executive Director
A M Kelly	Non-Executive Director (appointed 1 December 2021)

The office of Company Secretary is held by D J F Last, LLB (Hons), B.Com, FGIA, GAICD.

On 15 November 2021, the Group announced the appointment of Mr Michael Kelly as an Independent Non-Executive Director of the Company. The appointment was effective from 1 December 2021.

Particulars of Directors' qualifications, experience and special responsibilities can be found on the Company's website.

Principal activities

During the financial year the principal activities of Cleanaway were:

- Commercial and industrial, municipal and residential collection services for all types of solid waste streams, including general waste, recyclables, construction and demolition waste and medical and washroom services;
- Ownership and management of waste transfer stations, resource recovery and recycling facilities; secure product destruction, quarantine treatment operations and landfills;
- Sale of recovered paper, cardboard, metals and plastics to the domestic and international marketplace;
- Collection, treatment, processing and recycling of liquid and hazardous waste, including industrial waste, grease trap waste, oily waters and used mineral and cooking oils in packaged and bulk forms;
- Industrial solutions, including industrial cleaning, vacuum tanker loading, site remediation, sludge management, parts washing, concrete remediation, CCTV, corrosion protection and emergency response services;
- Refining and recycling of used mineral oils to produce fuel oils and base oils; and
- Generation and sale of electricity produced utilising landfill gas.

Dividends

The Company declared partially franked dividends on ordinary shares for the financial year ended 30 June 2022 of 4.90 cents per share, being an interim dividend of 2.45 cents per share, partially franked to 25% based on tax paid at 30% and an unfranked final dividend of 2.45 cents per share. The record date of the final dividend is 23 September 2022 with payment to be made 7 October 2022. The financial effect of the final dividend has not been brought to account in the Financial Statements for the financial year ended 30 June 2022 and will be recognised in a subsequent Financial Report.

Details of distributions paid in the financial year are as follows:

RECOGNISED (PAID AMOUNTS)	2022 $'M	2021 $'M
Fully paid ordinary shares		
Final dividend for 2021: 2.35 cents per share (2020: 2.10 cents per share)	48.4	43.2
Interim dividend for 2022: 2.45 cents per share (2021: 2.25 cents per share)	50.5	46.4
Total dividends paid	**98.9**	**89.6**

Operating and financial review

Review of financial results

The Group's statutory profit after income tax (attributable to ordinary equity holders) for the financial year ended 30 June 2022 was $78.9 million (2021: $145.3 million). The Group's current year result has been significantly impacted by the East Coast floods which occurred in the second half of the financial year. Expenses related to clean up costs incurred to date, net of insurance proceeds of $4.2 million, and rectification activities to bring the New Chum landfill site back into compliance together with the write-off of damaged plant and equipment totalled $30.5 million (net of tax). The Group has incurred acquisition and integration expenses of $25.6 million (net of tax) principally related to the acquisition and integration of the Sydney Resource Network. These expenses include the impairment of assets of $8.9 million, which will have no future economic benefit to the Group post acquisition.

Revenue from ordinary activities increased by 24.9% to $3,006.2 million (2021: $2,406.4 million). Excluding the collection of levies, net revenue increased by 18.4% to $2,603.8 million (2021: $2,198.9 million).

Total expenses increased by 32.9% to $2,501.9 million (2021: $1,882.1 million). Excluding levies collected and paid, total expenses increased by 25.4% to $2,099.5 million (2021: $1,674.6 million). Depreciation and amortisation expense increased by $48.1 million to $324.5 million (2021: $276.4 million).

The Group's underlying profit after income tax (attributable to ordinary equity holders) for the year ended 30 June 2022 of $143.3 million was down 5.0% on the prior year (2021: $150.8 million). A reconciliation of underlying profit to statutory profit is set out in the table on page 4.

Review of financial position

Operating cash flows increased by 9.9% to $466.3 million (2021: increase of 5.7% to $424.4 million).

The Group's net assets have decreased from $2,636.3 million to $2,628.2 million. At 30 June 2022, the Group had a net current asset deficiency of $259.7 million (2021: $71.5 million). The Group has sufficient unutilised committed debt facilities at 30 June 2022 and therefore the Directors are satisfied that the Group can meet its financial obligations as and when they fall due.

At balance date, the Group had total syndicated debt facilities of $1,195.0 million (2021: $1,150.0 million), US Private Placement Notes of $351.9 million (2021: $366.7 million), financing arrangements with the Clean Energy Finance Corporation of $90.0 million (2021: $90.0 million) and an uncommitted bank guarantee facility of $95.0 million (2021: $95.0 million). The headroom available in the Group's facilities at 30 June 2022 was $487.7 million (2021: $930.3 million) and cash on hand was $66.5 million (2021: $69.4 million). Further information on the Group's financing facilities is provided in note 15 to the Financial Statements.

The Group's gearing ratio at period end, defined as net debt over net debt plus equity, was 38.7% (2021: 28.2%). The weighted average debt maturity is 4.1 years (2021: 4.7 years).

Operating and financial review (continued)

Review of financial results (continued)

Group results for the financial year ended 30 June 2022

		UNDERLYING ADJUSTMENTS					
	STATUTORY [1] $'M	ACQUISITION & INTEGRATION COSTS [4] $'M	FLOOD IMPACTS [5]	MEDICAL WASTE FACILITY INCIDENTS [6]	CEO TRANSITION & RESTRUCTURING PROJECTS [7]	OTHER [8] $'M	UNDERLYING [1] $'M
Solid Waste Services							469.4
Industrial & Waste Services							47.2
Liquid Waste & Health Services							96.2
Equity accounted investments							(1.1)
Waste management							**611.7**
Corporate							(30.1)
EBITDA [2]	**510.8**	**21.1**	**38.6**	**7.7**	**12.0**	**(8.6)**	**581.6**
Depreciation and amortisation	(324.5)	–	–	–	–	–	(324.5)
Write-off of assets	(8.1)	–	4.9	3.2	–	–	–
Impairment of assets	(8.9)	8.9	–	–	–	–	–
EBIT [3]	**169.3**	**30.0**	**43.5**	**10.9**	**12.0**	**(8.6)**	**257.1**
Net finance costs [9]	(53.0)	2.5	–	–	–	(2.5)	(53.0)
Profit before income tax	**116.3**	**32.5**	**43.5**	**10.9**	**12.0**	**(11.1)**	**204.1**
Income tax expense	(35.7)	(6.9)	(13.0)	(3.3)	(3.6)	3.4	(59.1)
Profit after income tax	**80.6**	**25.6**	**30.5**	**7.6**	**8.4**	**(7.7)**	**145.0**
Attributable to:							
Ordinary equity holders	78.9	25.6	30.5	7.6	8.4	(7.7)	143.3
Non-controlling interest	1.7	–	–	–	–	–	1.7

1 The use of the term 'Statutory' refers to IFRS financial information and 'Underlying' refers to non-IFRS financial information. Underlying earnings are categorised as non-IFRS financial information and therefore have been presented in compliance with ASIC Regulatory Guide 230 – *Disclosing non-IFRS financial information*. The exclusion of underlying adjustments provides a result which, in the Directors' view, more closely reflects the ongoing operations of the Group. The non-IFRS financial information is unaudited.

2 EBITDA represents earnings before interest, income tax, depreciation, amortisation and impairments.

3 EBIT represents earnings before interest and income tax.

4 Acquisition and integration costs include transaction costs and other costs mainly associated with the acquisition and integration of the Sydney Resource Network of $22.5 million offset by $1.4 million remeasurement of the contingent consideration in relation to the acquisition of the Grasshopper Group. In addition, a $8.9 million impairment charge was recognised related to assets which will have no future economic benefit to the Group post acquisition and $2.5 million of net finance costs were incurred to retain financing for the acquisition of the Sydney Resource Network.

5 As reported previously, several Cleanaway sites were impacted by the East Coast floods which occurred during late February and early March 2022. Clean up expenses incurred to 30 June 2022 totalled $4.0 million plus the costs of $10.2 million associated with the rectification of the New Chum landfill. A further provision of $28.6 million for the rectification activities to bring the New Chum landfill back into compliance has been made. In addition, plant and equipment of $4.9 million was written off. Insurance proceeds of $4.2 million have been recognised in relation to damaged fleet. A material damage and business interruption claim is subject to agreement by the insurers and has not been accounted for in these results.

6 During February 2022 critical equipment at the medical waste processing facility in Dandenong, Victoria was put out of service. In June 2022 a fire caused significant damage to equipment at the site. The Victorian health business has incurred additional expenses, largely related to alternative waste disposal costs to 30 June 2022 of $7.7 million and the damaged equipment, with a net book value of $3.2 million, has been written off.

7 On 30 August 2021 Mr Mark Schubert commenced in the role of CEO. Costs related to his sign-on bonus and performance rights incurred in the current period total $1.1 million. On commencement Mr Schubert commissioned some initiatives to enhance compliance and safety processes across the Group, appointed consultants to conduct a review into the future strategy of the Group and has appointed new members of the Group Executive Team. Costs incurred on these projects and related to the termination of outgoing Executive Team members total $10.9 million.

8 Other EBIT adjustments comprise:

- On 15 July 2021 the Group completed the sale of a depot located in Erskine Park, New South Wales for a sum of $15.7 million and will lease it back over a term of seven years with five, five-year options to extend the lease. A gain of $8.2 million resulted from the transaction.
- The increase in discount rates used to determine the net present value of remediation provisions related to closed landfill sites and industrial properties has given rise to a credit of $6.3 million to the income statement (refer note 26 to the Financial Statements).
- Insurance proceeds of $0.4 million were received in relation to an outstanding insurance claim in respect of the fire that occurred at the Materials Recycling Facility in Guildford, Western Australia on 25 November 2019.
- Following the NSW Government release of their Energy from Waste Infrastructure Plan on 10 September 2021, the Eastern Creek site designated by the Western Sydney Energy and Resource Recovery Centre Pty Ltd project, and owned 51% by the Group, is no longer considered a viable site for development of an Energy from Waste facility. Costs related to the environmental impact study of $6.3 million, which were to be recovered from the joint venture company upon the project reaching financing stage, have been written off.

9 Underlying adjustments to net finance costs include the fair value gain on USPP Notes of $15.6 million, offset by the fair value loss on cross-currency interest rate swaps of $13.1 million.

Operating and financial review (continued)

Review of financial results (continued)

Group results for the financial year ended 30 June 2021

		UNDERLYING ADJUSTMENTS					
	STATUTORY [1] $'M	MRF FIRE [4] $'M	ACQUISITION & INTEGRATION COSTS [5] $'M	CEO TRANSITION COSTS [6] $'M	CHANGE IN REMEDIATION PROVISION DISCOUNT RATE [7]	OTHER [8] $'M	UNDERLYING [1] $'M
Solid Waste Services							405.5
Industrial & Waste Services							48.0
Liquid Waste & Health Services							110.0
Equity accounted investments							(2.0)
Waste management							**561.5**
Corporate							(26.4)
EBITDA [2]	**528.8**	**7.0**	**5.2**	**4.3**	**(3.4)**	**(6.8)**	**535.1**
Depreciation and amortisation	(276.4)	–	–	–	–	–	(276.4)
Write-off of assets	(5.4)	–	2.7	–	–	2.7	–
Impairment of assets	(4.3)	–	–	–	–	4.3	–
EBIT [3]	**242.7**	**7.0**	**7.9**	**4.3**	**(3.4)**	**0.2**	**258.7**
Net finance costs [9]	(35.9)	–	0.1	–	–	(7.7)	(43.5)
Profit before income tax	**206.8**	**7.0**	**8.0**	**4.3**	**(3.4)**	**(7.5)**	**215.2**
Income tax expense	(59.1)	(2.1)	(2.8)	(1.3)	1.0	2.3	(62.0)
Profit after income tax	**147.7**	**4.9**	**5.2**	**3.0**	**(2.4)**	**(5.2)**	**153.2**
Attributable to:							
Ordinary equity holders	145.3	4.9	5.2	3.0	(2.4)	(5.2)	150.8
Non-controlling interest	2.4	–	–	–	–	–	2.4

1 The use of the term 'Statutory' refers to IFRS financial information and 'Underlying' refers to non-IFRS financial information. Underlying earnings are categorised as non-IFRS financial information and therefore have been presented in compliance with ASIC Regulatory Guide 230 – *Disclosing non-IFRS financial information*. The exclusion of underlying adjustments provides a result which, in the Directors' view, more closely reflects the ongoing operations of the Group. The non-IFRS financial information is unaudited.

2 EBITDA represents earnings before interest, income tax, depreciation, amortisation and impairments.

3 EBIT represents earnings before interest and income tax.

4 On 25 November 2019 a fire occurred at the Materials Recycling Facility in Guildford, Western Australia. Business interruption costs of $7.0 million have been incurred in the period ended 30 June 2021.

5 Acquisition and integration costs of $5.2 million include transaction costs and other costs associated with the acquisition of businesses during the period of $2.0 million, the ongoing integration costs related to acquisitions of $2.0 million, costs of $4.3 million incurred to date on the expected acquisition of the Sydney Resource Network assets, offset by $3.1 million related to the remeasurement of contingent consideration in relation to the acquisition of the Grasshopper Group (refer note 28 to the Financial Statements). The write-off of assets of $2.7 million relates to software assets acquired which, following integration activities, no longer have any use.

6 On 21 January 2021 the Group announced that Mr Vik Bansal would be stepping down from the role as CEO and as a Director of the Company. CEO transition costs of $4.3 million relate principally to expenses in relation to Mr Bansal's resignation and costs to recruit Mr Mark Schubert.

7 Relates to the decrease in remediation provisions related to closed landfill sites and industrial properties as a result of the increase in the discount rate (refer to note 26 to the Financial Statements).

8 Other EBIT adjustments of $0.2 million comprise $7.0 million reversal of employee entitlements expense as a result of amendments to the *Fair Work Act 2009* passed in March 2021 which clarifies a May 2020 court decision, offset by $4.5 million in costs incurred on the West Gate Tunnel spoils contract which is no longer considered probable of being awarded to the Group, including $4.3 million of impairment of assets, and $2.7 million write-off of plant and equipment destroyed in a fire at the Welshpool transfer station, Western Australia.

9 Underlying adjustments to net finance costs include the gain on modification of CEFC fixed rate borrowing of $7.9 million, the fair value gain on USPP Notes of $60.7 million, offset by the fair value loss on cross-currency interest rate swaps of $60.9 million.

Operating and financial review (continued)

Review of Operations

The Group comprises three operating segments, being Solid Waste Services, Industrial & Waste Services and Liquid Waste & Health Services. Unallocated items include the Group's share of profits from equity accounted investments and corporate balances. A description of the operating segments and a summary of the associated segment results are set out below:

Solid Waste Services

	30 JUNE 2022 $'M	30 JUNE 2021 $'M
Underlying EBITDA [1]	469.4	405.5
Underlying EBIT [2]	227.8	213.0

Core business	The Solid Waste Services segment comprises the collection, recovery and disposal of solid waste, including putrescible waste, inert waste, household waste and recovered waste. Waste streams are generally processed through our resource recovery and recycling facilities, transfer stations and landfills.
Financial metrics	Total revenue for the Solid Waste Services segment increased by 31.9% to $2,221.0 million and net revenue increased by 23.2% to $1,818.6 million. Underlying EBITDA increased by 15.8% to $469.4 million. Underlying EBIT increased by 6.9% to $227.8 million.
Performance	Solid Waste Services completed the acquisition of the Sydney Resource Network (SRN) on 18 December 2021. The SRN assets contributed $270.0 million revenue ($127.5 million net of government levies) and $57.7 million of underlying EBITDA. The Group is also benefitting from enhanced operating leverage through expanded footprint and route optimisation and it is expected that further synergies will be extracted through leveraging the network, licences and land to accelerate the progress of our organics and C&D blueprints in NSW. Solid Waste Services revenue benefited from an initial contribution from the SRN assets, new municipal collection and post-collections contracts, higher commodity prices and a full year contribution from the Perth MRF. This was partially offset by the impacts of COVID-19 lockdowns (in particular, NSW), contributions from flood affected regions and the lower volumes into the New Chum landfill. In addition to costs associated with new assets and contracts, higher operating costs were driven mainly by significantly higher diesel prices, higher working costs in flood affected regions and higher index-linked commodity rebates and shipping costs. Initial or increased contributions from municipal collections included Logan, Randwick, Wyndham and Charles Sturt together with increased post-collections volumes from the Metropolitan Waste and Resource Recovery Group (MWRRG). Underlying EBITDA margins decreased 170 bps reflecting several factors, including higher diesel and adblue prices, lower commodity margins, higher COVID-19 related labour costs (pandemic leave and temporary labour), lower average landfill margins (ex SRN) resulting from the lower volumes into New Chum and the impacts of the floods in NSW and QLD. This was partially offset by the initial contribution from the SRN assets. The segment reported 25.5% higher depreciation and amortisation costs compared to the previous period. The increase was predominantly due to the amortisation related to the SRN landfills together with full year contributions from acquisitions and municipal contracts that partially contributed in the prior period, new municipal contracts that started in the current period, commencement of operations at the rebuilt Perth MRF and higher landfill depreciation. During the year, stage 2 of the MSE wall at the Erskine Park landfill was completed, creating 400 thousand cubic metres of additional airspace currently performing ahead of expectations. The team successfully tendered for the Bayside, Eurobodalla, City of Clarence, Hobart (recycling) and City of Vincent municipal contracts and were awarded an extension to the NSW CDS contract until late 2026. Cleanaway was also awarded the Supplier Service champion of the year by Coles for supporting its landfill diversion goal during the year. The significant flood events and damage to cells at New Chum landfill during the year resulted in a decision to temporarily close the landfill until rectification work has been complete. This is expected to be completed over the course of the year ending 30 June 2023.

1 EBITDA represents earnings before interest, income tax, depreciation, amortisation and impairments.

2 EBIT represents earnings before interest and income tax.

Operating and financial review (continued)

Review of Operations (continued)

Industrial & Waste Services

	30 JUNE 2022 $'M	30 JUNE 2021 $'M
Underlying EBITDA	47.2	48.0
Underlying EBIT	19.9	22.6

Core business	The Industrial & Waste Services (I&WS) segment provides a wide variety of services to the Infrastructure, Industrial and Resources markets. Services include drain cleaning, non-destructive digging, vacuum loading, high pressure cleaning, pipeline maintenance and CCTV.
Financial metrics	Total revenue increased by 7.5% to $328.6 million and underlying EBITDA decreased by 1.7% from $48.0 million to $47.2 million. Underlying EBITDA margin was 130 bps lower than the previous corresponding period. Underlying EBIT decreased by 11.9% from $22.6 million to $19.9 million.
Performance	The compression in underlying EBITDA margin reflected higher unit labour costs and costs to cover pandemic leave, higher fuel costs and fewer higher margin infrastructure projects in Queensland and Victoria, which were delayed due to COVID-19. This was partially offset by a strong performance in the WA, SA and NT markets that were less affected by COVID-19 during the year. The reduction in underlying EBIT reflects the underlying EBITDA outcome and accelerated depreciation of some legacy lease payouts. During the year I&WS re-signed available contract extensions with a 100% renewal rate, and progressively improved its new business win rate. COVID-19 impacts have been compounded by inflationary pressures, particularly fuel costs, and labour rate pressures are expected to follow. The nature of the business means that these higher costs will be directly reflected in the pricing of new contracts. The highly competitive infrastructure segment remains buoyant with opportunities to participate in large Government funded projects. Opportunities in the Mining/Mineral processing and Oil & Gas segments continue to have a positive outlook, with the larger contract and project opportunities more suited to the larger Tier 1 national providers like I&WS. From FY2023 onwards, indigenous participation will be an increasingly important consideration for Tier 1 resource companies, who are looking to ensure that efforts in this area results in direct financial benefits to indigenous people and businesses. The Pilbara Environmental Services joint venture between Cleanaway and King Kira Group (a female indigenous-owned business) will be well placed to participate in the next wave of Industrial Services contracts starting in north-west WA. I&WS continues to deliver organic growth from its existing client base (re-signs, increasing scope of services and market share) plus new business across the regions, with the outlook for sustainable growth over the next few years supported by a healthy pipeline of work. This pipeline continues to be developed and balanced across the key segments in which I&WS operate. The segment portfolio is expected to shift from a historical mining segment bias to a greater share of the oil & gas segment given the current activity in the sector, with several material opportunities being tendered and awarded during FY2023. During the year, I&WS led a cross-segment collaboration with the SWS segment to tender for and win a Bechtel awarded four-year contract on Woodside's Pluto LNG site. The vertical capability that Cleanaway can provide, together with Bechtel's prior engagement and experience of I&WS, were significant contributing factors to the successful tender. I&WS also secured the first tranche of ExxonMobil's decommissioning tank cleaning work at its Altona plant, and is well positioned to extend the contract and leverage its capabilities into additional workstreams.

Operating and financial review (continued)

Review of Operations (continued)

Liquid Waste & Health Services

	30 JUNE 2022 $'M	30 JUNE 2021 $'M
Underlying EBITDA	96.2	110.0
Underlying EBIT	53.0	67.6

Core business	The Liquid Waste & Health Services segment comprises: • Liquid Waste – the collection, treatment, processing, refining and recycling and destruction of hazardous and non-hazardous liquids, hydrocarbons and chemical waste, specialised product destruction, hazardous waste and e-waste. • Health Services – the provision of services to the health sector for the safe treatment and disposal of health-related waste which includes sharps management, medical waste, pharmaceutical waste, healthcare hazardous waste and quarantine waste.
Financial metrics	Total revenue increased by 7.4% to $550.5 million and underlying EBITDA decreased by 12.5% from $110.0 million to $96.2 million. Consequently, underlying EBITDA margins decreased 400 basis points to 17.5%. Underlying EBIT decreased by 21.6% from $67.6 million to $53.0 million.
Performance	From an underlying EBITDA perspective, the Hydrocarbons business performed in line with the prior year. Revenue increased 8% benefiting from higher post collections volumes and prices, and higher Cleanaway Equipment Services revenue from increased machine sales and growth in servicing activity. This was offset by higher natural gas and diesel input costs, higher freight and labour costs and the non-recurrence of the temporary increase in product stewardship receipts for high quality recycled base oil. The Health Services business revenue increased by 12% while underlying EBITDA decreased 36%. Higher revenue was largely attributable to increased clinical and general waste at health care facilities (hospitals, labs, aged care facilities, hotel quarantine and testing centres) because of the pandemic. There was also an increase in biosecurity waste as borders reopened and sharps collectors from vaccination centres and hospitals. The significant increase in the volume of waste and the associated increase in services caused by COVID-19 coupled with the need to maintain this critical health service led to significant inefficiency and additional cost in the health collections and post collections infrastructure. In collections, additional labour and hire vehicles were required to perform the extra services. In processing, additional operational labour was required for increased receptacle management and treatment. In disposal, additional waste costs incurred from using third-party infrastructure, and in waste movement the intra business sub-contracted freight costs to move waste interstate to ensure that waste remained within site licence limits further added to costs. This was further exacerbated during the second half of the year by two incidents that resulted in damage to and the loss of waste processing equipment. The Health Services team was also impacted by community infections, which impacted staff availability. This required the prioritisation of public health needs and resulted in the deferral of higher margin services. COVID-19 care personal protective equipment has now been reclassified from clinical to general waste in multiple jurisdictions leading to a meaningful reduction in volumes. The Liquids and Technical Services (LTS) business realised 9% higher revenue and 6% higher underlying EBITDA than the prior corresponding period predominantly due to a strong recovery in QLD, and significant work on the Tottenham (now complete), Kaniva and Parramatta Light Rail projects. This was partially offset by reduced capacity to process waste across the network, the NSW COVID-19 lockdown and higher fuel and labour costs. Interstate consignment authorisation challenges also led to the utilisation of higher cost suppliers. LTS is exploring opportunities to treat more complex waste streams and working collaboratively with clients on potential future issues and how we can support them.

Operating and financial review (continued)

Key business strategies and prospects

Cleanaway's BluePrint 2030 strategy was developed in late 2021 and introduced in February 2022. Through BluePrint 2030, we will create superior shareholder value by integrating and extending our leading network of infrastructure assets to provide high-circularity low-carbon solutions, seamless customer service and value for money for our customers.

Under our BluePrint 2030 strategy, we will create a competitive advantage and generate significant value by extending and integrating our assets and capabilities to address Australia's increasingly complex waste needs. We will do this in the most sustainable way possible, with an exceptional customer experience, and powered by the passion of our workforce.

Building upon the platform created by Footprint 2025, BluePrint 2030 will be supported by three strategic pillars, namely, Strategic Infrastructure Growth, Sustainable Customer Solutions and Operational Excellence.

Foundations

People and culture sit across all three of these pillars as a key enabler of our strategy and recognising the integral role of our people, and how we work together is central to fully achieving our mission.

During the year we have redefined "managing our safety and environmental risks" as our two foundations. Importantly, they are foundations rather than priorities so that if our teams need to choose then our foundations now always come first. Our foundations are central to our purpose of making a sustainable future possible together.

Over the last 12 months we have intensified our focus with all our branches now regularly discussing their risks, associated controls, assurance, compliance, licence conditions and performance. We have and will continue to support our leaders to cease operations at any site rather than operate with non-compliances.

To further improve our performance, we have been developing a small set of core processes to manage risk consistently. Furthermore, with our growing fixed asset footprint we are improving our preventative maintenance system, which will improve our fixed asset reliability.

In addition to our intense focus on our foundations, we have now placed sustainability, including circularity and carbon, at the centre of our customer proposition and employed specialist resources to drive this.

Blueprint 2030

Strategic Infrastructure Growth

Under our Strategic Infrastructure Growth pillar, we will continue to invest to extend our recycling and landfill diversion infrastructure and services platforms. We will be more innovative and ensure we are well positioned to capture opportunities from emerging at-scale waste streams to meet the country's future recycling needs.

From an infrastructure expansion perspective, we completed the significant Sydney Resource Network transaction on 18 December 2021 and the assets have been contributing to earnings from that day. Following an efficient integration, operational control has been passed to the Solids NSW business unit.

Consistent with our BluePrint, we have been progressing several infrastructure opportunities during the year.

Energy-from-Waste is necessary to move the disposal of residual waste up the waste hierarchy.

Cleanaway actively participates in all aspects of the waste hierarchy, seeing waste as a resource, with value that can be captured at all stages within the hierarchy before disposal. Energy-from-Waste recognises the value of residual waste and allows for the recovery of energy prior to disposal.

In Victoria, we acquired a site in late December 2021 in Wollert. The site is substantial, approximately 82 hectares, and will allow for precinct development as well as large on-site buffers.

Site investigation studies are substantially complete and are assisting in the preparation of Environmental Permit documentation. Stakeholder engagement is ongoing with key government and industry stakeholders.

In South-East Queensland we have exclusivity over a 10-hectare site. We are currently finalising the option agreement and will then commence Environmental Approvals for the project. The site is in an existing Industrial area and is zoned for heavy industry. It has good buffers and heavy industrial neighbours as well as good transport and road and rail access, with additional future infrastructure upgrades planned. Stakeholder engagement has commenced with key government and industry stakeholders.

Operating and financial review (continued)

Key business strategies and prospects (continued)

Blueprint 2030 (continued)

Cleanaway is also looking to expand its construction and demolition (C&D) business. With a new dedicated focus, we will optimise Cleanaway's existing C&D collections and resource recovery business. We will leverage our related infrastructure, including transfer stations and landfills which will be critical parts of the vertical value chain. From there we can grow across the value chain and infill footprint gaps though a combination of green and brownfield developments and selective acquisitions. During the year, we acquired the Vins Bins C&D business that services the Mornington Peninsula in Victoria, which provides us with a comprehensive footprint in that region.

Organics is the fastest growing segment of the waste industry, as more and more councils move to source separated organics collections. We will target food and garden organics, as well as grease trap waste through our liquids business. We will develop a vertically integrated business comprising collections, processing, and product sales, with feedstock volumes sourced from a combination of long-term council contracts and commercial & industrial customers. Our ability to offer integrated solutions to our customers positions us well to win long-term organics contracts, which will underpin the development of new facilities.

We have delivered the current footprint through significant investment in the expansion and upgrade of our resource recovery infrastructure, and we will continue to expand our existing core business across all segments to build on our competitive advantage and capture efficiencies.

Amongst other developments, during the year we commenced development of the Western Sydney MRF, in NSW, commenced expansion and upgrades to autoclaves across the Health Services business and commenced development of a transfer station in Bendigo, Victoria.

The TOMRA-Cleanaway joint venture will also continue in the role of Network Operator under the NSW Container Deposit Scheme (CDS), 'Return and Earn' until late 2026, with the Network Operator Agreement having been recently extended by four years. Cleanaway is also participating in the tenders to participate in the Victorian and Tasmanian schemes.

Looking further ahead with innovation in mind, we recognise that continued investment in new solutions and technologies is required to move ever closer to a fully circular economy. There are three key focus areas.

The first is to constantly push to reduce waste sent to landfill. This is about targeting waste streams with low resource recovery rates and identifying new ways to collect, sort and process these. The second is to create more sustainable solutions for materials already collected. This is about finding the highest order, most circular and lowest carbon outcomes for these materials. The third is to tap into large, new and emerging waste streams linked to the energy transition and other structural changes.

We will invest in proven technologies and support the development of emerging technologies to achieve these objectives. In doing so, we will be able to offer our customers sustainable solutions that will make us a supplier of choice.

Our investments in plastics pelletising are a great example of this. We commissioned the $45 million PET plastic pelletising facility in Albury (NSW) during the year, which can process the equivalent of one billion plastic bottles. We have a similar second PET facility under construction in Melbourne (VIC), taking the combined PET processing capacity to around 60kt. Cleanaway is a 33% shareholder in these two businesses through our Circular Plastic Australia joint venture with Pact Group, Asahi Beverages and Coca-Cola Europacific Partners.

We have a separate 50/50 joint venture with Pact to develop a 20kt HDPE and PP pelletising facility at Laverton (VIC), and we are well progressed in developing a mechanical recycling solution for plastic film made from LDPE plastic.

We have also commenced several feasibility studies that we are working on with other joint venture partners, including chemical recycling of polyethylene polymers and new processing solutions for our grease trap waste and other fats and oils. Although these are smaller opportunities, they are strategically important to our customer proposition, and we believe they will play an important role in making us the supplier of choice.

Operating and financial review (continued)

Key business strategies and prospects (continued)

Blueprint 2030 (continued)

Sustainable Customer Solutions

Under our Sustainable Customer Solutions pillar, we will integrate our prized assets for circularity, carbon and seamless customer service. We will create products and services to provide our customers with access to integrated platforms that best meets their needs and the shape of their waste.

In our efforts to tackle climate change, our ambition is to reduce our emissions in accordance with the Glasgow Climate Pact, which reaffirmed the long-term global goal defined in the Paris Agreement to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

By successfully getting on a path to deliver this ambition, we will have the confidence and credibility to offer decarbonisation products and services to our customers from our key strategic infrastructure. As such, we have adopted targets that are both scientifically rigorous and consistent with global commitments.

Operational Excellence

Under our Operational Excellence pillar, we will align our culture with our strategy and extend our performance culture to the frontline to both deliver for today and improve for tomorrow. We will better connect our frontline teams to our business and work together for continuous improvement.

We will be able to work smarter through the data & analytics and digitisation programs that we are rolling out. It's through these programs and how we use them that we will achieve a step change in operational productivity.

We are creating a scalable, seamless and digitised service experience across the customer journey through CustomerConnect. This is a business led multi-year program. At its core, CustomerConnect is about helping our people to better serve our customers and making it easier for our customers to work with Cleanaway.

We will deliver best-in-class productivity and drive sustainable margin expansion. We will do this by aligning our strategy and our culture. We will bring about this change by working together with our more than 6,600 employees, by integrating our assets together and working together with our partners and customers.

We will build on our top-down execution focus and culture and extend it and complement it with bottom-up involvement and innovation. We will have all employees behaving like owners and unlock their passion and ideas to improve our business – doing it together.

We have been piloting these changes in first mover 'Lighthouse Branches'. This includes continuous improvement of branch level value drivers. Each of our employees will have a clear understanding of the daily activities they can control and that creates value. We will look to rapidly take the learnings from the Lighthouse pilots and replicate this across our entire business.

Capital allocation

With regards to capital allocation, our over-arching principle is a commitment to maintaining a strong balance sheet. In the last 12 months we have increased our focus on how we are allocating capital across the group and have improved our processes to support our capital decision-making process. Our benchmark is always relative to a return on capital to shareholders and our growth opportunities are assessed with that in mind. The Group's balance sheet remains strong, and Cleanaway will continue to maintain its culture of financial discipline.

Principal risks

The Board has adopted an Enterprise Risk Management Policy which articulates Cleanaway's commitment to the establishment of a sound system of risk oversight, management, and internal control.

Our growth and success depend on our ability to understand and respond to the challenges of an uncertain and changing world. This uncertainty generates risk, with the potential to be a source of both opportunities and threats. By understanding and managing risk, we provide greater certainty and confidence for all our shareholders.

The Policy is supplemented by an Enterprise Risk Management Methodology that seeks to embed risk management processes into Cleanaway's business activities. The material business risks that could adversely impact the Group's financial prospects in future periods and the broad approach Cleanaway takes to manage these risks are outlined below. These risks are not to be taken to be a complete or exhaustive list of the risks Cleanaway is exposed to nor are they listed in order of significance.

Operating and financial review (continued)

Principal risks (continued)

RISK	DESCRIPTION	MITIGATION
Economic growth	Cleanaway provides its services and products to individuals, companies and government across a range of economic sectors in Australia. Changes in the state of the economy and the sectors of the economy to which the Group is exposed may have an adverse impact on the demand and pricing for Cleanaway's services and products and the Group's operating and financial performance. Factors which have impacted results in recent periods include increases and decreases in GDP and CPI, increases and decreases in the manufacturing, industrial and construction industries and resource sector activity.	To the extent possible, the Group manages these risks by incorporating a consideration of economic conditions and future expectations into its corporate and financial plans.
Regulatory environment	Cleanaway's operations are subject to a variety of federal, state and local laws and regulations in Australia. These laws and regulations establish various standards about the types of operations that can be undertaken and the manner in which they are undertaken. Regulatory requirements which have impacted historical results include state-based waste levies, carbon tax, environmental regulation and planning regulations. Changes in regulatory requirements or failure to comply with conditions of permits and licences could adversely affect Cleanaway's ability to continue operations on a site and in turn, the Group's financial performance.	Cleanaway manages these risks by developing and implementing appropriate systems, policies and procedures to ensure compliance with applicable regulatory requirements. Furthermore, to the extent possible, the Group incorporates consideration of changes in regulatory requirements into its corporate and financial plans and forecasts.
Operational risks	Delivering on our mission and customer proposition relies, among other things, on control over a network of infrastructure assets. This requires high quality, competitive, integrated assets in the right locations across the value chain which provide the most sustainable outcomes in the waste hierarchy for each of the waste streams. A prolonged and unplanned interruption to Cleanaway's operations could significantly impact the Company's financial performance and reputation. Cleanaway is exposed to a variety of operational risks, including risk of site loss or damage, environmental and climatic events, global pandemic risks, industrial disputes, technology failure or incompetency and systems security or data breaches. Delivery of the Cleanaway strategy requires the construction of additional assets and landfill cells and gas infrastructure. These projects will need to be delivered in line with our sustainability standards, on time and within the approved budget. The projects must also be delivered in a manner that ensures that required metrics/assumptions and performance standards are delivered. Operational risks also include the ability of Cleanaway to continue to build a strong customer service culture to ensure we service and retain our customers.	Cleanaway has a range of controls and strategies in place to manage such risks, including site business continuity and crisis management plans, inspection and maintenance procedures, compliance programs, training, site and business interruption insurance and systems security testing and improvements. Cleanaway has a range of controls and strategies in place to manage the delivery of major projects, including project gateway and financial metrics, specialist infrastructure and landfill engineering teams and proven partnerships to deliver on time and budget. Customer requirements and service levels for the treatment and recycling of waste are constantly changing. There is a heightened expectation from customers for waste providers to fulfil requirements for appropriate disposal/recycling of waste once collected. By understanding our customers needs and executing on this, Cleanaway can use our capability as a differentiator to drive growth and value.

Operating and financial review (continued)

Principal risks (continued)

RISK	DESCRIPTION	MITIGATION
Industry consolidation	Cleanaway operates in a competitive and evolving landscape. It is important that Cleanaway understands the competitive threats and builds appropriate action plans in the context of industry consolidation, single waste stream entrants and potential disrupters.	Cleanaway mitigates these risks by maintaining a strong understanding of the industry, key drivers of success, improving business performance and identifying potential acquisitions. Maintaining a strong balance sheet also allows Cleanaway to respond decisively to emerging opportunities.
Integration of acquisitions	There are potential integration risks associated with any acquisition, including due diligence risks, potential delays or unplanned costs in implementing operational changes, difficulties in integrating operations and distracting management's attention from other activities. There is also a risk that the synergies relating to acquisitions are lower than anticipated. Any failure to fully integrate the operations of an acquired business, or failure to achieve anticipated synergies, could adversely impact the operational performance and profitability of the Group.	Cleanaway manages these risks by putting in place dedicated resources to manage and monitor the integration process and closely monitors the timing, quantum and cost to achieve synergies from acquisitions.
Attract and retain key management	Cleanaway's operations are dependent upon the continued performance, efforts, abilities and expertise of its senior management. The loss of services of such personnel may have an adverse effect on the operations of Cleanaway as the Group may be unable to recruit suitable replacements within a short timeframe.	Cleanaway has in place human resource strategies and remuneration and employment policies to attract, retain and motivate executives and align their interests with those of stakeholders.
Health and Safety	Cleanaway's operations involve risks to property, personnel and members of the public. A health and safety incident may lead to serious injury or death, which may result in reputational damage and adverse operating impacts with consequential effects to Cleanaway's financial performance and position.	Cleanaway manages these risks by developing and implementing appropriate strategies, systems, policies and procedures in respect of operational health and safety matters to ensure compliance with legal and regulatory obligations. Cleanaway embraces fit-for-purpose technologies and engineering controls which enhance the safety of our fleet, fixed plant and equipment.
Sustainability risks	Cleanaway faces a variety of risks that could impact on its sustainability due to changing social and environmental factors. How risk is managed is integral to ensuring the Group achieves its mission of making a sustainable future possible together. Sustainability encompasses building a resilient business focussed on sustainable performance, investing in people and relationships with customers and the communities in which Cleanaway work, and leading industry to leave the planet in better shape for future generations. Managing these risks effectively is critical to ensuring that Cleanaway maintains its regulatory and social licence to operate in the communities in which it has significant operations.	Cleanaway manages these risks in accordance with its *Enterprise Risk Management Framework* which is aligned to the international Standard *AS/NZS ISO 31000* and industry-leading practice. This includes regularly reviewing risk tolerance, the risks that have been identified and how these risks are controlled and mitigated. Cleanaway continues to focus on Environmental, Social and Governance (ESG) risks and enhance its disclosures in relation to ESG matters.

Operating and financial review (continued)

Principal risks (continued)

RISK	DESCRIPTION	MITIGATION
Environment risks	There is potential for damage to the environment arising from Cleanaway's operations. If mishandled, waste can pose hazards to the environment, such as contaminating waterways, contaminating soil, harmful air emissions, and fires. Failing to operate in accordance with environmental standards not only has the potential to result in environmental harm but also increases compliance costs, jeopardises our regulatory approvals and our social licence to operate, and causes reputational damage with our stakeholders and investors.	Upholding the highest standards in environmental performance is crucial to the success and sustainability of our business. Our collection, sorting, treatment and disposal processes are designed to mitigate the risk of these hazards. Our approach to managing environment risk is aligned to Our Foundations and there are various internal systems, processes and toolkits that support our approach to compliance with environmental regulations, standards and requirements. Our Environment Policy sets out our commitment to achieving our mission, and to continually improve our environmental standards for the benefit of the environment, our employees, stakeholders and the community.
Climate change	Climate change is an emerging risk and presents complex challenges for companies, governments and society. We believe that the transition to a carbon constrained economy presents opportunities for our business as well as risks. These risks include de-carbonisation of the economy leading to contraction in carbon-intensive industries; the introduction of government policy to effect rapid decarbonisation; and an increase of frequency and severity of extreme weather events. Opportunities for Cleanaway may include increased regulation to reduce embodied carbon emissions favouring resource recovery and the domestic recycling industry, development of low carbon customer solutions and increased incentives to invest in energy-from-waste plants.	Cleanaway has committed to align with the Task-force on Climate-Related Financial Disclosures (TCFD) framework. The TCFD recommends companies assess and disclose the financial impacts of climate-related risks and opportunities. Our Sustainability Report sets out our response to the TCFD recommendations. Cleanaway has developed a multi-year plan to improve our management and disclosure of climate-related risks and opportunities.
Financial and insurance risks	Cleanaway is exposed to a variety of financial risks, including credit risk, adverse movements in interest rates and foreign currency exchange rates, as well as liquidity risk. In addition, Cleanaway is exposed to the risk of attracting and retaining insurers to prudently transfer insurable risks. These risks may have an adverse effect on the Company's operating and financial performance.	The Group has in place treasury and insurance policies that focus on managing these risks. These policies are reviewed by the Audit and Risk Committee and approved by the Board. Treasury and insurance activities are reported to the Audit and Risk Committee and Board on a regular basis with the ultimate responsibility being borne by the Chief Financial Officer (CFO). Information on how Cleanaway manages financial risks is included in note 32 to the Financial Statements.

Operating and financial review (continued)

Principal risks (continued)

RISK	DESCRIPTION	MITIGATION
Commodity risks	Cleanaway is exposed to changes in the prices of commodities, particularly paper, cardboard, glass and plastics from recycling activities. The demand for, and the price of, commodities is highly dependent on a variety of factors, including international supply and demand, the price and availability of substitutes, actions taken by governments such as the Council of Australian Governments' (COAG) decision to ban waste exports, and global economic and political developments.	Cleanaway closely monitors global commodity markets and market conditions relating to production of commodities to minimise potential exposures to commodity risks. Collection contracts are also economically hedged via the use of rebates linked to underlying commodity prices. Information on how Cleanaway manages commodity price risks is included in note 32 to the Financial Statements.
Cyber risks	Cleanaway, like any large organisation, faces an ever-changing cyber security threat, and needs to prevent, detect and respond to cyber security threats by maintaining a high standard of information security control.	Cleanaway has a range of user access controls that restrict and contain the ability for a user to have wide-reaching access. We utilise extensive technology-based controls and undertake both in-house and independent technology controls testing, validation and maintenance to actively prepare for, monitor and respond to potential threats. Incident response and disaster recovery plans are in place and assessed on an ongoing basis.

Significant changes in the state of affairs

Other than matters mentioned in this Report, no other significant changes in the state of affairs of the Group occurred during the financial year ended 30 June 2022.

Events subsequent to reporting date

Acquisition of Global Renewables Holdings Pty Ltd

On 19 August 2022 the Group entered into an agreement with the shareholders of Global Renewables Holdings Pty Ltd (GRL) to acquire 100% of the shares in that entity and its subsidiary undertakings for consideration of $168.5 million. The consideration to be paid will be adjusted for earnings in the GRL business from 1 July 2022 to the date of completion. On entering into this agreement the unfavourable contract acquired in the SRN acquisition and any existing legal claims between the parties will be settled. The balance of approximately $85.0 million will be allocated against the fair value of the assets and liabilities acquired in the GRL business. The difference between the $85.0 million residual consideration and the fair value of the assets and liabilities will be recognised as goodwill. The acquisition is expected to be completed in the first quarter of the year ending 30 June 2023 and the fair value of the assets and liabilities will be determined on the date that Cleanaway attains control of the business, which is expected to be the completion date.

Capital Raising

In order to fund the acquisition of GRL and other growth opportunities consistent with Blueprint 2030, on 19 August 2022 the Board approved a fully underwritten placement of new fully paid ordinary shares in Cleanaway (New Shares) to eligible institutional investors (Placement) to raise $350 million. The offer price per New Share is $2.50 (Placement Price). New Shares issued under the Placement will rank equally with existing Cleanaway Shares from the date of issue and will be entitled to the final dividend for the year ended 30 June 2022.

The Board has also approved a non-underwritten Share Purchase Plan (SPP) to eligible shareholders to raise up to $50 million. Eligible Cleanaway shareholders will be invited to apply for up to $30,000 of New Shares free of brokerage, commission and transaction costs. The SPP offer price will be at the lower of the Placement Price and the five day volume weighted average price prior to the SPP closing.

Issue of the New Shares under the Placement is expected to be on 24 August 2022 and under the SPP is expected to be on 19 September 2022.

Events subsequent to reporting date (continued)

Other than noted above there have been no matters or circumstances that have arisen since 30 June 2022 that have affected the Group's operations not otherwise disclosed in this Report.

Likely developments and expected results of operations

The Group will continue to pursue strategies aimed at improving the profitability, return on capital employed and market position of its principal activities during the next financial year.

Disclosures of information regarding the likely developments in the operations of the Group and the expected results of those operations in future financial years have been included in the Operating and Financial Review section of this Report.

Environmental regulation

The Group's operations are subject to significant environmental regulation and the Group holds environmental licences for its sites.

The Group is committed to achieving the highest standards of environmental performance. In February 2022, a significant rain event resulted in inundation of a new cell that was under construction at the Group's New Chum landfill in Ipswich, Queensland. Multiple workstreams are being undertaken at the site to reduce the body of water and manage any offsite impacts. During the year ended 30 June 2022 the Group was prosecuted in the Land and Environment Court in New South Wales in relation to a pollution incident that occurred at its Queanbeyan site in May 2020. Fines of $617,500 were imposed on Cleanaway as a result of this prosecution. The Group also paid fines during the year related to other matters totalling $52,678 (2021: $144,883).

The Group is registered under the *National Greenhouse and Energy Reporting Act 2007*, under which it is required to report energy consumption and greenhouse gas emissions for its Australian facilities.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

Directors' and officers' insurance

During the financial year, the Company paid insurance premiums to insure the Directors and Officers of the Company. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of entities in the Group, and any other payments arising from liabilities incurred by the Directors and Officers or the Company in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the Directors and Officers or the improper use by the Directors and Officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. Disclosure of the premium paid is not permitted under the terms of the insurance contract.

Directors' meetings

The number of Directors' meetings and Committee meetings, and the number of meetings attended by each of the Directors who was a member of the Board and the relevant Committee, during the financial year were:

	BOARD MEETINGS		AUDIT AND RISK COMMITTEE		SUSTAINABILITY COMMITTEE		HUMAN RESOURCES COMMITTEE	
	MEETINGS HELD WHILE A DIRECTOR	NUMBER ATTENDED	MEETINGS HELD WHILE A DIRECTOR	NUMBER ATTENDED	MEETINGS HELD WHILE A DIRECTOR	NUMBER ATTENDED	MEETINGS HELD WHILE A DIRECTOR	NUMBER ATTENDED
Directors								
M P Chellew [1]	15	15	–	–	–	–	–	–
M J Schubert	13	13	–	–	–	–	–	–
R M Smith [2]	15	15	4	4	–	–	4	4
T A Sinclair	15	14	4	4	–	–	4	4
R M Harding [3]	15	14	–	–	4	4	4	4
P G Etienne [4]	15	14	4	4	4	4	–	–
S L Hogg [5]	15	14	4	4	–	–	4	4
I A Player	15	14	–	–	4	4	–	–
A M Kelly	10	10	3	3	–	–	–	–

1 Chairman of the Board.
2 Chairman of the Audit and Risk Committee.
3 Chairman of the Human Resources Committee up to 1 June 2022.
4 Chairman of the Sustainability Committee.
5 Chairman of the Human Resources Committee from 1 June 2022.

Directors' interests

The relevant interests of each Director in the shares and performance rights over such instruments issued by Cleanaway Waste Management Limited, as notified by the Directors to the Australian Securities Exchange in accordance with section 205G(1) of the *Corporations Act 2001*, as at the date of this report is as follows:

	ORDINARY SHARES	PERFORMANCE RIGHTS
Directors		
M P Chellew	156,548	–
M J Schubert	–	1,164,302
R M Smith	128,364	–
T A Sinclair	49,417	–
R M Harding	29,696	–
P G Etienne	82,715	–
S L Hogg	–	–
I A Player	20,000	–
A M Kelly	46,000	–

Shares under option and performance rights

During the financial year ended 30 June 2022 and up to the date of this Report, no options were granted over unissued shares. As at the date of this Report, there are no unissued ordinary shares of the Company under option.

Details of performance rights granted under the short-term incentive and long-term incentive offers in the 2022 and 2021 financial years are set out in the Remuneration Report. Total performance rights outstanding as at 30 June 2022 are 7,375,723 (2021: 6,904,473). Performance rights outstanding at the date of this report are 7,186,562.

Shares issued on the exercise of performance rights

During the financial year ended 30 June 2022 and up to the date of this Report, the Company issued 1,542,569 shares as a result of the exercise of performance rights that vested during the year. During the financial year ended 30 June 2021 and up to the date of the 2021 Report, the Company issued 2,469,025 ordinary shares as a result of the exercise of performance rights that vested on 30 June 2021.

Non-audit services

The Company may decide to employ the auditors on assignments additional to their statutory audit duties where the auditors' expertise and experience with the Company and/or the Group are relevant. During the financial year ended 30 June 2022, non-audit services provided by Ernst & Young included other advisory services relating to the Group's Sustainability Report and integrity reviews of tender related financial models.

The Directors have considered the position and in accordance with written advice provided by a resolution from the Audit and Risk Committee, are satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporation Act 2001* for the following reasons:

- The value of non-audit services $32,000 provided by Ernst & Young during the period was not significant, representing 2.0% of the total services;
- All non-audit services were subject to the corporate governance procedures adopted by the Company to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve the reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

	2022 $	2021 $
Ernst & Young:		
Audit services	1,360,630	1,335,657
Audit related services	190,550	83,945
Non-audit services:		
Other advisory services	32,000	208,842
Total	**1,583,180**	**1,628,444**

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 41.

Auditor rotation

Mr Ashley Butler, Partner at Ernst & Young, commenced as the Group's Audit Partner from the Company's 2021 AGM. Mr Butler succeeded Mr Brett Croft, Partner at Ernst & Young, as Mr Croft rotated off the Cleanaway Group engagement in accordance with independence requirements of Section 324DA of the *Corporations Act 2001* and Ernst & Young's policy.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Legislative Instrument to the nearest hundred thousand dollars or, in certain cases, to the nearest dollar.

This Report, including the Remuneration Report set out on pages 19 to 40, is made in accordance with a resolution of the Board.

M P Chellew
Chairman

M J Schubert
Chief Executive Officer and Managing Director

Melbourne, 19 August 2022

Remuneration Report *(Audited)*

Contents

The Report contains the following sections:

Introduction

The Directors of Cleanaway Waste Management Limited present the Company's Remuneration Report (the Report), which forms part of the Directors' Report for the financial year ended 30 June 2022. This Report outlines the remuneration arrangements for Key Management Personnel (KMP) of the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. The information in this Report has been audited as required by section 308(3C) of the *Corporations Act 2001*, excluding Table 4C Actual Remuneration which is non-IFRS information.

Overview and context for the remuneration outcomes set out in this Report

This year has seen significant challenges presented to our business caused by the global pandemic, natural disasters, supply chain disruptions, cost pressures and emerging inflation.

Notwithstanding these challenges, throughout the year ended 30 June 2022 (FY2022), Cleanaway delivered a number of key strategic initiatives including the completion and integration of the Sydney Resource Network (SRN) assets (former Suez assets) into our NSW business, secured sites for our Energy from Waste initiatives, acquired the Vins Bins business in VIC, and secured the extension to the NSW container deposit scheme Network Operator agreement.

The Company also delivered overall solid financial performance for FY2022.

Changes in Executive Team

As outlined in the FY2021 Remuneration Report, Mr Mark Schubert commenced with Cleanaway in the role of Chief Executive Officer and Managing Director in August 2021. In addition, several other changes were made to the Executive Team throughout FY2022.

Ms Tracey Boyes was appointed in the KMP role of Executive General Manager, Solid Waste Services in February 2022 and Ms Michele Mauger also commenced in the broader Executive Team as the Chief People Officer in March 2022. Former KMPs Mr Brendan Gill and Mr Mark Crawford both ceased their employment with Cleanaway in March 2022.

Remuneration arrangements relating to the Executive KMP changes set out above, are contained in section 8 of this Report.

FY2022 Outcomes

The FY2022 Short-Term Incentive Scorecard contained a balance of financial and non-financial KPIs. Outcomes were delivered in the context of the challenging market conditions outlined above and the impacts of COVID that had significant implications for labour utilisation to service customers.

Notwithstanding these challenges, overall the FY2022 Short-Term Incentive (STI) outcomes for Executive KMP were assessed at above threshold but below target.

Illustrating our ongoing growth, the Net Revenue growth of 18.4% achieved maximum vesting, whilst our underlying EBIT performance was marginally lower than the prior year and resulted in an above threshold, but below target outcome. We did not, however, achieve the threshold performance against our ROIC target which resulted in a zero vesting for this measure.

Performance against our people, culture, and environmental KPIs were all at or near target outcomes for the year however our Safety performance was disappointing with a year-on-year performance decline and therefore this KPI resulted in zero vesting.

Our FY2020 Long-Term Incentive (LTI) plan covering the three-year performance period of FY2020-FY2022 partially vested with a strong Relative Total Shareholder Return (TSR) outcome measured against our nominated peer group. However, we did not meet the gateway level of performance against the Earnings Per Share (EPS) measure.

The detailed performance outcomes of the FY2022 Short-Term and FY2020 Long-Term Incentive Plans are outlined in Section 5 of this report.

Strategy

In February 2022, we presented to the market Cleanaway's Blueprint 2030 strategy, which seeks to create shareholder value by integrating and extending our leading network of infrastructure assets to provide high-circularity low-carbon solutions, seamless customer service and value for money for our customers. The delivery of this strategy will create a competitive advantage and generate significant value by extending and integrating our assets and capabilities. We will do this in the most sustainable way possible, with an exceptional customer experience, and powered by the passion of our workforce.

Non-Executive Directors

In November 2021, Michael Kelly was appointed to the Board as an Independent Non-Executive Director. Following a review conducted by the Board, Director fees were increased effective 1 July 2021. The Board considered these increases, 7% for Board members and 9% for the Chair, necessary to remain market competitive to enable the ongoing attraction and retention of appropriately experienced and skilled Directors.

To ensure the Board has sufficient headroom to attract and retain candidates and to enable effective succession planning, the Board intends to seek shareholder approval at the 2022 Annual General Meeting to increase the pool to $2.3 million (currently $1.9 million).

The Remuneration received by Directors is set out in section 9 of this report. The Directors consider the Remuneration outcomes as detailed in this report as appropriate and aligned to overall shareholder experiences through FY2022.

1 Key management personnel

For the purposes of this Report, KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

The KMP disclosed for the year ended 30 June 2022 are set out in the table below. Non-Executive Director Mr Kelly and Executive KMP Mr Schubert, Mr Gill, Mr Crawford, and Ms Boyes were all considered KMP for a partial period of the year ending 30 June 2022 as described in the footnotes to the table.

NAME	TITLE
NON-EXECUTIVE DIRECTORS	
M P Chellew [1]	Chairman and Non-Executive Director
R M Smith	Non-Executive Director
T A Sinclair	Non-Executive Director
R M Harding	Non-Executive Director
P G Etienne	Non-Executive Director
S L Hogg	Non-Executive Director
I A Player	Non-Executive Director
A M Kelly [2]	Non-Executive Director
CURRENT EXECUTIVES	
M Schubert [3]	Chief Executive Officer (CEO) and Managing Director
P A Binfield	Chief Financial Officer (CFO)
T Boyes [4]	Executive General Manager – Solid Waste Services
T Richards	Executive General Manager – Liquid Waste & Health Services and Industrial & Waste Services
FORMER EXECUTIVES	
B J Gill [5]	Chief Operating Officer (COO)
M Crawford [6]	Executive General Manager – Solid Waste Services

1 Mr Chellew ceased in the interim role of Executive Chairman effective 30 September 2021 following the appointment of Mr Schubert on 16 August 2021.
2 Mr Kelly was appointed as Non-Executive Director from 1 December 2021.
3 Mr Schubert commenced with Cleanaway as Chief Executive Officer (CEO) and Managing Director on 16 August 2021.
4 Ms Boyes commenced with Cleanaway as Executive General Manager Solid Waste Services effective 7 February 2022.
5 Mr Gill ceased employment with Cleanaway as Chief Operating Officer effective 31 March 2022.
6 Mr Crawford ceased with Cleanaway as Executive General Manager Solid Waste Services effective 31 March 2022 following a transition period with Ms Boyes.

2 Governance and role of the Board

2A. Human Resources Committee

The Human Resources Committee (Committee) assists the Board in its oversight of the Group's remuneration and incentives strategy and arrangements; recruitment; retention and succession plans for the Board and executive management team; corporate culture and engagement; and diversity and inclusion strategy.

The Committee's charter is available online at: https://www.cleanaway.com.au/about-us/for-investor/corporate-governance/

The Committee is comprised entirely of independent Non-Executive Directors: Samantha Hogg (Chair from 1 June 2022), Mike Harding (Chair to 31 May 2022), Ray Smith and Terry Sinclair. Non-Executive Directors, who are not Committee members, are entitled to attend meetings as observers. The CEO and other Executives are invited to attend Committee meetings, as required, however they do not participate in discussions concerning their own remuneration arrangements.

2B. Engagement of remuneration consultants

Under the Committee's charter, the Committee, or any individual member, has the authority, with the Chairperson's consent, to seek any information it requires from any employee or external party.

In accordance with the *Corporations Act 2001*, any engagement of a remuneration consultant to provide a remuneration recommendation in respect of KMP must be received and approved by the Committee. The remuneration recommendation must be accompanied by a declaration from the remuneration consultant that it was free from undue influence of KMP. During the year ended 30 June 2022, remuneration consultants were engaged to provide services to the Group, including the provision of executive market benchmarking data, equity plan management, service agreement and separation agreement preparation advice. The fees paid for these services were $41,800 (2021: $83,472). No remuneration recommendations were received from consultants during FY2022.

3 Executive reward strategy and framework

3A. Strategy and framework

The Group's remuneration strategy is designed to attract, retain and motivate high calibre senior executives to ensure the sustainable success of the Group for the benefit of all stakeholders. In an environment of heightened community expectations around executive remuneration, the Board continues to review the remuneration framework annually to ensure it is fit for purpose. This ensures remuneration is competitive and fair, aligned with the achievements of Cleanaway and aligned to the creation of long-term shareholder value.

The remuneration structure is driven by these principles and comprises a mix of fixed and variable (at risk) remuneration components illustrated below.

CLEANAWAY REMUNERATION STRATEGY			
Remunerate competitively to attract, motivate and retain talent	Align remuneration to CWY's business strategy	Link outcomes to CWY's financial performance and individual strategic objectives	Align to long term shareholder value

CLEANAWAY REMUNERATION STRUCTURE			
TFR Total Fixed Remuneration	**STI** Short-term Incentive (at risk)		**LTI** Long-term Incentive (at risk)
CASH		EQUITY	
Annual TFR (Base Salary plus superannuation) Set based on market and internal relativities, performance and experience	80% of STI outcome paid in September after financial year end STI outcome based on CWY Group performance, business unit and individual performance	20% of STI outcome is deferred as Deferred Equity Rights are restricted for one year (for certain senior executives) Deferred Equity Rights are restricted for one year	LTI Performance Rights subject to performance conditions over three years 50% subject to TSR 50% subject to EPS CAGR ROIC in year three acts as a gateway to EPS achievement

3 Executive reward strategy and framework (continued)

3B. Total Fixed Remuneration (TFR)

TFR consists of base salary plus statutory superannuation contributions. Senior executives receive a fixed remuneration package which is reviewed annually by the Committee and the Board with reference to Group and individual performance, size and complexity of the role and benchmark market data. There are no guaranteed base pay increases included in any Executive KMP contract.

3C. Short-Term Incentive

Executive KMP, other senior executives and eligible employees participated in the Group STI plan. The table below represents the annualised target and maximum annual STI opportunity as a percentage of TFR for Executive KMP. Executive KMP awards made are paid as 80% cash payment with the remaining 20% awarded as deferred equity rights with a 12-month deferral period.

	TARGET	MAXIMUM
EXECUTIVE KEY MANAGEMENT PERSONNEL		
M Schubert	100%	150%
B J Gill and P A Binfield	60%	120%
M Crawford, T Boyes and T Richards	50%	100%

3D. Long-Term Incentive

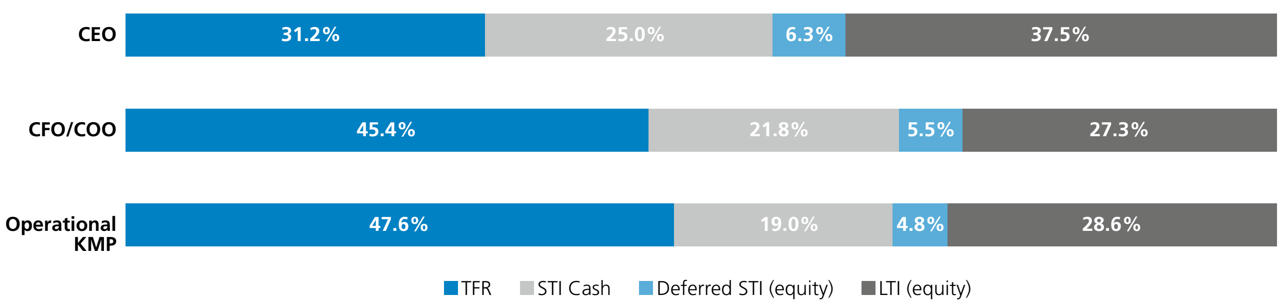
Offers under the Cleanaway Long-Term Incentive (LTI) Plan are made on an annual basis. Executive KMP and other select senior executives are eligible to be invited to participate in the Group LTI plan. The table below represents the annualised maximum LTI opportunity as a percentage of TFR (at grant) for Executive KMP. Executive KMP LTI grants are determined at face value and based by the five-day volume weighted average price of Cleanaway's shares on the ASX during the five trading days prior to 30 June each year.

	MAXIMUM
EXECUTIVE KEY MANAGEMENT PERSONNEL	
M Schubert	120%
B J Gill, P A Binfield, M Crawford, T Boyes and T Richards	60%

3E. Remuneration elements and mix

Cleanaway aims to provide a competitive mix of remuneration components that reflect the Board's commitment to performance-based reward. The total remuneration mix for Executive KMP comprising Total Fixed, STI at target and LTI at maximum grant value KMP is illustrated below.

TOTAL REMUNERATION MIX



4 FY2022 Company Performance and Executive Remuneration outcomes

4A Company Performance – FY2018–FY2022 Summary

The following table shows Cleanaway's annual performance over the last five years. For further explanation of details of Cleanaway's performance, see the Operating and Financial review section of the Directors' Report.

	FY2018 [4]	FY2019 [4]	FY2020	FY2021	FY2022
Net Revenue – $'M [1]	1,564.9	2,109.1	2,100.1	2,198.9	**2,603.8**
Profit attributable to ordinary equity holders – $'M [2]	103.5	120.4	112.9	145.3	**78.9**
EPS – cents	5.6	5.9	5.5	7.1	**3.8**
Underlying EPS – cents [3]	5.3	6.9	7.3	7.3	**7.0**
Dividends per share – cents	2.50	3.55	4.10	4.60	**4.90**
Shares on issue – number	2,036,684,232	2,044,507,391	2,053,944,831	2,059,434,558	**2,062,587,594**
Market capitalisation – $'M	3,442.0	4,763.7	4,518.7	5,436.9	**5,197.7**
Share price at 30 June – $	1.69	2.33	2.20	2.64	**2.52**
Change in share price – $	0.31	0.64	(0.13)	0.44	**(0.12)**

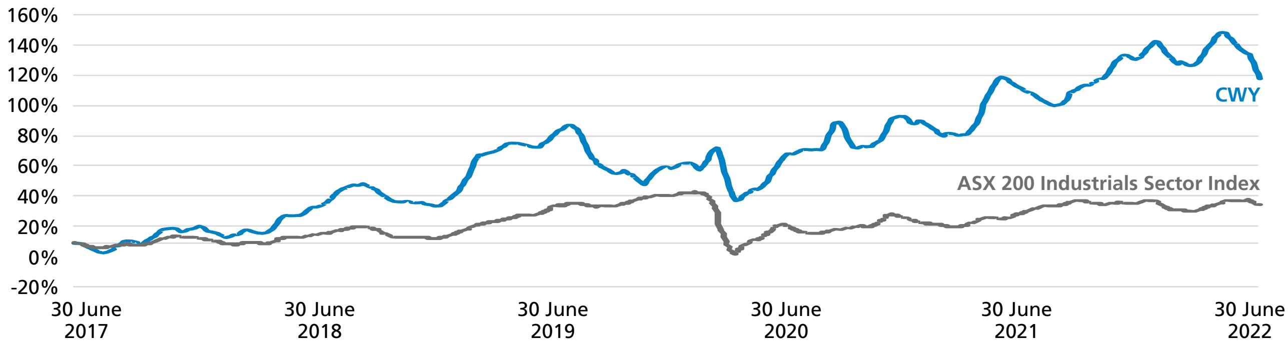
1 Net Revenue is Revenue excluding landfill levies (FY2018: $149.4 million; FY2019: $174.0 million; FY2020: $232.0 million; FY2021: $207.5 million and FY2022: $402.4 million).

2 Includes underlying adjustments after tax (FY2018: $(5.5) million; FY2019: $20.1 million; FY2020: $37.4 million; FY2021: $5.5 million and FY2022: $64.4 million).

3 Basic EPS on Underlying results which are categorised as non-IFRS financial information and therefore have been presented in compliance with ASIC Regulatory Guide 230 – *Disclosing non-IFRS financial information*. The non-IFRS financial information is unaudited.

4 Cleanaway applied the modified retrospective approach on adoption of AASB 16 *Leases* on 1 July 2019, as such comparatives for FY2018 and FY2019 have not been restated.

Total Shareholder Return: CWY vs ASX 200 Industrials Sector Index (XNJ)



4 FY2022 Company Performance and Executive Remuneration outcomes (continued)

4B. Remuneration Outcomes for FY2022 – Summary

Executive Fixed Remuneration (TFR)	During FY2022 the Board appointed Mr Schubert and Ms Boyes to Cleanaway with total fixed remuneration (TFR) levels set in line with their respective roles, accountabilities and external market competitiveness considerations. Details of the remuneration for Mr Schubert and Ms Boyes are set out in section 8B of this report. In addition, the following TFR increases were made to Executive KMP during FY2022: • Mr Richards from $514,999 to $580,000 effective 1 July 2021 • Mr Binfield from $801,874 to $817,911 effective 1 October 2021 • Mr Crawford from $631,643 to $650,592 effective 1 October 2021
Vesting of deferred rights arising from FY2021 Short-Term Incentive outcomes	As participants in the FY2021 STI, Executive KMP have 20% of their total STI award deferred as equity rights for a period of 12 months. These rights were granted at face value determined by the five-day volume weighted average price of Cleanaway's shares on the ASX during the period 24 June to 30 June 2021 being $2.6583. The vesting of these deferred rights is subject to remaining employed by the Group throughout the deferral period. In accordance with the terms of the Company's deferred equity plan rules for a good leaver, the FY2021 STI deferred rights previously earned by and allocated to Mr Gill and Mr Crawford remain on foot and are released from restriction in accordance with the original offer made in October 2021. Accordingly, the FY2021 STI deferred rights which vested on 30 June 2022 are as follows: • Mr Gill – 44,134 • Mr Binfield – 14,510 • Mr Crawford – 23,162 • Mr Richards – 18,941
FY2022 Short-Term Incentive Plan outcomes	The Board's assessment of the performance of the CEO's and Executive KMP STI scorecard outcomes has resulted in a STI awards of 79.6% of target (53.1% of maximum) for the CEO and 89.6% of target (44.8% of maximum) for Executive KMP. The FY2022 STI scorecard and performance outcomes can be found in sections 5A and 5B of this report.
FY2020 Long-Term Incentive Plan Outcomes (performance period FY2020–FY2022)	The assessed overall vesting of the FY2020 LTI was 49.2%. This outcome was driven by Cleanaway's TSR percentile ranking being 74.17% against the prescribed peer group which resulted in near maximum vesting for this measure. The ROIC FY2022 target, which acts as a gate for the EPS measure, was not achieved and therefore resulted nil vesting for this measure. Details of the FY2020 LTI grant assessment can be found in section 5C of this report.

4 FY2022 Company Performance and Executive Remuneration outcomes (continued)

4C. Actual Remuneration – Summary

The table below sets out the actual remuneration paid to Executive KMP throughout FY2022.

Note the following table is categorised as non-IFRS information and therefore has been presented in compliance with ASIC Regulatory Guide 230 – *Disclosing non-IFRS financial information*. The non-IFRS financial information is unaudited. Statutory disclosures for Executive KMP are set out in section 6C of this report and will differ from actual pay received as set out below due to the accounting treatment including that of unvested LTI awards.

	TOTAL SALARY [1] $	STI CASH PAID [2] $	STI DEFERRED [3] $	LTI VESTED [4] $	SIGN ON PAID $	POST EMPLOYMENT BENEFITS $	TERMINATION BENEFITS $	TOTAL $
CURRENT EXECUTIVE KEY MANAGEMENT PERSONNEL								
M Schubert [5]	1,210,553	776,722	194,180	–	400,000	21,604	–	2,603,059
P A Binfield	790,334	351,767	87,942	–	–	23,568	–	1,253,611
T Boyes [6]	267,103	98,290	24,572	–	–	9,820	–	399,785
T Richards	556,432	207,872	51,968	161,021	–	23,568	–	1,000,861
FORMER EXECUTIVE KEY MANAGEMENT PERSONNEL								
B J Gill [7]	733,729	403,956	–	213,632	–	17,676	788,500	2,157,493
M Crawford [8]	465,531	218,599	–	186,376	–	17,676	630,338	1,518,520
Total	**4,023,682**	**2,057,206**	**358,662**	**561,029**	**400,000**	**113,912**	**1,418,838**	**8,933,329**

1 Total Salary equates to gross taxable cash salary.

2 Represents 80% of total FY2022 STI award amount to be paid as cash in September 2022.

3 Represents 20% of the FY2022 total award to be deferred into deferred rights for a period of 12 months. The number of rights will be allocated by taking the STI deferred value divided by Cleanaway's (ASX CWY) Volume Weighted Average Price (VWAP) for the five trading days for the period ending 30 June 2022 being $2.5560.

4 Represents the indicative value of the FY2020 LTI rights vesting multiplied by Cleanaway's (ASX CWY) Volume Weighted Average Price (VWAP) for the five trading days for the period ending 30 June 2022 being $2.5560. Mr Schubert, Mr Binfield and Ms Boyes are not eligible for FY2020 LTI awards as these grants were made prior to their appointments to Cleanaway.

5 Amounts for Mr Schubert represent actual amounts earned from the period of his appointment being 16 August 2021 including a pro rata STI award from that date. On his appointment, Mr Schubert was granted additional one-off sign on remuneration arrangements comprising a combination of cash paid as above and deferred rights as set out in section 8B of this report.

6 Amounts for Ms Boyes represent actual amounts earned from the period of her appointment being 7 February 2022 including a pro rata STI award from that date. On her appointment, Ms Boyes was granted additional one-off sign on remuneration arrangements as set out in section 8B of this report.

7 Amounts for Mr Gill represent actual amounts earned up to his cessation being 31 March 2022 including pro rata STI and LTI awards to that date consistent with good leaver provisions of both plans. Mr Gill received a one-off separation payment equivalent to 100% of his base salary averaged over the preceding three-year period prior to his time of cessation.

8 Amounts for Mr Crawford represent actual amounts earned up to date of cessation being 31 March 2022 including pro rata STI and LTI awards to that date consistent with good leaver provisions of both plans. Mr Crawford received a one-off separation payment equivalent to 100% of his base salary averaged over the preceding three-year period prior to his time of cessation.

5 FY2022 Incentive Plans – detailed outcomes

5A. FY2022 Short-Term Incentive

Purpose of the STI plan	Reward the achievement of key Financial, People and Culture, Health, Safety & Environment (HSE) and if applicable, individual KPI metrics that are key to the sustainable success of Cleanaway.
Performance period	1 July 2021 to 30 June 2022.
Gateway	• Achievement of a gateway based on threshold Group EBIT for Executive KMP. The use of EBIT as a gateway performance measure aligns senior executives' focus on annual financial objectives related to their area of control.
Key performance metrics	• Financial metrics: 65% weighting. • HSE metrics: 20% weighting. • People and Culture metrics: 15% weighting.
Financial metrics	• Financial metrics and their respective weightings are: – Group underlying EBIT: 30% weighting. – Group Net Revenue: 20% weighting. Included as it reflects growth in our business. – Return on Invested Capital (ROIC): 15% weighting.
Health, Safety & Environment (HSE) metrics and gateways	• HSE metrics and their respective weightings are: – Group Total Recordable Injury Frequency Rate (TRIFR): 10% weighting. Included as it measures the outcome of our injury prevention strategies and programs. – Group Environmental Incidents: 10% weighting. Included as it measures the outcome effectiveness of our environmental risk management strategies and programs. • TRIFR metric has a threshold, target and stretch level of performance with a corresponding STI outcome set out below. • There is a gateway condition for the TRIFR metric, which is that there are no at-fault work-related fatalities. • Group Environment Incident metric has a target level performance and outcome only, which is that there are no significant or major rated environmental incidents.
People and Culture Metrics and gateways	• People and culture metric and their respective weightings are: – Group Engagement: 5% weighting. – Group Female Representation: 10% weighting. • There is a gateway condition for People metrics, which is no breach of the Code of Conduct policy.
Performance outcomes	• Once gateways are achieved, performance against the financial, health & safety and people metrics have the following threshold, target and stretch STI outcomes: – Below threshold – 0%. – At threshold – 75% of on-target STI opportunity. – At target – 100% of on-target STI opportunity. – At stretch – CEO 150% other Executive KMP 200% of on-target STI opportunity.
Deferral	• 20% of STI awards to Executive KMP are deferred for 12 months in the form of deferred equity rights. • Deferred equity rights are granted at face value determined by the five-day volume weighted average price of Cleanaway's shares on the ASX during the period 24 June to 30 June 2022 being $2.5560. • Deferred rights do not attract dividends during the deferral period.

5 FY2022 Incentive Plans – detailed outcomes (continued)

5B. FY2022 Short-Term Incentive – Scorecard result

The Board confirmed the gateway to STI eligibility being above threshold EBIT performance as being achieved and therefore the gate to STI participation being met.

The following table details 2022 STI scorecard measures and assessment applied to Executive KMP. As set out below the Board assessed the CEO's FY2022 STI outcomes as 79.6% of target or 53.1% of maximum STI opportunity, taking into consideration his pro rata service for the FY2022 year. Other Executive KMP outcomes where 89.6% of target and 44.8% of maximum.

							WEIGHTED VESTING	
ELEMENT	MEASURE	WEIGHTING	TARGET	THRESHOLD	TARGET	STRETCH	CEO % TARGET	OTHER EXECUTIVE KMP % TARGET
KPIs	Group Net Revenue	20%	$2.267b				30.0%	40.0%
	Group EBIT	30%	$263.1m				26.6%	26.6%
	Group ROIC	15%	5.6%				0.0%	0.0%
	Group TRIFR	10%	3.2				0.0%	0.0%
	Group Environmental Incidents	10%	Nil				10.0%	10.0%
	Group Engagement	5%	67%				5.0%	5.0%
	Group Female Representation	10%	21.1%				8.0%	8.0%
	Total Scorecard	**100%**					**79.6%**	**89.6%**

Key: ● Below threshold ● Above threshold but below target ● Above target

5C. FY2020 Long-Term Incentive outcome (i.e. performance period 1 July 2019 to 30 June 2022)

The Board assessed the performance of the LTI awards granted in FY2020 representing the performance period from 1 July 2019 to 30 June 2022. The performance criterion tested were the relative Total Shareholder Return and Earnings Per Share measures. The Board confirmed the gateway to the EPS measure being the Group ROIC performance for the period ending 30 June 2022 being above 5.8% as not being achieved and therefore nil vesting for this measure. Overall, the Board determined that a partial vesting of 49.2% of maximum of 100% opportunity as set out in the following table:

ELEMENT	MEASURE	WEIGHTING	TARGET	PERFORMANCE ASSESSMENT	WEIGHTED VESTING
KPIs	Relative Total Shareholder Return (TSR) targets over the performance period. The Comparator group being S&P/ASX 200 Index (with exclusion for companies classified as mining, financial services and overseas domiciled companies)	50%	50th percentile and above	Overall TSR of 25.07% which resulted in a percentile ranking of 74.17%. This generates a near maximum vesting outcome for this measure.	49.20%
	Earnings per Share Compound Annual Growth Rate (EPS CAGR)	50%	9% CAGR	Gate not achieved therefore nil vesting for this measure. Had gateway been achieved, EPS would not have vested as threshold was not met.	0%
	Total	**100%**			**49.20%**

6 Executive KMP – Remuneration Tables

6A. FY2022 Short-Term Incentive Plan outcomes

The STI payments received or receivable by Executive KMP for the year ended 30 June 2022 are summarised in the following table:

		TOTAL STI $	CASH COMPONENT[1] $	DEFERRED SHARE COMPONENT[1] $	PERCENTAGE OF TARGET STI OPPORTUNITY[2] $	PERCENTAGE OF MAXIMUM STI OPPORTUNITY[2]
CURRENT EXECUTIVE KEY MANAGEMENT PERSONNEL						
M Schubert[3]	**2022**	**970,902**	**776,722**	**194,180**	**79.6%**	**53.1%**
P Binfield	**2022**	**439,709**	**351,767**	**87,942**	**89.6%**	**44.8%**
	2021	192,859	154,287	38,572	98.0%	50.0%
T Boyes[4]	**2022**	**122,862**	**98,290**	**24,572**	**89.6%**	**44.8%**
T Richards	**2022**	**259,840**	**207,872**	**51,968**	**89.6%**	**44.8%**
	2021	251,754	201,403	50,351	98.0%	50.0%
FORMER EXECUTIVE KEY MANAGEMENT PERSONNEL						
B J Gill[5]	**2022**	**403,956**	**403,956**	**–**	**89.6%**	**44.8%**
	2021	586,613	469,290	117,323	98.0%	50.0%
M Crawford[6]	**2022**	**218,599**	**218,599**	**–**	**89.6%**	**44.8%**
	2021	307,859	246,287	61,572	98.0%	50.0%

1 Executive KMP STI awards are made based on 80% cash payment and 20% deferral for one year as equity rights.
2 Calculated based on total STI as a percentage of target and maximum STI opportunities respectively and adjusted for pro rata.
3 Represents the pro rata value applicable for the period of employment from 16 August 2021.
4 Represents the pro rata value applicable for the period of employment from 7 February 2022.
5 Represents the pro rata value applicable for the period up to 31 March 2022 with the entire value to be paid in cash.
6 Represents the pro rata value applicable for the period up to 31 March 2022 with the entire value to be paid in cash.

6B. FY2022 Long-Term Incentive outcomes

As a result of the Board approved vesting level of 49.2%, a summary of FY2020 LTI Performance rights subject to vesting is set out in the table below. Mr Gill and Mr Crawford's LTI grants were left on foot to be tested together with other executives and then pro rated for the part of the performance period they worked (being to 31 March 2022), consistent with the LTI Plans' good leaver provisions. Mr Schubert, Mr Binfield and Ms Boyes were ineligible for FY2020 LTI awards as these were made prior to their commencement with Cleanaway.

	TOTAL FY2020 PERFORMANCE RIGHTS GRANTED	RIGHTS VESTING	VALUE[1] $	RIGHTS LAPSING
B J Gill[2]	185,323	83,581	213,632	101,742
M Crawford[3]	161,679	72,917	186,376	88,762
T Richards	128,043	62,997	161,021	65,046

1 Represents the indicative value of the FY2020 LTI rights vesting multiplied by Cleanaway's (ASX CWY) Volume Weighted Average Price (VWAP) for the five trading days for the period ending 30 June 2022 being $2.5560.
2 Vesting for Mr Gill represents pro rata vesting up to his cessation being 31 March 2022.
3 Vesting for Mr Crawford represents pro rata vesting up to his cessation being 31 March 2022.

6 Executive KMP – Remuneration Tables (continued)

6C. Remuneration received

The remuneration received or receivable by Executive KMP for the years ended 30 June 2021 and 30 June 2022 is set out in the following table:

	FINANCIAL YEAR	SALARY AND FEES $	STI CASH $	NON-MONETARY BENEFITS $	TERMINATION BENEFITS $	SHARE-BASED PAYMENTS[1]	POST EMPLOYMENT BENEFITS $	TOTAL $	PERFORMANCE RELATED
CURRENT EXECUTIVE KEY MANAGEMENT PERSONNEL									
M Schubert[2]	**2022**	**1,610,553**	**776,722**	**3,310**	**–**	**1,225,342**	**21,604**	**3,637,531**	**55.0%**
P A Binfield[3]	**2022**	**790,334**	**351,767**	**651**	**–**	**250,315**	**23,568**	**1,416,635**	**42.5%**
	2021	324,294	154,287	1,490	–	79,069	9,039	568,179	41.1%
T Boyes[4]	**2022**	**267,103**	**98,290**	**–**	**–**	**215,070**	**9,820**	**590,283**	**53.1%**
T Richards	**2022**	**556,432**	**207,872**	**–**	**–**	**150,692**	**23,568**	**938,564**	**38.2%**
	2021	489,243	201,403	–	–	119,805	21,694	832,145	38.6%
FORMER EXECUTIVE KEY MANAGEMENT PERSONNEL									
V Bansal[5]	2021	1,478,306	979,362	24,720	1,500,000	(55,272)	21,694	3,948,810	23.4%
B J Gill[6]	**2022**	**733,729**	**403,956**	**542**	**788,500**	**157,325**	**17,676**	**2,101,728**	**26.7%**
	2021	816,062	469,290	1,686	–	191,577	21,694	1,500,309	44.0%
M Crawford[7]	**2022**	**465,531**	**218,599**	**62**	**630,338**	**99,337**	**17,676**	**1,431,543**	**22.2%**
	2021	596,381	246,287	196	–	146,698	21,694	1,011,256	38.9%
Total	**2022**	**4,423,682**	**2,057,206**	**4,565**	**1,418,838**	**2,098,081**	**113,912**	**10,116,284**	
	2021	3,704,286	2,050,629	28,092	1,500,000	481,877	95,815	7,860,699	

1 Share-based payments consist of performance rights. The fair value of the performance rights is measured at the date of grant using the Monte Carlo simulation and the Black Scholes model and is allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the performance rights recognised as an expense in each reporting period, net of any reversals for forfeited performance rights or changes in the probability of performance rights vesting. Performance rights include the expense relating to the deferred share component of STI.

2 Represents the pro rata value applicable for the period of employment from 16 August 2021. Salary and Fees amount includes $400,000 sign on cash payment. Non-monetary benefits relate to car parking and travel. Share-based payments include value of deferred rights granted on commencement.

3 Non-monetary benefits relate to car parking.

4 Represents the pro rata value applicable for the period of employment from 7 February 2022. Share-based payments include value of deferred rights granted on commencement.

5 Non-monetary benefits comprise costs associated with Mr Bansal's accommodation in Melbourne and travel between Sydney and Melbourne. Share-based payments expense includes the acceleration of expenses in relation to 2020 LTI which does not vest until 14 days after the release of the financial results for the financial year ending 30 June 2022.

6 Represents the pro rata value applicable for the period up to 31 March 2022. For FY2021 remuneration received was in his capacity as CFO and COO. Non-monetary benefits relate to car parking. Mr Gill received a one-off termination payment equivalent to 100% of his base salary averaged over the preceding three years prior to his time of cessation.

7 Represents the pro rata value applicable for the period up to 31 March 2022. Non-monetary benefits relate to car parking. Mr Crawford received a one-off termination payment equivalent to 100% of his base salary averaged over the preceding three years prior to his time of cessation.

7 Executive KMP – Equity Grants

7A. FY2022 Long-Term Incentive – Key Features

The details of the FY2022 LTI offer are summarised in the table below. The number of performance rights granted to each Executive KMP for the year ended 30 June 2022 is outlined in section 7D. The number of performance rights each Executive KMP had on issue as at 30 June 2022 is outlined in section 7D.

Purpose of the LTI plan	• Focus Executive performance on drivers of shareholder value over a three-year performance period. • Align interests of Executive with those of shareholders.
Performance period	1 July 2021 to 30 June 2024.
Form of award	Performance rights.
Number of performance rights	• Performance rights are granted at face value as a % of participant TFR. • CEO – 120%, Other Executive KMP – 60%. • The number of rights was determined by dividing a participant's LTI opportunity by the volume weighted average price (VWAP) of Cleanaway's shares on the ASX during the period 24 June 2021 to 30 June 2021 being $2.6583.
Performance hurdles	Performance rights issued under the FY2022 plan are subject to two performance hurdles: • 50% of the performance rights will be subject to relative Total Shareholder Return (TSR) targets over the performance period. The Board considers relative TSR to be an appropriate performance measure for Executive KMP reward as it focuses on the extent to which shareholder returns (being income and capital gain) are generated relative to the performance of a comparator group of companies. The comparator group is the constituent companies that remain listed in the S&P/ASX 200 Index (excluding companies classified as mining, financial services and overseas domiciled companies) for the duration of the performance period; and • 50% of the performance rights will be subject to Earnings per Share Compound Annual Growth Rate (EPS CAGR). The Board considers EPS CAGR to be an appropriate performance measure for Executive KMP reward as it represents an accurate measure of short-term and long-term sustainable profit. The Return On Invested Capital (ROIC) for year ending 30 June 2024 acts as a gateway to EPS CAGR.
Vesting date	14 days after the release of the financial results for the financial year ending 30 June 2024.
Retesting	No retesting is available. LTI performance rights are only tested once at the end of the relevant performance period and unvested rights lapse.
Dividends	LTI performance rights do not attract dividends.
Restriction on trading	Vested shares arising from performance rights may only be traded during trading windows as stipulated in the Company's Securities Trading Policy.
Forfeiture and Lapsing Conditions	Where a participant resigns or is terminated by the Company prior to the end of the performance period, the performance rights are forfeited unless the Board applies its discretion. The Board also has discretion to determine the extent of vesting in the event of a change of control, or where a participant dies, becomes permanently disabled, retires or is made redundant. Performance rights lapse when performance hurdles are not met.
Number of performance rights remaining on issue as at 30 June 2022	Executive KMP 1,478,474 All participants 2,577,876

7 Executive KMP – Equity Grants (continued)

7B. FY2022 Long-Term Incentive vesting conditions

Performance rights issued under the FY2022 plan are subject to two performance measures with the following performance vesting schedules:

Relative TSR performance measured over three years from 1 July 2021 to 30 June 2024	**Cleanaway's relative TSR rank compared with the TSR comparator group**	**Percentage of TSR performance rights that vest**
	Less than 50th percentile	Nil
	Equal to 50th percentile	50%
	Greater than 50th percentile and up to (and including) 75th percentile	Straight line pro rata vesting between 50% and 100%
	Above 75th percentile	100%
EPS CAGR performance measured over three years from 1 July 2021 to 30 June 2024	**Gateway: Performance Rights under EPS CAGR will only vest if ROIC is at least 5.6% or more for the Financial Year ending 30 June 2024**	
	Cleanaway EPS CAGR	**Percentage of EPS CAGR performance rights that vest**
	Less than 5%	Nil
	At 5%	30%
	Greater than 5% and up to (and including) 10%	Straight line pro rata vesting between 30% and 80%
	Greater than 10% and up to (and including) 11%	Straight line pro rata vesting between 80% and 100%
	Above 11%	100%

7 Executive KMP – Equity Grants (continued)

7C. Prior Long-Term Incentive awards

The following table outlines the terms of prior LTI offers outstanding:

	FY2020 LTI [1]	FY2021 LTI [1,2]
Performance period	Three years: 1 July 2019 to 30 June 2022	Three years: 1 July 2020 to 30 June 2023
Overview	Performance rights vesting subject to: • Relative TSR (50%) • EPS CAGR (50%) • The Return on Invested Capital (ROIC) for year ending 30 June 2022 acts as a gateway to EPS CAGR.	Performance rights vesting subject to: • Relative TSR (50%) • EPS CAGR (50%) • The Return on Invested Capital (ROIC) for year ending 30 June 2023 acts as a gateway to EPS CAGR.
Relative TSR performance hurdles	TSR Ranking against the constituents of the S&P/ASX200 Industrial Sector Index with exclusions for companies classified as mining, financial services and overseas domiciled companies: • Below 50th percentile – 0% vesting • At the 50th percentile – 50% vesting • 50th to 75th percentile – straight line vesting between 50% and 100% • Above 75th percentile – 100% vesting	
EPS CAGR performance hurdles	EPS CAGR: • Below 9%–0% vesting • At 9%–20% vesting • 9%–10.5% – straight line vesting between 20% and 50% • 10.5%–12.5% – straight line vesting between 50% and 100% • At or above 12.5%–100% vesting	EPS CAGR: • Below 4%–0% vesting • At 4%–40% vesting • 4%–8% – straight line vesting between 40% and 90% • 8%–10% – straight line vesting between 90% and 100% • At or above 10%–100% vesting
Expiry Date	None	None
Number of performance rights remaining on issue at 30 June 2022	Executive KMP 475,045 All participants 2,083,235	Executive KMP 740,560 All participants 1,833,910

1 As a share-based payment, the portion of the performance rights relating to market-based conditions were valued for accounting purposes using the Monte Carlo simulation method and the portion relating to EPS or ROIC using the Black Scholes Model. Grant dates and fair values are contained in note 35 to the Consolidated Financial Statements.

2 For the FY2021 grant, the Board has approved a change in the TSR performance period so that the impact of COVID-19 is removed from the beginning of the performance period. The performance period commences the TSR measurement from 1 March 2020 and concluding 30 June 2023.

7 Executive KMP – Equity Grants (continued)

7D. Performance and deferred rights granted and movement during the year

The aggregate number of performance and deferred rights in the Company that were granted as compensation, exercised or lapsed in relation to each Executive KMP for the year ended 30 June 2022 is set out in the following table:

	BALANCE AT 1 JULY 2021 NUMBER	RIGHTS GRANTED DURING THE YEAR [1] NUMBER	VALUE OF RIGHTS GRANTED DURING THE YEAR [2] $	RIGHTS EXERCISED DURING THE YEAR NUMBER	VALUE OF RIGHTS EXERCISED DURING THE YEAR $	LAPSED/ CANCELLED DURING THE YEAR NUMBER	BALANCE AT 30 JUNE 2022 NUMBER [3]
CURRENT EXECUTIVE KEY MANAGEMENT PERSONNEL							
M J Schubert	–	1,164,302	2,871,893	–	–	–	1,164,302
P A Binfield	222,171	199,119	454,004	–	–	–	421,290
T Boyes	–	317,218	803,066	–	–	–	317,218
T Richards	449,694	149,852	346,357	(95,125)	252,040	(83,504)	420,917
FORMER EXECUTIVE KEY MANAGEMENT PERSONNEL							
B J Gill[4]	650,229	270,265	630,497	(140,626)	372,626	(123,808)	656,060
M Crawford[4]	566,223	170,006	393,918	(122,161)	323,693	(107,488)	506,580

1 Performance and deferred rights were granted under the FY2022 LTI Offer and FY2021 STI Deferral Plan on 25 October 2021, except for Ms Boyes FY2022 LTI and sign on offers which were granted on 18 February 2022.

2 The fair value of performance rights under the FY2022 LTI offer, granted to Executive KMP, was calculated using the Monte Carlo simulation and the Black Scholes Model and is $1.765 to $2.71 per performance right. The fair value of sign-on rights issued to M Schubert and T Boyes is determined with respect to the share price on the day the rights were granted and reduced to reflect there is no dividend entitlement during the deferral period. Refer to Note 35 to the Consolidated Financial Statements which sets out the fair value per tranche of performance and deferred rights granted.

3 All performance and deferred rights have no exercise price and once vested they have no expiry date. The grant date for each tranche of performance rights is set out in note 35 to the Consolidated Financial Statements.

4 Mr Gill and Mr Crawford's LTI grants were left on foot to be tested together with other executives and then pro rated for the part of the performance period they worked (being to 31 March 2022), consistent with the LTI Plans' good leaver provisions.

7E. Performance and deferred rights as at 30 June 2022

The number of performance and deferred rights as at 30 June 2022 by plan for the Executive KMP is set out in the following table:

ISSUED	2021 STI	2020 LTI	2021 LTI	2022 LTI	SIGN ON	BALANCE AT 30 JUNE 2022	FY2021 STI VESTED & EXERCISABLE
CURRENT EXECUTIVE KEY MANAGEMENT PERSONNEL							
M J Schubert	–	–	–	631,983	532,319	1,164,302	–
P A Binfield	14,510	–	222,171	184,609	–	421,290	14,510
T Boyes	–	–	–	157,996	159,222	317,218	–
T Richards	18,941	128,043	143,022	130,911	–	420,917	18,941
FORMER EXECUTIVE KEY MANAGEMENT PERSONNEL							
B J Gill[1]	44,134	185,323	200,472	226,131	–	656,060	44,134
M Crawford[1]	23,162	161,679	174,895	146,844	–	506,580	23,162

1 Mr Gill and Mr Crawford's LTI grants were left on foot to be tested together with other executives and then pro rated for the part of the performance period they worked (being to 31 March 2022), consistent with the LTI Plans' good leaver provisions.

As at 30 June 2022, there are no outstanding vested rights which remain unexercised. No terms of performance or deferred rights have been altered by the Group during the reporting period. The Board has not previously exercised its discretion to allow the early vesting of any performance rights under any of the incentive plans.

7 Executive KMP – Equity Grants (continued)

7F. Securities trading policy

The Company prohibits Executives from entering into any hedging arrangements or acquiring financial products (such as equity swaps, caps and collars or other hedging products) over unvested performance rights which have the effect of reducing or limiting exposure to risks associated with the market value of the Company's securities.

No Directors or Executive KMP may directly or indirectly enter into any margin loan facility against the Company's securities unless the prior written consent of the Chairman of the Board is obtained.

7G. Shareholding guideline

The CEO and Executive Committee are encouraged to build and maintain a shareholding in the Company equivalent to:

- CEO – 100% of TFR; and
- Executive Team – 50% of TFR.

It is expected that this shareholding will be accumulated within five years from the date of their appointment to the Executive Team. The KMP that have served five years from the initial appointment date have all accumulated shareholdings in line with this guideline. The number of performance rights, deferred rights and ordinary shares in the Company held by each Executive KMP is set out in sections 7D, 7E and 10A.

In FY2021, the Board introduced guidelines regarding shareholdings for Non-Executive Directors. Under the guidelines, Non-Executive Directors will have five years from the later of 1 July 2021 or the date of their appointment to accumulate a shareholding in the Company equivalent to one year of their base fee.

8 Executive key management personnel – contract terms

8A. Current Executive KMP

All Executive KMP are employed on the basis of an Executive Service Agreement (Agreement) that contains a range of terms and conditions, including remuneration and other benefits, notice periods and termination benefits. Notice periods for Executive KMP as at 30 June 2022 are as follows:

EXECUTIVE SERVICE AGREEMENTS	TERM OF AGREEMENT	NOTICE PERIOD BY EXECUTIVE	NOTICE PERIOD BY CLEANAWAY
EXECUTIVE KEY MANAGEMENT PERSONNEL			
M J Schubert	Open	12 months	12 months
P A Binfield	Open	6 months	6 months
T Boyes	Open	6 months	6 months
T Richards	Open	6 months	6 months

Any payment in lieu of notice and/or redundancy is not to exceed average annual base salary as defined by the *Corporations Act 2001* over the previous three years.

The Company may terminate Agreements immediately for cause, in which case the Executive is not entitled to any payment in lieu of notice or contractual compensation.

The Agreements also provide for an Executive's participation in the STI and LTI plans subject to Board approval of their eligibility and in accordance with the terms and conditions of the respective plans.

8B. Executive KMP changes – remuneration arrangements

During FY2022, Mr Schubert and Ms Boyes commenced with Cleanaway in Executive KMP roles. In addition, previous Executive KMP Mr Gill and Mr Crawford both ceased employment with Cleanaway.

Terms of Appointment of Mr Schubert

As outlined in the FY2021 Remuneration Report, Mr Schubert commenced with Cleanaway on 16 August 2022. At the time of his appointment, Mr Schubert's remuneration arrangements comprised:

- Fixed annual remuneration of $1.4 million, inclusive of superannuation.
- A short-term incentive opportunity of 100% of fixed remuneration at target and 150% at maximum.
- A long-term incentive opportunity of 120% of fixed remuneration maximum at grant.

Mr Schubert received a sign-on entitlement in recognition of the forfeiture of certain incentives upon resigning from his prior employment. These sign on arrangements comprised:

- $400,000 cash payment made in November 2021 being three months after his commencement with Cleanaway.
- Deferred equity rights grants to a total of $1.4 million which vest at or around the first, second and third anniversary of Mr Schubert's commencement.

These rights were granted to Mr Schubert in September 2021, with the rights issued at an allocation price of $2.6300, being Cleanaway's closing price on 30 August 2021.

The total number of rights granted and vesting periods are set out in the following table:

	RIGHTS GRANTED	VESTING DATE
Tranche 1	152,091	30 August 2022
Tranche 2	190,114	30 August 2023
Tranche 3	190,114	30 August 2024

The grant date for each tranche of performance rights is set out in note 35 to the Consolidated Financial Statements.

The vesting of these rights is subject to Mr Schubert being employed by Cleanaway on the relevant dates and Mr Schubert not having provided notice of resignation nor having been terminated for cause prior to the relevant dates.

Following shareholder approval in October 2021, Mr Schubert was also granted 631,983 performance rights associated with the FY2022 LTI. This grant was made pursuant to the terms and conditions of that plan outlined in sections 7A and 7B of this report.

8 Executive key management personnel – contract terms (continued)

Terms of Appointment of Ms Boyes

Ms Boyes commenced with Cleanaway on 7 February 2022 at which time her remuneration arrangements comprised:

- Fixed annual remuneration of $700,000, inclusive of superannuation.
- A short-term incentive opportunity of 50% of fixed remuneration at target and 100% at maximum.
- A long-term incentive opportunity of 60% of fixed remuneration maximum at grant.

Ms Boyes also received a sign-on entitlement in recognition of the forfeiture of certain incentives upon resigning from her prior employment. The deferred equity rights granted to a total of $462,000 were made to Ms Boyes in February 2022 with the rights issued at an allocation price of $2.9016, being Cleanaway's five-day VWAP in the period immediately following her commencement.

The total number of rights granted, and vesting periods are set out in the following table:

	RIGHTS GRANTED	VESTING DATE
Tranche 1	29,983	22 August 2022
Tranche 2	129,239	21 August 2023

The grant date for each tranche of performance rights is set out in note 35 to the Consolidated Financial Statements.

The vesting of these rights is subject to Ms Boyes being employed by Cleanaway on the relevant dates and Ms Boyes not having provided notice of resignation nor having been terminated for cause prior to the relevant dates.

Ms Boyes was also granted 157,996 performance rights associated with the FY2022 LTI. This grant was made pursuant to the terms and conditions of that plan outlined in sections 7A and 7B of this report.

Terms of Separation Mr Gill

Mr Gill's employment with Cleanaway ceased effective 31 March 2022. For the purpose of FY2022 STI and prior LTI grants awarded and in accordance with the plan rules, Mr Gill would remain eligible to participate in these plans as a good leaver and on a pro rata basis to the date of cessation being 31 March 2022.

Mr Gill also retained his eligibility to participate in the FY2021 Deferred Short-Term Incentive (DSTI) Plan rights in line with the terms and conditions those rights were granted in October 2021.

Mr Gill also received his statutory leave entitlements, including an amount in lieu of notice under Mr Gill's Employment Agreement.

Details of Mr Gill's remuneration outcomes as set out above are contained in the relevant sections of this report.

Terms of Separation Mr Crawford

Mr Crawford ceased employment with Cleanaway effective 31 March 2022. In recognition of the contribution Mr Crawford had made to Cleanaway over a number of years, for the purpose of FY2022 STI and prior LTI grants awarded and in accordance with the plan rules, Mr Crawford would remain eligible to participate in these plans as a good leaver on a pro rata basis to the date of cessation being 31 March 2022.

Mr Crawford also retained his eligibility to participate in the FY2021 Deferred Short-Term Incentive (DSTI) Plan rights in line with the terms and conditions those rights were granted in October 2021.

Mr Crawford received his statutory leave entitlements, including an amount in lieu of notice under Mr Crawford's Employment Agreement.

9 Non-Executive Directors' remuneration

9A. Current Non-Executive Director fees

The remuneration received by Non-Executive Directors for the years ended 30 June 2022 and 30 June 2021 is set out in the following table:

	FINANCIAL YEAR	SALARY AND FEES $	ADDITIONAL FEES $	SUPERANNUATION BENEFITS $	TOTAL $
NON-EXECUTIVE DIRECTORS					
M P Chellew[1]	**2022**	**381,432**	**162,500**	**23,568**	**567,500**
	2021	348,306	325,000	21,694	695,000
R M Smith	**2022**	**196,364**	**–**	**19,636**	**216,000**
	2021	184,018	–	17,482	201,500
A M Kelly[2]	**2022**	**95,985**	**–**	**9,598**	**105,583**
E R Stein[3]	2021	110,198	–	10,469	120,667
T A Sinclair[4]	**2022**	**179,091**	**–**	**17,909**	**197,000**
	2021	165,297	15,000	15,703	196,000
R M Harding	**2022**	**188,258**	**–**	**18,826**	**207,084**
	2021	175,799	–	16,701	192,500
P G Etienne[5]	**2022**	**208,000**	**–**	**-**	**208,000**
	2021	192,500	25,000	-	217,500
S L Hogg	**2022**	**179,924**	**–**	**17,992**	**197,916**
	2021	165,297	–	15,703	181,000
I A Player[6]	**2022**	**164,545**	**–**	**16,455**	**181,000**
	2021	50,989	–	4,844	55,833
Total	**2022**	**1,593,599**	**162,500**	**123,984**	**1,880,083**
	2021	1,392,404	365,000	102,596	1,860,000

1 Following his appointment as Executive Chairman on 21 January 2021, Mr Chellew received an additional fee of $54,167 per month which concluded on 30 September 2021.

2 Mr Kelly was appointed as an Independent Non-Executive Director from 1 December 2021.

3 Non-Executive Director Ms Stein retired from the Cleanaway Board on 31 December 2020.

4 Mr Sinclair received a special exertion fee for additional services provided in connection with the Company's proposed energy from waste project, following the leadership transition of the Company announced in January 2021.

5 Mr Etienne received a special exertion fee for additional services provided in connection with the Company's acquisition of Suez's Sydney post-collection assets, following the leadership transition of the Company announced in January 2021.

6 Ms Player was appointed as an Independent Non-Executive Director from 1 March 2021.

9B. Aggregate fee limit

The current aggregate amount of remuneration that can be paid to Non-Executive Directors of $1,900,000 was approved by shareholders at the Company's 2020 Annual General Meeting.

For the year ended 30 June 2022, the aggregate remuneration paid to all Non-Executive Directors was $1,880,083. This represents an increase of 1.1% compared with the year ended 30 June 2021. This is primarily due to increase in base Director and Committee fees, offset by lower FY2022 additional fees paid to the Executive Chairman which ceased on 30 September 2021.

To ensure the Board has sufficient headroom to attract and retain candidates and to enable effective succession planning, the Board intends to seek shareholder approval at the 2022 Annual General Meeting to increase the pool to $2.3 million.

9 Non-Executive Directors' remuneration (continued)

9C. Fee structure

Following a review conducted by the Board, fees for the Chairman, Non-Executive Director and Committee membership were increased effective 1 July 2021. The Board considered these fees necessary to remain market competitive to enable the ongoing attraction and retention of Directors in the future. The fee structure (inclusive of superannuation) effective 1 July 2021 is detailed in the following table:

	BOARD $	AUDIT AND RISK COMMITTEE $	SUSTAINABILITY COMMITTEE $	HUMAN RESOURCES COMMITTEE $
Chairman (up to 30 June 2021)	370,000	34,000	25,000	25,000
Non-Executive Director (up to 30 June 2021)	154,000	13,500	13,500	13,500
Chairman (from 1 July 2021)	405,000	35,000	27,000	27,000
Non-Executive Director (from 1 July 2021)	165,000	16,000	16,000	16,000

10 Shareholdings and other related party transactions

10A. Shareholdings

The movement for the year ended 30 June 2022 in the number of ordinary shares in the Company held, directly or indirectly or beneficially, by each KMP, including their related parties, is detailed in the following table:

NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF RIGHTS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
NON-EXECUTIVE DIRECTORS:				
M P Chellew	156,548	–	–	156,548
R M Smith	126,120	–	2,244	128,364
A M Kelly [1]	46,000	–	–	46,000
T A Sinclair	49,417	–	–	49,417
R M Harding	29,696	–	–	29,696
P G Etienne	82,715	–	–	82,715
S L Hogg	–	–	–	–
I A Player	–	–	20,000	20,000
CURRENT EXECUTIVE KEY MANAGEMENT PERSONNEL				
M Schubert [2]	–	–	–	–
P A Binfield	30,000	–	–	30,000
T Boyes [3]	–	–	–	–
T Richards	19,682	95,124	–	114,806
FORMER EXECUTIVE KEY MANAGEMENT PERSONNEL				
B J Gill [4]	813,498	140,626	(200,000)	754,124
M Crawford [5]	334,634	122,161	(320,000)	136,795

1 The balance at the start of the year for Mr Kelly reflects his shareholding on the date he commenced being a Director on 1 December 2021.
2 The balance at the start of the year for Mr Schubert reflects his shareholding on the date he commenced as CEO on 16 August 2021.
3 The balance at the start of the year for Ms Boyes reflects her shareholding on the date she commenced KMP on 7 February 2022.
4 The balance at the end of the year for Mr Gill reflects his shareholding on the date he ceased being KMP on 31 March 2022.
5 The balance at the end of the year for Mr Crawford reflects his shareholding on the date he ceased being KMP on 31 March 2022.

10B. Loans to Executive Key Management Personnel

There were no loans to Executive KMP made during the period and no outstanding balances at reporting date.

10C. Other transactions and balances with Executive Key Management Personnel and their related parties

Some of the Directors hold, or have previously held, positions in companies with which Cleanaway has commercial relationships which are based on normal terms and conditions on an arm's length basis. Transactions with entities where the relationship is limited to a common Non-Executive Directorship, including any Chairperson roles, are not considered related party transactions. The Board has assessed all of the relationships between the Group and companies in which Directors hold or held positions and has concluded that in all cases the relationships do not interfere with the Directors' exercise of objective, unfettered or independent judgement or their ability to act in the best interest of the Group.

Auditor's Independence Declaration

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Auditor's Independence Declaration to the Directors of Cleanaway Waste Management Limited

As lead auditor for the audit of Cleanaway Waste Management Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

(b) no contraventions of any applicable code of professional conduct in relation to the audit;

(c) no non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cleanaway Waste Management Limited and the entities it controlled during the financial year.

Ernst & Young

Ashley Butler
Partner

19 August 2022

Consolidated Income Statement

For the year ended 30 June 2022

	NOTES	2022 $'M	2021 $'M
Revenue	6	3,006.2	2,406.4
Other income	7	6.5	4.5
Labour related expenses		(1,043.2)	(900.7)
Collection, recycling and waste disposal expenses		(957.8)	(630.6)
Fleet operating expenses		(310.4)	(243.7)
Property expenses		(52.9)	(44.6)
Other expenses		(138.4)	(60.5)
Write down loan to equity accounted investment	5	(6.3)	–
Gain on sale and leaseback of property	5	8.2	–
Share of losses from equity accounted investments	23	(1.1)	(2.0)
Depreciation and amortisation expense		(324.5)	(276.4)
Write-off of assets	5	(8.1)	(5.4)
Impairment of assets	5	(8.9)	(4.3)
Profit from operations		**169.3**	**242.7**
Net finance costs	8	(53.0)	(35.9)
Profit before income tax		**116.3**	**206.8**
Income tax expense	9	(35.7)	(59.1)
Profit after income tax		**80.6**	**147.7**
Attributable to:			
Ordinary equity holders		78.9	145.3
Non-controlling interest		1.7	2.4
Profit after income tax		**80.6**	**147.7**

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2022

	NOTES	2022 $'M	2021 $'M
Profit after income tax		**80.6**	**147.7**
Other comprehensive income (to be reclassified to profit or loss in subsequent periods)			
Net gain/(loss) on cross-currency interest rate swaps (net of tax)	17	3.3	(0.7)
Net comprehensive income/(loss) recognised directly in equity		**3.3**	**(0.7)**
Total comprehensive income for the year		**83.9**	**147.0**
Attributable to:			
Ordinary equity holders		82.2	144.6
Non-controlling interest		1.7	2.4
Total comprehensive income for the year		**83.9**	**147.0**
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	10	3.8	7.1
Diluted earnings per share (cents)	10	3.8	7.0

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 30 June 2022

	NOTES	2022 $'M	2021 $'M
Assets			
Current assets			
Cash and cash equivalents	11	66.5	69.4
Trade and other receivables	12	532.5	372.2
Inventories	13	26.7	22.1
Income tax receivable		0.2	–
Other assets	24	29.6	28.8
Total current assets		**655.5**	**492.5**
Non-current assets			
Property, plant and equipment	20	1,434.5	1,241.5
Right-of-use assets	21	614.7	479.2
Intangible assets	22	3,074.3	2,320.4
Equity accounted investments	23	52.2	41.6
Net deferred tax assets	9	11.4	52.2
Other assets	24	20.1	24.1
Total non-current assets		**5,207.2**	**4,159.0**
Total assets		**5,862.7**	**4,651.5**
Liabilities			
Current liabilities			
Trade and other payables	14	470.1	297.6
Income tax payable		–	6.9
Interest-bearing liabilities	15	100.6	76.9
Employee entitlements	25	91.0	78.8
Provisions	26	214.3	68.2
Other liabilities	27	39.2	35.6
Total current liabilities		**915.2**	**564.0**
Non-current liabilities			
Interest-bearing liabilities	15	1,583.2	996.4
Derivative financial instruments	32	39.3	31.5
Employee entitlements	25	8.7	9.9
Provisions	26	532.7	306.4
Other liabilities	27	155.4	107.0
Total non-current liabilities		**2,319.3**	**1,451.2**
Total liabilities		**3,234.5**	**2,015.2**
Net assets		**2,628.2**	**2,636.3**
Equity			
Issued capital	16	2,700.6	2,695.7
Reserves	17	31.6	25.1
Retained earnings		(106.9)	(86.9)
Parent entity interest		2,625.3	2,633.9
Non-controlling interest		2.9	2.4
Total equity		**2,628.2**	**2,636.3**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

	PARENT ENTITY INTEREST					
	ORDINARY SHARES $'M	RESERVES $'M	RETAINED EARNINGS $'M	TOTAL $'M	NON-CONTROLLING INTEREST $'M	TOTAL EQUITY $'M
At 1 July 2021	**2,695.7**	**25.1**	**(86.9)**	**2,633.9**	**2.4**	**2,636.3**
Profit for period	–	–	78.9	**78.9**	1.7	**80.6**
Other comprehensive income	–	3.3	–	**3.3**	–	**3.3**
Total comprehensive income for the year	–	3.3	78.9	**82.2**	1.7	**83.9**
Share-based payment expense	–	3.2	–	**3.2**	–	**3.2**
Dividends reinvested/(paid)	4.9	–	(98.9)	**(94.0)**	(1.2)	**(95.2)**
Balance at 30 June 2022	**2,700.6**	**31.6**	**(106.9)**	**2,625.3**	**2.9**	**2,628.2**
At 1 July 2020	**2,688.7**	**23.9**	**(142.6)**	**2,570.0**	**1.0**	**2,571.0**
Profit for period	–	–	145.3	**145.3**	2.4	**147.7**
Other comprehensive income	–	(0.7)	–	**(0.7)**	–	**(0.7)**
Total comprehensive income for the year	–	(0.7)	145.3	**144.6**	2.4	**147.0**
Share-based payment expense	–	1.9	–	**1.9**	–	**1.9**
Dividends reinvested/(paid)	7.0	–	(89.6)	**(82.6)**	(1.0)	**(83.6)**
Balance at 30 June 2021	**2,695.7**	**25.1**	**(86.9)**	**2,633.9**	**2.4**	**2,636.3**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	NOTES	2022 $'M	2021 $'M
Cash flows from operating activities			
Profit before income tax		116.3	206.8
Adjustments for:			
Depreciation and amortisation expense		324.5	276.4
Write-off of assets		8.1	5.4
Impairment of assets		8.9	4.3
Net finance costs		53.0	35.9
Share-based payment expense		3.1	1.1
Net gain on derecognition of right-of-use asset and lease liability		–	(2.0)
Remediation and rectification provision remeasurement		(6.3)	(3.4)
Share of losses from equity accounted investments		1.1	2.0
Net gain on disposal of property, plant and equipment		(1.9)	(3.1)
Net gain on sale and leaseback of property		(8.2)	–
Write down loan to equity accounted investment		6.3	–
Other non-cash items		(2.5)	0.3
Net cash from operating activities before changes in assets and liabilities		**502.4**	**523.7**
Changes in assets and liabilities:			
Increase in receivables		(161.0)	(21.4)
Decrease in other assets		0.3	0.6
Increase in inventories		(3.3)	(3.3)
Increase in payables		171.6	20.6
Increase in employee entitlements		8.4	10.0
Decrease in other liabilities		(1.7)	(1.5)
Decrease in provisions		(5.4)	(30.0)
Cash generated from operating activities		**511.3**	**498.7**
Net interest paid		(38.5)	(32.2)
Income taxes paid		(6.5)	(42.1)
Net cash from operating activities		**466.3**	**424.4**
Cash flows from investing activities			
Payments for property, plant and equipment		(257.5)	(239.0)
Payments for intangible assets		(5.5)	(7.2)
Payments for purchase of businesses (net of cash acquired)		(516.6)	(46.9)
Proceeds from disposal of property, plant and equipment		22.9	17.7
Investment in equity accounted investments		(12.7)	(11.5)
Dividends received from equity accounted investments		1.0	1.3
Loans to equity accounted investments		(5.0)	(5.5)
Net cash used in investing activities		**(773.4)**	**(291.1)**
Cash flows from financing activities			
Proceeds from borrowings		500.0	290.0
Repayment of borrowings		(15.0)	(285.2)
Repayment of lease liabilities		(82.3)	(64.0)
Payment of debt and equity raising costs		(3.3)	(0.9)
Payment of dividends to ordinary equity holders		(94.0)	(82.6)
Payment of dividends to non-controlling interests		(1.2)	(1.0)
Net cash from/(used in) financing activities		**304.2**	**(143.7)**
Net decrease in cash and cash equivalents		(2.9)	(10.4)
Cash and cash equivalents at the beginning of the year		69.4	79.8
Cash and cash equivalents at the end of the year	11	**66.5**	**69.4**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

1 Corporate information

Cleanaway Waste Management Limited and its subsidiaries (Cleanaway or the Group) is a for-profit entity domiciled and incorporated in Australia. The Financial Report of Cleanaway Waste Management Limited consists of the Consolidated Financial Statements of the Group and the Group's interests in equity accounted investments.

The Consolidated Financial Statements of the Group for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Directors on 19 August 2022.

2 Statement of compliance

The Financial Report is a general purpose financial report which has been prepared on a going concern basis and in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The Financial Report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

3 Basis of preparation

The Financial Report has been prepared on the basis of historical cost, except for the revaluation of derivative financial instruments. Cost is based on the fair value of the consideration given in exchange for assets.

The accounting policies and methods of computation adopted in the preparation of the Financial Report are consistent with those adopted and applied in the corresponding period.

At 30 June 2022, the Group had a net current asset deficiency of $259.7 million (2021: $71.5 million). As set out in note 15 to the Financial Statements, the Group has unutilised committed debt facilities, excluding facilities for bank guarantees, of $454.1 million at 30 June 2022 (2021: $915.9 million) available to repay the Group's creditors as required and therefore the Directors are satisfied that the Group can meet its financial obligations as and when they fall due.

The Financial Report is presented in Australian dollars and all values are rounded to the nearest hundred thousand dollars, except when otherwise indicated. This presentation is consistent with the requirements of Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements.

Refer to note 39 for a summary of the Group's significant accounting policies.

4 Critical accounting estimates and judgements

The preparation of the Financial Report requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Actual results may vary from these estimates under different assumptions and conditions. Significant accounting estimates and judgements in the Financial Report are:

(a) Recoverable amount of property, plant and equipment, right-of-use assets and intangible assets

Each asset or cash generating unit (CGU) is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and where the carrying amount exceeds the recoverable amount, an impairment loss is recognised. Goodwill and other intangible assets with an indefinite life are tested for impairment on an annual basis, irrespective of whether there is an indication of impairment.

The recoverable amount of each CGU is determined based on the higher of fair value less costs to dispose (FVLCD) and value-in-use. Both of these valuations utilise a discounted cash flow approach which requires the use of estimates and assumptions. In determining the net present value of the discounted cash flows of the CGUs, cash flow projections are based on forecasts determined by management. The discounted cash flows of the CGUs, other than those associated with landfill assets, are determined using five-year forecasted cash flows and a terminal value calculation. These cash flows include estimates and assumptions related to revenue growth, capital expenditure, terminal value growth rates, commodity prices expense profile, and costs to dispose in a FVLCD calculation.

Cash flows from the landfill assets include estimates and assumptions in relation to: waste volumes over the life of the landfill, cell development capital expenditure, waste mix, revenue and growth, expense profile, and value and timing of land sales.

These estimates and assumptions are subject to risk and uncertainty; such that there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the assets may be impaired, or a previous impairment charge reversed. Any potential impact arising from an impairment or reversal of an impairment would be recorded in the Consolidated Income Statement.

Further details on the Group's impairment assessment and policy are disclosed in note 22 and note 39(e).

(b) Landfill asset depreciation

Landfill assets comprise the acquisition of landfill land, airspace, cell development costs, site infrastructure and landfill site improvement costs, and remediation assets. Landfill airspace, cell development costs and remediation assets are depreciated on a usage basis. This depreciation method requires significant estimation of compaction rates, airspace and future costs. Therefore, changes in these estimates will cause changes in depreciation rates. The depreciation rates are calculated based on the most up to date accounting estimates and applied prospectively.

Further details on the Group's landfill asset accounting policy are disclosed in note 39(j).

(c) Airspace intangible acquired in a business combination

When Cleanaway acquires landfills in a business combination, the fair value is based on the net present value (NPV) of all cash flows to be derived from the landfill, excluding the remediation cashflows which are recognised as a separate liability. Assumptions are made in respect of estimated forecast cash flows from the landfill throughout the remaining useful life of the landfill (i.e. until all remaining airspace capacity is filled) and the cashflows are discounted applying an implied internal rate of return of the overall acquisition. The key value drivers in the cashflow estimates include remaining airspace capacity and compaction rates, assumed revenue to be derived from selling the airspace, cost assumptions both fixed and variable to operate and maintain the landfill sites, capital expenditure on cell construction and infrastructure, discount rate and working capital movements. The value of the airspace is determined at the date of acquisition using assumptions that a market participant would apply. These estimates are subject to risk and uncertainty; such that there is a possibility that changes in circumstances will alter the value of the airspace in the future. The airspace is tested for impairment with other assets in the CGU to which it belongs. Refer to (a) above.

(d) Valuation of unfavourable contracts acquired in a business combination

The fair value attributed to unfavourable contracts considers the manner in which a market participant would seek to settle that liability. A model determining the NPV of the unfavourable market terms was used as a basis to determine the likely amount at which a market participant would be able to settle the liabilities either through trading out the contracts or paying out the contracts. Judgement has been applied in determining the inputs and assumptions in these models.

4 Critical accounting estimates and judgements (continued)

(e) Lease terms for right-of-use assets and lease liabilities

Extension and termination options are included in lease arrangements across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, all facts and circumstances are considered that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of Cleanaway.

In determining the lease term, the Group has applied judgement over the facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. All property leases on which a prized asset is situated are considered reasonably certain to exercise an extension option. Further details on the Group's lease accounting policy are disclosed in note 39(n).

(f) Provision for remediation and rectification

The Group's remediation and rectification provisions related to landfills are calculated based on the present value of the future cash outflows expected to be incurred to remediate landfills which will include the costs of capping the landfill site, remediation and rectification costs and post-closure monitoring activities. The measurement of the provisions requires significant estimates and assumptions such as: discount rate, inflation rate, assessing the requirements of the Environment Protection Authority (EPA) or other government authorities, the timing, extent and costs of activity required and the area of the landfill to be remediated or rectified, which is determined by volumetric aerial surveys. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provisions for remediation and rectification for each landfill site are periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for remediating open sites, still accepting waste, are recognised in the Consolidated Balance Sheet by adjusting both the remediation asset and provision. For closed sites, changes to the estimated costs are recognised in the Consolidated Income Statement. Changes to estimated costs related to rectification provisions are recognised in the Consolidated Income Statement. The rectification provision related to the damage caused by recent floods at the New Chum landfill site have been determined applying the most likely method to bring the landfill back into compliance. This estimate required significant judgement.

Remediation and makegood provisions in relation to the Group's owned and leased industrial properties are reviewed periodically and updated based on facts and circumstances known at the time, applying certain assumptions about the risk rating related to the relevant site and the timeframe of when the site may require remediation. Changes in estimates related to removing structures on leased sites and remediating those sites are recognised in the Consolidated Balance Sheet by adjusting the leasehold improvement asset and the remediation provision. For closed industrial sites or where subsurface remediation is identified, changes to the estimated costs are recognised in the Consolidated Income Statement.

Further details on the Group's remediation accounting policy are disclosed in note 39(o).

(g) Taxation

Deferred tax assets, including those arising from tax losses not recouped, capital losses and temporary differences, are recognised in the Consolidated Balance Sheet, only where it is considered probable that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future profits.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Consolidated Balance Sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the Consolidated Income Statement.

Further details on the Group's taxation accounting policy are disclosed in note 39(d).

(h) Climate Change

The Group has assessed the impact of climate risk on its financial reporting. The impact assessment was primarily focussed on physical climate risk and the impact on the Group's assets. Refer to note 22. While the Group's assessment did not have a material impact for the year ended 30 June 2022, this may change in future periods as the Group regularly updates its assessment of the impact of the lower carbon economy.

5 Segment reporting

Operating segments are identified on the basis of how the Chief Operating Decision Maker reviews internal reports about components of the Group in order to assess the performance and allocation of resources to a particular segment. Information reported to the Group's Chief Executive Officer (Chief Operating Decision Maker) for the purpose of performance assessment and resource allocation is specifically focused on the following segments:

- **Solid Waste Services**

  Comprises the collection, recovery and disposal of all types of solid waste, including putrescible waste, inert waste, household waste and recovered waste. Waste streams are generally processed through our resource recovery and recycling facilities, transfer stations and landfills.

- **Industrial & Waste Services**

  Comprises a wide variety of services provided to the Infrastructure, Industrial and Resources markets. Services include drain cleaning, non-destructive digging, vacuum loading, high pressure cleaning, pipeline maintenance and CCTV.

- **Liquid Waste & Health Services**

  Liquid Waste comprises the collection, treatment, processing, refining and recycling and destruction of hazardous and non-hazardous liquids, hydrocarbons and chemical waste, specialised product destruction, hazardous waste and e-waste.

  Health Services comprises the provision of services to the health sector for the safe treatment and disposal of health-related waste which includes sharps management, medical waste, pharmaceutical waste, healthcare hazardous waste and quarantine waste.

No operating segments have been aggregated to form the reportable segments.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

The Group has the following allocation policies:

- Sales between segments are on normal commercial terms; and
- Corporate charges are allocated where possible based on estimated usage of corporate resources.

Segment assets and liabilities have not been disclosed as these are not provided to the Chief Operating Decision Maker. This information is provided at a Group level only.

Unallocated items include the Group's share of profits from equity accounted investments and corporate balances. Corporate balances relate to shared services functions that are not directly attributable to an identifiable segment. These functions include management, finance, legal, information technology, marketing, and human resources that provide support to the other segments identified above.

Net finance costs are not allocated to individual segments as the underlying instruments are managed on a Group basis. Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

Inter-segment revenues are eliminated on consolidation.

5 Segment reporting (continued)

2022	OPERATING SEGMENTS					UNALLOCATED		
	SOLID WASTE SERVICES $'M	INDUSTRIAL & WASTE SERVICES $'M	LIQUID WASTE & HEALTH SERVICES $'M	ELIMINA-TIONS $'M	TOTAL OPERATING SEGMENTS $'M	EQUITY ACCOUNTED INVEST-MENTS $'M	CORPORATE $'M	GROUP $'M
Revenue								
Revenue from customers	2,161.6	318.9	488.8	–	2,969.3	–	–	2,969.3
Other revenue	14.8	–	22.1	–	36.9	–	–	36.9
Inter-segment sales	44.6	9.7	39.6	(93.9)	–	–	–	–
Total revenue	**2,221.0**	**328.6**	**550.5**	**(93.9)**	**3,006.2**	–	–	**3,006.2**
Underlying EBITDA [1]	**469.4**	**47.2**	**96.2**	–	**612.8**	**(1.1)**	**(30.1)**	**581.6**
Depreciation and amortisation	(241.6)	(27.3)	(43.2)	–	(312.1)	–	(12.4)	(324.5)
Underlying EBIT [1]	**227.8**	**19.9**	**53.0**	–	**300.7**	**(1.1)**	**(42.5)**	**257.1**
Flood impacts [2]								(43.5)
Acquisition and integration costs [3]								(30.0)
CEO transition and restructuring [4]								(12.0)
Write down loan to Sydney EfW [5]								(6.3)
Medical waste processing facility incidents [6]								(10.9)
Gain on sale and leaseback of property [7]								8.2
Remediation and rectification provision remeasurement [8]								6.3
Material recycling facility fire [9]								0.4
Profit from operations (EBIT)								**169.3**
Net finance costs								(53.0)
Profit before income tax								**116.3**
Income tax expense								(35.7)
Profit after income tax								**80.6**
Capital expenditure:								
Property, plant and equipment	188.0	10.7	49.8	–	248.5	–	9.0	257.5
Intangible assets	0.7	–	0.2	–	0.9	–	4.6	5.5

1 Underlying earnings are categorised as non-IFRS financial information and therefore have been presented in compliance with ASIC Regulatory Guide 230 – *Disclosing non-IFRS financial information.* The exclusion of underlying adjustments provides a result which, in the Directors' view, more closely reflects the ongoing operations of the Group. The non-IFRS financial information is unaudited.

2 Several Cleanaway sites were impacted by the East Coast Floods which occurred in the second half of the financial year. Clean up expenses incurred to 30 June 2022 totalled $4.0 million plus the costs of $10.2 million associated with the rectification of the New Chum landfill. A further provision of $28.6 million for the rectification activities to bring the New Chum landfill site back into compliance has been made. In addition, plant and equipment of $4.9 million was written off. Insurance proceeds of $4.2 million have been recognised in relation to the damaged fleet. A material damage and business interruption claim is subject to agreement by the insurers and has not been accounted for in these results.

3 Acquisition and integration costs include transaction costs and other costs mainly associated with the acquisition and integration of the Sydney Resource Network of $22.5 million offset by $1.4 million remeasurement of the contingent consideration in relation to the acquisition of the Grasshopper Group. In addition, an $8.9 million impairment charge was recognised related to assets which will have no future economic benefit to the Group post acquisition.

4 On 30 August 2021 Mr Mark Schubert commenced in the role of CEO. Costs related to his sign-on bonus and performance rights costs incurred in the current period total $1.1 million. On commencement, Mr Schubert commissioned some initiatives to enhance compliance and safety processes across the Group, appointed consultants to conduct a review into the future strategy of the Group and has appointed new members of the Group Executive Team. Costs incurred on these projects and related to the termination of outgoing Executive Team members total $10.9 million.

5 Following the NSW Government release of their Energy from Waste Infrastructure Plan on 10 September 2021, the Eastern Creek site designated by the Western Sydney Energy and Resource Recovery Centre Pty Ltd project, and owned 51% by the Group, is no longer considered a viable site for development of an Energy from Waste facility. Costs related to the environmental impact study of $6.3 million, which were to be recovered from the joint venture company upon the project reaching financing stage, have been written off.

6 During February 2022, critical equipment at the medical waste processing facility in Dandenong, Victoria was put out of service. In June 2022, a fire caused significant damage to the equipment at the site. The Victorian health business has incurred additional expenses, largely related to alternative waste disposal costs to 30 June 2022 of $7.7 million and the damaged equipment, with a net book value of $3.2 million, has been written off.

7 On 15 July 2021 the Group completed the sale of a depot located in Erskine Park, NSW for a sum of $15.7 million and will lease it back over a term of seven years. A gain of $8.2 million resulted from the transaction.

8 The credit of $6.3 million relates to the increase in discount rate on remeasurement of remediation liabilities related to closed landfill sites and industrial properties.

9 Insurance proceeds of $0.4 million were received in relation to an outstanding insurance claim in respect of the fire that occurred at the Materials Recycling Facility in Guildford, WA on 25 November 2019.

5 Segment reporting (continued)

2021	OPERATING SEGMENTS: SOLID WASTE SERVICES $'M	INDUSTRIAL & WASTE SERVICES $'M	LIQUID WASTE & HEALTH SERVICES $'M	ELIMINATIONS $'M	TOTAL OPERATING SEGMENTS $'M	UNALLOCATED: EQUITY ACCOUNTED INVESTMENTS $'M	CORPORATE $'M	GROUP $'M
Revenue								
Revenue from customers	1,615.9	298.9	456.3	–	2,371.1	–	–	2,371.1
Other revenue	12.0	0.1	23.2	–	35.3	–	–	35.3
Inter-segment sales	55.9	6.6	33.2	(95.7)	–	–	–	–
Total revenue	**1,683.8**	**305.6**	**512.7**	**(95.7)**	**2,406.4**	–	–	**2,406.4**
Underlying EBITDA [1]	**405.5**	**48.0**	**110.0**	–	**563.5**	**(2.0)**	**(26.4)**	**535.1**
Depreciation and amortisation	(192.5)	(25.4)	(42.4)	–	(260.3)	–	(16.1)	(276.4)
Underlying EBIT [1]	**213.0**	**22.6**	**67.6**	–	**303.2**	**(2.0)**	**(42.5)**	**258.7**
Material recycling facility fire [2]								(7.0)
Acquisition and integration costs [3]								(7.9)
CEO transition costs [4]								(4.3)
Change in discount rate on provisions [5]								3.4
Employee entitlements [6]								7.0
Westgate tunnel contract costs [7]								(4.5)
Fire at Welshpool transfer station [8]								(2.7)
Profit from operations (EBIT)								**242.7**
Net finance costs								(35.9)
Profit before income tax								**206.8**
Income tax expense								(59.1)
Profit after income tax								**147.7**
Capital expenditure:								
Property, plant and equipment	172.3	21.0	43.2	–	236.5	–	2.5	239.0
Intangible assets	0.2	–	0.2	–	0.4	–	6.8	7.2

1 Underlying earnings are categorised as non-IFRS financial information and therefore have been presented in compliance with ASIC Regulatory Guide 230 – *Disclosing non-IFRS financial information*. The exclusion of underlying adjustments provides a result which, in the Directors' view, more closely reflects the ongoing operations of the Group.

2 On 25 November 2019 a fire occurred at the Materials Recycling Facility in Guildford, WA. Business interruption costs of $7.0 million have been incurred in the current period.

3 Acquisition and integration costs of $7.9 million include transaction costs and other costs associated with the acquisition of businesses during the period of $2.0 million, the ongoing integration costs related to acquisitions of $2.0 million, costs of $4.3 million on the expected acquisition of Sydney Resource Network assets, offset by $3.1 million related to the remeasurement of contingent consideration in relation to the acquisition of the Grasshopper Group. In addition, $2.7 million relates to software assets acquired which, following integration activities, no longer have any use.

4 On 21 January 2021 the Group announced that Mr Vik Bansal would be stepping down from the role as CEO and as a Director of the Company. CEO transition costs of $4.3 million relate principally to expenses in relation to Mr Bansal's resignation and costs incurred to recruit Mr Mark Schubert.

5 Relates to decrease in remediation provisions related to closed landfill sites and industrial properties as a result of the increase in the discount rate (refer to note 26).

6 Employee entitlement expenses of $7.0 million were reversed as a result of amendments to the *Fair Work Act 2009* passed in March 2021 which clarifies a May 2020 court decision.

7 Capitalised costs of $4.5 million, incurred on the West Gate Tunnel soils contract were impaired when the contract was no longer considered probable of being awarded to the Group.

8 A fire occurred at the Welshpool transfer station in WA, resulting in a write-off of assets of $2.7 million.

6 Revenue

	2022 $'M	2021 $'M
Revenue from customers [1]	2,969.3	2,371.1
Other revenue	36.9	35.3
	3,006.2	**2,406.4**

1 Refer to note 5 for disaggregation of revenue.

The Group has a right to invoice all revenue to date, except those amounts disclosed as contract assets in note 12. The Group has chosen not to disclose the amount of remaining performance obligations under contracts, where it has a right to invoice as services are performed. Remaining performance obligations for work which is priced on a fixed basis where the right to invoice is conditional on the work being completed are set out in note 12.

7 Other income

	2022 $'M	2021 $'M
Net Gain on disposal of property, plant and equipment	1.9	3.1
Other	–	1.4
Insurance recoveries	4.6	–
	6.5	**4.5**

8 Net finance costs

	2022 $'M	2021 $'M
Finance costs		
Interest on borrowings	(19.2)	(14.7)
Interest on leases	(19.6)	(16.0)
Amortisation of capitalised borrowing costs	(1.8)	(2.7)
Unwind of discount on provisions and other liabilities	(11.2)	(9.2)
Gain on modification of fixed rate borrowings [1]	–	7.9
Transaction costs expensed	(2.5)	–
Amortisation of gain on modification of fixed rate borrowings	(1.9)	(1.3)
Fair value gain on USPP Notes	15.6	60.7
Fair value loss on cross-currency interest rate swaps (CCIRS) [2]	(13.1)	(60.9)
	(53.7)	**(36.2)**
Finance income		
Interest revenue	0.7	0.3
	0.7	**0.3**
Net finance costs	**(53.0)**	**(35.9)**

1 On 19 October 2020 the $90.0 million Clean Energy Finance Corporation term loan facility was amended, including a reduction in the fixed interest rate. The $7.9 million gain on modification of fixed rate debt is net of fees of $1.7 million, paid to the lender.

2 Fair value loss on CCIRS includes net loss of $13.1 million (2021: $60.9 million) relating to fair value and cash flow hedges (including net hedge ineffectiveness of $(1.5) million (2021: $2.8 million)) and other fair value changes during the period. Refer to note 17(a) for fair value amounts reclassified from the hedge reserve and 32(d) for all fair value movements on the CCIRS and USPP Notes.

Refer to note 39(c) for the Group's accounting policy on finance costs.

9 Income tax

(a) Amounts recognised in the Consolidated Income Statement

	2022 $'M	2021 $'M
Current tax expense		
Current year	(2.5)	41.1
Adjustments in respect of prior years	(2.1)	1.6
	(4.6)	42.7
Deferred tax expense		
Origination and reversal of temporary differences	38.3	18.5
Adjustments in respect of prior years	2.0	(2.1)
	40.3	16.4
Income tax expense	**35.7**	**59.1**

(b) Amounts recognised directly in other comprehensive income or equity

Deferred income tax expense recognised directly in other comprehensive income of $1.4 million (2021: benefit of $0.3 million) relates to the tax effect of items recognised in the hedge reserve.

Deferred income tax benefit recognised directly in equity for the year of $0.1 million (2021: benefit of $0.8 million) relates to the tax effect of items recognised in the employee equity benefits reserve.

(c) Reconciliation between tax expense and pre-tax net profit at the statutory rate

	2022 $'M	2021 $'M
Profit before income tax	116.3	206.8
Income tax using the corporation tax rate of 30% (2021: 30%)	34.9	62.0
Increase/(decrease) in income tax expense due to:		
Share of losses from equity accounted investments	0.6	0.9
Non-deductible expenses	0.4	0.3
Business acquisition costs	3.4	0.5
Adjustments in respect of prior years	(0.1)	(0.5)
Research and development tax credits	(3.1)	(3.1)
Non-assessable gain on sale of properties	–	(0.1)
Employee share plan expenses	0.1	–
Non-assessable gain on remeasurement of contingent consideration	(0.6)	(0.9)
Other	0.1	–
Income tax expense	**35.7**	**59.1**

9 Income tax (continued)

(d) Deferred tax

Deferred tax in the Consolidated Balance Sheet relates to the following:

2022	OPENING BALANCE $'M	RECOGNISED IN PROFIT OR LOSS $'M	RECOGNISED IN OTHER COMPREHENSIVE INCOME $'M	RECOGNISED DIRECTLY IN EQUITY $'M	ACQUIRED IN BUSINESS COMBINATION $'M	TAX LOSS $'M	CLOSING BALANCE $'M
PP&E	36.8	(42.9)	–	–	(3.5)	–	(9.6)
Intangible assets	(122.9)	23.0	–	–	(94.8)	–	(194.7)
Leases	3.6	(11.7)	–	–	–	–	(8.1)
Employee benefits	28.4	3.6	–	–	0.7	–	32.7
Provisions	83.0	(11.0)	–	–	94.5	–	166.5
Tax losses	0.9	(0.2)	–	–	–	3.9	4.6
Other	22.4	(1.1)	(1.4)	0.1	–	–	20.0
Net deferred tax assets	**52.2**	**(40.3)**	**(1.4)**	**0.1**	**(3.1)**	**3.9**	**11.4**

2021	OPENING BALANCE $'M	RECOGNISED IN PROFIT OR LOSS $'M	RECOGNISED IN OTHER COMPREHENSIVE INCOME $'M	RECOGNISED DIRECTLY IN EQUITY $'M	ACQUIRED IN BUSINESS COMBINATION $'M	TAX LOSS $'M	CLOSING BALANCE $'M
PP&E	45.1	(7.0)	–	–	(1.3)	–	36.8
Intangible assets	(126.5)	6.6	–	–	(3.0)	–	(122.9)
Leases	7.0	(3.4)	–	–	–	–	3.6
Employee benefits	26.0	2.3	–	–	0.1	–	28.4
Provisions	87.8	(8.7)	–	–	3.9	–	83.0
Tax losses	–	–	–	–	0.9	–	0.9
Other	27.5	(6.2)	0.3	0.8	–	–	22.4
Net deferred tax assets	**66.9**	**(16.4)**	**0.3**	**0.8**	**0.6**	**–**	**52.2**

Deferred tax assets total $249.8 million (2021: $199.3 million) and deferred tax liabilities were $238.4 million (2021: $147.1 million).

Refer to note 39 (d) for the Group's accounting policy on income tax.

10 Earnings per share

	2022	2021
Basic earnings per share (cents)	3.8	7.1
Diluted earnings per share (cents)	3.8	7.0

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit after income tax attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the financial year.

Reconciliation of earnings used as the numerator in calculating basic earnings per share:

	2022 $'M	2021 $'M
Profit after income tax	80.6	147.7
Net profit attributable to non-controlling interests	(1.7)	(2.4)
Profit after tax attributable to ordinary equity holders	**78.9**	**145.3**

Reconciliation of weighted average number of ordinary shares:

	2022	2021
Weighted average number of ordinary shares used as the denominator in calculating earnings per share		
Number for basic earnings per share	2,061,395,151	2,057,379,071
Effect of potential ordinary shares	6,689,216	7,184,608
Number for diluted earnings per share	**2,068,084,367**	**2,064,563,679**

(ii) Diluted earnings per share

Diluted earnings per share adjusts basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Dilutive potential ordinary shares are limited to performance rights issued under the Group's Long-Term and Short-Term Incentive plans. Refer to note 35 for details. The dilutive effect of the performance rights on basic earnings per share reported above is not material.

11 Cash and cash equivalents

Composition of cash and cash equivalents

	2022 $'M	2021 $'M
Cash at bank and on hand	66.5	69.4
	66.5	**69.4**

Refer to note 39(g) for the Group's accounting policy on cash and cash equivalents.

12 Trade and other receivables

	2022 $'M	2021 $'M
Trade receivables	515.7	366.7
Contract assets [1]	1.6	1.6
Other receivables	17.2	6.0
Provision for expected credit losses	(2.0)	(2.1)
	532.5	**372.2**

1 Contract assets arise when the Group has performed work but does not yet have the right to invoice. This is the case in the Industrial & Waste Services operating segment when work is performed on a fixed price quote.

Refer to note 39(h) for the Group's accounting policy on trade and other receivables.

The ageing of the Group's trade receivables at the reporting date was:

	2022 $'M	2021 $'M
Not past due	420.0	292.7
Past due 1 – 30 days	68.9	52.5
Past due 31 – 120 days	18.8	15.0
Past due 121 days or more	8.0	6.5
	515.7	**366.7**

The movement in the provision for expected credit losses during the year was as follows:

	2022 $'M	2021 $'M
Opening balance	2.1	5.8
Provisions acquired	–	0.1
Provisions recognised	(0.1)	2.7
Reversal of provisions	1.3	(3.8)
Utilisation of provisions	(1.3)	(2.7)
Closing balance	**2.0**	**2.1**

No single customer's annual revenue is greater than 1.7% (2021: 1.8%) of the Group's total revenue. Trade and other receivables that are neither past due or impaired are considered to be of a high credit quality.

13 Inventories

	2022 $'M	2021 $'M
Raw materials and consumables – at cost	14.5	9.7
Work in progress – at cost	0.1	0.2
Finished goods – at cost	12.1	12.2
	26.7	**22.1**

Total inventory costs recognised as an expense were $134.7 million (2021: $89.3 million).

Refer to note 39(i) for the Group's accounting policy on inventories.

14 Trade and other payables

	2022 $'M	2021 $'M
Trade payables	219.0	148.6
Other payables and accruals	251.1	149.0
	470.1	**297.6**

Refer to note 39(l) for the Group's accounting policy on trade and other payables.

15 Interest-bearing liabilities

	UNSECURED			SECURED	
	BANK LOANS $'M	US PRIVATE PLACEMENT NOTES $M	CLEAN ENERGY FINANCE CORPORATION $'M	LEASE LIABILITIES[1] $'M	TOTAL INTEREST-BEARING LIABILITIES $'M
Opening balance at 1 July 2021	125.7	366.7	81.5	499.4	1,073.3
Proceeds/(repayment) of borrowings	485.0	–	–	(82.3)	402.7
Borrowing costs paid	(0.8)	–	–	–	(0.8)
Cash flows	484.2	–	–	(82.3)	401.9
Lease drawdowns	–	–	–	95.5	95.5
Remeasurement of lease liabilities	–	–	–	(0.3)	(0.3)
Non-cash repayments	(3.9)	–	–	–	(3.9)
Interest bearing liabilities acquired	–	–	–	128.6	128.6
Fair value changes	–	(15.6)	–	–	(15.6)
Borrowing costs reversed	–	0.6	–	–	0.6
Amortisation of gain on modification of fixed rate borrowings	–	–	1.9	–	1.9
Amortisation of borrowing costs	1.5	0.2	0.1	–	1.8
Closing balance at 30 June 2022	**607.5**	**351.9**	**83.5**	**640.9**	**1,683.8**

1 Lease liabilities at 30 June 2022 consist of current lease liabilities of $100.6 million and non-current lease liabilities of $540.3 million.

The following lease expenses are included in the Consolidated Income Statement and do not form part of lease liabilities:

	2022 $'M	2021 $'M
Expenses relating to short-term leases (included in property expenses and other expenses)	19.6	17.2
Expenses relating to low-value assets that are not short-term leases (included in other expenses)	1.5	1.9
Expenses relating to variable lease payments (included in labour-related expenses)[1]	51.1	49.2
	72.2	**68.3**

1 Variable lease payments included in labour-related expenses reflect payments made to owner drivers, whereby a subcontractor will be paid for both the use of their vehicle and collection services. Future cash outflows in respect of these leases are dependant upon owner driver jobs completed.

15 Interest-bearing liabilities (continued)

	UNSECURED				SECURED	
	BANK LOANS $'M	US PRIVATE PLACEMENT NOTES $'M	CLEAN ENERGY FINANCE CORPORATION $'M	OTHER $'M	LEASE LIABILITIES[1] $'M	TOTAL INTEREST-BEARING LIABILITIES $'M
Opening balance at 1 July 2020	111.1	426.9	89.7	0.4	437.3	1,065.4
(Repayment)/proceeds of borrowings	5.2	–	–	(0.4)	(64.0)	(59.2)
Borrowing costs paid	(0.9)	–	–	–	–	(0.9)
Cash flows	4.3	–	–	(0.4)	(64.0)	(60.1)
Lease drawdowns	–	–	–	–	112.2	112.2
Remeasurement of lease liabilities	–	–	–	–	8.3	8.3
Non-cash drawdowns	8.2	–	–	–	–	8.2
Interest bearing liabilities acquired	–	–	–	–	5.6	5.6
Gain on modification of fixed rate borrowings[2]	–	–	(9.6)	–	–	(9.6)
Fair value changes	–	(60.7)	–	–	–	(60.7)
Borrowing costs (accrued)/reversed	(0.3)	0.3	–	–	–	–
Amortisation of gain on modification of fixed rate borrowings	–	–	1.3	–	–	1.3
Amortisation of borrowing costs	2.4	0.2	0.1	–	–	2.7
Closing balance at 30 June 2021	**125.7**	**366.7**	**81.5**	–	**499.4**	**1,073.3**

1 Lease liabilities at 30 June 2021 consist of current lease liabilities of $76.9 million and non-current lease liabilities of $422.5 million.

2 On 19 October 2020 the $90.0 million Clean Energy Finance Corporation term loan facility was amended, including a reduction in the fixed interest rate. The fixed rate debt was remeasured by calculating the net present value of the modified cash flows discounted using the effective interest rate used on initial recognition. The $9.6 million difference between the remeasured amount and the net present value of the remaining original cash flows was recorded as a modification gain on fixed rate debt.

Refer to note 39(m) for the Group's accounting policy on borrowings.

Financing facilities

The facility limits and maturity profile of the Group's main financing facilities are as follows:

FACILITY			AMOUNT	MATURITY
Syndicated Facility Agreement	Facility A	working capital tranche	$180 million	31 July 2024
	Facility B	4 year revolver	$200 million	31 January 2026
	Facility C	5 year revolver	$315 million	31 January 2027
	Facility E	3 year non-revolving term loan facility	$500 million	31 January 2025
US Private Placement (USPP) Notes		8 year debt notes	US$90 million	11 February 2028
		10 year debt notes	US$90 million	11 February 2030
		12 year debt notes	US$90 million	11 February 2032
Clean Energy Finance Corporation		8 year term loan	$90 million	17 August 2025
Uncommitted bank guarantee facility			$95 million	31 December 2022

15 Interest-bearing liabilities (continued)

The headroom available in the Group's facilities at 30 June 2022 is summarised below:

		AVAILABLE $'M	UTILISED $'M	NOT UTILISED $'M
Syndicated Facility Agreement	Facility A[1, 2, 3]	180.0	(126.7)	53.3
	Facility B[3]	200.0	(95.0)	105.0
	Facility C[3]	315.0	–	315.0
	Facility E[3]	500.0	(500.0)	–
US Private Placement (USPP) Notes		351.9	(351.9)	–
Clean Energy Finance Corporation[4]		90.0	(90.0)	–
Bank guarantee facilities[1]		95.0	(80.6)	14.4
		1,731.9	**(1,244.2)**	**487.7**

1 These facilities include $177.0 million (2021: $174.5 million) in guarantees and letters of credit which only give rise to a liability where the Group fails to perform its contractual obligations. Included in the not utilised Facility A is $19.2 million (2021: nil) which can only be used for bank guarantees.

2 This facility includes $4.5 million (2021: $4.5 million) of corporate credit card limit utilisation and $15.0 million (2021: $15.0 million) of overdraft utilisation.

3 Amounts utilised exclude capitalised transaction costs of $2.0 million (2021: $2.6 million) and $3.7 million (2021: $7.6 million) of bank loans advanced under uncommitted facilities.

4 Amount utilised excludes capitalised transaction costs of $0.1 million (2021: $0.2 million) and unamortised gains on fixed rate debt of $6.4 million (2021: $8.3 million).

The headroom available in the Group's facilities at 30 June 2021 is summarised below:

		AVAILABLE $'M	UTILISED $'M	NOT UTILISED $'M
Syndicated Facility Agreement	Facility A	135.0	(114.1)	20.9
	Facility B	200.0	(120.0)	80.0
	Facility C	315.0	–	315.0
	Facility E	500.0	–	500.0
US Private Placement (USPP) Notes		366.7	(366.7)	–
Clean Energy Finance Corporation		90.0	(90.0)	–
Bank guarantee facilities		95.0	(80.6)	14.4
		1,701.7	**(771.4)**	**930.3**

16 Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs incurred by the Company arising on the issue of capital are recognised directly in equity as a reduction of the share capital received.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Ordinary shares have no par value and all issued shares are fully paid.

	2022		2021	
	NUMBER OF SHARES	$'M	NUMBER OF SHARES	$'M
Opening balance	2,059,434,558	2,695.7	2,053,944,831	2,688.7
Issue of shares under dividend reinvestment plan	1,799,628	4.9	3,112,469	7.0
Issue of shares under employee incentive plans	1,353,408	–	2,377,258	–
Closing balance	**2,062,587,594**	**2,700.6**	**2,059,434,558**	**2,695.7**

17 Reserves

(a) Hedge reserve

The Group's hedge reserve includes net gains/(losses) relating to changes in AUD/USD currency basis included in the fair value of cross-currency interest rates swaps (CCIRS). Currency basis is excluded from the Group's hedge relationships and accounted for as a cost of hedging recognised in other comprehensive income. The reserve also includes effective gains/(losses) included in the fair value of CCIRS that are part of cash flow hedges, net of amounts reclassified to net finance costs. Amounts in the hedge reserve will be reclassified to net finance costs in subsequent periods when the hedged item is recognised in the income statement. Refer to note 32(d).

	2022 $'M	2021 $'M
Opening balance	(0.8)	(0.1)
Net gain/(loss) on currency basis (net of tax)	3.3	(0.7)
Closing balance	**2.5**	**(0.8)**

The effective portion of cash flow hedges was $(31.1) million (2021: $31.1 million) and was reclassified to net finance costs during the period to offset the net gain/(loss) on the hedged items.

(b) Employee equity benefits reserve

The employee equity benefits reserve is used to record the value of equity benefits provided to employees as part of their remuneration. Refer to note 35 for further details on these share-based payment plans.

	2022 $'M	2021 $'M
Opening balance	25.9	24.0
Share-based payment expense (net of tax)	3.2	1.9
Closing balance	**29.1**	**25.9**

18 Dividends

The Company declared partially franked dividends on ordinary shares for the financial year ended 30 June 2022 of 4.90 cents per share, being an interim dividend of 2.45 cents per share, partially franked to 25% based on tax paid at 30% and an unfranked final dividend of 2.45 cents per share. The record date of the final dividend is 23 September 2022 with payment to be made on 7 October 2022.

Details of dividends in respect of the financial year are as follows:

	2022 CENTS PER SHARE	2021 CENTS PER SHARE	2022 $'M	2021 $'M
Dividends paid during the period				
Final dividend relating to prior period	2.35	2.10	48.4	43.2
Interim dividend relating to current period	2.45	2.25	50.5	46.4
	4.80	**4.35**	**98.9**	**89.6**
Dividends determined in respect of the period				
Interim dividend relating to current period	2.45	2.25	50.5	46.4
Final dividend relating to current period	2.45	2.35	50.5	48.4
	4.90	**4.60**	**101.0**	**94.8**

Franking credit balance

The available amounts are based on the balance of the franking account at year-end, adjusted for:

(a) Franking credits or debits that will arise from the payment of current tax liabilities or receipt of current tax assets;

(b) Franking debits that will arise from the payment of franked or partially franked dividends recognised as a liability at the year-end; and

(c) Franking credits that will arise from the receipt of dividends recognised as receivables by the Tax Consolidated Group at the year-end.

	2022 $'M	2021 $'M
30% franking credits available for subsequent financial years[1]	–	27.7

1 The final 2022 dividend determined after 30 June 2022 will be unfranked.

The unadjusted balance of the franking account at 30 June 2022 was nil (2021: $21.7 million).

19 Capital management

When managing capital, the Group's objective is to ensure that it uses a mix of funding options to optimise returns to equity holders and manage risk. The facility limits and maturity profile of the Group's main financing facilities are contained in note 15.

The capital structure of the Group comprises: debt, which includes borrowings and lease liabilities; cash and cash equivalents; and equity attributable to equity holders of the parent, such equity comprising issued capital, reserves and retained earnings as disclosed in the Consolidated Balance Sheet. The Group is subject to certain undertakings under its debt facilities which include financial covenants typical for corporate financing facilities. The Group's financial ratios are reported to the Board of Directors on a monthly basis and the Company regularly assesses its position to ensure financial covenants are met as part of its capital management activities.

The gearing ratio of the Group at reporting date was as follows:

	2022 $'M	2021 $'M
Current interest-bearing liabilities	100.6	76.9
Non-current interest-bearing liabilities	1,583.2	996.4
Derivative financial instruments [1]	39.3	31.5
Cash and cash equivalents	(66.5)	(69.4)
Net debt	**1,656.6**	**1,035.4**
Total equity	**2,625.3**	**2,633.9**
Gearing ratio [2]	**38.7%**	**28.2%**

1 At 30 June 2022, the Group held cross-currency interest rate swaps (CCIRS) to protect against interest rate and foreign currency movements in relation to the USPP notes.

2 The Group's gearing ratio at period end, defined as net debt over net debt plus equity, was 38.7% (2021: 28.2%). The weighted average debt maturity is 4.1 years (2021: 4.7 years).

20 Property, plant and equipment

2022	NON-LANDFILL LAND AND BUILDINGS $'M	LANDFILL ASSETS [2] $'M	LEASEHOLD IMPROVEMENTS $'M	PLANT AND EQUIPMENT $'M	CAPITAL WORK IN PROGRESS $'M	TOTAL $'M
Opening net book value	194.4	268.0	59.8	600.9	118.4	1,241.5
Additions	–	–	–	–	306.3	306.3
Acquisitions of businesses	52.4	15.7	–	18.4	–	86.5
Net movement in remediation assets [1]	–	7.4	–	–	–	7.4
Disposals	(6.1)	–	–	(0.2)	–	(6.3)
Transfers of assets	19.3	121.1	2.0	123.9	(266.0)	0.3
Depreciation	(3.8)	(48.1)	(6.5)	(125.8)	–	(184.2)
Write-off of plant and equipment	–	–	–	(14.9)	(2.1)	(17.0)
Closing net book value	**256.2**	**364.1**	**55.3**	**602.3**	**156.6**	**1,434.5**
Cost	270.8	915.0	85.4	1,892.0	156.6	3,319.8
Accumulated depreciation	(14.6)	(550.9)	(30.1)	(1,289.7)	–	(1,885.3)
Net book value	**256.2**	**364.1**	**55.3**	**602.3**	**156.6**	**1,434.5**

1 Net movement in remediation assets reflects adjustments to the remediation provision for open landfill sites and leasehold improvements. Refer to note 39(j) for details on the Group's accounting policy on property, plant and equipment.

2 Landfill assets are depreciated using airspace related to the current licensed areas and expected extensions of that landfill area. Total landfill assets related to the New Chum landfill are currently being depreciated assuming that the height rise application, currently subject to appeal by Cleanaway in the Land and Environment Court in QLD, will be awarded in our favour. This position is based on our expectation that a height rise application will be granted, given all relevant facts and circumstances, our own internal analysis and the views expressed by our third party experts. Should the current appeal and any other future remedies available not be successful, the available airspace will need to be revised. Assets related to the New Chum landfill and subject to the appeal total $30.9 million at 30 June 2022 (2021: $28.2 million).

20 Property, plant and equipment (continued)

2021	NON-LANDFILL LAND AND BUILDINGS $'M	LANDFILL ASSETS $'M	LEASEHOLD IMPROVEMENTS $'M	PLANT AND EQUIPMENT $'M	CAPITAL WORK IN PROGRESS $'M	TOTAL $'M
Opening net book value	205.8	257.1	63.0	574.2	73.9	1,174.0
Additions	–	–	–	–	225.9	225.9
Acquisitions of businesses	0.3	2.1	0.4	11.3	–	14.1
Net movement in remediation assets [1]	–	28.2	(0.8)	–	–	27.4
Disposals	(9.1)	–	(1.3)	(2.5)	–	(12.9)
Transfers of assets	1.1	26.4	8.3	141.0	(177.1)	(0.3)
Depreciation	(3.7)	(45.8)	(7.5)	(122.7)	–	(179.7)
Impairment of assets	–	–	–	–	(4.3)	(4.3)
Write-off of plant and equipment	–	–	(2.3)	(0.4)	–	(2.7)
Closing net book value	**194.4**	**268.0**	**59.8**	**600.9**	**118.4**	**1,241.5**
Cost	208.0	769.6	83.8	1,804.1	118.4	2,983.9
Accumulated depreciation	(13.6)	(501.6)	(24.0)	(1,203.2)	–	(1,742.4)
Net book value	**194.4**	**268.0**	**59.8**	**600.9**	**118.4**	**1,241.5**

1 Net movement in remediation assets reflects adjustments to the remediation provision for open landfill sites and leasehold improvements. Refer to note 39(j) for details on the Group's accounting policy on property, plant and equipment.

Accounting for landfill assets

The Group is responsible for a total of 17 landfills (2021: 15 landfills). Of the 17 landfills, nine are closed. Those that are open are expected to close between 2026 and 2068. The Group's remediation provisions are based on an average 30-year post-closure period.

It is the Group's policy at time of development or acquisition of a landfill and at each reporting date to:

(a) Capitalise the cost of cell development to landfill assets;

(b) Capitalise the cost of purchased landfill assets;

(c) Capitalise the estimated future costs of remediation;

(d) Depreciate the capitalised landfill assets over the useful life of the landfill asset or site; and

(e) Recognise income generated from the landfill assets in the reporting period earned.

Refer to note 39(j) for further details on the Group's accounting policy on landfill assets.

21 Right-of-use assets

2022	PROPERTIES $'M	PLANT AND EQUIPMENT $'M	TOTAL $'M
Opening net book value	228.9	250.3	479.2
New leases	33.9	58.4	92.3
Acquisition of businesses	125.4	3.2	128.6
Remeasurement due to a variation in lease term	(2.8)	(0.7)	(3.5)
Remeasurement due to rental increases	3.5	–	3.5
Depreciation	(41.4)	(44.0)	(85.4)
Closing net book value	**347.5**	**267.2**	**614.7**
Cost	443.9	381.7	825.6
Accumulated depreciation	(96.4)	(114.5)	(210.9)
Net book value	**347.5**	**267.2**	**614.7**

2021	PROPERTIES $'M	PLANT AND EQUIPMENT $'M	TOTAL $'M
Opening net book value	233.1	183.6	416.7
New leases	18.1	93.6	111.7
Acquisition of businesses	5.6	–	5.6
Remeasurement due to a variation in lease term	2.1	4.6	6.7
Remeasurement due to rental increases	4.6	–	4.6
Depreciation	(34.6)	(31.5)	(66.1)
Closing net book value	**228.9**	**250.3**	**479.2**
Cost	292.9	322.6	615.5
Accumulated depreciation	(64.0)	(72.3)	(136.3)
Net book value	**228.9**	**250.3**	**479.2**

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability or right-of-use asset until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

22 Intangible assets

2022	GOODWILL $'M	LANDFILL AIRSPACE $'M	BRAND NAMES $'M	CUSTOMER INTANGIBLES AND LICENCES $'M	OTHER INTANGIBLES $'M	TOTAL $'M
Opening net book value	1,851.7	227.1	78.6	137.6	25.4	2,320.4
Additions	–	–	–	–	8.0	8.0
Acquisitions of businesses	514.5	307.7	–	8.2	–	830.4
Remeasurement of associated remediation liability	–	(29.6)	–	–	–	(29.6)
Amortisation	–	(29.9)	–	(16.0)	(9.0)	(54.9)
Closing net book value	**2,366.2**	**475.3**	**78.6**	**129.8**	**24.4**	**3,074.3**
Cost	2,366.2	542.0	78.6	231.3	96.0	3,314.1
Accumulated amortisation	–	(66.7)	–	(101.5)	(71.6)	(239.8)
Net book value	**2,366.2**	**475.3**	**78.6**	**129.8**	**24.4**	**3,074.3**

2021	GOODWILL $'M	LANDFILL AIRSPACE $'M	BRAND NAMES $'M	CUSTOMER INTANGIBLES AND LICENCES $'M	OTHER INTANGIBLES $'M	TOTAL $'M
Opening net book value	1,827.6	226.9	78.6	143.2	29.9	2,306.2
Additions	–	–	–	–	7.1	7.1
Acquisitions of businesses	24.1	8.3	–	10.0	–	42.4
Write-off of intangibles	–	–	–	–	(2.7)	(2.7)
Remeasurement of associated remediation liability	–	(0.7)	–	–	–	(0.7)
Transfers to PP&E	–	–	–	–	(0.3)	(0.3)
Amortisation	–	(7.4)	–	(15.6)	(8.6)	(31.6)
Closing net book value	**1,851.7**	**227.1**	**78.6**	**137.6**	**25.4**	**2,320.4**
Cost	1,851.7	263.9	78.6	223.1	88.0	2,505.3
Accumulated amortisation	–	(36.8)	–	(85.5)	(62.6)	(184.9)
Net book value	**1,851.7**	**227.1**	**78.6**	**137.6**	**25.4**	**2,320.4**

Goodwill and brand names are monitored at an operating segment level.

The carrying amount of goodwill and non-amortising intangible assets (brand names) are allocated to operating segments or CGUs as follows:

2022	SOLID WASTE SERVICES $'M	INDUSTRIAL & WASTE SERVICES $'M	LIQUID WASTE & HEALTH SERVICES $'M	TOTAL $'M
Goodwill	1,825.6	168.2	372.4	2,366.2
Brand names	78.6	–	–	78.6
Total	**1,904.2**	**168.2**	**372.4**	**2,444.8**

2021	SOLID WASTE SERVICES $'M	INDUSTRIAL & WASTE SERVICES $'M	LIQUID WASTE & HEALTH SERVICES $'M	TOTAL $'M
Goodwill	1,311.1	168.2	372.4	1,851.7
Brand names	78.6	–	–	78.6
Total	**1,389.7**	**168.2**	**372.4**	**1,930.3**

22 Intangible assets (continued)

Annual impairment testing

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill and brand names are not amortised but are subject to impairment testing. In accordance with the Group's accounting policies, the Group performs its impairment testing annually at 30 June. Cash generating units (CGUs) are however reviewed at each reporting period to determine whether there is an indicator of impairment. Where an indicator of impairment exists, a formal review is undertaken to estimate the recoverable amount of related assets.

Results of impairment testing

Based on impairment testing performed, the recoverable amounts of each CGU exceed the carrying amounts at 30 June 2022.

Key assumptions used for annual impairment testing

The recoverable amount of each operating segment or CGU is determined based on fair value less costs to dispose calculations using five-year forecasted cash flows of the CGUs and a terminal value calculation, other than those associated with landfill assets. Cash flows from the landfill assets are limited to the available airspace of the landfill. Capital projects which are reasonably expected to be developed by a market participant because they have positive NPV have also been included in the determination of recoverable value. The fair value less costs to dispose calculations use cash flow projections based on actual operating results, the budget for the year ending 2023 and a five-year strategic plan adjusted for known developments and changes in information since the plan was formulated. As these forecasts are developed using the Group's own data, they are Level 3 inputs in the fair value hierarchy. CPI and GDP growth estimates are derived from the Reserve Bank of Australia economic forecasts.

The terminal value growth rate has been based on published long-term growth rates. The terminal growth rate for Solid Waste Services was 2.5% (2021: 2.5%). The terminal growth rate for Industrial & Waste Services and Liquid Waste & Health Services remains at 2.0% (2021: 2.0%). The discount rate has been based on an industry Weighted Average Cost of Capital (WACC) with cash flow projections being adjusted for CGU specific risks.

Forecast revenue, EBITDA and capital spend assumptions used in 30 June 2022 impairment testing have been adjusted for known and anticipated future operational changes and additional potential risk identified since 30 June 2021. These changes are reflected in the following summary of key assumptions table.

The table below provides a summary of the key assumptions used in the impairment testing:

	SOLID WASTE SERVICES		INDUSTRIAL & WASTE SERVICES		LIQUID WASTE & HEALTH SERVICES	
ASSUMPTIONS	JUNE 2022	JUNE 2021	JUNE 2022	JUNE 2021	JUNE 2022	JUNE 2021
EBITDA growth[1]	7.4%	7.1%	7.0%	6.5%	9.5%	6.9%
Capital spend rate[2]	11.3%	11.9%	6.9%	7.1%	7.6%	7.6%
Terminal value growth rate	2.5%	2.5%	2.0%	2.0%	2.0%	2.0%
Post-tax discount rate	7.6%	7.3%	7.6%	7.3%	7.6%	7.3%
Pre-tax discount rate	10.9%	10.4%	10.9%	10.4%	10.9%	10.4%

1 Growth rates represent a compound annual growth rate over five years and have been calculated with 30 June 2022 underlying EBITDA as a base, excluding corporate overheads.

2 Reflects capital spend as a percentage of revenue, excluding government levies collected, calculated as the five-year average of forecast spend.

22 Intangible assets (continued)

EBITDA growth assumptions

Solid Waste Services EBITDA growth of 7.4% (2021: 7.1%) assumes long-term GDP of 2.0% (2021: 2.75%) and CPI of 3.0% (2021: 2.0%) across all activities. Short-term growth also considers major new commercial and municipal contract wins.

Industrial & Waste Services EBITDA growth of 7.0% (2021: 6.5%) is mainly a result of GDP and CPI growth but also considers new and expiring contracts.

Liquid Waste & Health Services EBITDA growth of 9.5% (2021: 6.9%) also assumes GDP and CPI growth but is adjusted for growth achievable in the current economic and competitive environment.

Capital spend assumptions

Capital spend incorporates consideration of industry benchmarks but also reflects continued capital discipline together with specific business requirements. The Solid Waste Services segment is the most capital-intensive part of the business and the Industrial & Waste Services CGU is the least as its primary source of revenue is technical labour services.

Climate change

Climate change is an emerging risk and presents complex challenges for companies, governments and society. Cleanaway believes that the transition to a carbon constrained economy presents opportunities for the waste management sector as well as risks.

In the year ended 30 June 2020, Cleanaway undertook a climate risk and opportunity assessment in alignment with the TCFD framework, using two scenarios from the IPCC's Fifth Assessment Report and a time horizon of 2030:

- A low-emissions scenario of 1.5°C (RCP 2.6) was selected to stress test transition impacts arising from policy, regulatory and economic changes in the business environment from the transition to a lower carbon economy.
- A high-emissions scenario of 4.3°C (RCP 8.5) was selected to stress test physical impacts, such as those from increased temperatures, flooding, variation in rainfall, and extreme weather events.

Risks identified from this assessment include decarbonisation of the economy leading to contraction in carbon-intensive industries and a flow through to reduced service demand from affected sectors; the introduction of an explicit or implied carbon price; and an increase of frequency and severity of extreme weather events. A deep dive assessment of physical climate risk was completed in the year ended 30 June 2021. A total of 263 assets were modelled for a range of hazards, including riverine and surface water flooding, coastal inundation, soil movement, extreme heat, forest fire, extreme wind and freeze-thaw. Results from the June 2021 modelling suggested that Cleanaway's assets are not highly impacted by climate variability. The Group will continue to monitor and update the impact of climate change on the value of Cleanaway's assets.

Opportunities for waste management companies may include increased regulation to reduce embodied carbon emissions favouring the domestic resource recovery and recycling industry; growth in low carbon customer solutions, and increased incentives to invest in energy-from-waste plants.

22 Intangible assets (continued)

Impact of possible changes in key assumptions

Any variation in the key assumptions used to determine recoverable amount would result in a change to the estimated recoverable amount. If variations in assumptions had a negative impact on recoverable amount it could indicate a requirement for some impairment of non-current assets. If variations in assumptions had a positive impact on recoverable amount it could indicate a requirement for a reversal of previously impaired non-current assets, with the exception of goodwill.

Estimated reasonably possible changes (absolute numbers) in the key assumptions would have the following approximate impact on impairment of each CGU as at 30 June 2022:

	REASONABLY POSSIBLE CHANGE	SOLID WASTE SERVICES $'M	INDUSTRIAL & WASTE SERVICES $'M	LIQUID WASTE & HEALTH SERVICES $'M
Decrease in CAGR% – EBITDA	1% to 2%	nil	nil	nil
Increase in capital spend rate	0.5% to 1%	nil	nil	nil
Decrease in terminal value growth rate	1%	nil	nil	nil
Increase in post-tax discount rate	0.3% to 1%	nil	nil	nil

Whilst the table above outlines management's best estimates of key assumptions and reasonably possible changes in key value drivers, changes in the level of business activity may also materially impact the determination of recoverable amount. Should the regulatory and macroeconomic factors that are specific to the Australian domestic market change, this could impact the level of activity in the market, as well as competition, and thereby affect the Group's revenue and cost initiatives. If conditions change unfavourably, changes in recoverable amount estimates may arise.

Each of the sensitivities above assumes that the specific assumption moves in isolation, whilst all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions may accompany a change in another assumption. Action is also usually taken to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

Modelling incorporating the assumptions identified in the key assumptions table provides that the recoverable amount exceeds the carrying amount (headroom) as outlined below. The recoverable amount of the operating segment or CGUs would equal its carrying amount if the key assumptions were to change as follows:

2022	SOLID WASTE SERVICES	INDUSTRIAL & WASTE SERVICES	LIQUID WASTE & HEALTH SERVICES
Headroom $'M	**225.1**	**90.4**	**305.6**
Decrease in CAGR% – EBITDA[1]	3.5%	3.2%	5.0%
Increase in capital spend rate[1]	2.7%	1.4%	2.8%
Decrease in terminal value growth rate[1,2]	2.4%	2.3%	3.7%
Increase in post-tax discount rate[1]	1.8%	1.6%	2.6%

2021	SOLID WASTE SERVICES	INDUSTRIAL & WASTE SERVICES	LIQUID WASTE & HEALTH SERVICES
Headroom $'M	**886.2**	**108.7**	**411.5**
Decrease in CAGR% – EBITDA[1]	5.4%	3.6%	6.3%
Increase in capital spend rate[1]	4.3%	1.8%	3.9%
Decrease in terminal value growth rate[1,2]	3.6%	2.7%	4.9%
Increase in post-tax discount rate[1]	2.6%	1.9%	3.3%

1 Percentage changes presented above represent the absolute change in the assumption value (for example post-tax discount rate increasing by 1.8% from 7.6% to 9.4%).

2 Terminal value for Industrial & Waste Services and Liquid Waste & Health Services would reflect negative value as they are currently modelled at 2.0%. In the comparative year all segments would reflect negative value.

Refer to note 39(k) for further details on the Group's accounting policy on intangible assets.

23 Equity accounted investments

The Group holds a 50% interest or greater than a 50% interest in some of the following equity accounted investments but does not have control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group does not have power over these entities either through management control or voting rights.

			OWNERSHIP INTEREST		CARRYING VALUE OF INVESTMENT	
NAME OF ENTITY	COUNTRY	REPORTING DATE	2022 %	2021 %	2022 $'M	2021 $'M
Joint ventures:						
Cleanaway ResourceCo RRF Pty Ltd	Australia	30 June	45	45	16.2	19.2
Circular Plastics Australia Pty Ltd[1]	Australia	30 June	50	–	7.7	–
Earthpower Technologies Sydney Pty Ltd[2]	Australia	30 June	–	50	–	–
Tomra Cleanaway Pty Ltd	Australia	30 June	50	50	5.4	3.6
Western Sydney Energy and Resource Recovery Centre Pty Ltd	Australia	30 June	51	51	9.5	9.5
Wonthaggi Recyclers Pty Ltd	Australia	30 June	50	50	0.3	0.3
Daniels Sharpsmart New Zealand Limited	New Zealand	30 June	50	50	–	–
Associates:						
Circular Plastics Australia (PET) Pty Ltd[3]	Australia	30 June	–	40	–	9.0
Circular Plastics (PET) Holdings Pty Ltd[3]	Australia	30 June	33	–	13.1	–
					52.2	**41.6**

1 On 1 August 2021 Cleanaway Pty Ltd subscribed for 7,675,998 party paid shares in Circular Plastics Australia Pty Ltd, representing 50% of the paid-up capital of the entity.

2 On 21 October 2021 Cleanaway Solid Waste Pty Ltd, a 100% owned subsidiary of Cleanaway Waste Management Limited, sold its 50% interest in Earthpower Technologies Sydney Pty Ltd for consideration of $1.

3 On 17 December 2021 the 40% interest in Circular Plastics Australia (PET) Pty Ltd (formally Circular Plastics Australia Pty Ltd) was sold to an intermediary Holding Company (Circular Plastics (PET) Holdings Pty Ltd) in which the Group also held a 40% interest. Subsequent to this, Coca-Cola Europacific Partners subscribed to shares in Circular Plastics (PET) Holdings Pty Ltd which has had the effect of diluting the Group's interest in Circular Plastics (PET) Holdings Pty Ltd to 33%. No profit or loss was recognised on effective sell down in the Group's interest in Circular Plastics (PET) Holdings Pty Ltd from 40% to 33%.

(a) Cleanaway ResourceCo RRF Pty Ltd

The Group has a 45% interest in Cleanaway ResourceCo RRF Pty Ltd, a resource recovery facility located at Wetherill Park in Western Sydney. The Group's interest in Cleanaway ResourceCo RRF Pty Ltd is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Summarised statement of financial position of Cleanaway ResourceCo RRF Pty Ltd:

	2022 $'M	2021 $'M
Current assets, including cash and cash equivalents $1.0 million (2021: $2.9 million) and prepayments $1.3 million (2021: $1.1 million)	6.9	9.4
Non-current assets	84.9	81.4
Current liabilities	(4.4)	(8.6)
Non-current liabilities, including deferred tax liabilities $2.6 million (2021: $0.1 million) and long-term borrowings $48.3 million (2021: $39.5 million)	(51.4)	(39.6)
Equity	36.0	42.6
Group's share in equity	16.2	19.2
Group's carrying amount of the investment	**16.2**	**19.2**

23 Equity accounted investments (continued)

Summarised statement of profit or loss of Cleanaway ResourceCo RRF Pty Ltd:

	2022 $'M	2021 $'M
Revenue from contracts with customers	19.7	15.4
Cost of sales	(13.2)	(10.1)
Administrative expenses, including depreciation $3.7 million (2021: $2.8 million)	(10.8)	(8.8)
Finance costs, including interest expense $2.4 million (2021: $1.9 million)	(2.4)	(1.9)
Loss before tax	**(6.7)**	**(5.4)**
Income tax benefit	–	1.6
Loss for the year	**(6.7)**	**(3.8)**
Total comprehensive loss for the year	**(6.7)**	**(3.8)**
Group's share of loss for the year	**(3.0)**	**(1.7)**

The joint venture had capital commitments of $0.1 million as at 30 June 2022 (2021: $0.2 million). The joint venture had no contingent liabilities as at 30 June 2022 (2021: nil). Cleanaway ResourceCo RRF Pty Ltd cannot distribute its profits without consent from both venture partners.

(b) Circular Plastics Australia Pty Ltd

The Group has a 50% interest in Circular Plastics Australia Pty Ltd, a plastics recycling plant for the processing of post-consumer HDPE and PP located in Laverton, VIC. The Group's interest in Circular Plastics Australia Pty Ltd is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Summarised statement of financial position of Circular Plastics Australia Pty Ltd:

	2022 $'M	2021 $'M
Current assets, including cash and cash equivalents $2.5 million	2.5	–
Non-current assets	17.7	–
Current liabilities	(0.5)	–
Non-current liabilities, including long-term borrowings $1.0 million	(4.3)	–
Equity	15.4	–
Group's share in equity	7.7	–
Group's carrying amount of the investment	**7.7**	**–**

The construction of a recycling plant in Laverton, VIC is well underway and expected to be completed during the year ending 30 June 2023. All costs related to the development of the facility have been capitalised and accordingly the joint venture has not contributed profit to the Group during the year ended 30 June 2022.

The joint venture had no contingent liabilities as at 30 June 2022 (2021: nil). Circular Plastics Australia Pty Ltd cannot distribute its profits without the consent from both venture partners.

23 Equity accounted investments (continued)

(c) Western Sydney Energy and Resource Recovery Centre Pty Ltd

The Group has a 51% interest in Western Sydney Energy and Resource Recovery Centre Pty Ltd, an entity which holds the investment in the energy-from-waste project in western Sydney. Following the NSW Government release of their Energy from Waste Infrastructure Plan on 10 September 2021, the Eastern Creek site designated by the Western Sydney Energy and Resource Recovery Centre Pty Ltd project, is no longer considered a viable site for development of an Energy-from-Waste facility. Costs related to the environmental impact study of $6.3 million, which were to be recovered from the joint venture company upon the project reaching financing stage, have been written off in the period ended 30 June 2022. The non-current assets held by the joint venture reflect the cost of property purchased and located in Eastern Creek, Western Sydney. This property is still held by the Joint Venture company. The Group's interest in Western Sydney Energy and Resource Recovery Centre Pty Ltd is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Summarised statement of financial position of Western Sydney Energy and Resource Recovery Centre Pty Ltd:

	2022 $'M	2021 $'M
Current assets, including cash and cash equivalents $0.1 million (2021: $0.1 million)	0.1	0.1
Non-current assets	18.6	18.6
Equity	18.7	18.7
Group's share in equity	9.5	9.5
Group's carrying amount of the investment	**9.5**	**9.5**

The joint venture had no contingent liabilities or capital commitments as at 30 June 2022 (2021: nil). Western Sydney Energy and Resource Recovery Centre Pty Ltd cannot distribute its profits without consent from both venture partners.

(d) Other joint ventures (disclosed in aggregate)

Summarised statement of profit or loss of all other joint ventures:

	2022 $'M	2021 $'M
Profit/(loss) for the year	**5.4**	**(0.7)**
Total comprehensive income/(loss) for the year	**5.4**	**(0.7)**
Group's share of profit/(loss) for the year	**2.7**	**(0.3)**

23 Equity accounted investments (continued)

(e) Circular Plastics Australia (PET) Pty Ltd

On 17 December 2021 the 40% interest in Circular Plastics (PET) Australia Pty Ltd, formally Circular Plastics Australia Pty Ltd, was sold to an intermediary Holding Company, Circular Plastics (PET) Holdings Pty Ltd, in which the Group also held a 40% interest. Subsequent to this, Coco-Cola Europacific Partners subscribed to shares in Circular Plastics (PET) Holdings Pty Ltd which had the effect of diluting the Group's interest in Circular Plastics (PET) Holdings Pty Ltd to 33%. The interest in this associate is now reflected in the consolidated results of Circular Plastics (PET) Holdings Pty Ltd below. Summarised financial information of the associate for the comparative financial year, based on its financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Summarised statement of financial position of Circular Plastics Australia (PET) Pty Ltd:

	2022 $'M	2021 $'M
Current assets	–	5.7
Non-current assets	–	17.4
Current liabilities	–	(0.6)
Non-current liabilities	–	–
Equity	–	22.5
Group's share in equity	–	9.0
Group's carrying amount of the investment	**–**	**9.0**

(f) Circular Plastics (PET) Holdings Pty Ltd

The Group has a 33% interest in Circular Plastics (PET) Holdings Pty Ltd, which constructed a PET recycling facility in Albury, NSW. The Group's interest in Circular Plastics (PET) Holdings Pty Ltd is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the associate, based on its financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Summarised statement of financial position of Circular Plastics (PET) Holdings Pty Ltd:

	2022 $'M	2021 $'M
Current assets	8.0	–
Non-current assets	78.0	–
Current liabilities	(14.2)	–
Non-current liabilities	(32.4)	–
Equity	39.4	–
Group's share in equity	13.1	–
Group's carrying amount of the investment	**13.1**	**–**

Summarised statement of profit or loss of Circular Plastics (PET) Holdings Pty Ltd:

	2022 $'M	2021 $'M
Revenue	5.5	–
Expenses	(9.0)	–
Loss before tax	**(3.5)**	**–**
Income tax benefit	1.1	–
Loss for the year	**(2.4)**	**–**
Total comprehensive income for the year	**(2.4)**	**–**
Group's share of loss for the year	**(0.8)**	**–**

The construction of a PET plastic pelletising facility in Albury, NSW has been completed and is now operating.

23 Equity accounted investments (continued)

The associate had capital commitments of $1.2 million as at 30 June 2022. The associate had no contingent liabilities as at 30 June 2022 (2021: nil). Circular Plastics (PET) Holdings Pty Ltd cannot distribute its profits without the consent from all associate partners.

(g) Transactions with equity accounted investments

The following table provides the total amount of transactions with equity accounted investments during the year ended 30 June 2022:

	SERVICES TO EQUITY ACCOUNTED INVESTMENTS		PURCHASES FROM EQUITY ACCOUNTED INVESTMENTS		INTEREST REVENUE FROM EQUITY ACCOUNTED INVESTMENTS	
	2022 $'M	2021 $'M	2022 $'M	2021 $'M	2022 $'M	2021 $'M
Joint ventures	83.5	85.7	2.3	4.0	0.7	0.4
Associates	1.6	–	–	–	–	–
	85.1	**85.7**	**2.3**	**4.0**	**0.7**	**0.4**

	TRADE AMOUNTS OWED BY EQUITY ACCOUNTED INVESTMENTS		TRADE AMOUNTS OWED TO EQUITY ACCOUNTED INVESTMENTS		LOANS TO EQUITY ACCOUNTED INVESTMENTS[1]	
	2022 $'M	2021 $'M	2022 $'M	2021 $'M	2022 $'M	2021 $'M
Joint ventures	0.7	0.9	3.6	2.5	16.6	17.9
Associates	0.5	–	–	–	1.5	–
	1.2	**0.9**	**3.6**	**2.5**	**18.1**	**17.9**

1 Loans to equity accounted investments comprise unsecured loans to: Tomra Cleanaway Pty Ltd of $1.7 million (2021: $3.8 million) repayable on 22 November 2022; Cleanaway ResourceCo RRF Pty Ltd of $14.6 million (2021: $8.5 million) repayable on 30 June 2027; Circular Plastics Australia (PET) Pty Ltd of $1.5 million (2021: nil) repayable on 2 March 2026; Daniels Sharpsmart New Zealand Limited of $0.3 million (2021: $0.3 million) repayable on 22 December 2025; and Western Sydney Energy and Resource Recovery Centre Pty Ltd of nil (30 June 2021: $5.3 million) which were written off during the period.

24 Other assets

	2022 $'M	2021 $'M
Current		
Finance lease receivable [1]	–	3.9
Prepayments	26.4	21.9
Loans to equity accounted investments [2]	3.2	–
Other financial assets	–	3.0
Total current other assets	**29.6**	**28.8**
Non-current		
Costs to fulfil contracts [3]	5.0	5.5
Prepayments	0.2	0.6
Loans to equity accounted investments [2]	14.9	17.9
Other financial assets	–	0.1
Total non-current other assets	**20.1**	**24.1**

1 The Group has constructed a dedicated landfill cell for a customer. The cell will be paid for at an agreed fixed amount. The lease receivable has been recognised at an implicit rate of 3.28%.

2 The Group has assessed the loans to equity accounted investments and based on the expected earnings to be generated by the joint ventures has not provided for expected credit losses.

3 The Group incurs costs to mobilise and set up significant new contracts. These costs are amortised over the life of the contract.

25 Employee entitlements

	2022 $'M	2021 $'M
Current		
Annual leave	48.6	40.2
Long service leave	24.3	23.7
Other	18.1	14.9
Total current employee entitlements	**91.0**	**78.8**
Non-current		
Long service leave	8.7	9.9
Total non-current employee entitlements	**8.7**	**9.9**

Refer to note 39(q) for the Group's accounting policy on employee entitlements.

During the year the Group contributed $51.6 million (2021: $44.7 million) to defined contribution plans. These contributions are expensed as incurred.

26 Provisions

	2022 $'M	2021 $'M
Current		
Rectification provisions	33.7	6.1
Remediation provisions	52.9	32.0
Other	127.7	30.1
Total current provisions	**214.3**	**68.2**
Non-current		
Rectification provisions	9.5	9.8
Remediation provisions	485.5	274.8
Other	37.7	21.8
Total non-current provisions	**532.7**	**306.4**

Included in other provisions is an amount of $21.1 million (2021: $20.0 million) in relation to workers compensation self-insurance of the Group under the Comcare scheme. This amount is comprised of $7.9 million (2021: $7.2 million) classified as current and $13.2 million (2021: $12.8 million) classified as non-current. The provision for workers compensation represents the future claim payments required under the *Safety, Rehabilitation and Compensation Act 1998*, and associated expenses, in respect of claims incurred from 1 July 2006, being the commencement of the self-insurance arrangements, up to 30 June 2022. The provision has been calculated using a claim inflation rate of 3.71% (2021: 2.97%) and a discount rate of 3.38% (2021: 1.22%). The workers compensation self-insurance provision is reassessed annually based on actuarial advice.

Also included in other provisions are unfavourable contracts acquired in the Sydney Resource Network acquisition of $110.2 million. Refer to note 28.

26 Provisions (continued)

The table below provides a roll forward of provisions:

	RECTIFICATION		REMEDIATION		OTHER		TOTAL	
	2022 $'M	2021 $'M	2022 $'M	2021 $'M	2022 $'M	2021 $'M	2022 $'M	2021 $'M
Opening balance	15.9	15.4	306.8	297.5	51.9	53.7	374.6	366.6
Acquisitions of businesses	–	2.5	279.6	7.4	121.8	2.3	401.4	12.2
Provisions made	–	–	9.7	8.6	25.3	39.4	35.0	48.0
Provisions used or reversed	–	–	–	–	(33.2)	(43.5)	(33.2)	(43.5)
Unwinding of discount	0.2	0.2	4.6	3.0	0.1	–	4.9	3.2
Change in discount rate	(0.4)	(0.2)	(98.1)	(28.2)	(0.5)	–	(99.0)	(28.4)
Change in assumptions[1]	29.7	0.1	58.7	42.2	–	–	88.4	42.3
Rectification and remediation spend	(2.2)	(2.1)	(22.9)	(23.7)	–	–	(25.1)	(25.8)
Closing balance	**43.2**	**15.9**	**538.4**	**306.8**	**165.4**	**51.9**	**747.0**	**374.6**

1 The change in assumptions represents changes in environmental guidelines and cost estimates.

The provision for remediation has been estimated using current expected costs. These costs have been adjusted for the future value of the expected costs at the time of works being required. These costs have then been discounted to estimate the required provision at a rate of 3.68% (2021: 1.72%) for landfill remediation and rectification of landfills and 3.59% (2021: 1.35%) for industrial property remediation. Refer to note 39(o) for a summary of the Group's accounting policy for provisions for remediation and rectification.

27 Other liabilities

	2022 $'M	2021 $'M
Current		
Deferred settlement liabilities[1]	6.1	5.5
Contingent consideration[2]	–	1.9
Landfill creation liability[3]	26.7	22.5
Contract liabilities[4]	6.4	5.7
Total current other liabilities	**39.2**	**35.6**
Non-current		
Deferred settlement liabilities[1]	78.4	77.9
Landfill creation liability[3]	76.2	27.8
Other liabilities	0.8	1.3
Total non-current other liabilities	**155.4**	**107.0**

1 Includes $84.1 million (2021: $83.4 million) relating to the acquisition of Melbourne Regional Landfill, acquired on 28 February 2015. The deferred consideration was recognised at the acquisition date resulting from transaction payments for site preparation and operation under the agreement to be paid to Boral over the life of the landfill and was determined using a discount rate of 7.0%.

2 Contingent consideration of nil (2021: $1.9 million) relates to the acquisition of the Grasshopper Group. The contingent consideration is measured utilising Level 3 inputs. The range of the payment is nil to $2.0 million and was based on future potential earnings targets for the year ended 30 June 2022. These targets were not met and accordingly, this liability has been released to the income statement during the year ended 30 June 2022.

3 The landfill creation liability relates to Melbourne Regional Landfill and is the amount payable to Boral in relation to airspace progressively made available by Boral. Cleanaway pay Boral for the airspace as the airspace is consumed, however the liability arises as Cleanaway takes control of the airspace.

4 A contract liability is the obligation to provide services to a customer for which the Group has received consideration from the customer. These liabilities generally arise when a customer is invoiced upon delivery of a container or bin, but Cleanaway still has the obligation to pick up the container or bin and dispose of the waste collected. Revenue for the period included $5.7 million (2021: $6.5 million) which was included in contract liabilities at the beginning of the year.

28 Business combinations

Year ended 30 June 2022

(a) Sydney Resource Network

On 18 December 2021 the Group acquired a group of assets, located in Sydney, NSW from Suez Groupe (S.A.S) and Suez International (S.A.S). The Group of assets, which constitute a business, are known as the 'Sydney Resource Network' and comprise the properties, right-of-use assets, plant & equipment and customer contracts to enable waste management businesses to be conducted at Kemps Creek landfill which accepts dry/restricted waste and is an organics processing site; Lucas Heights landfill which accepts putrescible waste; and five transfer stations. This acquisition compliments the Group's existing NSW Solid Waste Services Business and the Group expects to derive significant synergies from the acquisition.

BUSINESS ACQUIRED	DATE OF ACQUISITION	DESCRIPTION OF THE BUSINESS	OPERATING SEGMENT
Sydney Resource Network	18 December 2021	Waste disposal business based in Sydney, NSW	Solid Waste Services

The provisional fair values of the identifiable assets and liabilities of the business combination at the date of acquisition were:

	2022 $'M
Assets	
Inventories	2.0
Property, plant and equipment	82.0
Right-of-use assets	126.3
Intangible assets	313.1
Other assets	0.2
	523.6
Liabilities	
Provisions	400.3
Employee entitlements	2.4
Lease liability	126.3
Net deferred tax liability	2.7
	531.7
Total identifiable net assets at fair value	**(8.1)**
Goodwill arising on acquisition	511.2
Purchase consideration	**503.1**

The intangible assets identified as part of the acquisition included airspace and customer intangibles. The fair value of the airspace intangible assets is based on the net present value of all cash flows to be derived from the landfill utilising a discount rate of 7.1% excluding the remediation cashflows which are recognised as a separate liability in the acquisition balance sheet using a risk-free rate. Customer intangibles have been valued applying the multi-period excess earnings method, also applying a discount rate of 7.1%. Goodwill acquired comprises the value of expected synergies arising from integration of the acquired business and is non-deductible for income tax purposes.

Provisions comprise remediation provisions of $279.6 million, unfavourable contract provisions of $114.2 million, and a waste disposal provision of $6.5 million. At the reporting date further work is ongoing to determine the extent of contamination on some of the acquired sites at the date of acquisition, including an assessment of which party has the legal and contractual obligation. Environmental consultants have been engaged and are in the process of completing their reports which is expected to be completed within the measurement period. A contract between Global Renewables Eastern Creek Pty Ltd (GRL) and Suez, included in the acquisition, for the supply of waste volumes to GRL's alternative waste treatment facility has been reflected as an unfavourable contract. The value attributed to this contract is provisional and will be finalised during the measurement period and includes the settlement of various legal claims which were between Suez and GRL, which were also transferred in this acquisition, and will be settled as part of the acquisition of the GRL business by Cleanaway as set out in note 37.

28 Business combinations (continued)

Year ended 30 June 2022 (continued)

	2022 $'M
Cash paid (included in cash flows from investing activities)	(503.1)
Transaction costs of the acquisition (included in cash flows from operating activities)	(17.0)
Net cash flow on acquisition	**(520.1)**

From the date of acquisition to 30 June 2022, the business contributed $270.0 million of revenue (revenue net of landfill levies of $127.5 million). From acquisition date to 30 June 2022 the business contributed $21.1 million of profit before tax to the Group, after amortisation of customer intangibles of $0.2 million. If the business had been acquired at the beginning of the reporting period, revenue of $520.0 million (revenue net of landfill levies of $242.7 million) and profit before tax of $40.4 million would have been contributed to the Group.

(b) Vins Bins

During the year ended 30 June 2022, the Group acquired the business and assets of Vins Bins Pty Ltd. The acquisition will provide expansion into the Mornington Peninsula construction and demolition market and continue to build construction and demolition recovery capability across Victoria. Details of the business combination are provided below:

BUSINESS ACQUIRED	DATE OF ACQUISITION	DESCRIPTION OF THE BUSINESS	OPERATING SEGMENT
Vins Bins	31 March 2022	Skip and bin hire services in Mornington Peninsula, Victoria	Solid Waste Services

The provisional fair values of the identifiable assets and liabilities of the business combination at the date of acquisition were:

	2022 $'M
Assets	
Property, plant and equipment	4.5
Right-of-use assets	2.3
Intangible assets	2.8
Deferred tax asset	0.4
	10.0
Liabilities	
Employee entitlements	0.3
Provisions	1.1
Lease liability	2.3
Deferred tax liability	0.8
	4.5
Total identifiable net assets at fair value	**5.5**
Goodwill arising on acquisition	3.3
Purchase consideration	**8.8**

Goodwill acquired comprises the value of expected synergies arising from integration of the acquired business and is non-deductible for income tax purposes.

	2022 $'M
Cash paid (included in cash flows from investing activities)	(8.4)
Deferred consideration payable	(0.4)
Total purchase consideration	**(8.8)**

28 Business combinations (continued)

Year ended 30 June 2022 (continued)

	2022 $'M
Cash paid (included in cash flows from investing activities)	(8.4)
Transaction costs of the acquisition (included in cash flows from operating activities)	(0.1)
Net cash flow on acquisition	**(8.5)**

From the date of acquisition to 30 June 2022, the business contributed $2.1 million of revenue and $0.2 million to profit before tax to the Group. If the business had been acquired at the beginning of the reporting period, revenue of $8.3 million and profit before tax of $0.6 million would have been contributed to the Group.

Year ended 30 June 2021

(a) Grasshopper Group

During the year ended 30 June 2021, the Group acquired a 100% interest in the Grasshopper Holdings Pty Ltd and its wholly-owned subsidiary Grasshopper Environmental Pty Ltd (together referred to as the "Grasshopper Group"). Details of the business combination are provided below:

BUSINESS ACQUIRED	DATE OF ACQUISITION	DESCRIPTION OF THE BUSINESS	OPERATING SEGMENT
Grasshopper Group	1 October 2020	Waste disposal business based in Sydney, NSW	Solid Waste Services

The fair values of the identifiable assets and liabilities of the business combination at the date of acquisition were:

	2021 $'M
Assets	
Cash and cash equivalents	1.0
Trade and other receivables	4.2
Property, plant and equipment	7.4
Right-of-use assets	2.9
Intangible assets	8.3
Deferred tax asset	2.2
Other assets	0.5
	26.5
Liabilities	
Trade and other payables	2.5
Employee entitlements	0.2
Provisions	0.5
Lease liability	2.9
Deferred tax liability	4.6
	10.7
Total identifiable net assets at fair value	15.8
Goodwill arising on acquisition	13.5
Purchase consideration	**29.3**

The intangible assets identified as part of the acquisition included customer contracts and relationship intangibles and the trademarks transferred to the Group. The fair value of the intangible assets is based on the present value of the expected cash flows from the customers of the acquired business, applying an expected attrition rate of the customer base. The trademarks were valued using the capitalisation of future maintainable profits method. Goodwill acquired comprises the value of expected synergies arising from integration of the acquired businesses and is non-deductible for income tax purposes.

28 Business combinations (continued)

Year ended 30 June 2021 (continued)

	2021 $'M
Cash paid (included in cash flows from investing activities)	(23.0)
Deferred consideration paid (included in cash flows from investing activities)	(1.3)
Contingent consideration	(5.0)
Total purchase consideration	**(29.3)**

Contingent consideration to a maximum value of $5.0 million was to be paid if certain earnings targets were met by 30 June 2021 by the acquired entity. On acquisition it was expected that the maximum target would be achieved, however, these targets were impacted by the delay in contracts being awarded due to COVID-19 and the contingent consideration was reset and remeasured based on new targets set for the year ending 30 June 2022. Refer note 27.

	2021 $'M
Net cash acquired (included in cash flows from investing activities)	1.0
Cash paid (included in cash flows from investing activities)	(23.0)
Deferred consideration paid	(1.3)
Transaction costs of the acquisition (included in cash flows from operating activities)	(0.1)
Net cash flow on acquisition	**(23.4)**

From the date of acquisition to 30 June 2021, the business contributed $18.9 million of revenue and $0.1 million of profit before tax to the Group, after amortisation of customer intangibles of $0.7 million. If the business had been acquired at the beginning of the reporting period, revenue of $25.8 million and profit before tax of $0.6 million would have been contributed to the Group.

(b) Stawell landfill

During the year ended 30 June 2021, the Group acquired a business from Stawell Landfill Pty Ltd and Stawell Landfill Holdings Pty Ltd (Stawell landfill). Details of the business combination are provided below:

BUSINESS ACQUIRED	DATE OF ACQUISITION	DESCRIPTION OF THE BUSINESS	OPERATING SEGMENT
Stawell landfill	14 August 2020	Landfill services business based in Stawell, VIC	Solid Waste Services

The fair values of the identifiable assets and liabilities of the business combination at the date of acquisition were:

	2021 $'M
Assets	
Property, plant and equipment	3.2
Deferred tax assets	3.5
Intangible assets	8.3
	15.0
Liabilities	
Provisions	11.7
	11.7
Total identifiable net assets at fair value	**3.3**
Goodwill arising on acquisition	6.7
Purchase consideration	**10.0**

The intangible assets identified as part of the acquisition included landfill airspace. The fair value of this intangible asset is based on the present value of the expected cash flows from the airspace. Goodwill acquired comprises the value of expected synergies arising from integration of the acquired businesses and is non-deductible for income tax purposes.

28 Business combinations (continued)

Year ended 30 June 2021 (continued)

	2021 $'M
Cash consideration paid (included in cash flows from investing activities)	(10.0)
Transaction costs of the acquisition (included in cash flows from operating activities)	(0.5)
Net cash flow on acquisition	**(10.5)**

From the date of acquisition to 30 June 2021, the business contributed $4.7 million of revenue and $0.8 million of profit before tax to the Group. If the business had been acquired at the beginning of the reporting period, revenue of $5.3 million and profit before tax of $0.9 million would have been contributed to the Group.

(c) Other acquisitions

During the year ended 30 June 2021, the Group acquired a business from NPL4152 Pty Ltd and Certified Destruction Services Pty Ltd (Pinkenba CDS) and a business from Oilwise Pty Ltd ("Oilwise"). Details of the business combinations are provided below:

BUSINESS ACQUIRED	DATE OF ACQUISITION	DESCRIPTION OF THE BUSINESS	OPERATING SEGMENT
Pinkenba CDS	3 August 2020	Certified destruction services business in Pinkenba, QLD	Solid Waste Services
Oilwise	30 October 2020	Oil collection business, NSW	Liquid Waste & Health Services

The fair values of the identifiable assets and liabilities of the business combinations at the date of acquisition were:

	2021 $'M
Assets	
Property, plant and equipment	3.5
Right-of-use assets	2.7
Intangible assets	1.7
	7.9
Liabilities	
Employee entitlements	0.1
Lease liability	2.7
Deferred tax liabilities	0.5
	3.3
Total identifiable net assets at fair value	**4.6**
Goodwill arising on acquisition	3.9
Purchase consideration	**8.5**

The intangible assets identified as part of the acquisitions included customer relationship intangibles. The fair value of the intangible assets is based on the present value of the expected cash flows from the customers of the acquired business, applying an expected attrition rate of the customer base. Goodwill acquired comprises the value of expected synergies arising from integration of the acquired businesses and is non-deductible for income tax purposes.

	2021 $'M
Cash consideration paid (included in cash flows from investing activities)	(8.5)
Transaction costs of the acquisition (included in cash flows from operating activities)	(0.3)
Net cash flow on acquisition	**(8.8)**

From the date of acquisition to 30 June 2021, the Pinkenba CDS and Oilwise acquisitions contributed $5.9 million of revenue and nil to profit before tax to the Group. If both businesses had been acquired at the beginning of the reporting period, revenue of $6.5 million and profit before tax of $0.1 million would have been contributed to the Group.

29 Subsidiaries

The Group's principal subsidiaries at 30 June 2022 are set out below.

	EFFECTIVE INTEREST[3] 2022 %	EFFECTIVE INTEREST[3] 2021 %
Active Industrial Solutions Pty Ltd[2]	100	100
AJ Baxter Pty Ltd[2]	100	100
ASP Plastics Pty Limited[2]	100	100
ASP Healthcare Pty Limited[2]	100	100
Baxter Business Pty Ltd[2]	100	100
Baxter Recyclers Pty Ltd[2]	100	100
Cleanaway Co Pty Ltd[2]	100	100
Cleanaway Daniels Australia Pty Ltd[2]	100	100
Cleanaway Daniels FMD Pty Ltd[2]	100	100
Cleanaway Daniels Laboratory Products Pty Ltd[2]	100	100
Cleanaway Daniels NSW Pty Ltd[2]	100	100
Cleanaway Daniels Pty Ltd[2]	100	100
Cleanaway Daniels Services Pty Ltd[2]	100	100
Cleanaway Daniels VIC Pty Ltd[2]	100	100
Cleanaway Daniels Waste Services Pty Ltd[2]	100	100
Cleanaway Daniels Wollongong Pty Ltd[2]	100	100
Cleanaway Equipment Services Pty Ltd[2]	100	100
Cleanaway Hygiene Pty Ltd[2]	100	100
Cleanaway Industrial Solutions Pty Ltd[2]	100	100
Cleanaway Industries Pty Ltd[2]	100	100
Cleanaway Landfill Holdings Pty Ltd[2]	100	100
Cleanaway (No. 1) Pty Ltd[2]	100	100
Cleanaway Operations Pty Ltd[2]	100	100
Cleanaway Organics Pty Ltd[2]	100	100
Cleanaway Pty Ltd[2]	100	100
Cleanaway Recycling Pty Ltd[2]	100	100
Cleanaway Refiners Pty Ltd[2]	100	100
Cleanaway Resource Recycling Pty Ltd[2]	100	100
Cleanaway Solid Waste Pty Ltd[2]	100	100
Cleanaway Superior Pak Pty Ltd[2]	100	100
Cleanaway Waste Management Limited (Parent entity)	100	100
Daniels Manufacturing Australia Pty Ltd[2]	100	100
Enviroguard Pty Ltd[2]	100	100
Environmental Recovery Services Pty Ltd[2]	100	100
Grasshopper Environmental Pty Ltd[2]	100	100
Landfill Land Holdings Pty Ltd[2]	100	100
Landfill Operations Pty Ltd[2]	100	100
Mann Waste Management Pty Ltd[2]	100	100
Max T Pty Ltd[2]	100	100
Nationwide Oil Pty Ltd[2]	100	100
NQ Resource Recovery Pty Ltd[2]	100	100

29 Subsidiaries (continued)

	EFFECTIVE INTEREST[3]	
	2022 %	2021 %
Oil and Fuel Salvaging (Queensland) Pty Ltd[2]	100	100
Pilbara Environmental Services Pty Ltd (formerly PTK Environmental Services Pty Ltd)[1]	50	50
Pilbara Logistics Pty Ltd[2]	100	100
PT Environmental Services Pty Ltd[2]	100	100
PTW Environmental Services Pty Ltd	100	100
QORS Pty Ltd	100	100
Rubus Holdings Pty Ltd[2]	100	100
Rubus Intermediate One Pty Ltd[2]	100	100
Rubus Intermediate Two Pty Ltd[2]	100	100
RWS Admin Pty Ltd[2]	100	100
Sterihealth Sharpsmart Pty Ltd[2]	100	100
T Environmental Services Pty Ltd[2]	100	100
Transpacific Baxter Pty Ltd[2]	100	100
Transpacific Cleanaway Holdings Pty Ltd[2]	100	100
Transpacific Co Pty Ltd[2]	100	100
Transpacific Environmental Services Pty Ltd[2]	100	100
Transpacific Innovations Pty Ltd[2]	100	100
Transpacific Paramount Service Pty Ltd	100	100
Transpacific Resources Pty Ltd[2]	100	100
Transwaste Technologies Pty Ltd[2]	100	100
Transwaste Technologies (1) Pty Ltd[2]	100	100
Waste Management Pacific (SA) Pty Ltd[2]	100	100
Waste Management Pacific Pty Ltd[2]	100	100

1 Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. As subsidiaries, the Group has power over the investees through management control and the casting vote. The Group has the capacity to dominate decision-making in relation to the relevant activities so as to enable those entities to operate as part of the Group in pursuing its objectives.

2 These subsidiaries are parties to a Deed of Cross Guarantee with Cleanaway Waste Management Limited created on 25 June 2018 pursuant to ASIC Class Order 2016/785 and are relieved from the requirement to prepare and lodge an audited Financial Report. Refer to note 30 for Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Balance Sheet of the entities who are a party to the Deed of Cross Guarantee.

3 All entities were incorporated in Australia.

30 Deed of cross guarantee

The Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Consolidated Balance Sheet of the entities who are a party to the Deed of Cross Guarantee are set out below:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2022 $'M	2021 $'M
Revenue	2,959.6	2,366.1
Other income	7.7	5.5
Labour related expenses	(1,023.9)	(889.7)
Collection, recycling and waste disposal expenses	(939.2)	(608.7)
Fleet operating expenses	(310.4)	(243.4)
Property expenses	(51.9)	(44.6)
Other expenses	(138.2)	(60.5)
Write down loan to equity accounted investment	(6.3)	–
Gain on sale and leaseback of property	8.2	–
Share of losses from equity accounted investments	(1.1)	(2.0)
Depreciation and amortisation expense	(321.9)	(276.4)
Write-off of assets	(8.1)	(5.4)
Impairment of assets	(8.9)	(4.3)
Profit from operations	**165.6**	**236.6**
Net finance costs	(53.0)	(35.9)
Profit before income tax	**112.6**	**200.7**
Income tax expense	(34.2)	(56.5)
Profit after income tax	**78.4**	**144.2**
Other comprehensive income		
Net gain/(loss) on cross-currency interest rate swaps (net of tax)	3.3	(0.7)
Net comprehensive income/(loss) recognised directly in equity	**3.3**	**(0.7)**
Total comprehensive income for the year	**81.7**	**143.5**

Refer to note 29 for details of subsidiaries who are a party to the Deed of Cross Guarantee.

30 Deed of cross guarantee (continued)

BALANCE SHEET	2022 $'M	2021 $'M
Assets		
Current assets		
Cash and cash equivalents	65.7	68.8
Trade and other receivables	523.4	363.5
Inventories	26.7	22.1
Other assets	29.6	28.8
Total current assets	**645.4**	**483.2**
Non-current assets		
Property, plant and equipment	1,434.5	1,241.5
Right-of-use assets	612.1	479.2
Intangible assets	3,074.4	2,320.4
Equity accounted investments	52.2	41.6
Net deferred tax assets	9.7	50.5
Other assets	19.3	23.3
Total non-current assets	**5,202.2**	**4,156.5**
Total assets	**5,847.6**	**4,639.7**
Liabilities		
Current liabilities		
Trade and other payables	465.9	293.7
Income tax payable	–	5.9
Interest-bearing liabilities	98.1	76.9
Employee entitlements	91.0	78.8
Provisions	214.3	68.2
Other liabilities	39.2	35.6
Total current liabilities	**908.5**	**559.1**
Non-current liabilities		
Interest-bearing liabilities	1,583.1	996.4
Derivative financial instruments	39.3	31.5
Employee entitlements	8.7	9.9
Provisions	532.7	306.4
Other liabilities	155.3	107.0
Total non-current liabilities	**2,319.1**	**1,451.2**
Total liabilities	**3,227.6**	**2,010.3**
Net assets	**2,620.0**	**2,629.4**
Equity		
Issued capital	2,700.6	2,695.7
Reserves	31.6	25.1
Retained earnings	(112.2)	(91.4)
Total equity	**2,620.0**	**2,629.4**

The effect of the deed is that all subsidiaries that are parties to the deed have guaranteed to pay any deficiency in the event of winding up of any subsidiary that is a party to the deed or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

31 Parent entity

	2022 $'M	2021 $'M
Current assets	0.1	0.1
Total assets	3,946.4	3,573.4
Current liabilities	3.1	8.5
Total liabilities	978.0	624.3
Issued capital	2,700.6	2,695.7
Retained earnings	235.8	227.8
Reserves	32.0	25.6
Total equity	**2,968.4**	**2,949.1**
Profit for the period	106.8	108.0
Total comprehensive income for the period	110.1	108.7

The parent entity guarantees the contractual commitments of its subsidiaries as requested.

32 Financial risk management

The Group is exposed to market risk, credit risk and liquidity risk. The Group has in place a Treasury Policy that focuses on managing these risks. The policy is reviewed by the Audit and Risk Committee and approved by the Board. The treasury activities are reported to the Audit and Risk Committee and Board on a regular basis with the ultimate responsibility being borne by the Chief Financial Officer (CFO).

The Group's overall financial risk management focuses on mitigating the potential financial effects to the Group's financial performance. The Group also enters into derivative transactions to manage the interest rate and currency risks arising from the Group's operations and its sources of finance. It is the Group's policy that no speculative trading in financial instruments shall be undertaken.

(a) Market risk

Market risk is the risk that the fair value of future cash flows will fluctuate because of changes in market prices. Market risk includes foreign currency risk, interest rate risk and commodity price risk.

Foreign currency risk

Foreign currency risk arises as a result of having assets and liabilities denominated in a currency that is not the Group's functional currency (balance sheet risk) or from transactions or cash flows denominated in a foreign currency (cash flow risk).

The Group holds cross-currency interest rate swaps (CCIRS) to protect against USD interest rate and currency exposures in relation to USD denominated USPP Notes. The Group does not have any other material foreign currency risk exposures.

Interest rate risk

Interest rate risk is the risk that the fair value of the financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. The Group's exposures primarily relate to its exposure to variable interest rates on borrowings and fair value changes relating to USD denominated borrowings.

32 Financial risk management (continued)

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	30 JUNE 2022		30 JUNE 2021	
	WEIGHTED AVERAGE INTEREST RATE %	BALANCE $'M	WEIGHTED AVERAGE INTEREST RATE %	BALANCE $'M
Fixed rate instruments				
CEFC facilities	2.3	83.5	2.1	81.5
Lease liabilities	3.5	640.9	3.4	499.4
		724.4		**580.9**
Variable rate instruments				
Bank and other loans	2.4	607.5	1.7	125.7
USPP Notes[1]	2.5	351.9	1.6	366.7
		959.4		**492.4**

1 At 30 June 2022, the Group held CCIRS to protect against USD interest rate and currency exposures in relation to USD denominated USPP Notes. The CCIRS economically transform the fixed rate USD denominated debt into variable rate AUD denominated debt. Under the terms of CCIRS the three-month Bank Bill Swap Rate plus a weighted average margin of 1.61% (2021: 1.61%) is paid quarterly to the bank counterparties in AUD and fixed semi-annual amounts in USD are received equal to meet the interest payments due to the USPP Noteholders. The principal amounts of US$270.0 million (2021: US$270.0 million) are also exchanged at drawdown and maturity for A$397.6 million (2021: A$397.6 million) under the terms of the CCIRS. The maturity dates and principal amounts are equal to the USPP Notes (refer to financing facilities in note 15).

The carrying amount of the Group's AUD fixed rate borrowings, carried at amortised cost, is not impacted due to interest rate movements, neither will future cash flows fluctuate due to a change in market interest rates.

An analysis of the interest rates over the 12-month period was performed to determine a change in interest rates on the variable rate borrowings. A change of 100 basis points in interest rates, based on borrowings at the reporting date, would have decreased/increased net finance costs by an estimated $10.1 million (2021: $4.9 million).

Commodity price risk

The Group is exposed to market prices of various commodities. The primary sources of the Group's exposures are: paper, cardboard, plastics and glass from its recycling and manufacturing activities; oil and oil-derived products used as inputs in its Group operations and sold through its hydrocarbons business; and electricity used in Group operations and sold through its landfill operations.

Commodity price risk exposures are actively managed via various strategies including; a centralised commodity trading desk focused on maintaining and developing access to domestic and international markets; contracted sale and purchase agreements; improving the quality of commodity extracted through education, pricing structures and investment in technology; transferring or sharing commodity price risk with customers and suppliers; moving downstream in the supply chain; and maintaining offsetting exposures such as buying oil and oil-derived products but also selling oil products through the hydrocarbons business. The Group does not currently use derivative products to hedge its commodity price exposures.

Following agreement in August 2019, the Council of Australian Governments (COAG) is moving to ban the export of certain waste recyclable materials progressively from early-2021 through to mid-2024. The exports bans will increase the amount of waste material that is recycled and processed into value added products in Australia. All levels of Government are committed to supporting the waste industry through this transformation through various initiatives, including making available direct grants of which Cleanaway has been a beneficiary. Cleanaway is actively working to manage the risks but also capture the downstream opportunities these changes present.

32 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet contractual obligations, with the maximum exposure being equal to the gross carrying amount of these instruments. Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets. For certain export sales, the Group requires the vendor to provide a letter of credit from its bank.

The Group minimises concentrations of credit risk by undertaking transactions with a large number of customers. In addition, receivable balances are monitored on an ongoing basis with the objective that the Group's exposure to expected credit losses is minimised.

Credit risk on foreign exchange contracts including cross-currency interest rate swaps (CCIRS) is mitigated as counterparties are large Australian and international banks with acceptable credit ratings determined by a recognised ratings agency. Credit risk from cash balances and other financial instruments with banks and financial institutions is managed by the Group in accordance with the Group's Treasury Policy which permits only dealing with large reputable financial institutions.

The Group's maximum exposure to credit risk at the reporting date was:

CARRYING AMOUNT	NOTE	2022 $'M	2021 $'M
Cash and cash equivalents	11	66.5	69.4
Trade and other receivables[1]	12	532.5	372.2
Other financial assets		18.1	24.6
		617.1	**466.2**

1 Refer to note 12 for an analysis of credit risk and impairment associated with the Group's trade receivables balance.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's objective is that the Group has access to sufficient cash resources to meet its financial obligations as they fall due, including taxes and dividends, and to provide funds for capital expenditure and investment opportunities as they arise.

The Group regularly reviews existing funding arrangements and assesses future funding requirements based upon known and forecast information. The Group's liquidity position is reported to the Board on a monthly basis.

The headroom in the Group's syndicated facilities at 30 June 2022 is $487.7 million (2021: $930.3 million). The current portion of the Group's borrowings at 30 June 2022 is nil (2021: nil). The Group considers liquidity risk to be mitigated due to the level of unutilised facilities available, the level of headroom in each covenant measure and the maturity profile of existing facilities.

The following table discloses the contractual maturities of financial liabilities and derivative financial instruments, including estimated interest payments and excluding the impact of netting agreements:

2022	< 1 YEAR $'M	1–2 YEARS $'M	2–5 YEARS $'M	> 5 YEARS $'M	CONTRACTUAL CASH FLOWS $'M	CARRYING AMOUNT $'M
Non-derivatives						
Unsecured borrowings	30.5	30.5	867.5	426.1	1,354.6	1,042.9
Lease liabilities[1]	109.2	92.6	239.9	226.8	668.5	640.9
Trade and other payables	470.1	–	–	–	470.1	470.1
Other financial liabilities	32.8	33.5	73.7	174.2	314.2	187.4
Total	**642.6**	**156.6**	**1,181.1**	**827.1**	**2,807.4**	**2,341.3**
Derivatives						
Cross-currency interest rate swaps						
inflow	11.4	11.4	34.3	426.1	483.2	n/a
(outflow)	(10.1)	(10.2)	(30.3)	(426.0)	(476.6)	n/a
Total	**1.3**	**1.2**	**4.0**	**0.1**	**6.6**	**(39.3)**

32 Financial risk management (continued)

2021	< 1 YEAR $'M	1–2 YEARS $'M	2–5 YEARS $'M	> 5 YEARS $'M	CONTRACTUAL CASH FLOWS $'M	CARRYING AMOUNT $'M
Non-derivatives						
Unsecured borrowings	16.3	16.3	367.3	402.7	802.6	573.9
Lease liabilities[1]	81.1	77.7	178.5	173.8	511.1	499.4
Trade and other payables	297.6	–	–	–	297.6	297.6
Other financial liabilities	29.9	31.0	20.6	180.5	262.0	133.7
Total	**424.9**	**125.0**	**566.4**	**757.0**	**1,873.3**	**1,504.6**
Derivatives						
Cross-currency interest rate swaps						
inflow	10.5	10.5	31.6	402.7	455.3	n/a
(outflow)	(6.6)	(6.6)	(19.7)	(422.7)	(455.6)	n/a
Total	**3.9**	**3.9**	**11.9**	**(20.0)**	**(0.3)**	**(31.5)**

1 The contractual commitments of lease liabilities excludes extension options which are reasonably certain to occur but are not contractually committed. If these extension options were included it would increase the future commitments by $169.7 million (2021: $112.7 million). The Group has committed to future cash outflows of $6.7 million (2021: $11.2 million) relating to leases that have not yet commenced. No lease liabilities or right-of-use assets have been recognised in relation to these leases at 30 June 2022 (2021: nil).

The Group has bank guarantees and insurance bonds in place in respect of its contractual performance related obligations. These guarantees and indemnities only give rise to a liability where the Group fails to perform its contractual obligations.

In the event that the Group does not meet its contractual obligations, these bank guarantees and insurance bonds are callable and the Group becomes liable to repay amounts paid by the bank or insurer. Refer to note 34(b) for details of the Group's bank guarantees and insurance bonds.

(d) Fair value measurement and hedges

All assets and liabilities for which fair value is measured or disclosed in the financial statements are classified within the fair value hierarchy on the basis of nature, characteristics and risks and described as follows based on the lower level of input that is significant to the fair value measurement as a whole:

Level 1 – the fair value is calculated using prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

There were no transfers between levels during the year.

32 Financial risk management (continued)

The following table provides the fair value measurement of the Group's financial instruments which have been valued using market observable inputs (level 2), including interest and foreign currency rates and models using present value and future potential exposure calculations where applicable:

	FIXED RATE BORROWINGS MEASURED AT AMORTISED COST		DERIVATIVES MEASURED AT FAIR VALUE
2022	CLEAN ENERGY FINANCE CORPORATION $'M	USPP NOTES (HEDGED ITEMS) $'M	CCIRS[1] (HEDGING INSTRUMENTS) $'M
Opening fair value of liability as at 1 July 2021	(91.6)	(370.9)	(31.5)
Amortisation of fair value loss on recognition	–	–	0.6
Movement relating to changes in AUD or USD interest rates:			
Fair value hedges	–	46.7	(44.1)
Other	8.1	–	4.0
Movement relating to change in AUD/USD exchange rates:			
Cash flow hedges	–	(31.1)	27.0
Movement relating to change in AUD/USD currency basis	–	–	4.7
Closing fair value of liability as at 30 June 2022	**(83.5)**	**(355.3)**	**(39.3)**
Carrying amount of liability as at 30 June 2022	(83.5)	(351.9)	(39.3)
Accumulated fair value adjustments on the hedged items	–	42.3	n/a

	FIXED RATE BORROWINGS MEASURED AT AMORTISED COST		DERIVATIVES MEASURED AT FAIR VALUE
2021	CLEAN ENERGY FINANCE CORPORATION $'M	USPP NOTES (HEDGED ITEMS) $'M	CCIRS[1] (HEDGING INSTRUMENTS) $'M
Opening fair value of asset/(liability) as at 1 July 2020	(99.8)	(431.6)	30.0
Amortisation of fair value loss on recognition	–	–	0.3
Movement relating to changes in AUD or USD interest rates:			
Fair value hedges	–	29.6	(28.2)
Other	8.2	–	(3.0)
Movement relating to change in AUD/USD exchange rates:			
Cash flow hedges	–	31.1	(29.7)
Movement relating to change in AUD/USD currency basis	–	–	(0.9)
Closing fair value of liability as at 30 June 2021	**(91.6)**	**(370.9)**	**(31.5)**
Carrying amount of liability as at 30 June 2021	(81.5)	(366.7)	(31.5)
Accumulated fair value adjustments on the hedged items	–	26.7	n/a

1 Fair value hedges fair value movements in the hedging instruments of $(44.1) million (2021: $(28.2) million) includes an effective portion of $(46.7) million (2021: $(29.6) million) and an ineffective portion of $2.6 million (2021: $1.4 million). Cash flow hedges fair value movements of $27.0 million (2021:$(29.7) million) includes an effective portion of $31.1 million (2021: $(31.1) million) and an ineffective portion of $(4.1) million (2021: $1.4 million). The notional amount of the derivatives are US$270.0/$397.6 million.

32 Financial risk management (continued)

(d) Fair value measurement and hedges (continued)

The cross-currency interest rate swaps (CCIRS) are hedging instruments in designated fair value and cash flow hedging relationships. The hedging relationships are expected to remain effective as:

- There is an economic relationship between each hedged item and hedging instrument where the fair value of the hedged item and the hedging instrument substantially offsets each other. This economic relationship is assessed on a qualitative basis by comparing the critical terms of the hedge items with the hedge instruments. These critical terms are contracted and expected to remain unchanged for the term of all hedged items and matching hedging instruments;
- The effect of credit risk does not dominate the value changes that result from the economic relationship. The Group expects counterparties, and likewise itself, to maintain high creditworthiness over the period of the economic relationship; and
- The hedge ratio of each hedging relationship is maintained at a ratio of 1:1. The 1:1 ratio is determined by allocating all amounts of the hedged items to notional amounts of hedging instruments with matching terms and vice versa.

The main source of ineffectiveness expected in the hedging relationships relates to debit and credit adjustments (CVA/DVA) which reflect changes to future potential exposures and the credit risk of the counterparties as well as the credit risk of the Group.

The hedged items in the fair value hedges are the US$270.0 million USPP Notes and the hedged risk is movements in fair value relating to changes in USD interest rates excluding credit margins. The fair value movements in the fair value hedges are recorded in net finance costs in the Consolidated Income Statement.

The hedged items in the cash flow hedges are the US$270.0 million USPP Notes and the hedged risk is variability in expected payments relating to changes in the AUD/USD exchange rates. The effective portion of the cash flow hedge fair value movements relating to the CCIRS is recognised in the hedge reserve through other comprehensive income. Effective amounts accumulated in the hedge reserve relating to the cash flow hedges are reclassified through other comprehensive income to net finance costs in the same period that the cash flow hedge fair value movements relating to the USPP Notes are recorded in net finance costs in the Consolidated Income Statement. Any ineffective portion relating to the cash flow hedges are recorded directly in net finance costs in the Consolidated Income Statement.

The fair value movements of the CCIRS relating to changes in AUD/USD currency basis are excluded from the hedging relationships and recognised in the hedge reserve through other comprehensive income.

Refer to note 8 for amounts recorded in net finance costs and 17(a) for amounts recognised in the hedge reserve.

33 Contingent liabilities

On 18 August 2014, a Cleanaway vehicle was involved in a motor vehicle accident on the South Eastern Freeway in Glen Osmond, SA. The incident resulted in the death of two members of the public, and two other persons were seriously injured. During the year ended 30 June 2017, Cleanaway was charged with work health and safety offences in relation to the incident. Cleanaway was found guilty of these health and safety offences in April 2021 but this decision was appealed to the South Australian Supreme Court and was partly successful, with six of the eight charges being set aside. A further appeal to the full bench of the South Australian Supreme Court with respect to the two outstanding charges has been made by Cleanaway. There is a potential that other claims may emerge in due course and the extent of Cleanaway's liability and the timing for these matters to be resolved is not known at this time.

On 11 September 2020, the Victorian Environment Protection Authority (EPA) issued an invoice to the Group in the amount of $6.9 million for an alleged underpayment of the landfill levy payable for financial year 2017–2018. The alleged underpayment related to materials purchased from the adjacent Boral quarry. The Boral material was used by Cleanaway at its Melbourne Regional Landfill as daily cover during financial year 2017–2018. The EPA's position is that the landfill levy is payable in respect of the Boral material as it was 'waste' within the meaning of the *Environment Protection Act 1970*. Cleanaway does not agree that this material was 'waste' as the material was purchased from Boral and used in its landfilling operations. On 16 August 2021 the EPA commenced proceedings in the Magistrates' Court of Victoria seeking recovery of the $6.9 million plus interest and costs (Proceedings). The Proceedings are ongoing. On 2 February 2022 EPA issued an invoice to the Group for $4.7 million in relation to an alleged underpayment of the landfill levy for financial year 2018–2019. The alleged underpayment also relates to material Cleanaway purchased from Boral for use as cover material. Cleanaway's position is that the material is not waste and as such, does not attract the landfill levy.

Certain companies within the Group are party to various legal actions or commercial disputes or negotiations that have arisen in the normal course of business. It is expected that any liabilities or assets arising from these legal actions would not have a material effect on the Group.

34 Commitments

(a) Capital expenditure

Significant capital expenditure contracted at the end of the reporting period but not recognised as liabilities is as follows:

	2022 $'M	2021 $'M
Property, plant and equipment	61.0	37.9
Intangible assets	0.9	0.2
	61.9	**38.1**

(b) Guarantees

The Group is, in the normal course of business, required to provide guarantees and other security to third-parties on behalf of joint ventures and associates in respect of their contractual related obligations including financing agreements. The types of guarantees and other security include contract performance and financial guarantees and indemnities, mortgages over real property, bank guarantees and insurance bonds. The guarantees and other security only give rise to a liability or loss to the Group where the joint venture or associate concerned fails to perform its contractual obligations.

Bank guarantees and insurance bonds are also issued in the normal course of business and held by beneficiaries as financial assurance in relation to subsidiary customer contracts, property leases and licenses. The bank guarantees and insurance bonds only give rise to a liability to the Group where the subsidiary concerned fails to perform its obligations.

	2022 $'M	2021 $'M
Guarantees and other security provided on behalf of joint ventures and associates[1]	18.0	18.5
Bank guarantees issued in respect of subsidiaries	177.0	174.5
Insurance bonds issued in respect of subsidiaries	85.1	57.5
	280.1	**250.5**

1 Excludes performance related obligations and other amounts that can not be ascertained including enforcement and other costs and charges which the Group may become liable for in the event of non-performance.

35 Share-based payments

Total share-based payment expense included in the Consolidated Income Statement is set out in note 17(b).

Performance rights outstanding at the reporting date consist of the following grants:

OFFER	GRANT DATE	END OF PERFORMANCE OR SERVICE PERIOD	PERFORMANCE RIGHTS AT 30 JUNE 2021	GRANTED DURING THE PERIOD	VESTED DURING THE PERIOD	FORFEITED DURING THE PERIOD	LAPSED DURING THE PERIOD	PERFORMANCE RIGHTS AT 30 JUNE 2022
LONG-TERM INCENTIVE PLAN								
2019 LTI	2 Nov 2018	30 Jun 2021	2,597,532	–	(1,261,641)	–	(1,335,891)	–
2020 LTI	30 Oct 2019	30 Jun 2022	2,223,603	–	–	(140,368)	–	2,083,235
2021 LTI	16 Dec 2020	30 Jun 2023	1,991,571	–	–	(157,661)	–	1,833,910
2022 LTI	25 Oct 2021	30 Jun 2024	–	2,611,966	–	(34,090)	–	2,577,876
SHORT-TERM INCENTIVE PLAN								
2020 STI	16 Dec 2020	30 Jun 2021	91,767	–	(91,767)	–	–	–
2021 STI	25 Oct 2021	30 Jun 2022	–	189,161	–	–	–	189,161
OTHER GRANTS								
CEO sign on tranche 1	22 Oct 2021	30 Aug 2022	–	152,091	–	–	–	152,091
CEO sign on tranche 2	22 Oct 2021	30 Aug 2023	–	190,114	–	–	–	190,114
CEO sign on tranche 3	22 Oct 2021	30 Aug 2024	–	190,114	–	–	–	190,114
EGM SWS sign on tranche 1	18 Feb 2022	22 Aug 2022	–	29,983	–	–	–	29,983
EGM SWS sign on tranche 2	18 Feb 2022	21 Aug 2023	–	129,239	–	–	–	129,239
Total			**6,904,473**	**3,492,668**	**(1,353,408)**	**(332,119)**	**(1,335,891)**	**7,375,723**
Vested and exercisable at 30 June 2022								189,161

The vesting date for LTI offers is on or after 14 days after the date on which the annual financial results of the Group for the financial year associated with the end of the performance period is released to the ASX. Other offers vest on or after the end of the relevant performance or service period.

(a) Long-Term Incentive (LTI) plan

The Cleanaway LTI plan is designed to provide long-term incentives for senior executives to deliver long-term shareholder returns. Under the plan, participants are granted performance rights which only vest if certain performance standards are met.

Offers made in previous reporting periods

The following table outlines the terms of the outstanding LTI offers made in previous reporting periods which remain on issue:

PERFORMANCE PERIOD	2020 LTI AWARD UP TO THREE YEARS: 1 JULY 2019 TO 30 JUNE 2022	2021 LTI AWARD UP TO THREE YEARS: 1 JULY 2020 TO 30 JUNE 2023
Overview	Performance rights, of which: *Measured over three years to 30 June 2022* • Up to 50% vest if a certain relative TSR ranking is achieved against the constituents of the S&P/ASX 200 Industrial Sector Index • Up to 50% vest if a certain EPS CAGR target is achieved • The ROIC for year ending 30 June 2022 acts as a gateway to EPS CAGR	Performance rights, of which: *Measured over three years to 30 June 2023* • Up to 50% vest if a certain relative TSR ranking is achieved against the constituents of the S&P/ASX 200 Industrial Sector Index • Up to 50% vest if a certain EPS CAGR target is achieved • The ROIC for year ending 30 June 2023 acts as a gateway to EPS CAGR

35 Share-based payments (continued)

Offer made in current reporting period – 2022 LTI award

During the period, the Group issued performance rights attached to the Group's LTI plan to the CEO and other senior executives. The performance rights are subject to three performance hurdles:

- 50% of the performance rights vest if a certain relative TSR ranking is achieved against constituents of the S&P/ASX 200 Industrial Sector Index.
- 50% of performance rights vest if certain underlying EPS CAGR target is achieved.
- The ROIC for year ending 30 June 2024 acts as a gateway to EPS CAGR.

Performance rights granted during the period were fair valued by an external party using the Monte Carlo Simulation and Black Scholes model.

The following table sets out the assumptions made in determining the fair value of these performance rights:

SCHEME	2022 LTI
Number of rights	2,611,966
Grant date	25 October 2021
Performance period	1 July 2021 – 30 June 2024
Risk-free interest rate	0.66%
Volatility [1]	35.0%
Fair value – Relative TSR tranche [2]	$1.77
Fair value – EPS CAGR tranche [2]	$2.71

1 Expected volatility is based on the historic volatility of Cleanaway shares over a range of periods.
2 The fair value is reduced to reflect there is no dividend entitlement during the performance period.

The performance targets of the 2022 LTI award are set out in the table below.

Relative TSR performance measured over the period from 1 July 2021 to 30 June 2024	TSR Ranking against the constituents of the S&P/ASX200 Industrial Sector Index: • Below 50th percentile – 0% vesting • At 50th percentile – 50% vesting • 50th to 75th percentile – straight line vesting between 50% and 100% • Above 75th percentile – 100% vesting
EPS CAGR performance as measured over three years from 1 July 2021 to 30 June 2024	EPS CAGR to be achieved: • < 5.0% – 0% vesting • 5.0% – 30% vesting • > 5.0% – ≤ 10.0% – straight line vesting between 30% and 80% • > 10.0% – ≤ 11% – straight line vesting between 80% and 100% • > 11.0% – 100% vesting
ROIC performance for the year ending 30 June 2024	Performance rights under EPS CAGR will only vest if ROIC is at least 5.6% or more for the year ending 30 June 2024

(b) Short-Term Incentive (STI) plan

The Cleanaway STI plan is an annual plan that is used to motivate and reward senior executives across a range of performance measures over the financial year. Under the plan, participants are granted a combination of cash and rights to deferred shares if certain performance standards are met. The Group uses EBIT targets as the main performance standard for the STI plan. Vesting of the performance rights granted is deferred for one year. The fair value of the 2021 STI deferred performance rights was $2.82 and reflects the five-day volume weighted average share price on the five days preceding the grant date.

35 Share-based payments (continued)

(c) Other grants

The CEO and the EGM SWS were awarded sign-on rights as they forfeited incentives upon resignation from their previous employer. The following table sets out the assumptions in determining the fair value of these performance rights:

	CEO TRANCHE 1	CEO TRANCHE 2	CEO TRANCHE 3	EGM SWS TRANCHE 1	EGM SWS TRANCHE 2
Number of rights	152,091	190,114	190,114	29,983	129,238
Grant date	22 Oct 2021	22 Oct 2021	22 Oct 2021	18 Feb 2022	18 Feb 2022
Performance period	30 Aug 2021 – 30 Aug 2022	30 Aug 2021 – 30 Aug 2023	30 Aug 2021 – 30 Aug 2024	18 Feb 2021 – 22 Aug 2022	18 Feb 2021 – 22 Aug 2023
Risk-free interest rate	0.02%	0.28%	0.63%	0.02%	0.28%
Volatility [1]	35.0%	35.0%	35.0%	35.0%	35.0%
Fair value – EPS CAGR tranche [2]	$2.79	$2.74	$2.69	$2.86	$2.81

1 Expected volatility is based on the historic volatility of Cleanaway shares over a range of periods.
2 The fair value reflects the closing share price on the grant date and is reduced to reflect there is no dividend entitlement during the performance period.

36 Auditor's remuneration

Details of the amounts paid or payable to the auditor and its related practices for audit and non-audit services are set out below.

	2022 $	2021 $
Fees to Ernst & Young (Australia):		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	1,551,180	1,386,642
Fees for assurance services that are required by legislation to be provided by the auditor	–	–
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	–	32,960
Fees for other services	32,000	208,842
Total fees to Ernst & Young (Australia)	**1,583,180**	**1,628,444**
Fees to other overseas member firms of Ernst & Young (Australia)	–	–
Total fees to other overseas member firms of Ernst & Young (Australia)	–	–
Total auditor's remuneration	**1,583,180**	**1,628,444**

37 Events occurring after the reporting date

Acquisition of Global Renewables Holdings Pty Ltd

On 19 August 2022 the Group entered into an agreement with the shareholders of Global Renewables Holdings Pty Ltd (GRL) to acquire 100% of the shares in that entity and its subsidiary undertakings for consideration of $168.5 million. The consideration to be paid will be adjusted for earnings in the GRL business from 1 July 2022 to the date of completion. On entering into this agreement the unfavourable contract acquired in the SRN acquisition and any existing legal claims between the parties will be settled. The balance of approximately $85.0 million will be allocated against the fair value of the assets and liabilities acquired in the GRL business. The difference between the $85.0 million residual consideration and the fair value of the assets and liabilities will be recognised as goodwill. The acquisition is expected to be completed in the first quarter of year ending 30 June 2023 and the fair value of the assets and liabilities will be determined on the date that Cleanaway attains control of the business which is expected to be the completion date.

37 Events occurring after the reporting date (continued)

Capital Raising

In order to fund the acquisition of GRL and other growth opportunities consistent with Blueprint 2030, on 19 August 2022 the Board approved a fully underwritten placement of new fully paid ordinary shares in Cleanaway (New Shares) to eligible institutional investors (Placement) to raise $350 million. The offer price per New Share is $2.50 (Placement Price). New Shares issued under the Placement will rank equally with existing Cleanaway Shares from the date of issue and will be entitled to the final dividend for the year ended 30 June 2022.

The Board has also approved a non-underwritten Share Purchase Plan (SPP) to eligible shareholders to raise up to $50 million. Eligible Cleanaway shareholders will be invited to apply for up to $30,000 of New Shares free of brokerage, commission and transaction costs. The SPP offer price will be at the lower of the Placement Price and the 5 day volume weighted average price prior to the SPP closing.

Issue of the New Shares under the Placement is expected to be on 24 August 2022 and under the SPP is expected to be on 19 September 2022.

Other than noted above there have been no matters or circumstances that have arisen since 30 June 2022 that have significantly affected the Group's operations not otherwise disclosed in this report.

38 Related party transactions

(a) Key Management Personnel

Disclosures relating to Key Management Personnel (KMP) are set out in the Remuneration Report on pages 19 to 40.

The KMP compensation included in employee expenses are as follows:

	2022 $	2021 $
Short-term employee benefits	9,660,390	9,040,411
Post-employment benefits	237,896	198,411
Equity compensation benefits	2,098,081	481,877
	11,996,367	**9,720,699**

Some of the Directors hold, or have previously held, positions in companies with which Cleanaway has commercial relationships which are based on normal terms and conditions on an arm's length basis. Transactions with entities where the relationship is limited to a common Non-Executive Directorship, including any Chairperson roles, are not considered related party transactions. The Board has assessed all of the relationships between the Group and companies in which Directors hold or held positions and has concluded that in all cases the relationships do not interfere with the Directors' exercise of objective, unfettered or independent judgement or their ability to act in the best interest of the Group.

(b) Wholly-owned Group transactions

The wholly-owned Group consists of Cleanaway Waste Management Limited and its subsidiaries listed at note 29. Transactions between Cleanaway Waste Management Limited and other entities in the wholly-owned Group during the years ended 30 June 2022 and 30 June 2021 consisted of:

(i) Loans advanced by Cleanaway Waste Management Limited and other subsidiaries;
(ii) Loans repaid to Cleanaway Waste Management Limited and other subsidiaries;
(iii) The payment of interest on the above loans;
(iv) The payment of dividends to Cleanaway Waste Management Limited and other subsidiaries;
(v) Management fees charged to subsidiaries; and
(vi) Sales between subsidiaries.

The above transactions are all eliminated on consolidation.

(c) Other related parties

There were no material transactions with, or amounts receivable from or payable to, other related parties during the years ended 30 June 2022 and 30 June 2021, except as presented in note 23.

39 Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the Financial Report. These policies have been consistently applied to all years presented unless otherwise stated.

(a) Revenue

Revenue from sale of commodities

Sale of commodities produced from recycling waste and processing used mineral oils, and the sale of electricity and gas produced from landfills, generally include one performance obligation. Revenue from the sale of commodities is recognised at the point in time when the product is transferred to the customer.

Rendering of services

- **Solid Waste Services**

  Revenue from collection and disposal of waste is recognised when the performance obligation to the customer has been fulfilled, which is generally when the waste has been collected from the customer. Costs to dispose of the waste are generally incurred at, or close to the time of collection.

  Variable consideration

  Some contracts for the collection of waste or acceptance of waste into the Group's landfills provide the customer with volume rebates. For the majority of contracts, the variability in the contract price is resolved at each reporting date. Where the variability is not resolved at a reporting date, the variable consideration is estimated and, where applicable, revenue will be deferred and reflected in contract liabilities.

  Non-cash consideration

  In some of the Group's contracts, rebates are provided to customers or collection is provided at a reduced rate where waste is collected that has a value as a commodity to the Group. In these circumstances the Group allocates a fair value to the commodity collected, generally equal to the rebate paid and the value of the collection service, and recognises this as revenue.

- **Liquid Waste & Health Services**

  Revenue from collection and treatment of liquid and health waste is recognised when the performance obligation to the customer has been performed, which is generally when the waste has been collected from the customer and Cleanaway takes title to the waste.

  In some circumstances the Group will charge the customer on delivery of a waste container. Under these circumstances the Group assigns a value to the separate performance obligations, being the provision of a container and the subsequent collection of the full container. Revenue received for the collection of the container where the service has not yet been performed will be deferred and is reflected in contract liabilities.

- **Industrial & Waste Services**

  Contract revenue is recognised over time and is measured using the input method by reference to labour hours and actual costs incurred, relative to the total expected inputs required to satisfy the individual performance obligations.

Costs to fulfil a contract

For some larger long-term contracts the Group incurs costs up front to mobilise equipment and organise the workforce in order to commence performing under the contract. This is often the case when larger municipal council contracts, or industrial & waste services contracts in remote areas, are entered into. In these circumstances, the upfront costs associated with the contract are capitalised as contract costs and amortised over the term of the contract.

Interest

Interest revenue is recognised based on the effective interest rate, taking into account the interest rates applicable to the financial assets.

Dividends

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates or joint venture entities are accounted for in accordance with the equity method of accounting.

39 Significant accounting policies (continued)

(b) Repairs and maintenance

Plant and equipment of the Group is required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The cost of this maintenance is recognised as an expense as incurred, except where it relates to the replacement of a component of an asset, or where it extends the useful life of the asset, in which case the costs are capitalised and depreciated in accordance with the Group's policy. Other routine operating maintenance, repair and minor renewal costs are also recognised as expenses as incurred.

(c) Finance costs

Finance costs are recognised as expenses in the period utilising the effective interest rate method.

(d) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. With the exception of deferred tax recognised on initial application of AASB 16 *Leases*, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the reporting date and are expected to apply when the related deferred income asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and all its wholly-owned Australian resident entities are part of a Tax Consolidated Group under Australian taxation law. Cleanaway Waste Management Limited is the Head Entity in the Tax Consolidated Group and applies the stand-alone tax payer method. The Tax Consolidated Group has entered into a tax sharing and a tax funding agreement.

(e) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not amortised but are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that previously suffered an impairment loss are reviewed for possible reversal of the impairment loss at each subsequent reporting date.

(f) Foreign currency

Foreign currency transactions are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Income Statement and are reported on a net basis. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

39 Significant accounting policies (continued)

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, short-term deposits and petty cash balances. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are at-call and earn interest at the respective short-term deposit rates.

(h) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known as uncollectible are written off when identified. The Group accounts for impairment losses relating to financial assets by applying a forward-looking expected credit loss (ECL) approach. The Group has applied a simplified approach to determining ECLs and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit losses against the debtors ageing profile, adjusted for forward looking information.

The Group's exposure to credit risk related to trade and other receivables is disclosed in note 32(b).

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the method most appropriate to each particular class of inventory and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

(j) Property, plant and equipment

Landfill assets

The Group owns landfill assets. A landfill site may be either developed or purchased by the Group.

Landfill assets comprise the acquisition of landfill land, cell development costs, site infrastructure and landfill site improvement costs and the asset related to future landfill site restoration and aftercare costs (landfill remediation asset).

Landfill land will be recognised separately from other landfill related assets when it is considered to have value at the end of the landfill site's useful life for housing or commercial development. This land is not depreciated; it is carried at its original cost and tested for impairment.

Cell development costs include excavation costs, cell lining costs and leachate collection costs. Cell development costs are capitalised as incurred. Closed cells are capped and may return a future revenue stream to the Group, such as from the sale of landfill gas.

The landfill remediation assets comprise capping costs and costs to remediate and monitor the site over the life of the landfill, including post closure. Capping costs together with cost of aftercare (see Provision for landfill remediation in note 39(o)) are recognised upon commencement of cell development. The depreciation, for cell development costs and the remediation asset, is calculated by the tonnes of airspace consumed during the reporting period divided into the total airspace available at the beginning of the reporting period, such that all costs are fully depreciated upon receiving last waste into the landfill. A landfill is deemed full when its permitted airspace is consumed and it cannot legally accept any more waste. Alternatively, a landfill may be deemed full earlier should other factors exist, for example, if it is not economically viable to continue accepting waste.

Site infrastructure and landfill site improvement costs include capital works such as site access roads and other capital costs relating to multiple cells on the landfill site. These costs are capitalised as incurred and depreciated using the useful life of the asset or the life of the landfill up until receiving last waste.

Landfill sales

A landfill may be disposed of as an operating landfill or it may be retained until post-closure and then sold. The Group's policy on landfill sales is as follows:

- If the landfill is sold as an operating landfill, recognise the profit on sale of an asset; or
- If the completed landfill is intended to be sold and meet the relevant requirements, transfer the landfill balance to non-current assets held for sale.

39 Significant accounting policies (continued)

(j) Property, plant and equipment (continued)

Non-landfill land and buildings

Non-landfill land and buildings are shown at costs less accumulated depreciation. Non-landfill land is not depreciated.

Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognised net within "other income" in the Consolidated Income Statement.

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation of assets, with the exception of landfill remediation and cell development assets, is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life to the Group. Leasehold improvements are depreciated over the period of the lease or estimated useful lives, whichever is the shorter, using the straight-line method. Landfill remediation and cell development assets are depreciated on a usage basis over the individual landfill expected life.

Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

The expected useful lives are as follows:

Buildings and site improvements	15 to 40 years
Plant and equipment	2.5 to 20 years
Leasehold improvements	5 to 10 years
Landfill assets	1 to 50 years

(k) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business, subsidiary or associate at the date of acquisition. Goodwill on the acquisition of businesses or subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of a business include the carrying amount of goodwill relating to the business sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in the Consolidated Income Statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the costs of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are also capitalised. Other development expenditure is recognised in the Consolidated Income Statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Other intangible assets

Other intangible assets include customer contracts recognised on business combinations and licences. Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

39 Significant accounting policies (continued)

(k) Intangible assets (continued)

Amortisation

Amortisation is charged to the Consolidated Income Statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite (e.g. brand names). Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives of customer contracts are three to 10 years.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Other payables and accruals includes tipping and disposal costs accruals as well as general accruals.

(m) Borrowings

Borrowings are initially recognised at fair value of the consideration received net of issue costs incurred. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Consolidated Income Statement over the period of the borrowings on an effective interest basis. Foreign currency exchange gains and losses arising on foreign currency denominated borrowings are recorded in net finance costs in the Consolidated Income Statement.

Borrowings are derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

(n) Leases

The Group leases various property, equipment and vehicles. These leases typically do not exceed 10 years but in some cases contain further renewal rights. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on a fixed index or a rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value, in a similar economic environment, with similar terms and conditions.

Short-term leases and those where the underlying asset is of low value are recognised as an expense on a straight-line basis over the lease term.

The Group has elected for the plant and equipment asset class, not to separate non-lease components from lease components, and instead accounts for all payments under the lease together as a single component.

Variable lease payments

Some leases contain lease payments that are linked to variable components such as volumes of waste collected or landfill revenue. Lease payments which are variable in nature and do not depend on a fixed index or rate are recognised in profit or loss in the period in which they relate.

39 Significant accounting policies (continued)

(n) Leases (continued)

Extension and termination options

Extension and termination options are included in several lease arrangements across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, all facts and circumstances are considered that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

In determining the lease term, the Group has applied judgement over the facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. All property leases on which a prized asset is situated are considered reasonably certain to exercise an extension option.

(o) Provision for remediation and rectification

Landfill remediation and rectification

Landfill sites are constructed to receive waste in accordance with a licence. These licences generally require that once a landfill is full, it is left in a condition as specified by the Environmental Protection Authority (EPA) or other government authorities and monitored for a defined period of time (usually 30 years).

Therefore, remediation occurs on an ongoing basis, as the landfill is operating, at the time the landfill closes and through post-closure. Remediation comprises:

- The costs associated with capping landfills (covering the waste within the landfill); and
- Costs associated with remediating and monitoring the landfill in accordance with the licence or environmental requirements.

The constructive obligation to remediate the landfill sites is triggered upon commencement of cell development. Accordingly landfill remediation costs are provided for when development commences and at the same time a landfill remediation asset is recognised.

The provision is stated at the present value of the future cash outflows expected to be incurred, which increases each period due to the passage of time and is recognised in current and non-current provisions in the Consolidated Balance Sheet. The annual change in the net present value of the provision due to the passage of time is recognised in the Consolidated Income Statement as a time value adjustment in net finance costs.

Due to the long-term nature of remediation obligations, changes in estimates occur over time. Any change in the provision for future landfill site restoration and aftercare costs arising from a change in estimate of those costs, and related to landfill sites which are still accepting waste, is recognised as an addition or reduction to the remediation asset in the Consolidated Balance Sheet. Changes to the remediation provision once the last customer waste is received are expensed to the Consolidated Income Statement.

Rectification provisions differ to remediation. Rectification costs must be provided for at a reporting period end when there is an obligation to bring an asset back to the normal operating standard required under the licence and EPA or council requirements. Rectification provisions are calculated based on the net present value of all costs expected to rectify the site. All rectification costs are expensed to the Consolidated Income Statement.

Industrial property remediation

The Group leases and owns industrial properties and operates these sites under license and in accordance with the requirements of the EPA or other government authorities. In addition, under lease agreements, the Group is required to remove infrastructure placed on a site, during the tenancy, and in most cases, return the leased site to its original condition upon entering into the lease, taking into consideration usual wear and tear on the property.

The constructive obligation to remediate industrial properties is triggered upon erecting leasehold improvements to leased sites, or upon any event occurring which has given rise to contamination requiring remediation.

The provision is stated at the present value of the future cash outflows expected to be incurred, which increases each period due to the passage of time and is recognised in current and non-current provisions in the Consolidated Balance Sheet. The annual change in the net present value of the provision due to the passage of time is recognised in the Consolidated Income Statement as a time value adjustment in net finance costs.

39 Significant accounting policies (continued)

(o) Provision for remediation and rectification (continued)

Changes in estimates can occur over time as industrial properties are operated over a long period. Any change in the provision related to site restoration will be adjusted against any related assets on the site. If there is no related asset, changes to the remediation provision are recognised through the Consolidated Income Statement.

(p) Provisions

A provision is recognised in the Consolidated Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The costs of treating and disposing of waste collected, in accordance with government regulation, are provided for if they have not yet been incurred.

(q) Employee entitlements

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and vesting sick leave expected to be settled within 12 months of the reporting date are recognised in other payables and employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in employee benefits and is measured in accordance with the other employee benefits described above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on the corporate bond rate with terms to maturity and currency that match, as closely as possible, the timing of estimated future cash outflows.

Short-Term Incentive (STI) compensation plans

A liability for employee benefits in the form of STIs is recognised when it is probable that STI criteria has been achieved and an amount is payable in accordance with the terms of the STI plan. Liabilities for STIs are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Share-based payment transactions

Share-based payments are provided to Executives and employees via the Cleanaway Waste Management Limited Short-Term Incentive plan and the Long-Term Incentive plan.

Share-based compensation payments are measured at fair value at the date of grant and expensed to employee benefit expense with a corresponding increase in the employee benefits reserve over the period in which the service and, where applicable, performance conditions are fulfilled. Fair value is measured by using the Monte Carlo simulation or the Black Scholes option pricing model, the term of the Performance Right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the Performance Right.

39 Significant accounting policies (continued)

(r) Fair value measurement

The Group measures certain assets and liabilities at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principle market for the asset or liability, or
- In the absence of a principle market, in the most advantageous market for the asset or liability.

The principle or the most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that the market participants act in their economic best interest. A fair value measurement of non-financial assets takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

The Group uses the following valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(s) Basis of consolidation

Subsidiaries

The Consolidated Financial Statements comprise the financial statements of the Group and its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from the contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Income Statement from the date the Group gains control until the date when the Group ceases to control the subsidiary.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the Consolidated Income Statement and within equity in the Consolidated Balance Sheet, separately from parent shareholders' equity.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in the Consolidated Income Statement. Any investment retained is recognised at fair value.

39 Significant accounting policies (continued)

(s) Basis of consolidation (continued)

Equity accounted investments

Equity accounted investments are those entities over which the Group has either significant influence (associate entities) or joint control and has rights to the net assets of the entity (joint venture entities). The Group does not have power over these entities either through management control or voting rights. Investments in associates and joint ventures are accounted for using the equity method of accounting and are collectively referred to as "equity accounted investments" in this report.

Under the equity method of accounting, the investments in associates and joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate or joint venture in the Consolidated Income Statement. Dividends received from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

Unrealised gains on transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(t) Business combinations

Business combinations are accounted for using the acquisition method, whereby the identifiable assets, liabilities and contingent liabilities (identifiable net assets) are measured using their fair values at the date of acquisition. Goodwill arises in a business combination when the consideration transferred to the acquiree is greater than the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Acquisition related costs incurred in a business combination transaction are expensed as incurred.

40 New standards adopted

There are no new standards or amendments, which are effective for the current reporting period, that are relevant to the Group.

41 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2022 and have not been applied in preparing these Consolidated Financial Statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

New standards

STANDARD/INTERPRETATION	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
Improvements to AASB 2018-2020 cycle – Reference to the Conceptual Framework – Amendments to AASB 3 The amendments are intended to update a reference to the new Conceptual Framework without significantly changing the requirements of AASB 3. The amendments also add a new paragraph to AASB 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. This amendment will be applied to business combinations post adoption and is not expected to have a significant impact on the Group.	1 January 2022	30 June 2023
Classification of Liabilities as Current or Non-Current – Amendments to AASB 101 The AASB has issued amendments to AASB 101 *Presentation of Financial Statements* to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: • What is meant by a right to defer settlement • That a right to defer must exist at the end of the reporting period • That classification is unaffected by the likelihood that an entity will exercise its deferral right • That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification Cleanaway does not intend to early adopt this amendment. The impact of the amendment to the Group's Financial Statements is yet to be determined.	1 January 2023	30 June 2024
Definition of Accounting Estimates – Amendments to AASB 108 The AASB has issued amendments to AASB 108 *Accounting Policies, changes in Accounting Estimates and Errors* in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policy and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop estimates. Cleanaway does not intend to early adopt this amendment. The impact of the amendment to the Group's Financial Statements is yet to be determined.	1 January 2023	30 June 2024
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to AASB 112 The AASB issued amendments to AASB 112 *Income Taxes* which narrow the scope of the initial recognition exception under AASB 112 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. Cleanaway have assessed this change and as the Group already account for deferred tax in accordance with the requirements in the amendment, there will be no impact to the Group on adoption of this amendment.	1 January 2023	30 June 2024
Disclosure of Accounting Policies – Amendments to AASB 101 and IFRS Practice Statement 2 The AASB has issued amendments to AASB 101 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements* in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures with the aim to making the accounting policies more useful. Cleanaway does not intend to early adopt this amendment.	1 January 2023	30 June 2024

Directors' Declaration

In the Directors' opinion:

(a) The Financial Statements and Notes together with the additional disclosures included in the Directors' Report designated as audited, are in accordance with the *Corporations Act 2001*, including:

   (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

   (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations), and the Corporations Regulations 2001;

(b) The Financial Statements and Notes also comply with International Financial Reporting Standards as disclosed in note 2;

(c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(d) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section s295A of the *Corporations Act 2001* for the financial year ended 30 June 2022; and

(e) As at the date of this declaration, there are reasonable grounds to believe that the members of the closed Consolidated Group identified in note 29 will be able to meet any obligation or liabilities to which they are or may become subject to, by virtue of the deed of cross guarantee.

This declaration is made in accordance with a resolution of the Directors.

M P Chellew
Chairman

M J Schubert
Chief Executive Officer and Managing Director

Melbourne, 19 August 2022

Independent Auditor's Report

to the Members of Cleanaway Waste Management Limited

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cleanaway Waste Management Limited ("the Company") and its subsidiaries (collectively "the Group"), which comprises the consolidated balance sheet as at 30 June 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and

(b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Building a better working world

1. *Valuation and completeness of remediation and rectification provisions*

WHY SIGNIFICANT	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Under the National Environment Protection Council Act 1994 the Group has an obligation and responsibility to remediate and rectify the land in which landfill activities occur. These obligations must be accounted for in accordance with Australian Accounting Standards. At 30 June 2022, the Group held $581.6 million in remediation and rectification provisions. The remediation and rectification provisions were based on discounted cash flow models and incorporated critical estimates in relation to capping, post closure and rectification costs and an appropriate cost escalation rate, the timing of expected expenditure, the possibility of new practices and methodologies being available in the future, the determination of an appropriate discount rate and adequacy of the contingency factors. These estimates were developed based on the specific plans for each site, taking into consideration historical experience and emerging practice in relation to remediation and rectification activities. During the year, the Solids Queensland Post-Collection asset (New Chum landfill) was significantly impacted by flood damage. A flood rectification provision of $28.5 million has been included in remediation and rectification provisions as at 30 June 2022. The provision is based on Management's best estimate of the cost to rectify flood damage at the landfill site. Because of the subjective nature of the estimates involved in accounting for remediation and rectification obligations, this is a key audit matter. Note 26 of the financial report provides further detail on the rectification and remediation provisions.	Our audit procedures included testing the mathematical integrity of the discounted cash flow models and evaluation of the assumptions and methodologies used. We involved our environmental specialists to assist in the execution of these procedures. With respect to the Group's rectification and remediation provisions, we: • Attended the newly acquired Sydney Resource Network sites and Melbourne Regional Landfill; • Attended the New Chum landfill site to assess the impact of the flood damage; • Assessed the competence, qualifications and objectivity of the Group's internal and external experts used in the determination of the provisions; • Assessed the cost estimates for capping, post closure and rectification activities with reference to available external data and relevant environmental authority regulations and correspondence; • Assessed the appropriateness of the cost escalation rate in light of current wage price, labour availability and other inflationary factors; • Assessed discount rates and the resultant impact on the provision balance with reference to observable market inputs; and • Assessed the adequacy of contingency amounts carried within the remediation and rectification provisions. We also assessed the adequacy of the Group's disclosures in the financial report regarding remediation and rectification obligations.

Building a better working world

2. *Acquisition of the Sydney Resource Network*

WHY SIGNIFICANT	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
On 18 December 2021, Cleanaway completed the acquisition of the Sydney Resource Network (SRN) for a total preliminary purchase consideration of $503.1 million, accounted for in accordance with AASB 3 Business Combinations (AASB 3). Provisional goodwill arising from the acquisition was $511.1 million. Cleanaway engaged various valuation experts to determine the fair values of the acquired plant and equipment, land and buildings, and intangible assets (airspace and customer intangibles). The fair valuation exercise involved significant judgements and estimates on key assumptions and inputs, including management's assessment of any off-market terms relating to certain acquired lease agreements. Cleanaway assumed significant liabilities which comprise of remediation obligations, unfavourable contract provisions and waste disposal provisions. Management applied significant judgements and estimates in determining the fair values of these assumed liabilities in accordance with AASB 13 Fair value measurement and AASB 137 Provisions, Contingent Liabilities and Contingent Assets standard. The acquisition balance sheet remains provisional as at 30 June 2022. AASB 3 allows a period of 12 months to finalise and apply retrospective adjustments to amounts recognised at the acquisition date. Refer to Note 28 of the financial report for all relevant disclosures in relation to the acquisition.	In undertaking our audit procedures on the SRN acquisition, we reviewed the sale and purchase agreement, verified the purchase price consideration including related transaction costs, and assessed that the acquisition met the definition of a business combination in line with AASB 3. We have performed the following procedures to assess the reasonableness of the provisional fair values of all identified assets acquired (tangible and intangible) and liabilities assumed: • Engaged our valuations specialists to assess the reasonableness of the valuation approaches, methodologies and key assumptions used to fair value plant and equipment, land and buildings and intangible assets acquired with reference to observable market inputs where relevant; • Our environmental specialists assessed the reasonableness of the assumptions used in determining the estimated costs to remediate and make good each acquired site; and assessed the rates used to discount the remediation and make good provision with reference to observable market inputs; • Assessed the reasonableness of key judgements applied in the valuation of unfavourable contract provisions and waste disposal provisions in accordance with AASB 13 and AASB 137 requirements; • Assessed the reasonableness of management's analysis performed of any unfavourable or favourable terms for leases acquired; • Assessed the competence, qualifications and objectivity of the external valuation experts engaged by the Group; • Engaged our tax specialists to assess the preliminary Tax Allocable Cost Amount (ACA) applied; and • Assessed the adequacy of the disclosures made in the financial report.

Building a better working world

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

Information Other than the Financial Report and Auditor's Report Thereon (continued)

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures

Auditor's Responsibilities for the Audit of the Financial Report (continued)

are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 40 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Cleanaway Waste Management Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Ashley Butler
Partner
Melbourne

19 August 2022