

Making a sustainable
future possible
together



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The Company's 2023 Annual General Meeting will be held at 11am (Brisbane time) on Friday 20 October 2023 at Customs House, 399 Queens Street Brisbane, QLD, 4000. The 2023 Corporate Governance Statement and Appendix 4G Disclosures are available on our website at www.cleanaway.com.au/about-us/for-investor/corporate-governance



A sustainable future

We take pride in this year's progress alongside customers, partners, and communities to make a sustainable future possible together. With our foundations of safety and environment, our commitment to the Blueprint 2030 strategy remains steadfast, prioritising waste recovery and advancing the local circular economy.

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2023 snapshot

Financial highlights^{1, 2}

Our financial performance enables us to continue investing in better and more sustainable solutions.

\$3,558.8
million revenue ↑ 18.4%

\$2,965.8
million net revenue³ ↑ 13.9%

\$668.1
million EBITDA ↑ 14.9%

\$302.2
million EBIT ↑ 17.5%

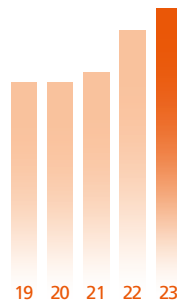
\$146.7
million NPAT⁴ ↑ 2.4%

4.9¢
dividends per share → 0.0%

6.6¢
earnings per share ↓ 4.3%

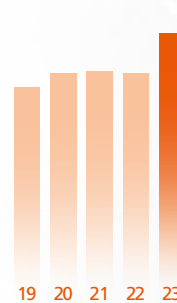
\$2,965.8m

Net Revenue (\$m)³
↑ 13.9% from FY22



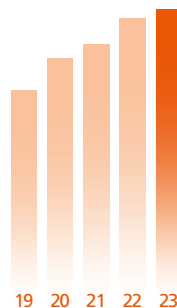
\$302.2m

EBIT
↑ 17.5% from FY22



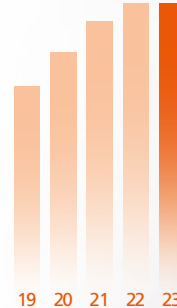
\$481.8m

Net Operating Cash Flow (\$m)
↑ 3.3% from FY22



\$4.9¢

Dividend (¢)
Flat on FY22



1 Represents underlying results.

2 Cleanaway applied the modified retrospective approach on adoption of AASB 16 Leases on 1 July 2019, as such FY19 comparatives have not been restated.

3 Net revenue is a non-IFRS measure that excludes landfill levies.

4 Attributable to ordinary equity holders.



Operational highlights

Cleanaway is one of Australia's leading waste management, industrial and environmental services company. With our dedicated team, national network of specialised infrastructure assets, and one of the largest fleets of waste collection vehicles on Australian roads, we're working towards our mission of making a sustainable future possible together.

Our operations



7,500+
Employees



~330
Sites



6,100+
Vehicles



~130
EPA Licensed
Sites



Landfills

17¹

Transfer Stations

105

Resource Recovery Facilities

50

Composting Centres

5

Incinerators

2

¹ Open and closed landfills under management.

Sustainability snapshot

Health and safety

People and culture

We measure our performance using total recordable injury frequency rate (TRIFR).¹



¹ TRIFR is measured per million hours worked and includes both employees and contractors.

22.8%

↑ 9.6% from FY22

Proportion of females employed across Cleanaway

28.0%

↑ 9.8% from FY22

Proportion of females in management roles

10.0%

↑ 35.1% from FY22

Proportion of females in operational roles

40:40 Vision

For a given cohort, headcount identifying as:

Women	40%
Men	40%
Any gender	20%

Our target is 40% females at CEO+1 by 2027 and 40% females at CEO+2 by 2030



FY23 Female representation

Board	33%
CEO+1	33%
CEO+2	36%

Suppliers

We support Australian businesses by sourcing goods, resources, and services locally and sustainably. With a strong sense of responsibility, we work alongside our partners to optimise our operations and manage supply chain risk.

Our suppliers	FY23	FY22
Spend – SME (\$m)	398.6	317.3
Spend – First Nations businesses (\$m)	10.8	9.5
Spend – Social enterprises (\$m)	4.2	3.5



ACSI acknowledged our FY22 Modern Slavery Statement as above average amongst ASX200 companies.

In FY23, we further enhanced our remediation processes and policy framework to manage modern slavery risk.

Environment

Contributing to a cleaner environment

219Mm³

Landfill gas captured

FY22 196Mm³

We are capturing the gas produced from the natural breakdown of waste in our landfills, turning some into electricity and sending it to the grid; contributing to a reduction in reliance on fossil fuels.

1,250kt CO₂-e

Net scope 1 and 2 greenhouse gas emissions

FY22 1,308kt CO₂-e

Cleanaway's resource recovery activities go to reducing greenhouse gas emissions; both Cleanaway's direct emissions and emissions that would otherwise have occurred throughout our operations. We have established challenging yet credible 2030 and 2050 emission reduction targets, and are on track to deliver on our 2030 commitment.

242GWh

Renewable energy generated

FY22 190GWh

By using the gas that we capture from our landfills to generate electricity, enough renewable energy has been produced to power more than 47,200 average homes.

Recovery breakdown



193kt

Containers¹

FY22 186kt



~432kt

Paper and cardboard

FY22 ~435kt



~32kt

Plastic

FY22 ~24kt



~32kt

Steel and aluminium

FY22 ~40kt



~108ML

Used oil recovered for reuse

FY22 ~104ML



289kt

Composted organics

FY22 170kt

¹ Collected through Container Deposit Schemes in NSW, QLD, WA and SA.

With our foundations set, Blueprint 2030 is progressing well



“Having delivered an underlying financial outcome in line with our guidance for the year, we have now set ambitious mid-term financial targets that are aligned with Blueprint 2030.”

Philippe Etienne Chairman

I am pleased to present Cleanaway Waste Management Limited's 2023 Annual Report, my first as Chairman of the Company.

After serving as a Non-Executive Independent Director of Cleanaway since May 2014, it is an honour to be appointed Chairman.

The 2023 financial year was a much-improved year for Cleanaway. Our Blueprint 2030 strategy is in place and progressing well. The business has stabilised following an extended period of internal and external challenges, and we are making strides towards turning around the Company's financial performance. Having delivered an underlying financial outcome in line with our guidance for the year, we have now set ambitious mid-term financial targets that are aligned with Blueprint 2030. In summary, we expect to deliver EBIT of greater than \$450 million in FY26 while progressively improving our return on invested capital. I look forward to periodically reporting on our progress towards achieving these goals.

Our safety performance, measured by the total recordable injury frequency rate (TRIFR), improved to 3.7 from 4.2 in FY22. While this progress is promising, it falls short of our heightened safety expectations for the year. Our commitment to ensuring everyone returns home unharmed from work remains unwavering, driving our ongoing efforts. While many of the incidents were minor in nature, there were some significant injuries to our people, and the lessons to be learned from these events are being incorporated throughout the organisation.

Tragically, there was one fatality in our operations during the year. The fatality occurred at the Kemps Creek landfill, in an

“In the context of the challenges faced during the year, Cleanaway delivered a strong underlying financial performance. We reported an underlying net profit after tax of \$148.6 million, 2.5% higher than the previous year.”

Philippe Etienne Chairman

area where a contractor had operational control, and the worker was an employee of the contractor. Our thoughts go out to the worker’s family and all those impacted by the incident.

In the context of the challenges faced during the year, Cleanaway delivered a strong underlying financial performance. We reported an underlying net profit after tax of \$148.6 million, 2.5% higher than the previous year. This reflected strong EBIT growth, up 17.5%, which was mostly offset by a significantly higher interest expense in a rising interest rate environment.

This translated into 4.3% lower earnings per share of 6.6 cents. On a statutory basis, net profit after tax attributable to ordinary equity holders of \$21.6 million was 72.6% lower than the prior year, largely reflecting costs associated with the loss of Health Services processing equipment net of insurance recoveries, as well as costs and provisions taken to rectify and remediate the New Chum landfill. This included an impairment charge as a result of the unsuccessful height rise court appeal decision.

Each of our segments reported top line growth in FY23. Our Solid Waste Services benefited from the initial Global Renewables Holdings (GRL) contribution and full year Sydney Resource Network (SRN) contribution, organic growth and contractual price increases, which helped deliver strong EBITDA and EBIT growth. Despite challenges in labour availability, the Industrial and Waste Services segment performed well delivering EBIT growth of over 33%, while continuing to grow its pipeline of opportunities. The Liquid Waste and Health Services segment was boosted by good performances from the Liquid Waste and Technical Services business, driven by strong project-related work and favourable product prices, as well as volumes in the Hydrocarbons business. This offset a poor performance by the Health Services business, which was adversely impacted by the loss of medical waste processing equipment and related network

capacity issues. As a result, the segment’s underlying EBIT was 7.9% lower than FY22.

Labour availability, efficiency and persistent cost inflation were key challenges for the business during the year. Some of these costs will be recovered through our contractual mechanisms. During the year, we commenced construction of our second Circular Plastics Australia (PET) plastic pelletising facility in Altona, Victoria. This new facility is in collaboration with our joint venture partners Pact Group Holdings Ltd, Asahi Beverages and Coca-Cola Europacific Partners, and follows the success of our first operating facility in Albury, New South Wales. We are also nearing completion of the Circular Plastics Australia (PE) HDPE and PP plastic pelletising facility that we are building in a joint venture with Pact Group. The facility is co-located with our Material Recovery Facility at Laverton, Victoria.

These projects are underpinned by our strategic pillar of creating sustainable customer solutions with high-circularity and low-carbon emissions.

With our commitment to reducing greenhouse gas emissions in line with the Glasgow Climate Pact and integrating this goal into our executive long-term incentive plans, we’ve achieved good progress on the activities that will help us to deliver. On 19 August 2022, we announced the acquisition of the GRL business for \$168.5 million, together with an equity raise comprising a \$350 million placement and up to \$50 million share purchase plan. The acquisition of GRL is strategically aligned and core to our NSW Organics Blueprint. The equity raise was strongly supported by both institutional and retail shareholders, and the Board wishes to thank all shareholders for their ongoing support. The proceeds raised have provided significant balance sheet capacity to fund medium-term opportunities aligned to our Blueprint 2030 strategy.

“Our Blueprint 2030 strategy is in place and progressing well, the business has stabilised following an extended period of internal and external challenges, and we are making strides towards turning around the Company's financial performance.”

Philippe Etienne Chairman

Our strategy to gain greater exposure to the Oil and Gas sector is progressing well, with our Industrial and Waste Services business securing two significant contracts during the year with Santos and ExxonMobil.

Through our joint venture with TOMRA, we successfully tendered for the Western regional and metro zones of the Victorian Container Deposit Scheme. We anticipate an attractive return profile based on a progressive ramp up of the scheme, as we deploy approximately \$40 million of capital.

We have been constructing our Western Sydney Material Recovery Facility during the year. The facility is underpinned by a commingled recycling contract with Blacktown City Council. We have also been advancing the long lead items related to our Energy from Waste developments in Victoria and Queensland. During the year, we acquired a site for our Queensland project in Bromelton, while in Victoria we have submitted our Development Licence and Planning Approval applications. We continue to take a capital light approach to the projects and remain disciplined in our approach to capital allocation.

On 21 August 2023, we completed the acquisition of Australian Eco Oils (AEO) for \$39 million. The acquisition provides an attractive entry point into a new, adjacent market for Cleanaway at a time when high-quality, traceable used cooking oil (UCO) is becoming an increasingly important source of feedstock in the production of renewable fuels, including sustainable aviation fuels and renewable diesel.

Cleanaway remains in very strong financial health. We have \$504.5 million of undrawn debt facilities and an average debt maturity of 3.6 years as at 30 June 2023, with our next refinancing

not due until December 2024. Our net debt to EBITDA ratio of 1.9x as at 30 June 2023 was 0.3x lower than 30 June 2022, as a result of equity raised during the year and remains comfortably within our covenant.

In August 2023, the Board declared a final unfranked dividend of 2.45 cents per share taking the total unfranked franked dividend for the year to 4.9 cents per share, payable on 6 October 2023. This was in line with the previous year and represents a payout ratio of 74.3%, in line with our stated policy of paying out 50-75% of underlying profits. Cleanaway is eligible to participate in the Commonwealth Government's Instant Asset Write Off Scheme, which has reduced tax payments made by the Group in FY22, FY23 and will continue into FY24. Because of lower tax payments resulting from the Instant Asset Write Off Scheme, Cleanaway does not expect to resume franking dividends fully until calendar year 2024.

During the year, we continued our program of orderly Board renewal with the appointment of two new Independent Non-Executive Directors, with Jackie McArthur joining the Board in September 2022 and Clive Stiff in June 2023.

Jackie and Clive are both experienced executives with diverse and complementary international and domestic experience. I look forward to both playing key roles in contributing to the development and execution of our Blueprint 2030 strategy over the coming years. I am delighted to welcome Jackie and Clive to the Board of Cleanaway and congratulate them on their appointments.

Ray Smith retired as a Director with effect 31 August 2023 and I would like to recognise his service to the Company since his appointment as a Non-Executive Director in 2011. Ray made a



significant contribution to the growth and success of Cleanaway. As a Director and Chair of the Audit and Risk Committee, he has played a key role in steering the performance improvement and growth of the Company. His deep understanding of finance, operations and strategy and broad corporate experience with industrial companies has been a significant asset to the Board. On behalf of the Board, I thank Ray for his wise counsel over many years and wish him all the best in his retirement.

I would also like to pay tribute to our outgoing Chairman, Mark Chellev and recognise the immense achievements and milestones delivered during his tenure.

Mark has made a tremendous contribution to Cleanaway over the last 10 years. As a Board, we have greatly benefited from his strong leadership, deep knowledge and experience which has driven a period of significant growth and success. This included the acquisition of Toxfree and the Sydney Resource Network, development of the Footprint 2025 strategy and development and execution of the Blueprint 2030 strategy. We wish Mark well in his retirement.

With the departures of Ray and Mark, Michael Kelly and Jackie McArthur will take on the chairmanship of the Audit and Risk Committee and Sustainability Committee respectively. As part of our continued Board renewal, we will seek to appoint another Director over the course of FY24.

I would also like to take this opportunity to thank our CEO Mark Schubert, the Executive Leadership Team and all Cleanaway employees for their efforts in delivering robust operational and financial outcomes. Every day, our team strives to deliver great customer service safely, and I recognise the extraordinary effort that was required to do so in a particularly tight labour market this year.

Thank you also to my fellow Board members for their support, particularly as I begin my chairmanship.

Finally, I would like to thank our shareholders for your continued support of Cleanaway. On behalf of the Board, I acknowledge the concerns raised by shareholders last year that resulted in our first strike against the Remuneration Report. The Board has taken action to address those concerns and continues to seek and listen to shareholder feedback to ensure we have a fit for purpose Remuneration Framework. We have outlined the changes that we have implemented in the FY23 Remuneration Report, which you can refer to in section 5 of this Annual Report.

I look forward to speaking to you again at our Annual General Meeting on 20 October 2023.

Philippe Etienne
CHAIRMAN

Navigating challenges, delivering results

“Our Blueprint 2030 strategy 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.”

Mark Schubert CEO

Dear Shareholder,

I am proud to report the performance of your Company for the financial year ended 30 June 2023. We have continued to make good operational and strategic progress, including:

- Delivering strong revenue and EBIT growth as we benefit from emerging efficiencies
- Embedding operational excellence through the business
- Strengthening our safety and environment foundations
- Continuing to address key operational headwinds impacting margins
- Securing significant contracts with Santos, ExxonMobil and through the Victorian Container Deposit Scheme
- Completing Global Renewables Holdings (GRL) acquisition and leveraging it to accelerate the Organics Blueprint
- Delivering financial and environmental benefits from our Landfill Gas Capture Program, including achieving carbon emissions reductions consistent with our targets
- Completing the acquisition of Australian Eco Oils

Our foundations

With “protecting our people” and “protecting the environment” now entrenched as the two foundations upon which Cleanaway operates, we are confident that in situations where our team members must choose, our foundations always come first. Together with our people, our foundations are central to our purpose of making a sustainable future possible together.

Over the last 12 months, we have embedded new health, safety and environment (HSE) capability and our team has rapidly developed a HSE strategy and Intensive Improvement Roadmap focused on three key areas – improved critical risk management; growing leadership capability and safety culture; and embedding a learner’s mindset.

Our lagging safety indicators, while improving, are not where we want them to be with our total recordable injury frequency rate (TRIFR) on 30 June 2023 at 3.7 compared to 4.2 at 30 June 2022. This represented 83 instances where one of our teammates required medical treatment. The injuries were predominantly sprains, strains, slips, trips and falls. Many of these have been identified by improved reporting as a result of our ‘no blame’ culture, as well as an improved approach to workers compensation claim acceptance. This improved reporting provides a richer data set for deeper learning, which in turn enables a more proactive approach and the ability to improve our strategies, processes and controls.

We have also worked hard to mitigate the risks to HSE performance from higher vacancies and turnover. We have focused on bridging critical vacancies and prioritising hiring into those roles.

Our core process development is also progressing well with our first two pilots now complete on Management of Change and Manage Contract Execution. These are two key safety-related core processes, now being rolled out Cleanaway-wide. These processes are important because they provide a consistent approach to manage these risks, assure the controls, and deliver a platform for continuous improvement. While we have made important improvements, we are not satisfied with the injury performance and will focus intensively on delivering our new HSE strategy tailored to the current performance.

With the proliferation of lithium-ion batteries and other non-compatible waste ending up in waste streams, fires are a growing risk across the waste and recycling industry. To keep our people, environment and assets safe, we are progressively upgrading our facilities with rapid detection and response equipment. In the interim, we have implemented controls including providing portable fire monitors at high-risk sites and training our teams to deploy them. As with HSE, we have installed new capability to ensure we evolve our culture and grow our capability to deliver Blueprint 2030.

We have done the internal work to re-imagine our Cleanaway values, which are aligned to our strategy, and we are on track to launch these soon. Rather than simply words on a page, we are focused on bringing our values to life with actions: how we work, how we lead, how we show up and how we treat each other.

Our people strategy is designed to embed the reinforcing mechanics that will support a Cleanaway culture where our 300 branches are at the centre of our Company with capable leaders, local ownership, care, connection and a view well beyond today. At the same time, we are focused on ensuring we build a strong talent pipeline with successors identified for all business-critical roles to support the growth embedded within Blueprint 2030.

Blueprint 2030

Our Blueprint 2030 strategy 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 Blueprint 2030, 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 we can, while delivering an exceptional customer experience, powered by the passion of our workforce.

To better define our meaning of high-circularity, we have taken the well-known concept of waste hierarchy and re-imagined it to become the Cleanaway Circularity Hierarchy, recognising that different recycling solutions have very different circularity and carbon outcomes.

When looking at circularity, we set ourselves the task of being able to give meaning to ‘high-circularity’ in the context of offering the most circular and lowest carbon solutions for our customers. We have also developed a simple approach that can be used to assess our business, customer solutions and investment opportunities against an expanded waste hierarchy. This hierarchy recognises degrees of circularity and reflects the desirability of first supporting domestic and then international circular economies over downcycling.

As I reflect on the progress our team has made since we released our strategy, I am filled with pride. We have developed detailed plans across our 14 Blueprints that will drive the growth of the business, with the expected timeline and deliverables under each plan tracked and reviewed monthly by the Executive Team and relevant leaders. We have installed new capacity to support the delivery of the strategy and foundations including a refreshed and aligned Executive Team that is passionate about our purpose and strategy and new and significantly improved capability

“Together, we look forward to realising the financial benefits of much of this effort over the next few years...”

Mark Schubert CEO

in areas such as HSE, Carbon, Organics, Construction and Demolition (C&D), Landfill Gas and Sustainability. We have two new verticals established in the Container Deposit Schemes and C&D business units.

We have set greenhouse gas reduction targets aligned to a 1.5°C pathway. During the year, we drilled more than 250 landfill gas wells, improved gas capture efficiency by more than 15% and reduced our carbon emissions by 9% on a like-for-like basis. This has resulted in Cleanaway being well on the path to meeting those targets.

We acquired Global Renewables Holdings (GRL), a site and facility that provides a strategic location and infrastructure to enhance our broader network and customer offering today and into the future, as we position ourselves to capture share of the growing FOGO (Food Organics Garden Organics) market opportunity.

We have secured strategic sites for our proposed Energy from Waste facilities in Melbourne and Queensland and advanced the planning workstreams for each of the projects.

We have commenced and/or completed the construction of three mechanical plastic pelletising facilities while we continue to expand our core infrastructure footprint, including the recent Victorian Container Deposit Scheme Network Operator appointment.

We identified the automation and digitisation needs of the business and have commenced the delivery of CustomerConnect and rolled out analytics tools that will support improved profitability.

We have commenced the digitisation of our workshops and fleet, and our Sales Team have been trained and equipped with tools to improve sales effectiveness.

We have been publicly recognised by one of our largest customers for our customer service, and our customer value proposition is central to our strategy. Done well, we will see Cleanaway increasingly becoming the supplier of choice for recycling, resource recovery and waste management services across a broad spectrum of customers.

We are delivering on our strategy to increase our participation in the Oil and Gas sector with significant contract wins with Santos and ExxonMobil. We have further exciting opportunities in the pipeline which will position us well to participate in the decommissioning growth vector in that sector.

We have made this progress with safety and the environment as our foundations, and we have done all of this through very challenging operating conditions. Together, we look forward to realising the financial benefits of much of this effort over the next few years and for many years to come.

1 Further details are available in the key business strategies and prospects section on pages 34 to 36.

Financial performance

Against a backdrop of high inflation, a tight labour market and operational challenges, Cleanaway delivered strong financial performance in FY23.

The Company reported net revenue growth of 13.9% to \$2,965.8 million and grew underlying EBITDA by 14.9% to \$668.1 million. Underlying EBIT was 17.5% higher than the prior year at \$302.2 million. Underlying net profit after tax was \$148.6 million, 2.5% higher than the previous year, translating to underlying earnings of 6.6 cents per share.

Statutory net profit after tax attributable to ordinary equity holders of \$21.6 million was 72.6% lower than the previous year. This largely reflects costs associated with the rectification and remediation of the New Chum landfill, resulting from the significant flood events. It also includes the impairment of the New Chum landfill due to an unsuccessful court appeal that sought an extension of its height. Additionally, alternative disposal costs were incurred for processing medical waste following the loss of the hammermill in Victoria (net of insurance recoveries) along with acquisition and integration costs.

During the year, we incurred more overtime and more expensive labour hire to supplement our general workforce. We have implemented several successful strategies to address the challenges. These included having supervisors backfilling labour gaps, our Recruitment Process Outsourcing (RPO) program, and the continued success of the Women's Driver Academy.

Our branch-level labour value drivers are tracking and improving daily performance, particularly now that vacancy rates have declined. Our actions have led to vacancies in August 2023 being approximately 40% lower compared to October of the previous year, after accounting for unfilled growth positions such as the Victorian Container Deposit Scheme

With retention being the focus now, we have ongoing initiatives in place across onboarding, closing our Enterprise Agreement backlog and a culture refresh. We feel very confident that this decreasing vacancy trend will continue and that we will deliver significant operational and financial improvements.

Both Queensland Solids and Health Services business units endured ongoing challenges from FY22 and we have performance restoration plans that are making good progress.

The Fleet Replacement Program for approximately 40 trucks that were lost during the Queensland floods was completed during the year. This has resolved some of the availability, repair and maintenance challenges associated with operating a makeshift fleet.

The Queensland network is now set up to operate without the New Chum landfill, and today the Queensland business has stabilised and is focused on driving productivity and efficiency initiatives. With a new management team and replacement fleet in place following the floods of early 2022, we are making pleasing progress and seeing that business performing and improving as planned.

We undertook substantial rectification works at the New Chum landfill in preparation for the wet season. We expect to recommence construction of the final cell in FY24 and expect the landfill should deliver a modest contribution in FY25. The court appeal for a height rise at New Chum was unsuccessful and we have

“We will endeavour to keep each other safe, protect the environment, deliver today and improve for tomorrow as we continue to strive towards our mission, together.”

Mark Schubert CEO

decided not to pursue any further appeals. As a result, we are now planning for its closure and final remediation.

In our Health Services business, we have installed our new autoclave units in Victoria replacing our hammermill and we are recovering the higher costs of autoclave processing through higher prices. Disappointingly, the recovery in the Health Services business is lagging from a timing perspective only, with a full reset of the entire Health Services business performance well underway.

We have been successful in addressing inflationary pressures through the contractual mechanisms that allow us to recoup rising costs over time, however temporary impact on margins remain while inflation remains elevated.

Each of our operating segments – Solid Waste Services, Liquid Waste and Health Services, and Industrial and Waste Services – reported revenue growth compared to the previous corresponding period:

- Solid Waste Services reported increases in net revenue, EBITDA and EBIT of 15.0%, 19.9% and 22.1% respectively
- Liquid Waste and Health Services reported 10.9% higher revenue with EBITDA and EBIT 4.0% and 7.9% lower respectively
- Industrial and Waste Services reported increases in net revenue, EBITDA and EBIT of 14.4%, 11.7% and 33.2% respectively.

A more detailed analysis of the performance of our operating segments can be found on pages 14 to 19 of this Annual Report.

Net cash from operating activities increased by \$15.5 million to \$481.8 million compared to FY22, reflecting increased underlying EBITDA and lower tax payments, partially offset by cash outflows attributable to underlying adjustments and higher interest payments. This resulted in a strong cash conversion ratio of 98.3%.

Our capital expenditure of \$431.0 million reflected investment in a number of critical areas. The primary areas of investment were in: fire detection and suppression equipment, landfill gas (LFG) capture, contract renewals and replacement/refurbishment of existing assets. We allocated growth capital expenditure to our HDPE/PP plastic pelletising facility, the Industrial and Waste Services-led Santos total waste management contract, the development of our Western Sydney Material Recovery Facility, the acquisition of our Queensland Energy from Waste site and our CustomerConnect project. A growing business and high inflation have also contributed to the step up in capital expenditure.

Mid-term financial ambition

With good progress stabilising the business and capability in place to deliver the Blueprints and associated progress, we have outlined our three-year financial targets and a scorecard aligned to Blueprint 2030 linked to the long-term incentive plan. We are targeting an

FY26 EBIT of greater than \$450 million. This is to be achieved with incremental improvements in return on invested capital (ROIC).

We are committed to maintaining a strong balance sheet. Our focus is on how we are allocating capital across the group and have refined our processes to support our capital decision-making process. Our benchmark is always relative to a return of capital to shareholders, and we assess our growth opportunities with that in mind. The Group's balance sheet remains strong and Cleanaway will continue to maintain its culture of financial discipline.

Our people

Pleasingly, female participation at all levels of the Company has steadily improved over the last two years, ensuring our teams and our leaders are representative of the communities we serve. I look forward to continuing this trend and extending this focus to ensure every single person at Cleanaway can be their best self each day.

From a gender diversity perspective, we saw a 9.6% or 200bps improvement in female representation rate, increasing from 20.8% to 22.8%. We are making good progress toward our target of having at least 40% female leaders either reporting to me or reporting to the Executives that report to me.

During the year, Scott Nicholls joined the Executive Team as the executive responsible for Liquid Waste and Health Services, and Industrial and Waste Services. Scott brings significant experience and capability to the organisation that will support the delivery of our strategy.

I would like to thank the Board and the Executive Team for the support they have given me throughout the year leading your Company. I would also like to particularly acknowledge our outgoing Chairman, Mark Chellew for the support and guidance he has provided me since I joined Cleanaway. I wish him all the best.

I would also like to thank our more than 7,500-strong workforce for their perseverance this year. Knowing the pride our team has in delivering for our customers every day, I truly appreciate their extraordinary efforts as we worked through our labour shortage challenges. It is our people that make this business great. We will endeavour to keep each other safe, protect the environment, deliver today and improve for tomorrow as we continue to strive towards our mission, together.



Mark Schubert

CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR



Solid Waste Services

Cleanaway's Solid Waste Services is Australia's market-leader for the collection, resource recovery and disposal of solid waste. The waste streams processed generally include putrescible, inert, household and recovered waste.

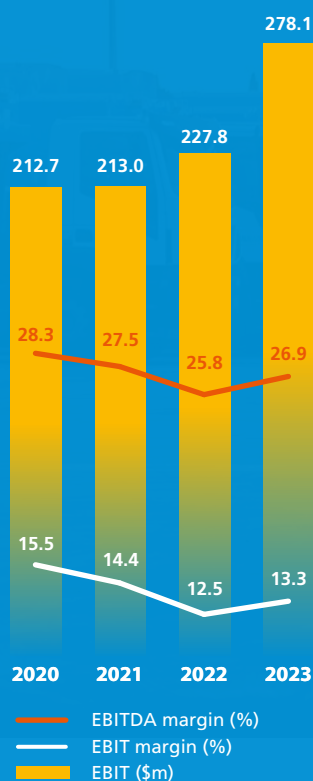
Solid Waste Services (SWS) net revenue increased 15.0% or \$273.1 million to \$2,091.7 million. Underlying EBITDA increased 19.9% or \$93.3 million to \$562.7 million, and underlying EBIT increased 22.1% or \$50.3 million to \$278.1 million.

The Solid Waste Services FY23 results include the first full-year contribution from the now fully-integrated Sydney Resource Network (SRN) and a ten month contribution from Global Renewables Holdings (GRL).

Solid Waste Services revenue benefited from a full year contribution from SRN, cost recovery through price increases in the existing customer base and increases in most landfill volumes. This was partially offset by lower commodity prices and no waste accepted at the New Chum landfill.

Commodity prices have partly recovered over the second half of the financial year and customer rebates have declined to restore margins.

In addition to costs associated with new assets and contracts, higher operating costs were driven mainly by significantly higher diesel prices, higher working capital costs in flood affected regions, higher fleet repair and maintenance costs and the general



EBIT

\$278.1m

↑ 22.1%

EBITDA

\$562.7m

↑ 19.9%

	FY23	FY22	CHANGE
Net Revenue (\$million)	2,091.7	1,818.6	↑ 15.0%
EBITDA (\$million)	562.7	469.4	↑ 19.9%
EBITDA margin	26.9%	25.8%	↑ 110bps
EBIT (\$million)	278.1	227.8	↑ 22.1%
EBIT margin	13.3%	12.5%	↑ 80bps

inflationary environment. Labour costs were higher due to greater use of overtime and sub-contractors. As a result, underlying EBITDA increased 19.9%, while underlying EBITDA margins increased 110bps across the year reflecting several factors including business mix and contractual cost recovery beginning to restore margins.

The segment reported 17.8% higher depreciation and amortisation costs compared to the previous period. The increase was predominantly due to the full year contribution of SRN, the initial contribution from GRL, increased volume into Erskine Park landfill following the Mechanically Stabilised Earth (MSE) wall completion and a larger fleet. Furthermore, rising inflation has impacted cell construction and remediation costs contributing to a higher landfill depreciation expense.

Underlying EBIT increased 22.1% to \$278.1 million, with underlying EBIT margins increasing 80bps. Cleanaway completed the acquisition of GRL on 31 August 2022. GRL operates a facility that processes approximately 220kt p.a. of Sydney's 'red bin' putrescible waste. The business is strategically located and is currently delivering >30% landfill diversion. During the period, the operational team undertook trials at the facility with further analysis underway to determine the optimal transition plan for the facility as it prepares

to capture the emerging Sydney Food Organics Garden Organics (FOGO) processing opportunity.

During the year, the business continued to leverage the network, licences and land from the SRN transaction to advance the progress of Solid Waste Services' organics blueprint in NSW.

The TOMRA Cleanaway joint venture was appointed the Network Operator for the Victorian Container Deposit Scheme Western metro and regional zones. The joint venture is expecting to process an estimated 500 million containers per annum once it ramps up to the initial target capacity.

The Ipswich City Council (ICC) refused an application by Cleanaway that would have allowed for additional airspace at the New Chum landfill. In October 2021, Cleanaway concluded its appeal of the decision of the ICC to refuse the application to the Queensland Planning and Environment Court, but in the decision handed down in June 2023, was unsuccessful in those proceedings. Cleanaway has decided not to appeal the decision and have commenced an end-of-life plan for the landfill. Cleanaway is currently awaiting approval from ICC to complete the necessary works that will allow us to fill the remaining airspace at the site.



Industrial and Waste Services

Cleanaway's Industrial and Waste Services provides a wide variety of specialised services to the resources, oil and gas, infrastructure and industrial markets. These services include drain cleaning, non-destructive digging, vacuum loading, high pressure cleaning and pipeline maintenance.

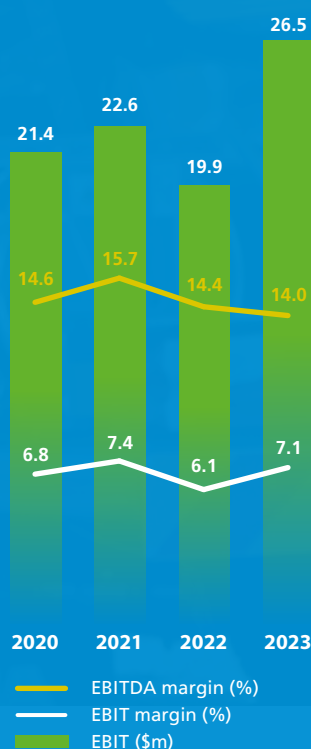
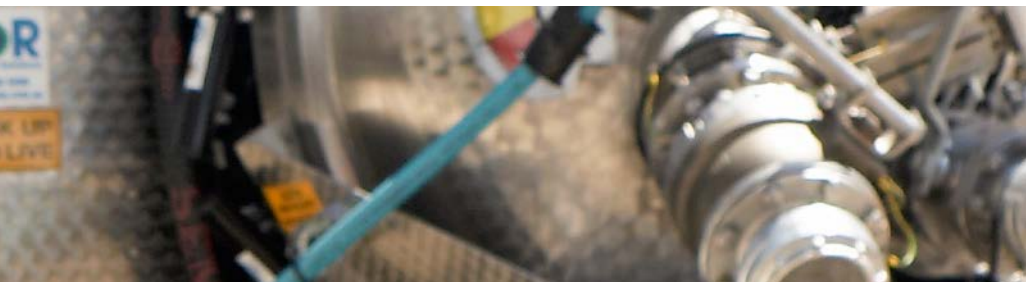
Industrial and Waste Services (IWS) revenue increased 14.4% or \$47.2 million to \$375.8 million driven by significant project activity across key contracts. Underlying EBITDA increased 11.7% or \$5.5 million to \$52.7 million. The segment performed well in challenging external market circumstances.

Underlying EBIT increased by \$6.6 million to \$26.5 million and underlying EBIT margin increased 100bps to 7.1%.

During the year, IWS achieved a 92% renewal rate on available contract extensions. New contracts signed in FY23 represented almost three times the annual value of contracts signed in FY22.

Inflationary pressures, particularly fuel costs and labour rate pressures, impacted the segment performance. These higher costs will be directly reflected in the pricing of new contracts.

IWS continues to deliver organic growth from its existing client base (re-signs and increasing scope of services) 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



EBIT
\$26.5m
 ↑ 33.2%

EBITDA
\$52.7m
 ↑ 11.7%

	FY23	FY22	CHANGE
Net Revenue (\$million)	375.8	328.6	↑ 14.4%
EBITDA (\$million)	52.7	47.2	↑ 11.7%
EBITDA margin	14.0%	14.4%	↓ 40bps
EBIT (\$million)	26.5	19.9	↑ 33.2%
EBIT margin	7.1%	6.1%	↑ 100bps

which IWS operate. IWS expect to see the segment portfolio shift from a historical Resources segment bias to a greater share of the Oil and Gas sector.

During the year, IWS secured significant contracts in the Oil and Gas sector with ExxonMobil and Santos. The ExxonMobil contract was followed by an earlier contract to undertake decommissioning tank cleaning work at ExxonMobil's Altona plant. The Santos contract spans WA, NT, QLD and SA showcasing IWS national capability. In addition, Cleanaway successfully tendered for a Snowy 2.0 contract with a further opportunity to extend the contract in the future.

First Nations participation continues to be an important consideration and requirement for Tier 1 resource companies who are looking to ensure their efforts in this area result in direct financial benefits to First Nations peoples and businesses. The Pilbara Environmental Services joint venture between Cleanaway and King Kira Group (a 100% female Indigenous-owned business) will be well placed to participate in the upcoming IWS contract opportunities in north-west WA.

The infrastructure segment remains buoyant with opportunities to participate in large Government sponsored projects. Opportunities in the mining and mineral processing and Oil and Gas sector continue to have a positive outlook, with the larger contract and project opportunities more suited to the larger Tier 1 national providers like IWS in the pipeline.

Furthermore, there is a significant opportunity related to decommissioning ageing Oil and Gas assets. Much of Australia's onshore and offshore Oil and Gas infrastructure is approaching the end of its productive life, leading to a significant forecast ramp-up in decommissioning activity through the next decade and beyond. The total cost will be an estimated \$50 billion.

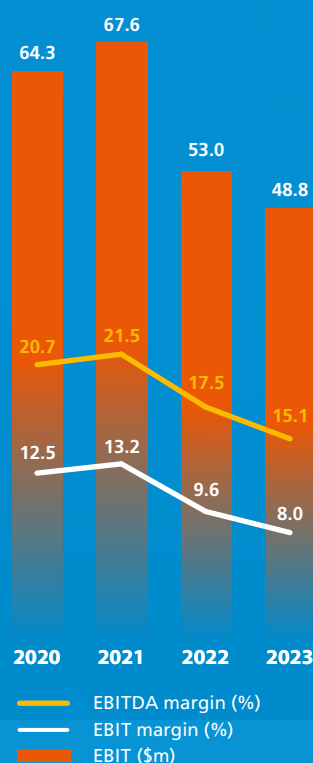


Liquid Waste and Health Services

Cleanaway's Liquid Waste and Health Services comprises three national strategic business units: Liquid and Technical Services, Hydrocarbons and Health Services.

Liquid Waste and Health Services revenue increased 10.9% to \$610.6 million while underlying EBITDA decreased 4.0% to \$92.4 million. Underlying EBIT decreased 7.9% to \$48.8 million and underlying EBIT margins decreased 160 basis points to 8.0%. The performance of the Health Services business weighed on the segment performance. Excluding Health Services, the segment expanded EBIT margins by 40 bps versus the previous corresponding period.

The Liquid and Technical Services (LTS) business realised 11.9% higher revenue than the previous corresponding period, predominantly due to increased project work including for NSW Health, where Cleanaway processed and recycled bulk quantities of expired hand sanitiser, and the remediation of a site in Victoria on behalf of the EPA where hazardous waste was illegally dumped. The business managed increases in freight and labour costs through a combination of minimising use of third-party contractors and through contractual price increases.



EBIT

\$48.8m

↓ 7.9%

EBITDA

\$92.4m

↓ 4.0%

	FY23	FY22	CHANGE
Net Revenue (\$million)	610.6	550.5	↑ 10.9%
EBITDA (\$million)	92.4	96.2	↓ 4.0%
EBITDA margin	15.1%	17.5%	↓ 240bps
EBIT (\$million)	48.8	53.0	↓ 7.9%
EBIT margin	8.0%	9.6%	↓ 160bps

Hydrocarbons revenue increased 16.6% benefiting from favourable post collections price and volume mix and higher Cleanaway Equipment Services revenue. This was offset by higher natural gas and diesel input costs and higher freight and labour costs. From an underlying EBIT perspective, the Hydrocarbons business outperformed the prior year with EBIT growing 8.1% to \$16.1 million.

The Health Services business revenue was largely flat on the previous corresponding period. The Health Services business benefited from increases in revenue from biosecurity and cruise ships, following the rebound of the travel sector. Revenue uplift was offset by volume losses from lower network capacity and lower COVID-19 related clinical waste from hotel quarantine, hospital and vaccination clinics and aged care centres resulting in flat revenue growth when compared to previous corresponding period.

The loss of the hammermill in Victoria resulted in a strain on the processing capability and network capacity of the Health Services business. Consistent with the broader Cleanaway business, the Health Services business experienced higher gas, labour and diesel costs, resulting in significantly lower EBIT.

In March 2023, the Health Services business received EPA approval for the business' two autoclave units (a replacement for the hammermill) and have since installed these units and successfully begun operating them. The units have reached initial target production rates with several initiatives underway to exceed these rates and increase throughput.

Making a sustainable future possible together

As one of Australia's leading total waste management providers, our high-circularity, low-carbon solutions are helping enable society's transition to a more sustainable future.



To some, waste may seem like an ordinary part of everyday life. But we know it has extraordinary potential.

We aspire to be the most innovative and sustainable waste management company and see this as fundamental to fulfilling our customer-led strategy, Blueprint 2030. We will create 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 we can, while delivering an exceptional customer experience, powered by the passion of our workforce.

This is how we're finding better, smarter, and cleaner ways to make a sustainable future possible, together; for people, our planet and prosperity of all our stakeholders.

Our people

Our people and their contributions are the driving force behind our success. We aim to unlock the passion, pride, and diversity of our workforce so that we can make the greatest sustainability impact possible.

We believe that achieving the highest standards of health and safety is critical for the success and sustainability of our business. It enables our customers, communities, shareholders, and regulators to have confidence in our capabilities. Although we continue to invest in safety, unfortunately, isolated but significant safety incidents occurred this year.

Tragically, there was one fatality in our operations during the year. The fatality occurred at our Kemps Creek landfill. At the time of the incident, the employee of a contractor was undertaking a routine task within their area of operational control. Immediately following the incident, Cleanaway performed an enterprise-wide review of processes and controls relevant to the task. It was only when we were satisfied with outcomes of this review, that the task was recommenced.

Reducing the severity and likelihood of our most material safety risks continues to be a core area of focus. The instance of recordable safety injuries is measured and reported as total recordable injury frequency rate (TRIFR) and while we have seen a 11.9% improvement from the previous year with a lower TRIFR rate of 3.7 for FY23, we continue to work intensively to address safety risks and engage our workforce.

In FY22, we reset safety and environment as our foundations which makes it simple for our frontline teams to prioritise; our foundations always come first. True to this belief, in FY23 we commenced a journey to transform the way safety risk is managed to achieve the performance we desire, and our people deserve.

Starting at the top, we have recast our health, safety and environment (HSE) vision; to be an *industry leader in safety and environment performance enabled by our people, safe reliable assets, and an incredible learning culture*. Underpinning our new vision are five strategic imperatives guiding a risk-prioritised 5-year roadmap, which will simplify how we work and make it easy for our people to get it right every day.

A number of work programs are currently in execution, including:

- Reviewing critical risks and controls, including developing simplified standards, tools and improving risk control definition
- Enabling operational safety leadership and culture through our HSE Leadership Development Program
- Embedding learning from our successes and failures to foster enhanced practices across our business
- Management of fire risk, including deploying 78 portable ground monitors to high-risk sites as part of our National Interim Fire Suppression Program and progressive upgrade of fire detection and suppression controls.

Amplifying our focus on safety is our commitment to building a work culture where each individual feels a sense of belonging, is able to thrive, and help our organisation make the greatest impact. We have been on a journey to reimagine the culture at

40:40 Vision

In FY22, we introduced new female participation targets aligned to 40:40 Vision. We have challenged ourselves to achieve at least 40% females in the Executive Team (defined as CEO+1) by 2027. This target has been broadened to include at least 40% females in leadership roles (defined as CEO+2) by 2030.

We are on track to meet both of these targets.



40%

Target by 2027

Females in the Executive Team (defined as CEO+1)



33.3%

FY23 result

40%

Target by 2030

Females in leadership roles (defined as CEO+2)

36.2%

FY23 result

Cleanaway by empowering local ownership across our network of over 300 branches. Our aim is to build highly capable leaders, who think beyond today, have a deep sense of care and create strong connections; inside and outside the organisation.

These changes will set a new standard of behaviour at Cleanaway, and we are committed to evolving our culture and creating an environment where everyone feels safe, included and respected. As a traditionally male-dominated industry, we are committed to creating opportunities across our organisation for greater gender balance, and recognise the social, financial and ethical benefits of doing so. An important part of fostering a diverse and inclusive workplace is increasing female participation across our workforce.

Throughout FY23, we made significant progress in increasing the number of females employed across Cleanaway. However, we acknowledge there is more work to be done. Females in operations roles increased to 10.0%, up from 7.4% in the previous year. Similarly, the overall proportion of females employed at Cleanaway increased to 22.8%, up from 20.8% in the previous year. Underpinning this is our Respect@Cleanaway Program, which will be launched in FY24. Centred around the principles of leadership, culture, and knowledge, this holistic initiative strives to enhance the prevention and response to workplace respect issues.

Caring for the planet

Maintaining the health of our planet is vital. It's one of the reasons we are passionate about the role we play in developing sustainable, high-circularity, low-carbon solutions for customers, the community and the planet.

In the tightly regulated waste industry, we strive to maintain high environmental performance standards throughout our operations. As with safety, FY23 saw the commencement of a journey to transform the way environment risk is managed across our operations. While we are working hard to improve and embed industry-leading standards, from time to time incidents and non-compliances can occur.

A fire event occurred onsite at our Artarmon SRN Transfer Station in Sydney on 4 December 2022. The site was fully evacuated and there were no injuries to our people or any members of the public. Despite significant on-site firewater holding capacity, a portion of fire-fighting foam concentrate and firewater made its way to a local waterway. Once alerted to this, our team acted with urgency to limit any environmental impact, using vacuum trucks, booms and hand tools to scoop the surface of the water body. Since the incident, water quality has returned to the same levels recorded prior to this incident.

We are continuing to invest in management of potential fire risks and build on our emergency responses for these incidents. We have also



rolled out the National Interim Fire Suppression Program to improve operational safety to ensure everyone at Cleanaway gets home safely and minimise the likelihood of fire events in the future.

Continuing the trend from previous years, there has been a sustained reduction in direction notices from state-based environmental regulators. In FY23, we received a total of 25 direction notices and formal warnings, a significant reduction from the previous year.

Over FY23, Cleanaway was issued five fines from our environmental regulators, totalling \$57,214. This compares to four fines totalling \$14,678 in FY22. Three fines were issued for matters relating to record keeping, one was issued in relation to storage of hazardous materials and one in relation to operation of plant and equipment. Over the same period, two court imposed penalties to a total value of \$38,000 were also incurred for non-compliance with licence conditions. No environmental harm was alleged. Each of these instances is an opportunity for learning and improvement, which in turn brings us closer to making a sustainable future possible together.

1.5°C ambition

One of the ways we are contributing to a better climate future is by reducing our greenhouse gas emissions. This in turn allows us to deliver lower carbon services to our customers.

We are prioritising greenhouse gas emission reductions that are both material and readily addressable. For Cleanaway, this means initially focusing on reducing methane emissions from our landfills through improved landfill gas capture. As a low-carbon fuel source, the capture and productive use of landfill gas means it can be converted into useful energy forms such as renewable electricity and renewable natural gas both for on-site and customer consumption. We are currently exploring a range of opportunities.

In FY22, Cleanaway established greenhouse gas emission reduction targets of 43% reduction in carbon dioxide and 34% reduction in methane by 2030, in reference to FY22 as the base year.

These targets are aligned to the most conservative 1.5°C scenarios presented in IPCC's AR6¹, and are consistent with limiting global warming to 1.5°C above pre-industrial levels by 2100. The methane targets are also aligned to the Global Methane Pledge.

Performance is tracked on a net emissions basis, determined from:

- Total Scope 1 and Scope 2 greenhouse gas emissions as reported under the National Greenhouse and Energy Reporting Scheme (NGERS), and calculated using prescribed methodologies
- Addition of all Australian Carbon Credit Units (ACCUs) issued in the financial year from abatement projects registered with the Australian Government
- Subtraction of ACCUs deemed surrendered, and third party carbon offsets purchased and surrendered.

In FY23, Cleanaway's net combined greenhouse gas emissions were 1,250 kt CO₂-e, equalling our FY23 reduction objective. We remain on track to meet our net 2030 greenhouse gas emissions reduction targets for methane and carbon dioxide.

We are also investigating ways to reduce carbon dioxide emissions by trialling new technologies, evaluating fuel switching for our heavy vehicle fleet, and assessing opportunities to reduce consumption of fossil fuels, natural gas, and electricity.

¹ Sixth Assessment Report (AR6) of Working Group III by the Intergovernmental Panel on Climate Change (IPCC), entitled Climate Change 2022: Mitigation of Climate Change.

Working towards a prosperous future

As one of Australia’s leading waste management companies, we see waste as a resource and recognise the value it can generate. Our goal is to lead the transition to a more sustainable future.

Enabling a circular economy is one of the ways we will get there. Blueprint 2030 establishes our commitments and actions to accelerate our business from a linear to a circular waste value chain. To make sustainable change greater than ever before, we must carefully consider the actions of the organisations we work with.



Cleanaway operates diverse supply chains across various industries and regions, collaborating with like-minded organisations aligned with our social and environmental goals. We support Australian businesses by sourcing goods, resources, and services locally and sustainably. With a strong sense of responsibility, we work alongside partners to optimise our operations and supply chain, prioritising positive outcomes for both people and the planet.

In FY23, we expanded our footprint with Circular Plastics Australia with the construction of the new PET (polyethylene terephthalate) recycling plant in Altona North. The plant will commence operation in FY24 and process plastic waste from kerbside recycling bins, as well as the Container Deposit Scheme to launch in Victoria in FY24, with TOMRA Cleanaway appointed as Network Operator. We also expanded our partnership with PACT Group, with the addition of

a new HDPE (high-density polyethylene) and PP (polypropylene) recycling plant in Laverton. When operational in FY24 the site will process 20,000 tonnes (or the equivalent of half a billion plastic milk bottles and food tubs each year) and convert them into plastic pellets used to manufacture new bottles and food containers.

We completed the acquisition of Australian Eco Oils (AEO) on 21 August 2023. AEO is one of Australia’s leading collectors and processors of used cooking oil (UCO) processing ~11,500 tonnes per annum of UCO from 1,500 customers across 4,000 collection points and selling the processed product into the stockfeed and renewable fuel sectors.

In FY24, we are excited to collaborate with organisations and local communities across Australia to manage resources. This presents opportunity to expedite the nation’s journey toward sustainability. Our FY23 Sustainability Report outlines more initiatives and achievements that have created value for people, the planet and prosperity and is available at www.cleanaway.com.au/sustainability-report/

	Target 2030 ¹	Target 2050 ¹
 CH ₄	34% Methane reduction	57% Methane reduction
 CO ₂	43% Carbon dioxide reduction	Net Zero

Beyond our focus on reducing greenhouse gas emissions, Cleanaway understands and acts on its responsibility to identify and respond to physical and transitional climate risks, and ensure climate change adaptation, mitigation, and resilience strategies are embedded in Cleanaway’s Risk Management Framework.

Work continues to embed climate change considerations into our risk management approach through:

- Understanding of climate risk and opportunity through research and scenario analysis
- Embedding climate risk management in the Enterprise Risk Management Framework
- Bringing focus and connectedness to climate risk mitigants into our strategic and line decision making.

A deep dive assessment of physical climate risk has been completed. Results from the modelling suggested that Cleanaway’s assets are not highly impacted. Both policy and climate science are moving at pace. We are currently updating our climate risk and opportunity assessment and scenario analysis, with the help of a third-party consultant. This assessment is being undertaken in alignment with the TCFD Good Practice Handbook (2nd Edition 2021), leveraging specific experience at Cleanaway in combination with broader sector-based climate expertise.

We expect the quantitative transition and physical climate scenario analysis will be completed by December 2023. This will enhance understanding of climate change impacts on Cleanaway and be used to inform development of our Climate Action Roadmap. Cleanaway identifies and manages climate change risk in alignment with the recommendations of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD).

- ① Cleanaway’s response against these pillars is set out in our ESG Databook, which can be found here www.cleanaway.com.au/sustainability-report/

¹ Base year (FY22) CO₂-e emissions were adjusted to 1,308kt in FY23 to reflect the acquisition of Global Renewables Holdings Pty Ltd and full-year ownership of SRN.

Board of Directors



Philippe Etienne

Independent Non-Executive Chairman

Independent Non-Executive Director since 29 May 2014, was appointed Deputy Chair on 14 June 2023.

Philippe is a Non-Executive Director of Lynas Corporation Limited (since January 2015) and Aristocrat Leisure Limited (since 1 October 2019).

Formerly, the Managing Director and Chief Executive Officer of Innovia Security Pty Ltd (retired September 2014) and Non-Executive Director of Sedgman Limited (February 2015 to November 2015).

Philippe has held a range of other senior executive positions with Orica in Australia, the USA and Germany, including strategy and planning and responsibility for synergy delivery of large-scale acquisitions.

He holds a Bachelor of Science in Physiology and Pharmacology and a Master of Business Administration (MBA). A Graduate of the Australian Institute of Company Directors and has completed post-graduate qualifications in marketing.



Mark Schubert

CEO and Managing Director

Mark joined Cleanaway as Chief Executive Officer and Managing Director in August 2021.

Mark was formerly the Executive General Manager, Integrated Gas at Origin Energy for four years. Prior to joining Origin Energy in 2015, Mark held a number of senior positions during an 18-year international career with the Shell Group of companies. He has a track record of operating

and transforming major assets, including world class LNG projects and oil refineries.

Mark has a Bachelor of Engineering (Chemical) degree from the University of Sydney and Masters of Finance and Financial Law from the University of London. Mark is on the advisory board of Women & Leadership Australia.



Michael Kelly

Independent Non-Executive Director

- Chair of the Audit & Risk Committee

Independent Non-Executive Director since 1 December 2021.

Michael was Chief Financial Officer of Adbri Ltd from 2010 to 2018 and Executive General Manager of Strategy and Development at Adbri Ltd from 2006 to 2010.

Prior to this, Michael held senior positions at Rinker Ltd 2003 to 2006 and at CSR Ltd from 2001 to 2003.

Michael is an experienced executive with over 30 years' experience in finance, corporate strategy, operations and acquisitions across construction materials, building products, resources and media, within Australia and internationally.

Michael holds a Bachelor of Commerce and is a Certified Practising Accountant.



Samantha Hogg

Independent Non-Executive Director

- Chair of the Human Resources Committee
- Member of the Audit and Risk Committee

Independent Non-Executive Director since 1 November 2019.

Samantha is the Deputy Chair and Lead Independent Director (since March 2023), Non-Executive Director (since March 2022) of Adbri Limited, and a Non-Executive Director of IGO Limited (since January 2023).

Samantha was formerly a Non-Executive Director of De Grey Mining Limited (resigned 17 October 2022), Australian Renewable Energy Agency (retired July 2020), TasRail (resigned December 2019), MaxiTRANS Industries Limited (resigned March 2021), Hydro Tasmania (retired August 2021) and Infrastructure Australia (ceased November 2021), former Chair of Marinus Link Pty Ltd (resigned June 2023), and former Chair

of Tasmanian Irrigation (resigned December 2022), and formerly a Board member of the National COVID-19 Commission (NCC) Advisory Board (ceased March 2021).

Samantha is an experienced executive with international experience across the transport, infrastructure, energy and resources sectors. She has held senior executive positions at Transurban Group and Western Mining Company across a broad range of portfolios including finance, strategic projects, marketing and corporate services. Her most recent executive role was Chief Financial Officer of Transurban Group.

Samantha holds a Bachelor of Commerce and is a member of the Australian Institute of Company Directors.



Jackie McArthur

Independent Non-Executive Director

- Chair of the Sustainability Committee

Independent Non-Executive Director since 1 September 2022.

Jackie McArthur is a Non-Executive Director of Inghams Group Ltd and Qube Holdings Ltd.

Jackie was formerly a Non-Executive Director of Blackmores Ltd, Invocare Ltd and Tassal Group Ltd.

Jackie has held various senior executive positions including Managing Director of Martin-Brower ANZ, a global leading distributor and supply chain services provider. She has also held various senior executive positions with McDonalds, both in Australia and overseas, including Vice President of Supply Chain for Asia, Pacific, Middle East and Africa. Ms McArthur

has more than 20 years' experience at executive and board level roles in general management and strategy, supply chain and logistics, operations, food and packaging manufacturing, emerging brand issues and crisis management, corporate social responsibility, governance, engineering and information technology.

Jackie was the 2016 Telstra NSW Business Woman of the Year and 2016 Telstra Business Women's Awards – Corporate and Private National Winner. She has completed the INSEAD International Executive Program, has a Bachelor of Engineering from the University of Sydney and is a member of the Australian Institute of Company Directors.



Ingrid Player

Independent Non-Executive Director,

- Member of the Sustainability Committee
- Member of the Human Resources Committee

Independent Non-Executive Director since 1 March 2021

Ingrid Player is a Non-Executive Director at Integral Diagnostics Limited (since August 2023), Cogstate Ltd (since August 2019), HealthShare Victoria (since January 2021) and Epworth Foundation (since November 2021).

Ingrid is an experienced executive with international commercial and regulatory experience in mergers and acquisitions, corporate governance, capital

developments, risk and sustainability that spans different markets and industries in Australia and Europe. During her executive career, she held senior executive roles with Healthscope Ltd, including the positions of Group Executive – Legal, Governance and Sustainability, and General Counsel and Company Secretary. Prior to this, she worked as a lawyer in private practice in Australia and overseas.

Ingrid holds a Bachelor of Economics and Bachelor of Laws (Hons) and is a member of the Australian Institute of Company Directors.



Terry Sinclair

Independent Non-Executive Director

- **Member of the Audit and Risk Committee**
- **Member of the Human Resources Committee**

Independent Non-Executive Director since 1 April 2012.

Terry currently serves as Chairman Silk Logistics Holdings Limited ASX:SLH (effective July 2020), Non-Executive Director of Indara Corporation Pty Ltd (formerly known as Australia Tower Networks Pty Ltd) (effective November 2021), as well as Senior Advisor to Australian Super (effective October 2019).

Formerly, he was a Non-Executive Director of Faethm.ai Pty Ltd, Ovato Limited and Zoom2U Technologies, Managing Director of Service

Stream Limited, Executive Chairman of AUX Investments (jointly owned by Qantas and Australia Post), Chairman of Star Track Express, Director of Sai Cheng Logistics (China) and Director of Asia Pacific Alliance (HK).

Terry has significant operations and corporate development experience across the Industrial, Resources and Consumer Services sectors including 20 years in senior management roles in BHP (Minerals, Steel and Transport/Logistics) and Australia Post (Head of Logistics and Corporate Development).



Clive Stiff

Independent Non-Executive Director

- **Member of the Audit and Risk Committee**
- **Member of the Sustainability Committee**

Independent Non-Executive Director since 1 June 2023.

Clive is a Non-Executive Director of GrainCorp Limited (since October 2021), a member of the Quantum Advisory Board, and a member of the Genpact Australian Advisory Council. Clive is an external advisor to Bain & Company, and a member of the University of New South Wales Business School Advisory Council.

Clive was formerly a Non-Executive Director of Australian Pharmaceutical Industries Limited, Chair of the Australian Food & Grocery Council,

Chair of T2 Tea, and Non-Executive Director of Foodbank NSW & ACT.

Clive has over 35 years of experience in the fast moving consumer goods industry. He was formerly CEO of Unilever Australia & New Zealand, CEO of Procter & Gamble France, and previously held other senior executive roles with the company internationally, as well as locally with Goodman Fielder.

Clive holds a Master of Science in Management, and is a Fellow of the Australian Institute of Company Directors.

Senior Executive Team



Mark Schubert

CEO and Managing Director

Mark joined Cleanaway as Chief Executive Officer and Managing Director in August 2021. Mark was formerly the Executive General Manager, Integrated Gas at Origin Energy for four years. Prior to joining Origin Energy in 2015, Mark held a number of senior positions during an 18-year international career with the Shell Group of companies. He has

a track record of operating and transforming major assets, including world class LNG projects and oil refineries. Mark has a Bachelor of Engineering (Chemical) degree from the University of Sydney and Masters of Finance and Financial Law from the University of London. Mark is on the advisory board of Women & Leadership Australia.



Paul Binfield

Chief Financial Officer

Paul joined Cleanaway as Chief Financial Officer in February 2021. He has held the CFO role at a number of public companies including Nufarm, Mayne Pharma and Mayne Group. He has broad finance experience having led finance functions in listed and private companies, both in Australia

and the United Kingdom. Paul holds a Bachelor of Mathematics and is a member of the Institute of Chartered Accountants in Australia and New Zealand.



Tracey Boyes

Executive General Manager, Solid Waste Services

Tracey joined Cleanaway as Executive General Manager, Solid Waste Services in February 2022. Tracey has broad experience in managing large scale operations, with particular expertise in driving value creation and innovation, HSE and risk management, corporate strategy and sustainability. Prior to joining Cleanaway,

Tracey held a number of senior and executive roles at Origin Energy, Contact Energy and News Corporation. Tracey holds a Bachelor of Commerce and Administration majoring in accounting and commercial law, and is a member of the Institute of Chartered Accountants in Australia and New Zealand.



Scott Nicholls

Executive General Manager, Liquid Waste and Health Services, Industrial and Waste Services

Scott joined Cleanaway in March 2023 as Executive General Manager, Liquid Waste and Health Services, Industrial and Waste Services. Before joining Cleanaway, Scott was the President of Resources and Industrial for five years at Linfox Pty Ltd. Prior to this, Scott spent over 15 years with

Caltex Australia Ltd where he fulfilled a variety of senior executive roles in strategy, operations and sales. Scott holds a Bachelor of Engineering (Mechanical) from the University of Wollongong and has completed the Advanced Management Program at Harvard Business School.



Michele Mauger

Chief People Officer

Michele joined Cleanaway in March 2022 as the Chief People Officer. She has more than 30 years' of Human Resources and Communications experience, with the last 15 years fulfilling Executive Leadership roles including Chief People and Corporate Affairs Officer with Incitec Pivot, Executive GM People, Capability and Communications with Thiess, Group People Director with Worley and Head of Human Resources with Grocon. Michele partners

with business leaders to deliver excellence through innovative people and communication solutions. She is very experienced in establishing and delivering business aligned people and communications strategies, and is well versed at leading teams through complex transformation programs, underpinned by robust change management. Michele is a Board Member of Arts Project Australia, a not-for-profit organisation supporting artists with disabilities.



Dan Last

General Counsel and Company Secretary

Dan joined Cleanaway as General Counsel and Company Secretary in March 2014. Dan is an experienced General Counsel and Company Secretary with over 20 years' experience in law firms and senior in-house legal roles. Prior to joining Cleanaway, Dan was the General Counsel and Company Secretary of Foster's Group

Limited. He has also worked in top tier law firms in Australia and overseas. Dan has a Bachelor of Laws (Hons), a Bachelor of Commerce, is a Fellow of the Governance Institute of Australia, and a Graduate of the Australian Institute of Company Directors.



Frank Lintvelt

Executive General Manager, Strategy, Mergers & Acquisitions

Frank was appointed Executive General Manager, Strategy, Mergers & Acquisitions in November 2019. He first joined Cleanaway in 2013 as Corporate Development Manager, has since been Head of Mergers & Acquisitions and more recently added strategy to his responsibilities. Frank has more than 20 years' experience in senior corporate

development, strategy and investment banking roles. Prior to joining Cleanaway, he spent 13 years in investment banking in London and Sydney, most recently with Morgan Stanley. Frank holds a Bachelor of Business Administration, a Masters of Business Administration from York University in Toronto (Canada) and is CPA qualified.



Michael Bock

Executive General Manager, Integration and Enterprise Services

Michael joined Cleanaway in March 2018 as Executive General Manager, Integration. Before joining Cleanaway, Michael was a Senior Vice President in McKinsey & Company's transformation practice. Michael has spent more than 20 years' in executive roles, including seven years at ANZ Bank where he led the mortgages business and business improvement program;

and 12 years at General Electric (GE), responsible for the trailer and fleet leasing businesses in both Australia and Mexico. He also served as the Global Lean Six Sigma Leader across 54 countries for one of GE's largest divisions. Michael holds a Bachelor's Degree in Economics from Harvard University and a Masters of Business Administration from the Kellogg School of Management.



Chris Avramopoulos

Executive General Manager, Growth and Customer

Chris joined Cleanaway in February 2020 as Executive General Manager, Customer and Growth. Prior to joining Cleanaway, Chris held several senior positions at Orica over more than 20 years including Vice President – Asia, Chief Transformation Officer and Vice President

– Commercial. He has vast international experience serving customers in all continents, including a secondment in Asia. Chris has a Bachelor of Science, majoring in Mathematics & Computer Science.



Deborah Peach

Executive General Manager, Health, Safety and Environment

Deborah joined Cleanaway in August 2022 as Executive General Manager Health, Safety and Environment. Deborah joins Cleanaway from Woodside Energy where she most recently held the roles of Vice President Australia Operations Support and Vice President Governance, Risk and Compliance. Prior to that, she held executive and senior leadership roles spanning Health, Safety and Environment in the mining, consulting and energy sectors. Deborah brings to Cleanaway 26 years' of HSE expertise in high-risk operational settings with demonstrated

success in driving transformational change, aligning businesses with regulatory requirements, practical mitigation of risk, improving performance and strengthening organisational culture. She has a Bachelor of Science (Hons) majoring in Environmental Science and is a Graduate of the Australian Institute of Company Directors. Deborah is a Board Member of Safer Together WA/NT, a not-for-profit organisation committed to improving safety culture and performance across industry.

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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 2023 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
M J Schubert	Chief Executive Officer and Managing Director
R M Smith	Non-Executive Director
T A Sinclair	Non-Executive Director
R M Harding	Non-Executive Director (retired 20 October 2022)
P G Etienne	Deputy Chairman and Non-Executive Director
S L Hogg	Non-Executive Director
I A Player	Non-Executive Director
A M Kelly	Non-Executive Director
J McArthur	Non-Executive Director (appointed 1 September 2022)
C M Stiff	Non-Executive Director (appointed 1 June 2023)

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

On 15 June 2023 the Group announced that Non-Executive Chairman Mark Chellew will retire from the Cleanaway Board before the 2023 Annual General Meeting. Philippe Etienne has been appointed Deputy Chairman of Cleanaway and will be appointed Chairman following Mark Chellew's retirement later in the year.

Particulars of Directors' qualifications, experience and special responsibilities can be found on pages 24 to 28.

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 unfranked dividends on ordinary shares for the financial year ended 30 June 2023 of 4.90 cents per share, being an unfranked interim dividend of 2.45 cents per share and an unfranked final dividend of 2.45 cents per share. The record date of the final dividend is 15 September 2023, with payment to be made 6 October 2023. The financial effect of the final dividend has not been brought to account in the Financial Statements for the financial year ended 30 June 2023 and will be recognised in a subsequent Financial Report.

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

RECOGNISED (PAID AMOUNTS)	2023 \$'M	2022 \$'M
Fully paid ordinary shares		
Final dividend for 2022: 2.45 cents per share (2021: 2.35 cents per share)	54.5	48.4
Interim dividend for 2023: 2.45 cents per share (2022: 2.45 cents per share)	54.5	50.5
Total dividends paid	109.0	98.9

Operating and financial review

Review of financial position

Operating cash flows increased by 3.3% to \$481.8 million (2022: increase of 9.9% to \$466.3 million).

The Group's net assets have increased from \$2,628.2 million to \$2,945.4 million. At 30 June 2023, the Group had a net current asset deficiency of \$170.0 million (2022: \$242.4 million). The Group has sufficient unutilised committed debt facilities at 30 June 2023 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 \$1,145.0 million (2022: \$1,195.0 million), US Private Placement Notes of \$348.3 million (2022: \$351.9 million), financing arrangements with the Clean Energy Finance Corporation of \$90.0 million (2022: \$90.0 million) and an uncommitted bank guarantee facility of \$95.0 million (2022: \$95.0 million). The headroom available in the Group's facilities at 30 June 2023 was \$528.2 million (2022: \$487.7 million) and cash on hand was \$102.1 million (2022: \$66.5 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 34.3% (2022: 38.7%). The weighted average debt maturity is 3.6 years (2022: 4.1 years).

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 on pages 14 to 19.

Review of financial results

The Group's statutory profit after income tax (attributable to ordinary equity holders) for the financial year ended 30 June 2023 was \$21.6 million (2022: \$78.9 million). The Group's underlying profit after income tax (attributable to ordinary equity holders) for the year ended 30 June 2023 of \$146.7 million was up 2.4% on the prior year (2022: \$143.3 million) after adjusting for the significant items which impacted the Group's result during the current period by \$125.1 million, net of tax (2022: \$64.4 million, net of tax).

Revenue from ordinary activities increased by 18.4% to \$3,558.8 million (2022: \$3,006.2 million). Excluding the collection of levies, net revenue increased by 13.9% to \$2,965.8 million (2022: \$2,603.8 million).

Total expenses increased by 20.8% to \$3,031.0 million (2022: \$2,510.1 million). Excluding levies collected and paid, total expenses increased by 15.7% to \$2,438.0 million (2022: \$2,107.7 million). Depreciation and amortisation expense increased by 12.8% to \$365.9 million (2022: \$324.5 million).

Operating and financial review (continued)

Review of financial results (continued)

Group results for the financial year ended 30 June 2023

	UNDERLYING ADJUSTMENTS						UNDERLYING ¹ \$'M
	STATUTORY ¹ \$'M	ACQUISITION & INTEGRATION COSTS ⁴ \$'M	FLOOD IMPACTS ⁵ 'M	MEDICAL WASTE FACILITY INCIDENTS ⁶ 'M	NEW CHUM HEIGHT RISE ⁷ 'M	OTHER ⁸ 'M	
Solid Waste Services							562.7
Industrial & Waste Services							52.7
Liquid Waste & Health Services							92.4
Equity accounted investments							(0.7)
Waste management							707.1
Corporate							(39.0)
EBITDA²	546.6	7.9	62.2	22.1	23.2	6.1	668.1
Depreciation and amortisation	(365.9)	–	–	–	–	–	(365.9)
Write-off of assets	(51.3)	–	–	0.2	51.1	–	–
EBIT³	129.4	7.9	62.2	22.3	74.3	6.1	302.2
Net finance costs	(96.1)	–	–	–	–	–	(96.1)
Profit before income tax	33.3	7.9	62.2	22.3	74.3	6.1	206.1
Income tax expense	(9.8)	(1.1)	(18.7)	(6.7)	(22.3)	1.1	(57.5)
Profit after income tax	23.5	6.8	43.5	15.6	52.0	7.2	148.6
Attributable to:							
Ordinary equity holders	21.6	6.8	43.5	15.6	52.0	7.2	146.7
Non-controlling interest	1.9	–	–	–	–	–	1.9

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. 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 of \$7.9 million include transaction costs and other costs associated with the acquisition and integration of Global Renewables Holdings Pty Ltd of \$5.3 million and the final integration costs related to the Sydney Resource Network acquisition of \$2.6 million.

5 Several Cleanaway sites were impacted by the East Coast floods that occurred during late February and early March 2022. Flood impacts in the current period of \$62.2 million relate mainly to further rectification works on the cell at the New Chum landfill which was under construction at the time of the floods. More stringent requirements have been imposed by the regulator and works to rectify the damaged cell have taken longer than anticipated.

6 In June 2022, a fire caused significant damage to equipment at the medical waste processing facility in Dandenong, Victoria. The Victorian Health business has incurred additional expenses of \$39.3 million during the financial year, largely related to alternative waste disposal costs. Insurance recoveries of \$17.0 million have been recognised during the period in relation to property damage and business interruption claims agreed by the insurers. Further insurance claims are expected to be recognised in the year ending 30 June 2024.

7 On 20 June 2023, the Planning and Environment Court in Queensland dismissed an appeal by Cleanaway against the decision of the Ipswich City Council to refuse an application that would have allowed for additional airspace at the New Chum landfill. As a result of this decision, assets related to the New Chum landfill of \$51.1 million have been written-off. In addition, the remediation provision has increased by \$23.2 million as future spend on infrastructure, including gas and stormwater management, will no longer qualify to be recognised as assets when incurred. Furthermore, capping works will be brought forward and results in discounting the cashflows in the nearer term.

8 Other underlying adjustments comprise:

- IT costs associated with the transformational CustomerConnect project of \$6.1 million related to customisation and configuration of cloud-based software, which Cleanaway does not control and therefore the costs do not qualify for capitalisation as intangible assets. The income tax benefit related to these costs is \$1.8 million.
- During the period, the Group agreed a final settlement with New Zealand Inland Revenue regarding their review of various matters related to the Group's prior ownership of the New Zealand business, which resulted in an additional tax liability. As a result, the Group has raised an additional tax provision of \$2.9 million.

Operating and financial review (continued)

Review of financial results (continued)

Group results for the financial year ended 30 June 2022

	UNDERLYING ADJUSTMENTS						UNDERLYING ¹ \$'M
	STATUTORY ¹ \$'M	ACQUISITION & INTEGRATION COSTS ⁴ \$'M	FLOOD IMPACTS ⁵ 'M	MEDICAL WASTE FACILITY INCIDENTS ⁶ 'M	CEO TRAN- SITION & RESTRUCT- URING PROJECTS ⁷ 'M	OTHER ⁸ \$'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)
EBITDA²	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	–	–	–	–	–
EBIT³	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. 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)

Key business strategies and prospects

As previously outlined, 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. Our goal is to be recognised by our customers as the most innovative and sustainable waste management company, with industry leading HSE performance.

Over the last year, we have made significant progress in our Blueprint 2030 strategy by installing new capacity to support the delivery of the strategy and foundations including, but not limited to, a refreshed and aligned executive team that is passionate about our purpose and strategy and a significantly new and improved capability in areas such as HS&E, carbon, organics, C&D, landfill gas and sustainability to name just a few. We have developed detailed plans across our 14 blueprints that will drive the growth of the business. The expected timelines and deliverables under each plan are tracked and reviewed monthly by the executive team and relevant leaders.

People and Culture sit across all three of our BluePrint 2030 pillars as a key enabler of our strategy. We recognise that our people and how we work together is central to fully achieving our mission.

Over the last 12 months we have been on a journey to reimagine the culture at Cleanaway. We are unlocking capability by empowering local ownership in our network of 300+ branches. We are building highly capable leaders who think beyond today, have a deep sense of care and who create strong connections inside and outside the organisation.

We recognise that care, inclusion, respect and empathy hasn't always been ingrained in all the ways we work. However, we are committed to evolving our culture and creating an environment where everyone feels safe, included, respected and confident to bring their unique selves to work every day.

We are doing this because we believe that while we are strong individually, by working together as 7,500 passionate employees, contractors and partners, we become unstoppable. We are developing our new values that will shape who we are, how we work, how we show up, how we lead and how we treat each other. By truly living these we know we will create an environment where our people can thrive, and we can achieve amazing things together.

To enable the successful execution of Blueprint 2030, we are designing, and embedding a People First culture that inspires people to bring their best selves to work every day, where they are empowered and enabled; are curious learners; and act as owners and perform highly for our customers, which in turn delivers great results for our shareholders.

We plan to launch our reimagined values in FY24.

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. Throughout the year we have progressed several infrastructure opportunities including Organics.

This is the fastest growing segment of the waste industry, as more and more councils move to source separated organics collections. We will continue to target food and garden organics, as well as grease trap waste through our liquids business. We will continue to 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 (C&I) 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. Progress in Organics has been pleasing with our South-East Organics depackaging facility expected to double in capacity by early 2024 growing from 30tpd to 60tpd.

The completion of the GRL acquisition on 31 August 2022 represents an important step in the acceleration of our Blueprint 2030 strategy, and in particular, our organics Blueprint. The site and facility provide a strategic location and infrastructure to enhance our broader network and customer offering today and into the future as we position ourselves to capture share of the growing FOGO market opportunity. We completed the acquisition of GRL during the year, with GRL contributing 10 months of earnings and performing in line with expectations.

GRL is currently delivering >30% landfill diversion. During the period the operational team undertook trials at the facility, with further analysis underway to determine the optimal transition plan for the facility as it prepares to capture the emerging Sydney FOGO opportunity.

Operating and financial review (continued)

Key business strategies and prospects (continued)

On the Container Deposit Scheme (CDS), we've expanded our core infrastructure footprint through our recent appointment as one of the network operators for the Victorian Container Deposit Scheme. The zones allocated to our TOMRA Cleanaway Joint Venture are expected to represent 500 million containers per annum, and we have developed plans to optimise the current footprint across our segments.

The scheme is expected to commence in November 2023, and we've already commenced the roll out and development of associated infrastructure.

The TOMRA Cleanaway joint venture will also continue in the role of Network Operator under the New South Wales CDS, 'Return and Earn' until late 2026, with the Network Operator Agreement having been recently extended for four years.

Our aspiration is to position Cleanaway as the partner of choice for current and emerging solid product stewardship schemes.

We have successfully expanded our C&D business with the establishment of a dedicated vertical, executive and team.

With this 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 that will be critical parts of the vertical value chain. From there we can grow across the value chain and infill footprint gaps through a combination of green and brownfield developments and selective acquisitions.

We continue to progress long lead items related to our Energy from Waste (EfW) developments. In Victoria, we have submitted applications for a development license and a planning permit. Following this, we will be seeking to secure an allocation under the cap and we are preparing our submission in anticipation of the request for proposals. In Queensland, we acquired a site in Bromelton strategically located next to the Brisbane and Gold Coast markets.

Whilst we have spent considerable time and effort on assessing the strategic fit of EfW projects as part of our broader portfolio, the capital investment to date has been relatively modest and focused on creating the option value to execute on these projects, when the returns are attractive. We have been, and continue to be, very disciplined in our approach to capital allocation and will only deploy capital with a clear path to an appropriate rate of return.

We completed the acquisition of Australian Eco Oils (AEO) on 21 August 2023. AEO is one of Australia's leading collectors and processors of used cooking oil (UCO) processing ~11,500 tonnes per annum of UCO from 1,500 customers across 4,000 collection points and selling the processed product into the stockfeed and renewable fuel sectors. We expect to offer UCO collection to our existing grease trap collection customer base, thereby positioning Cleanaway as a supplier of choice.

Our Albury (NSW) PET pelletising facility has been built with our Altona (VIC) PET facility under construction and is expected to be completed in H1 FY24. The combined facilities have a total processing capacity of 60kt per annum.

Separately, our second Victorian facility in Laverton is currently being constructed in a 50/50 JV with Pact Group. It will have an annual capacity of 20kt HDPE and PP pelletising, and is expected to be completed in H1 FY24.

Finally, from an infrastructure expansion perspective, the SRN transaction has contributed a full year of earnings following transaction completion in FY22.

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. We continue to recognise that in order to move to a fully circular economy, continued investment in new solutions and technologies is required. There are three key focus areas.

The first is to constantly 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 continue to 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.

Operating and financial review (continued)

Key business strategies and prospects (continued)

Sustainable Customer Solutions

Our mission is to offer the most circular and lowest carbon solutions for our customers. As part of that we assess our business and opportunities against an expanded waste hierarchy that recognises the degrees of circularity.

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.

As we move down the pathway to delivery on this ambition we will earn the confidence and credibility needed to offer decarbonisation products and services to our customers from our key strategic infrastructure. So 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.

The Data & Analytics component of our operational excellence pillar is one that spans our entire organisation and provides our teams with the tools that inform the thousands of decisions they make every day, by focusing on improving the important drivers of value that they control.

Under our Data & Analytics blueprint, we are undertaking four key programs of work spanning data infrastructure and governance, Reporting & Business intelligence, insights delivery and Advanced Analytics.

Our work on data infrastructure and governance is helping us to ingest and cleanse the data generated across the various systems and databases in our organisation.

The Reporting & Business intelligence workstream is seeking to standardise and improve the level of reporting across the business thereby enabling more informed decisions.

Our work in insights delivery is to take our outputs from the Reporting & Business intelligence workstream and generate insights and value drivers to improve financial performance.

The Advanced Analytics program is longer dated and it will utilise artificial intelligence and machine learning to support decision making across the organisation.

These programs will enable us to work smarter, make more informed decisions and ultimately 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 as outlined in our mid-term margin scorecards. We will do this in part by aligning our strategy and our culture. We will bring about this change by working together with our more than 7,500 employees, by integrating our assets together and working together with our partners and customers.

We will continue with 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 our branches, as outlined at our June 2023 strategy day. 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 branch pilots and replicate across our entire business.

Operating and financial review (continued)

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 decision making. The recently announced mid-term financial ambition, with their focus on continuously improving ROIC and growing EBIT, should serve to reinforce the group's financial discipline with respect to capital decision making. Our benchmark is always relative to a return of 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.

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.

Operating and financial review (continued)

Principal risks (continued)

RISK	DESCRIPTION	MITIGATION
Operational risks	<p>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.</p> <p>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 and systems security or data breaches.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
Industry consolidation	<p>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.</p>	<p>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.</p>
Integration of acquisitions	<p>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.</p>	<p>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.</p>
Attract and retain key management	<p>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.</p>	<p>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.</p>

Operating and financial review (continued)

Principal risks (continued)

RISK	DESCRIPTION	MITIGATION
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.	<p>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.</p> <p>Cleanaway embraces fit-for-purpose technologies and engineering controls which enhance the safety of our fleet, fixed plant and equipment.</p>
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 assesses and manages sustainability-related risks in accordance with its Enterprise Risk Management Framework, which is aligned to International Standard AS/NZS ISO 31000 and broader industry practice. This includes regularly reviewing our operating environment, emerging and current risks, and risk mitigation and control. Cleanaway continues to focus on Environmental, Social and Governance (ESG) risks and enhance its disclosure in relation to ESG matters. ESG disclosures set out in our Sustainability Report are underpinned by a comprehensive materiality assessment and align with the Sustainability Accounting Standards Board (SASB) Waste Management Standard.
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.	<p>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.</p> <p>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.</p> <p>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.</p>

Operating and financial review (continued)

Principal risks (continued)

RISK	DESCRIPTION	MITIGATION
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.
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 2023.

Events subsequent to reporting date

Acquisition of Australian Eco Oils

On 21 August 2023, the Group acquired the business and assets of Australian Eco Oils (AEO) for consideration of \$39 million. Trading under the Scanline brand, AEO collects and processes used cooking oils to improve the quality and then sells the product into the stockfeed and renewable fuel sectors.

The acquisition includes three licensed processing facilities in Riverstone NSW, Rocklea QLD, and Laverton VIC, with a combined capacity of approximately 30,000 tonnes per annum of used cooking oil, a fleet of 26 vehicles and 30 employees.

Other than noted above, there have been no matters or circumstances that have arisen since 30 June 2023 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. There were no material breaches of environmental statutory requirements and no material prosecutions during the year. Aggregated fines paid during the year and up to the date of this report were \$151,960 (2022: \$670,178).

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' Report

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	12	12	–	–	–	–	–	–
M J Schubert	12	12	–	–	–	–	–	–
R M Smith ³	12	11	4	4	–	–	4	4
T A Sinclair	12	12	4	3	–	–	4	3
R M Harding	5	5	–	–	1	1	–	–
P G Etienne ^{2, 4}	12	12	4	4	4	4	–	–
S L Hogg ⁵	12	12	4	4	–	–	4	4
I A Player	12	12	–	–	4	4	3	3
A M Kelly	12	12	4	4	–	–	–	–
J McArthur	9	9	–	–	3	3	–	–
C M Stiff	2	2	–	–	–	–	–	–

1 Chairman of the Board.

2 Deputy Chairman of the Board.

3 Chairman of the Audit and Risk Committee.

4 Chairman of the Sustainability Committee.

5 Chairman of the Human Resources Committee.

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	170,442	–
M J Schubert	152,091	1,815,881
R M Smith	143,034	–
T A Sinclair	54,920	–
P G Etienne	91,925	–
S L Hogg	20,000	–
I A Player	30,228	–
A M Kelly	51,123	–
J McArthur	30,571	–
C M Stiff	–	–

Shares under option and performance rights

During the financial year ended 30 June 2023 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 2023 and 2022 financial years are set out in the Remuneration Report. Total performance rights outstanding as at 30 June 2023 are 7,585,392 (2022: 7,375,723). Performance rights outstanding at the date of this report are 7,363,779.

Shares issued on the exercise of performance rights

During the financial year ended 30 June 2023 and up to the date of this Report, the Company issued 1,603,565 shares as a result of the exercise of performance rights that vested during the year. During the financial year ended 30 June 2022 and up to the date of the 2022 Report, the Company issued 1,542,569 ordinary shares as a result of the exercise of performance rights that vested on 30 June 2022.

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 2023, non-audit services provided by Ernst & Young included other advisory services relating to the Group's FY22 and FY23 Sustainability Reports and verification procedures in relation to the investor presentation for the August 2022 capital raise.

The Directors have considered the position and in accordance with written advice provided by 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 of \$227,960 provided by Ernst & Young during the period represented 10.5% 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.

	2023 \$	2022 \$
Ernst & Young:		
Audit services	1,554,800	1,360,630
Audit related services	393,346	190,550
Non-audit services:		
Other advisory services	227,960	32,000
Total	2,176,106	1,583,180

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 70.

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 44 to 69, is made in accordance with a resolution of the Board.



M P Chellew
Chairman



M J Schubert
Chief Executive Officer and Managing Director

Melbourne, 23 August 2023

Remuneration Report (Audited)

Contents

The Report contains the following sections:

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Introduction from the Chair of the Human Resources Committee

Dear Shareholders,

On behalf of the Board of Directors of Cleanaway, I present to you the Remuneration Report for the financial year ended 30 June 2023.

FY2023 performance and remuneration outcomes

As for many other companies, this year has been a challenging one for your Company with rising input costs, wages and interest rates and a number of individually significant items relating to events that occurred in FY2022, including further rectification costs following the flooding of our New Chum landfill site in Queensland and the costs associated with the loss of our hammermill medical waste processing equipment. We also wrote off the New Chum landfill assets following an unsuccessful court appeal that sought to have a height extension at the landfill approved.

As a result, our FY2023 statutory profit which includes these costs, was materially lower than our FY2023 underlying profit. It was also materially lower than our FY2022 statutory profit.

Our underlying Group EBIT, which is a key performance measure in our annual Short-Term Incentive (STI) program, was very close to our budget set at the start of the year.

The Board considered the calculated outcomes under our STI program and weighed them in light of the materially lower statutory profit result, our flat share price performance for the year and the fact that we maintained dividends at 2022 levels. Consistent with the Board's ultimate discretion in awarding incentive payments, the Board decided to reduce executive STI award payments for the year by 30% from the assessed outcomes to better align them with the experience of our shareholders.

Ultimately, this resulted in us awarding our CEO & MD 55.2% of his target STI for 2023. We have not taken this decision lightly, as we do recognise the efforts of our new leadership team throughout the year in continuing to grow our business, to continually improve our practices and processes, to manage our costs and in completing the acquisition and integration of GRL.

However, the Board determined that this was a substantial but equitable reduction in the circumstances and represented an appropriate balance between reflecting shareholders' experience and attracting and retaining executive talent.

Response to the 2022 first strike

The Board has engaged broadly with our stakeholders following the 25.5% vote against our Remuneration Report at the 2022 AGM. We have considered the many and varied views of our shareholders and taken that feedback into account in making changes to our executive remuneration framework for FY2024.

The key feedback we heard related to decisions we made in awarding the 2022 STI to executives. The Board has taken onboard that feedback, particularly in relation to the inclusion of the Sydney Resource Network business earnings, the number and quantum of underlying adjustments, and the impact of the environmental incident at New Chum landfill last year in the financial outcomes for 2022.

In light of that feedback, for FY2023 we have excluded the earnings of the GRL business, which we acquired during the year, from the 2023 STI calculation as this was not a budgeted item. We have not awarded any STI against our environmental measures this year and we have exercised discretion to further moderate STI outcomes downwards in light of the quantum of underlying adjustments.

Section 2 of the Report sets out the key issues raised by investors and the way in which we have sought to address those issues.

In addition to the items I have referred to above we have decided to make some further changes in FY2024, the key changes are:

- Group Underlying EBIT will constitute 60% of our STI scorecard in FY2024 as we concentrate on growing profits. Net Revenue has been removed as a performance measure from the STI plan in FY2024;
- ROIC has been reintroduced into the LTI plan for FY2024 as a fourth performance measure to focus us on the efficient use of capital.

Further changes to our remuneration framework for FY2024 are set out in Sections 5A and 7A.

Other matters

Our 2021 Long-Term Incentive (LTI) program was tested at the end of FY2023. Amongst our Executive KMP, only our current CFO participated in that Plan (the other current Executive KMP being more recently appointed, including our CEO & MD). That program vested at 50% as we ranked in the top quartile of our relative Total Shareholder Return (rTSR) peer group (being the ASX200 with exclusions) over the three-year performance period. The EPS performance measure was not met and so the other 50% of that program lapsed.

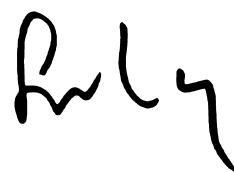
In order to ensure our executive and non-executive compensation remains market competitive to attract and retain the right people, in early FY2023 we made a number of changes to the Executive KMP fixed remuneration levels and to our Board fees. This included a 10.7% increase in fixed remuneration compared to FY2022 for the CEO & MD. This reflected the relatively low positioning of his fixed remuneration on joining the company and our desire to bring him up to a level that is competitive with his ASX-listed peers as he entered his second year as CEO & MD.

The details of these increases are set out in Sections 4B and 10 of this report.

Your Board is committed to refining and implementing a remuneration framework that works effectively to reward our team in line with corporate performance and the experience of our shareholders while retaining discretion to adjust outcomes where appropriate. We have made the decision to reduce the STI outcome for FY2023 for our Executive KMP and to make further changes to our remuneration framework for FY2024 applying this principle.

We look forward to ongoing engagement with our shareholders.

I commend this report to you.



Samantha Hogg
Chair, Human Resources Committee

Remuneration Report (Audited)

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.

To further strengthen and increase capability to deliver on our Blueprint 2030 strategy, two appointments were made to the Executive Leadership Team during FY2023. Mr Scott Nicholls commenced in March 2023 in the Key Management Personnel ("KMP") role of Executive General Manager – Liquid Waste & Health Services and Industrial & Waste Services following the resignation of Mr Tim Richards in December 2022. In addition, Ms Deborah Peach was appointed in August 2022 in the role of Executive General Manager – Safety and Environment, demonstrating the Board's commitment to improve health, safety and environmental performance.

The KMP disclosed for the year ended 30 June 2023 are set out in the table below. Non-Executive Directors Mr Harding, Ms McArthur and Mr Stiff, and Executive KMP Mr Richards and Mr Nicholls, were all considered KMP, for a part of the year ended 30 June 2023 as described in the footnotes to the table.

NAME	TITLE
NON-EXECUTIVE DIRECTORS	
M P Chellew	Chairman and Non-Executive Director
R M Smith	Non-Executive Director
T A Sinclair	Non-Executive Director
R M Harding ¹	Non-Executive Director
P G Etienne ²	Deputy Chairman and Non-Executive Director
S L Hogg	Non-Executive Director
I A Player	Non-Executive Director
A M Kelly	Non-Executive Director
J McArthur ³	Non-Executive Director
C M Stiff ⁴	Non-Executive Director
CURRENT EXECUTIVE KEY MANAGEMENT PERSONNEL	
M J Schubert	Chief Executive Officer (CEO) and Managing Director
P A Binfield	Chief Financial Officer (CFO)
T Boyes	Executive General Manager – Solid Waste Services
S Nicholls ⁵	Executive General Manager – Liquid Waste & Health Services and Industrial & Waste Services
FORMER EXECUTIVE KEY MANAGEMENT PERSONNEL	
T Richards ⁶	Executive General Manager – Liquid Waste & Health Services and Industrial & Waste Services

1 Mr Harding ceased as Non-Executive Director on 20 October 2022.

2 Mr Etienne was appointed as Deputy Chairman from 15 June 2023.

3 Ms McArthur was appointed as Non-Executive Director from 1 September 2022.

4 Mr Stiff was appointed as Non-Executive Director from 1 June 2023.

5 Mr Nicholls was appointed as Executive General Manager – Liquid Waste & Health Services and Industrial & Waste Services from 1 March 2023.

6 Mr Richards ceased employment with Cleanaway as Executive General Manager – Liquid Waste & Health Services and Industrial & Waste Services effective 23 December 2022.

2 Response to concerns raised regarding the FY2022 Report

At our AGM in October 2022, shareholders representing 25.5% of the voted shares voted against the FY2022 Remuneration Report, resulting in a “first strike”. Throughout FY2023, the Board and Human Resources Committee actively consulted with shareholder representatives, proxy advisors, investment managers and shareholders. The feedback received has been valuable and has been reflected in some of the changes to our executive remuneration framework considerations.

We have outlined below key concerns raised through this consultation and how we have addressed those concerns throughout the year and in determining FY2023 outcomes.

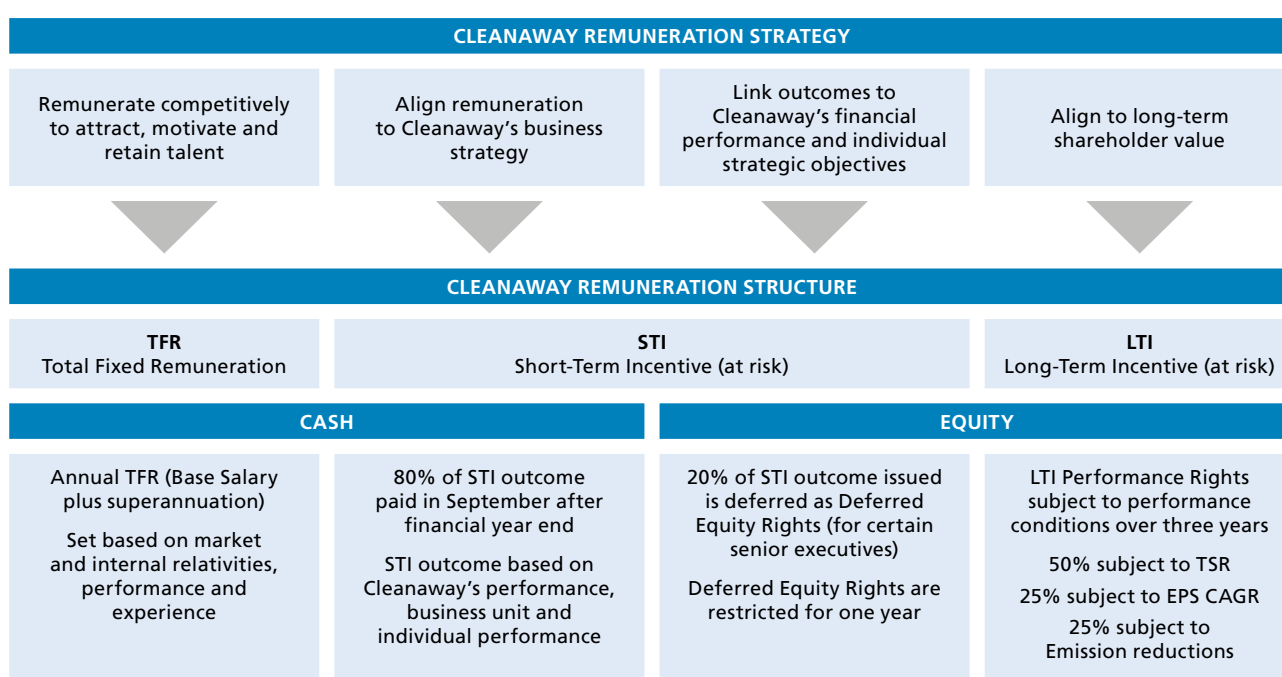
Concern	Response
Impact on STI outcomes of unbudgeted acquired earnings	<ul style="list-style-type: none"> The Board acknowledges the feedback in relation to the inclusion of the earnings from SRN in the FY2022 STI outcomes. The Board has excluded the financial contribution of the GRL business which was acquired during the year in assessing the FY2023 STI outcomes.
Impact on STI outcomes and underlying EBIT adjustments	<ul style="list-style-type: none"> The Underlying EBIT measure in the STI scorecard is set with regard to the annual budget each year. It is a measure of underlying earnings from our business excluding one off significant items that may occur in the year that are not included in the budgeting process. These may include the impact of material acquisitions and divestment and can include the impact of other events such as fires, floods and other unforeseen events. In assessing the impact of underlying adjustments on remuneration outcomes, the Board considers a range of factors including whether the relevant matter was within the reasonable control or foresight of management. The Board noted the feedback from investors, particularly providing improved disclosures in relation to its consideration of these issues. The Board has provided reasons for decisions made on FY2023 STI outcomes within this Report.
Environmental KPI assessment	<ul style="list-style-type: none"> The assessment of and decision to award the Environmental KPI in FY2022 in light of the significant flooding event at New Chum and its consequential impact was difficult. While the cause of the event was beyond management’s control, the Board acknowledges the feedback in relation to the assessment of this measure in the FY2022 scorecard. This measure has been assessed as not achieved for FY2023. To reduce ambiguity in our assessment of this measure, the Board has reviewed and strengthened the assessment criteria for this measure. For FY2024 the assessment will be directly aligned to the definition of Significant and Major Environmental matters contain within the Environmental Impact and Compliance categories of Cleanaway’s Risk Matrix. A Significant and Major Environmental matter is an incident that is considered to have a long-term impact to an ecosystem.
Executive remuneration design	<ul style="list-style-type: none"> The Board undertook a review of the executive remuneration framework and design features during the year and made adjustments to ensure it remained sound and fit for Cleanaway’s purpose. The Board heard shareholder concerns and will be implementing the following key changes to STI and LTI measures in FY2024: <ul style="list-style-type: none"> The removal of Group Net Revenue as an STI measure with Group Underlying EBIT being the sole financial measure with a 60% weighting on the Scorecard; Inclusion of ROIC in the LTI Plan as a fourth performance measure, given its suitability as a longer-term performance measure of the efficient use of our capital. <p>Further details of all changes are described in Sections 5A and 7A of this Report.</p>
Disclosures	<ul style="list-style-type: none"> The FY2023 Report contains a number of areas where we have provided improved disclosure, including the following: <ul style="list-style-type: none"> Rationale for the Board’s decision to exercise downward discretion and adjust FY2023 STI assessed outcomes. Rationale behind changes to FY2023 STI and LTI measures. Highlighting changes for FY2024 executive incentive measures.

3 Executive reward strategy and framework

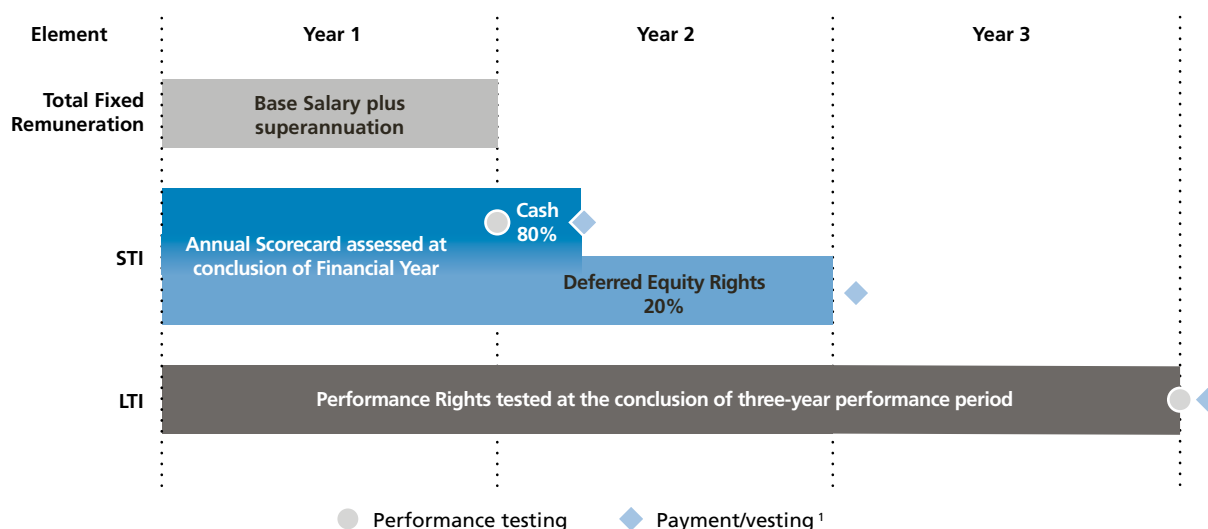
3A. Strategy and framework

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. As set out in Sections 5 and 7, further changes to the executive remuneration framework have been made to reflect feedback from stakeholders.

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



Remuneration time horizon



¹ Equity vesting coincides with the release of our annual results which is ordinarily in late August each year.

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 Human Resources Committee and the Board with reference to Company 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.

	TARGET	MAXIMUM
EXECUTIVE KEY MANAGEMENT PERSONNEL		
M J Schubert	100%	150%
P A Binfield	60%	120%
T Boyes and S Nicholls	50%	100%

Executive KMP awards are paid as 80% cash payment with the remaining 20% awarded as deferred equity rights with a 12-month deferral period.

3D. Long-Term Incentive

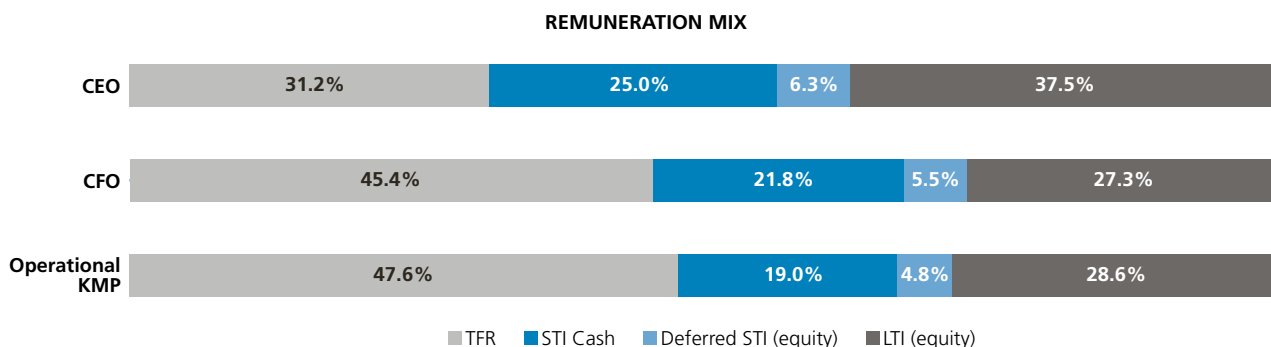
Offers under the Cleanaway Long-Term Incentive (LTI) Plan are made on an annual basis. Executive KMP and other selected Senior Executives are eligible to be invited to participate in the Group LTI Plan. The table below represents the annualised maximum LTI opportunity as a percentage of TFR (at grant) for Executive KMP.

	MAXIMUM
EXECUTIVE KEY MANAGEMENT PERSONNEL	
M J Schubert	120%
P A Binfield, T Boyes and S Nicholls	60%

Executive KMP LTI grants are determined at face value and based on 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.

3E. Remuneration elements and mix

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



4 FY2023 Company performance and Executive remuneration outcomes

4A. Company performance – FY2019–FY2023 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.

COMPANY PERFORMANCE	FY2019 ⁵	FY2020	FY2021	FY2022	FY2023
Net Revenue – \$'M ¹	2,109.1	2,100.1	2,198.9	2,603.8	2,965.8
Statutory profit attributable to ordinary equity holders – \$'M ²	120.4	112.9	145.3	78.9	21.6
Underlying EBIT \$'M	240.8	256.6	258.7	257.1	302.2
EPS – cents ³	5.9	5.5	7.0	3.8	1.0
Underlying EPS – cents ^{3,4}	6.8	7.3	7.3	6.9	6.6
Dividends per share – cents	3.55	4.10	4.60	4.90	4.90
Shares on issue – number	2,044,507,391	2,053,944,831	2,059,434,558	2,062,587,594	2,226,243,110
Market capitalisation – \$'M	4,763.7	4,518.7	5,436.9	5,197.7	5,766.0
Share price at 30 June – \$	2.33	2.20	2.64	2.52	2.59
Change in share price – \$	0.64	(0.13)	0.44	(0.12)	0.07

ASSESSED INCENTIVE OUTCOMES	FY2019	FY2020	FY2021	FY2022	FY2023
STI Outcome MD – % Target ⁶	97.3	37.8	N/A	79.6	55.2
STI Outcomes – Exec KMP Ave % Target ⁶	99.7	50.3	97.8	89.6	61.5
LTI Vesting – %	86.9	84.8	50.0	49.2	50.0

1 Net Revenue is Revenue excluding landfill levies (FY2019: \$174.0 million, FY2020: \$232.0 million, FY2021: \$207.5 million, FY2022: \$402.4 million and FY2023: \$593.0 million).

2 Includes underlying adjustments after tax; (FY2019: \$20.1 million, FY2020: \$37.4 million, FY2021: \$5.5 million, FY2022: \$64.4 million and FY2023: \$125.1 million). All underlying adjustments from FY2019 to FY2023 represent a net expense to the statutory profit.

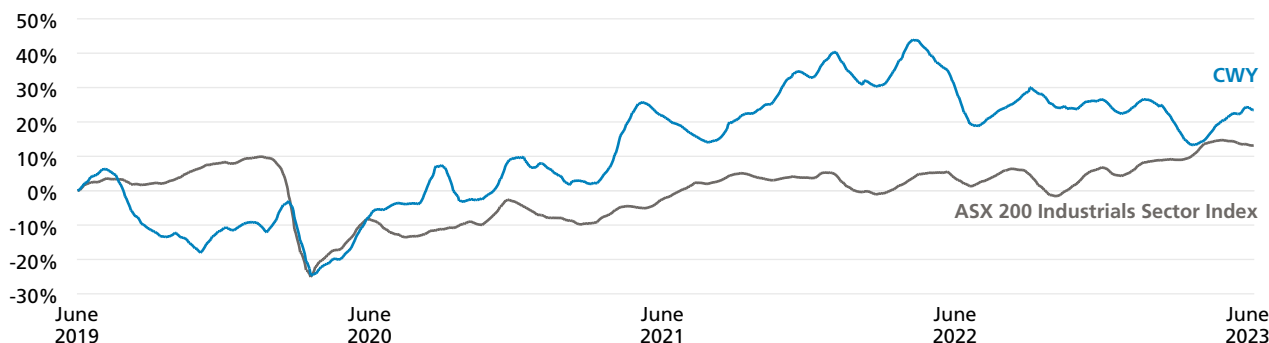
3 The calculation of EPS for comparative periods prior to FY2023 was adjusted to reflect the bonus element in the equity raising which occurred during August 2022 and September 2022.

4 Basic EPS on underlying results are categorised as non-IFRS financial information.

5 Cleanaway applied the modified retrospective approach on adoption of AASB 16 Leases on 1 July 2019. As such, comparatives for FY2019 have not been restated.

6 Represents Short-Term Incentive scorecard outcomes; however for FY2020, former CEO & MD actual assessed outcome was 50.3% however award amount reduced by 25%. FY2021 no CEO & MD in place. FY2023 assessed outcomes were 78.9% for the CEO & MD and 87.8% for Executive KMP. Award payments were reduced by 30%, resulting in adjusted Scorecard outcome of 55.2% for CEO & MD and 61.5% for Executive KMP.

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



4 FY2023 Company performance and Executive remuneration outcomes (continued)

4B. Remuneration outcomes for FY2023 – summary

<p>Executive Fixed Remuneration (TFR)</p>	<p>During FY2023 the Board undertook a review of executive remuneration levels. This review took into consideration a number of factors, including significant pressure and heightened activity in the executive recruitment market contributing to the overall challenge in the attraction and retention of executive talent.</p> <p>The Board reviewed external market benchmarking data from a number of ASX-listed company peer groups. The Board considered that as the CEO & MD entered his second year in the role, having been newly appointed in FY2022 on comparatively low TFR, a TFR increase was appropriate to ensure his TFR remains market competitive. Following benchmarking of TFR levels, the Board has moved the CEO & MD's TFR to around the median of ASX51–150 peers.</p> <p>As a result of this review, the following TFR increases were made to Executive KMP during FY2023:</p> <ul style="list-style-type: none"> • Mr Schubert from \$1,400,000 to \$1,550,000 – Effective 1 July 2022 • Mr Binfield from \$817,911 to \$840,000 – Effective 1 October 2022 • Ms Boyes from \$700,000 to \$750,000 – Effective 1 October 2022 • Mr Richards from \$580,000 to \$600,000 – Effective 1 October 2022 (resigned 23 December 2022) <p>During FY2023 the Board appointed Mr Nicholls to Cleanaway with TFR of \$725,000. The Board considered this in line with the role, accountabilities and external market competitiveness. Details of the remuneration arrangements for Mr Nicholls on his appointment are set out in Section 8B of this Report.</p>				
<p>Vesting of deferred rights arising from FY2022 Short-Term Incentive outcomes</p>	<p>As participants in the FY2022 STI, Executive KMP had 20% of their total STI award deferred as equity rights for a period of 12 months. These rights were granted at face value (i.e. 20% of the FY2022 STI award) and the number of rights 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. These rights were granted immediately following the publication of Cleanaway's FY2022 annual results with the exception of Mr Schubert, whose rights were granted immediately following Shareholder approval granted at the Annual General Meeting held in October 2022.</p> <p>Accordingly, the FY2022 deferred rights, each which will vest in August 2023 and result in the allocation of one ordinary share in Cleanaway, are as follows:</p> <table border="1" data-bbox="430 1422 1428 1512"> <tr> <td>• Mr Schubert – 75,970</td> <td>• Mr Binfield – 34,406</td> </tr> <tr> <td>• Ms Boyes – 9,613</td> <td>• Mr Richards – 20,331</td> </tr> </table>	• Mr Schubert – 75,970	• Mr Binfield – 34,406	• Ms Boyes – 9,613	• Mr Richards – 20,331
• Mr Schubert – 75,970	• Mr Binfield – 34,406				
• Ms Boyes – 9,613	• Mr Richards – 20,331				
<p>FY2023 Short-Term Incentive Plan outcomes</p>	<p>Having considered the STI scorecard outcomes for the year, the Board exercised its discretion and made a 30% reduction against the award outcome amount. The Board considered this reduction an appropriately significant impact to executives and alignment to shareholders outcomes. This resulted in adjusted outcome for the CEO & MD of 55.2% of target (36.8% of maximum). The same 30% reduction was applied to each of our Executive KMP. The FY2023 STI scorecard and performance outcomes along with the Board considerations in relation to exercising discretion to adjust award amounts can be found in Section 5B of this Report.</p>				
<p>FY2021 Long-Term Incentive Plan Outcomes (performance period FY2021–FY2023)</p>	<p>The only Executive KMP member to participate in this LTI grant was the CFO (all other Executive KMP having been appointed after this grant).</p> <p>The assessed overall vesting of the FY2021 LTI was 50.0%. This outcome was driven by Cleanaway's TSR increase of 34.8% and TSR percentile ranking of 82.3% against the prescribed comparator peer group being the ASX 200 (with exclusions). This resulted in maximum 100% vesting for this measure. The ROIC FY2023 target, which acts as a gate for the EPS measure, was not achieved and therefore resulted in nil vesting for this measure.</p> <p>Details of the FY2021 LTI grant assessment can be found in Section 5C of this Report.</p>				

Remuneration Report (Audited)

4 FY2023 Company performance and Executive remuneration outcomes (continued)

4C. Actual remuneration – summary

The table below sets out the actual remuneration paid or payable in relation to FY2023 to Executive KMP.

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 information. 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, which includes unvested LTI awards.

	TOTAL SALARY ¹ \$	CASH PAID ² \$	STI DEFERRED ³ \$	LTI VESTED ⁴ \$	SIGN ON VESTING \$	POST EMPLOYMENT BENEFITS \$	TERMINATION BENEFITS \$	TOTAL \$
CURRENT EXECUTIVE KEY MANAGEMENT PERSONNEL								
M J Schubert ⁵	1,524,708	684,852	171,213	–	421,292	25,292	–	2,827,357
P A Binfield	809,617	247,807	61,952	280,881	–	25,292	–	1,425,549
T Boyes ⁶	712,639	184,380	46,095	–	80,654	25,292	–	1,049,060
S Nicholls ⁷	222,471	59,574	14,894	–	–	8,431	–	305,370
FORMER EXECUTIVE KEY MANAGEMENT PERSONNEL								
T Richards ⁸	272,469	–	–	–	–	12,646	36,166	321,281
Total	3,541,904	1,176,613	294,154	280,881	501,946	96,953	36,166	5,928,617

1 Total Salary equates to gross taxable cash salary.

2 Represents 80% of the total FY2023 STI award amount to be paid as cash in September 2023.

3 Represents 20% of the FY2023 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 ended 30 June 2023 being \$2.5285.

4 Represents the indicative value of the FY2021 LTI rights vesting multiplied by Cleanaway's (ASX:CWY) Volume Weighted Average Price (VWAP) for the five trading days for the period ended 30 June 2023 being \$2.5285. Mr Schubert, Ms Boyes and Mr Nicholls are not eligible for FY2021 LTI awards as these grants were made prior to their appointments to Cleanaway.

5 Tranche 1 of Mr Schubert's sign-on rights vested and converted to shares on 30 August 2022. The value represents 152,091 shares times \$2.7700 being the closing share value of Cleanaway on the day of vesting.

6 Tranche 1 of Ms Boyes sign-on rights vested and converted to shares on 22 August 2022. The value represents 29,983 shares times \$2.6900 being the closing share value of Cleanaway on the day of vesting.

7 Amounts for Mr Nicholls represent actual amounts earned from the period of his appointment being 1 March 2023, including a pro rata STI award from that date. On his appointment, Mr Nicholls was granted additional one-off sign-on remuneration arrangements which are detailed in Section 8B of this Report.

8 Amounts for Mr Richards represent actual amounts earned up to his cessation being 23 December 2022.

5 FY2023 Incentive plans – detailed outcomes

5A. FY2023 Short-Term Incentive

The Board introduced changes to the FY2023 STI Scorecard to align with Cleanaway’s key strategic focuses for FY2023. Changes for FY2023 are as follows:

Financial measures – total financial measures weighted to 60% of the overall STI Scorecard (previously 65%).

- Net Revenue – 15% (reduced from 20%)
- Underlying EBIT – 45% (increased from 30%)
- ROIC – removed as considered a less relevant short-term measure given lag between financial contribution and capital deployment (previously 15%)

The Board considers these changes as appropriately balanced between increased focus on profitability and the short-term impact to ROIC as a result of growth-related capital and investment decisions aligned to the Blueprint 2030 strategy.

Approach to Underlying EBIT

Group Underlying EBIT is used to set targets as it is a measure aligned with budgeting for our business. Adjustments from statutory profit are made in accordance with our accounting policy. During the year the Board reviewed and clarified the accounting policy that deals with underlying adjustments.

The Board excluded a number of matters in FY2023 in line with this policy. At the end of each performance period the Board also considers whether it is appropriate to adjust remuneration outcomes for the impact of these adjustments.

The Board considered whether the underlying adjustments, as set out on page 32 of the Directors’ Report should be taken into account in assessing whether the underlying EBIT gateway was achieved for the purposes of the FY2023 STI. In all of the circumstances, in particular that current Executive KMP did not have responsibility for, or control over, many of the matters that gave rise to underlying adjustments, the Board concluded that the underlying EBIT gateway had been achieved.

Non-financial measures – weighted to 40% of the overall STI scorecard (previously 35%).

- TRIFR, Environmental Incidents, Female Representation – retained from FY2022 with no change in 10% weighting each.
- Employee Voluntary Turnover 10% – (replaced Group Employee Engagement 5%). Considered an appropriate measure as it supports labour efficiency and cost outcomes particularly in a competitive labour market.
- In addition, the non-financial measures ensure focus on delivering diverse, safe and reliable and cost-efficient operations along with reducing the impact of our business on the environment.

Application of discretion

Having regard to the STI scorecard outcomes, the Board determined to reduce overall FY2023 STI award outcomes for Executive KMP by 30%, in order to ensure alignment between remuneration outcomes and shareholders’ experience. The rationale for this assessment is set out in Section 5B.

FY2024 approach

The Board has approved further changes to STI arrangements for FY2024 with the removal of the Group Net Revenue measure and reweighting of Group Underlying EBIT as the sole financial measure. Group Underlying EBIT will carry a 60% weighting and is designed to increase focus on profitability and shareholder value creation. FY2024 performance ranges will be set in line with the approved budget and financial plan aspirations that the Board considers appropriate in light of the prevailing opportunities and challenges that the business is facing.

To better connect our assessment of the Environmental measure in the STI, the Board has reviewed and strengthened the assessment criteria for this measure. For FY2024 the assessment will be directly aligned to the definition of Significant and Major environmental matters contained within the Environmental Impact and Compliance categories of Cleanaway’s Risk Matrix. A Significant and Major Environmental matter is an incident that is considered to have a long-term impact to an ecosystem.

FY2024 non-financial measures and their respective performance ranges are generally set based on actual FY2023 performance with improvement factors applied across the performance ranges.

5 FY2023 Incentive plans – detailed outcomes (continued)

The details of the FY2023 STI arrangements are summarised in the table below.

Purpose of the STI Plan	Reward the achievement of key Financial, People and Culture and Health, Safety & Environment (HSE) metrics that are key to the sustainable success of Cleanaway.
Performance period	1 July 2022 to 30 June 2023.
Gateway	<ul style="list-style-type: none"> Achievement of a gateway based on a threshold level of Group Underlying EBIT performance for Executive KMP. In addition, no breaches of the Company's Code of Conduct also acts as a gateway to overall personal STI eligibility.
Key performance metrics	<ul style="list-style-type: none"> Financial metrics: 60% weighting. HSE metrics: 20% weighting. People and Culture metrics: 20% weighting.
Financial metrics	<ul style="list-style-type: none"> Financial metrics and their respective weightings are: <ul style="list-style-type: none"> Group Underlying EBIT: 45% weighting. Group Net Revenue: 15% weighting. Included as it drives growth in our business.
Health, Safety & Environment (HSE) metrics and gateways	<ul style="list-style-type: none"> HSE metrics and their respective weightings are: <ul style="list-style-type: none"> Group Total Recordable Injury Frequency Rate (TRIFR): 10% weighting. Included as it measures the outcome of our injury prevention strategies and programs; and Group Environmental Incidents: 10% weighting. Included as it measures the outcome effectiveness of our environmental risk management strategies and programs. TRIFR metric has a target and stretch level of performance with a corresponding STI outcome set out below. The gateway condition for the TRIFR metric is that there are no at-fault work-related fatalities. Group Environment Incident metric of no significant or major rated environmental incidents has a target level performance and outcome only.
People and Culture Metrics	<ul style="list-style-type: none"> People metrics and their respective weightings are: <ul style="list-style-type: none"> Group Voluntary Turnover: 10% weighting. Group Female Representation: 10% weighting.
Performance outcomes	<ul style="list-style-type: none"> Once gateways are achieved, performance against the financial, health safety, and people metrics have the following threshold, target and stretch STI outcomes: <ul style="list-style-type: none"> Below threshold – 0%. At threshold – 75% of on-target STI opportunity. At target – 100% of on-target STI opportunity. At stretch – CEO & MD 150% other Executive KMP 200% of on-target STI opportunity. Threshold performance for TRIFR and Environmental Incidents are not applicable.
Board discretion	<ul style="list-style-type: none"> The Board has absolute discretion in relation to assessing performance and determining the amount, if any, of STI awards.
Deferral	<ul style="list-style-type: none"> 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 2023 being \$2.5285. Deferred rights do not attract dividends during the deferral period.
Deferred rights – Malus and claw back	<ul style="list-style-type: none"> The Board retains absolute discretion to determine any treatment in relation to the grant of Deferred Rights, including, without limitation, the vesting conditions or restrictions applicable to rights or shares, lapsing or forfeiture of rights, and the repayment of the value of shares allocated on vesting of rights.

5 FY2023 Incentive Plans – detailed outcomes (continued)

5B. FY2023 Short-Term Incentive – scorecard result

The table set out below shows details of performance against the FY2023 STI scorecard.

The Board considered the assessed outcomes and weighed them in light of the materially lower statutory profit result and our share price and dividend performance this year. The Board decided to apply discretion to significantly reduce Executive KMP STI award payments for the year by 30% to more closely align them with the experience of our shareholders.

This resulted in the CEO being awarded 55.2% of target opportunity, or 36.8% of his maximum STI for 2023. The amount of this award payment reduction equated to \$366,885. Executive KMP were also reduced by 30% resulting in the award of 61.5% of target or 30.7% of maximum.

The Board did not take this decision lightly, as the management team's performance in a challenging year to continue to grow our business, continually improve our practices and processes, to manage our costs and in completing the GRL acquisition were commendable. However, the Board considers the balance struck to be equitable.

ELEMENT	MEASURE	WEIGHTING	TARGET	THRESHOLD	TARGET	STRETCH	WEIGHTED VESTING	
							CEO & MD % TARGET	EXECUTIVE KMP % TARGET
KPIs	Group Net Revenue ¹	15%	\$2.744b				22.5%	30.0%
	Group Underlying EBIT ¹	45%	\$284.9m				46.4%	47.8%
	Group TRIFR	10%	3.3	●			0.0%	0.0%
	Group Environmental Incidents	10%	Nil	●			0.0%	0.0%
	Group Voluntary Turnover	10%	18.6%	●			0.0%	0.0%
	Group Female Representation	10%	22.8%				10.0%	10.0%
	Total Assessed Scorecard	100%					78.9%	87.8%
	Adjusted STI Scorecard Outcome²						55.2%	61.5%

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

1 FY2023 target and assessed outcome exclusive of GRL financial contribution.

2 The Board exercised its discretion and reduced the CEO & MD and Executive KMP award payment amount by 30%.

5 FY2023 Incentive Plans – detailed outcomes (continued)

KPI commentary

While the Board ultimately exercised discretion to reduce the level of STI awards, commentary on our performance against the original scorecard is set out below:

Group Net Revenue (\$2,965.8m or \$2,963.6m ex GRL)	Assessed as Stretch. Full-year net revenue growth up 13.9% on FY2022, reflecting organic growth in most parts of the business, the full-year contribution of the SRN assets and recovery of persistent high inflation through contractual cost mechanisms and fuel levies.
Group Underlying EBIT (\$302.2m or \$285.8m ex GRL)	Assessed slightly above target. Assessed against underlying results, noting assessment excluded the contribution from the GRL acquisition. Improved performance for each segment (excluding the impact of the Health Services business) compared to FY2022. Details of the underlying adjustments can be found on page 32 of the Directors' Report.
Group TRIFR (3.7)	Assessed as not achieved. Albeit the FY2023 outcome was an improvement on the FY2022 result of 4.2. Year-on-year improvements was a result of the implementation of a range of initiatives including the development of a detailed HS&E strategy in FY2023.
Group Environmental Incidents	This measure has been assessed as not achieved for FY2023. This is due to our Artarmon transfer station fire which resulted in contaminated water and foam being released into a nearby creek.
Group Voluntary Turnover (21.5%)	Assessed as not achieved. Tight labour market conditions have contributed to elevated vacancies numbers and new employee turnover. Labour availability and productivity remained a focus, with improvements made to the overall vacancy rate during the year.
Group Female Representation (22.8%)	Assessed at target. Increased from 20.8% in FY2022 as a result of increased focus on equal gender split through recruitment processes along with the ongoing development of the Women's Driver Academy. Greater than 40% female representation at senior management levels achieved.

5C. FY2021 Long-Term Incentive outcome (i.e. performance period 1 July 2020 to 30 June 2023)

The Board assessed the performance of the LTI awards granted in FY2021, representing the performance period from 1 July 2020 to 30 June 2023. The performance criteria 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 ended 30 June 2023 being above 5.5% as not being achieved and therefore nil vesting for this measure. Overall, the Board determined that a partial vesting of 50% of maximum of 100% opportunity as set out in the following table:

The only member of the Executive KMP participating in the FY2021 LTI grant was the CFO, as all other Executive KMP (including the CEO & MD) joined the Group after this grant was made.

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 34.8% which resulted in a percentile ranking of 82.3%. This generates a maximum vesting for this KPI	50%
	Earnings per Share Compound Annual Growth Rate (EPS CAGR)	50%	4% CAGR	ROIC 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%			50.0%

6 Executive KMP – remuneration tables

6A. FY2023 Short-Term Incentive Plan outcomes

The STI payments received or receivable by Executive KMP for the year ended 30 June 2023 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 J Schubert	2023	856,065	684,852	171,213	55.2%	36.8%
	2022	970,902	776,722	194,180	79.6%	53.1%
P A Binfield	2023	309,758	247,807	61,952	61.5%	30.7%
	2022	439,709	351,767	87,942	89.6%	44.8%
T Boyes	2023	230,475	184,380	46,095	61.5%	30.7%
	2022	122,862	98,290	24,572	89.6%	44.8%
S Nicholls ³	2023	74,468	59,574	14,894	61.5%	30.7%

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.

3 Represents the pro rata value applicable for the period of employment from 1 March 2023.

6B. FY2023 Long-Term Incentive Plan outcomes

As a result of the Board approved vesting level of 50% a summary of FY2021 LTI Performance rights subject to vesting is set out below. Mr Schubert, Ms Boyes and Mr Nicholls were ineligible for FY2021 LTI awards as these were made prior to their commencement with Cleanaway.

	TOTAL FY2021 PERFORMANCE RIGHTS GRANTED	RIGHTS VESTING	VALUE ¹ \$	RIGHTS LAPSING
P A Binfield	222,171	111,086	280,881	111,085

1 Represents the indicative value of the FY2021 LTI rights vesting multiplied by Cleanaway's (ASX:CWY) Volume Weighted Average Price (VWAP) for the five trading days for the period ended 30 June 2023 being \$2.5285.

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6 Executive KMP – remuneration tables (continued)

6C. Remuneration received

The remuneration received or receivable by Executive KMP for the years ended 30 June 2022 and 30 June 2023 is set out in the following table:

	FINANCIAL YEAR	SALARY AND FEES \$	STI CASH \$	NON-MONETARY BENEFITS ¹ \$	TERMINATION BENEFITS \$	SHARE-BASED PAYMENTS ²	POST EMPLOYMENT BENEFITS \$	TOTAL \$	PERFORMANCE RELATED
CURRENT EXECUTIVE KEY MANAGEMENT PERSONNEL									
M J Schubert ³	2023	1,524,708	684,852	1,439	–	1,112,126	25,292	3,348,417	53.7%
	2022	1,610,553	776,722	3,310	–	1,225,342	21,604	3,637,531	55.0%
P A Binfield	2023	809,617	247,807	2,180	–	276,269	25,292	1,361,165	38.5%
	2022	790,334	351,767	651	–	250,315	23,568	1,416,635	42.5%
T Boyes ⁴	2023	712,639	184,380	668	–	191,044	25,292	1,114,023	33.7%
	2022	267,103	98,290	–	–	215,070	9,820	590,283	53.1%
S Nicholls ⁵	2023	222,471	59,574	1,342	–	257,645	8,431	549,463	57.7%
FORMER EXECUTIVE KEY MANAGEMENT PERSONNEL									
T Richards ⁶	2023	272,469	–	1,942	36,166	(144,554)	12,646	178,669	-80.9%
	2022	556,432	207,872	–	–	150,692	23,568	938,564	38.2%
B J Gill ⁷	2022	733,729	403,956	542	788,500	157,325	17,676	2,101,728	26.7%
M Crawford ⁸	2022	465,531	218,599	62	630,338	99,337	17,676	1,431,543	22.2%
Total	2023	3,541,904	1,176,613	7,571	36,166	1,692,530	96,953	6,551,737	
	2022	4,423,682	2,057,206	4,565	1,418,838	2,098,081	113,912	10,116,284	

1 Non-monetary benefits relate to car parking.

2 Share-based payments consist of performance and deferred 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 performance period. 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.

3 FY2022 values represent the pro rata amounts applicable for the period of employment from 16 August 2021 to 30 June 2022. 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 sign-on rights granted on commencement.

4 FY2022 values represent the pro rata amounts applicable for the period of employment from 7 February 2022 to 30 June 2022. Share-based payments include the value of deferred sign-on rights granted on commencement.

5 Represents the pro rata amounts applicable for the period of employment from 1 March 2023. Share-based payments include fair value of deferred sign-on rights granted on commencement.

6 Represents the pro rata value applicable for the period up to date of cessation of employment being 23 December 2022.

7 Represents the pro rata value applicable for the period up to 31 March 2022. 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.

8 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. FY2023 Long-Term Incentive Plan – key features

Changes were made to our performance measures for FY2023 LTI grant applicable for the three-year performance period covering FY2023–FY2025. Shareholders approved CEO & MD Mark Schubert's grant at our AGM held in October 2022. A summary of these changes made as follows are:

- Relative Total Shareholder Return – (no change).
- EPS – ROIC gateway removed, and EPS measure reweighted to 25% (previously 50%).
- Introduction of CH₄ (Methane) Emissions Reduction measure with a 25% weighting.

The Board removed the ROIC gateway to the EPS measure for the FY2023 LTI Offer because at the time that the offer was made, the Board anticipated that there may be significant capital expenditures during the performance period in relation to Energy-from-Waste, which would not contribute to earnings in that period. This would limit the usefulness of ROIC as a gateway measure.

The introduction and performance ranges setting for the emissions reductions measure was designed to drive focus on our overall emissions footprint aligned to keep atmospheric warming within agreed international standards and is embedded in our Blueprint 2030 strategy. Performance ranges were set against longer-term aspirations with FY2023 target and stretch performance set as challenging. Reporting will be under the NGERs framework which is the emissions reporting standard in Australia.

FY2024 changes

The Board intends to make further changes to LTI arrangements for FY2024 applicable for the performance period FY2024–FY2026.

These proposed changes are set as follows:

- Relative Total Shareholder Return – Alignment of the relative rTSR percentile ranking against the comparator peer group being ASX 150 – (excluding companies classified as mining, financial services, overseas domiciled companies and oil and gas) noting this was previously ASX 200 – with exclusions. Reweighted to 40% (previously 50%).
- EPS measure reweighted to 20% (previously 25%).
- CH₄ (Methane) Emissions Reduction measure reweighted to 20% (previously 25%).
- Inclusion of a ROIC measure with a weighting of 20%.

The Board considered the above changes appropriately balanced to drive sustainable performance outcomes aligned to longer-term shareholder value creation. Performance ranges for the EPS and ROIC are to be set with consideration and alignment to the key attributes of our mid-term financial ambitions and ongoing delivery of our Blueprint 2030 Strategy.

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7 Executive KMP – equity grants (continued)

The details of the FY2023 LTI offer are summarised in the table below.

Purpose of the LTI Plan	<ul style="list-style-type: none"> Focus Executive performance on drivers of shareholder value over a three-year performance period. Align the interests of the Executive with those of shareholders.
Performance period	1 July 2022 to 30 June 2025.
Form of award	Performance rights.
Number of performance rights	<ul style="list-style-type: none"> Performance rights are granted at face value as a % of participant TFR. CEO & MD – 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 2022 to 30 June 2022 being \$2.5560.
Performance hurdles	<p>Performance rights issued under the FY2023 Plan are subject to three performance hurdles:</p> <ul style="list-style-type: none"> 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 (excluding companies classified as mining, financial services and overseas domiciled companies) for the duration of the performance period; 25% 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 sustainable profit growth; and 25% of performance rights will be subject to CH₄ (Methane) Emissions Reduction targets. The Board considers the inclusion of a greenhouse gas emissions reduction target as appropriate and aligned with Cleanaway's Blueprint 2030 strategy.
Vesting date	14 days after the release of the financial results for the financial year ending 30 June 2025.
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	Under the terms of the Plan, 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. Where a participant is determined by the Board to be a Bad Leaver prior to the end of the performance period, all rights lapse. For participants who leave in other circumstances, rights remain on foot to be tested in the ordinary course. The Board has the discretion to determine a lower level of vesting (i.e. pro rata) in individual cases once the rights are tested. The Board also has discretion to determine the extent of vesting in the event of a change of control. Performance rights lapse when performance hurdles are not met.
Malus and Claw back	The Board retains absolute discretion to determine any treatment in relation to the grant of Long-Term Incentive Rights including, without limitation, the vesting conditions or restrictions applicable to rights or shares, lapsing or forfeiture of rights and the repayment of the value of shares allocated on vesting of rights.
Number of performance rights remaining on issue as at 30 June 2023	Executive KMP 1,271,125. All participants 2,608,324.

7 Executive KMP – equity grants (continued)

7B. FY2023 Long-Term Incentive Plan vesting conditions

Performance rights issued under the FY2023 Plan are subject to three performance measures with the following performance vesting schedules:

Relative TSR performance measured over three years from 1 July 2022 to 30 June 2025	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 2022 to 30 June 2025	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%
EPS Emissions Reduction performance measured over three years from 1 July 2022 to 30 June 2025	CH ₄ (Methane) Emissions Reduction	Percentage of CH ₄ (Methane) Emissions Reduction performance rights that vest
	FY2025 CH ₄ emission is greater than 95% of FY2022 emission	Nil
	At 95% of FY2022	50%
	Between 95% and 87% of FY2022	Straight line pro rata vesting between 50% and 100%
	Below 87% of FY2022	100%

Remuneration Report (Audited)

7 Executive KMP – equity grants (continued)

7C. Prior Long-Term Incentive awards

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

	FY2021 LTI ^{1,2}	FY2022 LTI ¹
Performance period	Three years four months: 1 March 2020 to 30 June 2023	Three years: 1 July 2021 to 30 June 2024
Overview	Performance rights vesting subject to: <ul style="list-style-type: none"> Relative TSR (50%) EPS CAGR (50%) The Return on Invested Capital (ROIC) for year ended 30 June 2023 acts as a gateway to EPS CAGR. 	Performance rights vesting subject to: <ul style="list-style-type: none"> Relative TSR (50%) EPS CAGR (50%) The Return on Invested Capital (ROIC) for year ending 30 June 2024 acts as a gateway to EPS CAGR.
Relative TSR performance hurdles	TSR ranking against the constituents of the S&P/ASX200 with exclusions for companies classified as mining, financial services and overseas domiciled companies: <ul style="list-style-type: none"> 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	<p>EPS CAGR:</p> <ul style="list-style-type: none"> 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 <p>Performance rights under the EPS measure will only vest if ROIC is at least 5.5% or more for the financial year ended 30 June 2023</p>	<p>EPS CAGR:</p> <ul style="list-style-type: none"> Below 5%–0% vesting At 5%–30% vesting 5%–10% – straight line vesting between 30% and 80% 10%–11% – straight line vesting between 80% and 100% At or above 11%–100% vesting <p>Performance rights under the EPS measure will only vest if ROIC is at least 5.6% or more for the financial year ending 30 June 2024</p>
Expiry date	None	None
Number of performance rights remaining on issue at 30 June 2023	Executive KMP 222,171 All participants 1,534,801	Executive KMP 974,588 All participants 2,317,331

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 had approved a change to the TSR performance period so that the impact of COVID-19 was 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 2023 is set out in the following table:

	BALANCE AT 1 JULY 2022 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 2023 NUMBER ³
CURRENT EXECUTIVE KEY MANAGEMENT PERSONNEL							
M J Schubert	1,164,302	803,670	1,637,212	(152,091)	419,281	–	1,815,881
P A Binfield	421,290	231,587	523,670	(14,510)	38,658	–	638,367
T Boyes	317,218	185,669	406,990	(29,983)	82,656	–	472,904
S Nicholls	–	343,933	825,325	–	–	–	343,933
FORMER EXECUTIVE KEY MANAGEMENT PERSONNEL							
T Richards ⁴	420,917	161,175	361,869	(81,938)	224,133	(479,823)	20,331

- 1 Performance and deferred rights were granted under the FY2023 LTI Offer and FY2022 STI Deferral Plan in September 2022, with the exception of Mr Schubert whose rights were granted immediately following Shareholder approval at the Annual General Meeting held in October 2022 and Mr Nicholls, FY2023 LTI and sign-on right offers which were granted on commencement.
- 2 The fair value of the performance rights under the FY2023 LTI offer, granted to Executive KMP, was calculated using the Monte Carlo simulation and Black Scholes model and reflects there is no dividend entitlement during the deferral period. For Mr Binfield and Ms Boyes, the fair value of \$1.687 to \$2.623 per performance right was determined based on the grant date of 16 September 2022. For Mr Schubert, the fair value of \$1.532 to \$2.429 per performance right was determined on the grant date of 21 October 2022, following approval of the grants at the Annual General Meeting. For Mr Nicholls, the fair value of \$1.59 to \$2.46 per performance right was determined on the grant date of 1 March 2023. The fair value of sign-on rights to Mr Nicholls is determined with respect to the share price on the date the rights were granted. 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 Richards LTI grants lapsed upon his resignation in accordance with the Plan Rules.

7E. Performance and deferred rights as at 30 June 2023

The number of performance and deferred rights as at 30 June 2023 by plan for the Executive KMP is set out in the following table:

ISSUED	2022 STI	2021 LTI	2022 LTI	2023 LTI	SIGN ON	BALANCE AT 30 JUNE 2023	FY2022 STI VESTED & EXERCISABLE
CURRENT EXECUTIVE KEY MANAGEMENT PERSONNEL							
M J Schubert	75,970	–	631,983	727,700	380,228	1,815,881	75,970
P A Binfield	34,406	222,171	184,609	197,181	–	638,367	34,406
T Boyes	9,613	–	157,996	176,056	129,239	472,904	9,613
S Nicholls	–	–	–	170,188	173,745	343,933	–
FORMER EXECUTIVE KEY MANAGEMENT PERSONNEL							
T Richards ¹	20,331	–	–	–	–	20,331	20,331

- 1 For the purpose of FY2022 STI and in accordance with the plan rules, Mr Richards remains eligible to participate in this plan in accordance with the terms of his cessation of employment.

As at 30 June 2023, 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 & MD and Executive Team are encouraged to build and maintain a shareholding in the Company equivalent to:

- CEO & MD – 100% of TFR;
- Executive Team including Executive KMP – 50% of TFR.

It is expected that this shareholding will be accumulated within five years from the date of their appointment to the Executive KMP. 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 11A.

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 KMP – 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 2023 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
S Nicholls	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 FY2023, Mr Nicholls commenced with Cleanaway in an Executive KMP role. In addition, previous Executive KMP Mr Richards ceased employment with Cleanaway.

Terms of appointment of Mr Nicholls

Mr Nicholls commenced with Cleanaway on 1 March 2023 at which time his remuneration arrangements comprised:

- Fixed annual remuneration of \$725,000, inclusive of superannuation.
- A short-term incentive opportunity of 50% per annum of fixed remuneration at target and 100% at maximum.
- A long-term incentive opportunity of 60% per annum of fixed remuneration maximum at grant.

Mr Nicholls also received a sign-on entitlement in recognition of the forfeiture of certain incentives upon resigning from his prior employment. The deferred sign-on equity rights granted to a face value total of \$450,000 were made to Mr Nicholls on commencement with the rights issued at an allocation price of \$2.5900, being Cleanaway's five-day volume weighted average price (VWAP) in the period immediately following his commencement.

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

	RIGHTS GRANTED	VESTING DATE
Tranche 1	77,220	30 August 2023
Tranche 2	96,525	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 Nicholls being employed by Cleanaway on the relevant dates and Mr Nicholls not having provided notice of resignation nor having been terminated for cause prior to the relevant dates.

Mr Nicholls was also granted 170,188 performance rights associated with the FY2023 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 Richards

Former Executive General Manager Liquid Waste & Health Services – Industrial Waste Services Mr Tim Richards resigned from Cleanaway effective 23 December 2022. All statutory termination payments, including salary to date of separation, superannuation and unused leave entitlements, were paid to Mr Richards upon his resignation.

Mr Richards was granted 20,331 deferred rights under the Company's FY2022 STI Deferred Equity Plan which, as a result of his resignation, have remained on foot in accordance with the Plan Rules and will vest in August 2023.

All Long-Term Incentive Performance rights granted to Mr Richards lapsed in accordance with the Plan Rules and consistent with the treatment for a resignation.

9 Governance and role of the Board

9A. 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 plan 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), Mike Harding (up to 20 October 2022), Ray Smith, Terry Sinclair and Ingrid Player (from 1 December 2022). Non-Executive Directors, who are not Committee members, are entitled to attend meetings as observers. The CEO & MD and other Executives are invited to attend Committee meetings as required however they do not participate in discussions concerning their own remuneration arrangements.

9B. 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 Executive 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 Executive KMP. During the year ended 30 June 2023, 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 \$81,900 (2022: \$41,800). No remuneration recommendations were received from consultants during FY2023.

10 Non-Executive Directors' remuneration

10A. Fee structure

Following a review conducted by the Board, fees for the Chairman, Non-Executive Director and Committee membership were increased effective 1 July 2022. The Board considered benchmark data comprising a peer group of selected ASX-listed companies with regards to the Company's market capitalisation, assets, revenue, EBITDA and operational scope. The Board considered these fee increases necessary to remain market competitive to enable the ongoing attraction and retention of Directors through succession planning activities, its current orderly transition, and also into the future. The fee structure (inclusive of superannuation) effective 1 July 2022 is detailed in the following table:

	FY2022 CHAIRMAN \$	FY2022 NON-EXECUTIVE DIRECTOR \$	FY2023 CHAIRMAN \$	FY2023 NON-EXECUTIVE DIRECTOR \$
Board	405,000	165,000	450,000	170,000
Audit and Risk Committee	35,000	16,000	38,000	20,000
Sustainability Committee	27,000	16,000	32,000	20,000
Human Resources Committee	27,000	16,000	32,000	20,000

10B. Aggregate fee limit

The current aggregate amount of remuneration that can be paid to Non-Executive Directors of \$2,300,000 was approved by shareholders at the Company's 2022 Annual General Meeting.

For the year ended 30 June 2023, the aggregate remuneration paid to all Non-Executive Directors was \$1,957,000 which results in an 85% utilisation of the aggregate fee limit.

FY2023 fees paid represent an increase of 4.1% compared with the year ended 30 June 2022. This increase was due to Director appointments aligned to succession planning and increases in base Director and Committee fees.

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10 Non-Executive Directors' remuneration (continued)

10C. Current Non-Executive Director fees

The remuneration received by Non-Executive Directors for the years ended 30 June 2023 and 30 June 2022 is set out in the following table:

	FINANCIAL YEAR	SALARY AND FEES \$	ADDITIONAL FEES \$	SUPERANNUATION BENEFITS \$	TOTAL \$
NON-EXECUTIVE DIRECTORS					
M P Chellew	2023	424,708	–	25,292	450,000
	2022	381,432	162,500	23,568	567,500
R M Smith	2023	206,335	–	21,665	228,000
	2022	196,364	–	19,636	216,000
T A Sinclair	2023	190,045	–	19,955	210,000
	2022	179,091	–	17,909	197,000
R M Harding ¹	2023	58,069	–	6,097	64,166
	2022	188,258	–	18,826	207,084
P G Etienne	2023	222,000	–	–	222,000
	2022	208,000	–	–	208,000
S L Hogg	2023	200,905	–	21,095	222,000
	2022	179,924	–	17,992	197,916
I A Player	2023	182,504	–	19,163	201,667
	2022	164,545	–	16,455	181,000
A M Kelly	2023	171,946	–	18,054	190,000
	2022	95,985	–	9,598	105,583
J McArthur ²	2023	140,272	–	14,728	155,000
C M Stiff ³	2023	12,821	–	1,346	14,167
Total	2023	1,809,605	–	147,395	1,957,000
	2022	1,593,599	162,500	123,984	1,880,083

1 Non-Executive Director Mr Harding retired from the Cleanaway Board on 20 October 2022.

2 Ms McArthur was appointed as an Independent Non-Executive Director from 1 September 2022.

3 Mr Stiff was appointed as an Independent Non-Executive Director from 1 June 2023.

11 Shareholdings and other related party transactions

11A. Shareholdings

All Non-Executive Directors have increased their shareholding during the year with the exception of Mr Stiff who has not been a Non-Executive Director during a trading window. All eligible Executive KMP have retained shares granted as a result of the exercising of rights occurring throughout the year. The movement for the year ended 30 June 2023 in the number of ordinary shares in the Company held, directly or indirectly or beneficially, by each Executive 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	–	13,894	170,442
R M Smith	128,364	–	14,670	143,034
T A Sinclair	49,417	–	5,503	54,920
R M Harding ¹	29,696	–	–	29,696
P G Etienne	82,715	–	9,210	91,925
S L Hogg	–	–	20,000	20,000
I A Player	20,000	–	10,228	30,228
A M Kelly	46,000	–	5,123	51,123
J McArthur ²	–	–	30,571	30,571
C M Stiff ³	–	–	–	–
CURRENT EXECUTIVE KEY MANAGEMENT PERSONNEL				
M J Schubert	–	152,091	–	152,091
P A Binfield	30,000	14,510	3,341	47,851
T Boyes	–	29,983	–	29,983
S Nicholls ⁴	–	–	–	–
FORMER EXECUTIVE KEY MANAGEMENT PERSONNEL				
T Richards ⁵	114,806	81,938	–	196,744

¹ The balance for Mr Harding reflects his shareholding on the date he ceased being Non-Executive Director on 20 October 2022.

² The balance at the start of the year for Ms McArthur reflects her shareholding on the date she commenced as a Non-Executive Director on 1 September 2022.

³ The balance at the start of the year for Mr Stiff reflects his shareholding on the date he commenced as a Non-Executive Director on 1 June 2023.

⁴ The balance at the start of the year for Mr Nicholls reflects his shareholding on the date he commenced as an Executive KMP on 1 March 2023.

⁵ The balance at the end of the year for Mr Richards reflects his shareholding on the date he ceased being Executive KMP on 23 December 2022.

11B. Loans to Executive Key Management Personnel

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

11C. 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



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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 2023, 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

23 August 2023

Consolidated Income Statement

For the year ended 30 June 2023

	NOTES	2023 \$'M	2022 \$'M
Revenue	6	3,558.8	3,006.2
Other income	7	18.8	14.7
Labour related expenses		(1,205.9)	(1,043.2)
Collection, recycling and waste disposal expenses		(1,174.2)	(957.8)
Fleet operating expenses		(380.3)	(310.4)
Property expenses		(64.5)	(52.9)
Other expenses		(205.4)	(138.4)
Write down loan to equity accounted investment	5	–	(6.3)
Share of losses from equity accounted investments	23	(0.7)	(1.1)
Depreciation and amortisation expense		(365.9)	(324.5)
Write-off of assets	5	(51.3)	(8.1)
Impairment of assets	5	–	(8.9)
Profit from operations		129.4	169.3
Net finance costs	8	(96.1)	(53.0)
Profit before income tax		33.3	116.3
Income tax expense	9	(9.8)	(35.7)
Profit after income tax		23.5	80.6
Attributable to:			
Ordinary equity holders		21.6	78.9
Non-controlling interest		1.9	1.7
Profit after income tax		23.5	80.6

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

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Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	NOTES	2023 \$'M	2022 \$'M
Profit after income tax		23.5	80.6
Other comprehensive income (to be reclassified to profit or loss in subsequent periods)			
Net (loss)/gain on cross-currency interest rate swaps (net of tax)	17	(1.5)	3.3
Net comprehensive income recognised directly in equity		(1.5)	3.3
Total comprehensive income for the year		22.0	83.9
Attributable to:			
Ordinary equity holders		20.1	82.2
Non-controlling interest		1.9	1.7
Total comprehensive income for the year		22.0	83.9
Earnings per share attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents)	10	1.0	3.8
Diluted earnings per share (cents)	10	1.0	3.8

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

Consolidated Balance Sheet

As at 30 June 2023

	NOTES	2023 \$'M	Restated ¹ 2022 \$'M
Assets			
Current assets			
Cash and cash equivalents	11	102.1	66.5
Trade and other receivables	12	551.7	532.5
Inventories	13	31.2	26.7
Income tax receivable		–	0.2
Other assets	24	29.7	29.6
Total current assets		714.7	655.5
Non-current assets			
Property, plant and equipment	20	1,577.9	1,434.5
Right-of-use assets	21	609.4	614.7
Intangible assets	22	3,072.5	3,060.3
Equity accounted investments	23	51.6	52.2
Net deferred tax assets	9	19.5	11.4
Other assets	24	27.7	20.1
Total non-current assets		5,358.6	5,193.2
Total assets		6,073.3	5,848.7
Liabilities			
Current liabilities			
Trade and other payables	14	495.3	470.1
Income tax payable		3.2	–
Lease liabilities	21	98.4	100.6
Employee entitlements	25	97.0	91.0
Provisions	26	144.7	197.0
Other liabilities	27	46.1	39.2
Total current liabilities		884.7	897.9
Non-current liabilities			
Borrowings	15	950.4	1,042.9
Lease liabilities	21	540.3	540.3
Derivative financial instruments	32	46.1	39.3
Employee entitlements	25	10.0	8.7
Provisions	26	564.3	536.0
Other liabilities	27	132.1	155.4
Total non-current liabilities		2,243.2	2,322.6
Total liabilities		3,127.9	3,220.5
Net assets		2,945.4	2,628.2
Equity			
Issued capital	16	3,101.8	2,700.6
Reserves	17	34.0	31.6
Retained earnings		(194.3)	(106.9)
Parent entity interest		2,941.5	2,625.3
Non-controlling interest		3.9	2.9
Total equity		2,945.4	2,628.2

¹ Comparative amounts have been restated to reflect the final determined fair values related to the SRN acquisition. Refer to note 28.

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

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Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	PARENT ENTITY INTEREST				NON-CONTROLLING INTEREST \$'M	TOTAL EQUITY \$'M
	ORDINARY SHARES \$'M	RESERVES \$'M	RETAINED EARNINGS \$'M	TOTAL \$'M		
At 1 July 2022	2,700.6	31.6	(106.9)	2,625.3	2.9	2,628.2
Profit for period	–	–	21.6	21.6	1.9	23.5
Other comprehensive income	–	(1.5)	–	(1.5)	–	(1.5)
Total comprehensive income for the year	–	(1.5)	21.6	20.1	1.9	22.0
Issue of shares (net of transaction costs)	395.1	–	–	395.1	–	395.1
Share-based payment expense (net of tax)	–	3.9	–	3.9	–	3.9
Dividends reinvested/(paid)	6.1	–	(109.0)	(102.9)	(0.9)	(103.8)
Balance at 30 June 2023	3,101.8	34.0	(194.3)	2,941.5	3.9	2,945.4
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 (net of tax)	–	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

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 2023

	NOTES	2023 \$'M	2022 \$'M
Cash flows from operating activities			
Profit before income tax		33.3	116.3
Adjustments for:			
Depreciation and amortisation expense		365.9	324.5
Write-off of assets		51.3	8.1
Impairment of assets		–	8.9
Net finance costs		96.1	53.0
Share-based payment expense		3.4	3.1
Remediation and rectification provision remeasurement		(1.9)	(6.3)
Share of losses from equity accounted investments		0.7	1.1
Net gain on disposal of property, plant and equipment		(0.5)	(1.9)
Net gain on sale and leaseback of property		(1.3)	(8.2)
Write down loan to equity accounted investment		–	6.3
Other non-cash items		(0.9)	(2.5)
Net cash from operating activities before changes in assets and liabilities		546.1	502.4
Changes in assets and liabilities:			
Increase in receivables		(19.2)	(161.0)
(Increase)/decrease in other assets		(1.5)	0.3
Increase in inventories		(2.9)	(3.3)
Increase in payables		19.6	171.6
Increase in employee entitlements		5.0	8.4
Increase/(decrease) in other liabilities		6.2	(1.7)
Increase/(decrease) in provisions		2.6	(5.4)
Cash generated from operating activities		555.9	511.3
Net interest paid		(64.7)	(38.5)
Income taxes paid		(9.4)	(6.5)
Net cash from operating activities		481.8	466.3
Cash flows from investing activities			
Payments for property, plant and equipment		(369.7)	(257.5)
Payments for intangible assets		(16.2)	(5.5)
Payments for purchase of businesses (net of cash acquired)		(172.0)	(516.6)
Proceeds from disposal of property, plant and equipment		10.2	22.9
Investment in equity accounted investments		(0.9)	(12.7)
Loans to equity accounted investments		(2.0)	(5.0)
Loans repaid by equity accounted investments		1.7	–
Dividends received from equity accounted investments		0.8	1.0
Net cash used in investing activities		(548.1)	(773.4)
Cash flows from financing activities			
Proceeds from borrowings		–	500.0
Repayment of borrowings		(94.1)	(15.0)
Repayment of lease liabilities		(93.1)	(82.3)
Payment of debt and equity raising costs		(7.1)	(3.3)
Proceeds from issue of ordinary shares		400.0	–
Payment of dividends to ordinary equity holders		(102.9)	(94.0)
Payment of dividends to non-controlling interests		(0.9)	(1.2)
Net cash from financing activities		101.9	304.2
Net increase/(decrease) in cash and cash equivalents		35.6	(2.9)
Cash and cash equivalents at the beginning of the year		66.5	69.4
Cash and cash equivalents at the end of the year	11	102.1	66.5

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

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For the year ended 30 June 2023

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 2023 were authorised for issue in accordance with a resolution of the Directors on 23 August 2023.

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 2023, the Group had a net current asset deficiency of \$170.0 million (2022: \$242.4 million). As set out in note 15 to the Financial Statements, the Group has unutilised committed debt facilities, excluding facilities for bank guarantees, of \$504.5 million at 30 June 2023 (2022: \$454.1 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.

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 found within the following notes:

- Note 9 Income Tax
- Note 20 Property, plant and equipment
- Note 21 Leases
- Note 22 Intangible assets
- Note 26 Provisions
- Note 28 Business combination

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

5 Segment reporting (continued)

2023	OPERATING SEGMENTS				TOTAL OPERATING SEGMENTS \$'M	UNALLOCATED		GROUP \$'M
	SOLID WASTE SERVICES \$'M	INDUSTRIAL & WASTE SERVICES \$'M	LIQUID WASTE & HEALTH SERVICES \$'M	ELIMINATIONS \$'M		EQUITY ACCOUNTED INVESTMENTS \$'M	CORPORATE \$'M	
Revenue								
Revenue from customers	2,601.7	364.8	540.6	–	3,507.1	–	–	3,507.1
Other revenue	30.6	–	21.1	–	51.7	–	–	51.7
Inter-segment sales	52.4	11.0	48.9	(112.3)	–	–	–	–
Total revenue	2,684.7	375.8	610.6	(112.3)	3,558.8	–	–	3,558.8
Underlying EBITDA¹	562.7	52.7	92.4	–	707.8	(0.7)	(39.0)	668.1
Depreciation and amortisation	(284.6)	(26.2)	(43.6)	–	(354.4)	–	(11.5)	(365.9)
Underlying EBIT¹	278.1	26.5	48.8	–	353.4	(0.7)	(50.5)	302.2
Flood impacts ²								(62.2)
Acquisition and integration costs ³								(7.9)
Medical waste facility incidents ⁴								(22.3)
IT transformation costs ⁵								(6.1)
New Chum height rise ⁶								(74.3)
Profit from operations (EBIT)								129.4
Net finance costs								(96.1)
Profit before income tax								33.3
Income tax expense								(9.8)
Profit after income tax								23.5
Capital expenditure:								
Property, plant and equipment	270.4	41.1	51.5	–	363.0	–	6.7	369.7
Intangible assets	0.2	–	–	–	0.2	–	16.0	16.2

1 Underlying earnings are categorised as 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 that occurred during late February and early March 2022. Flood impacts in the current period of \$62.2 million relate mainly to further rectification works on the cell at the New Chum landfill which was under construction at the time of the floods. More stringent requirements have been imposed by the regulator and works to rectify the damaged cell have taken longer than anticipated.

3 Acquisition and integration costs of \$7.9 million include transaction costs and other costs associated with the acquisition and integration of Global Renewables Holdings Pty Ltd of \$5.3 million and the final integration costs related to the Sydney Resource Network acquisition of \$2.6 million.

4 In June 2022, a fire caused significant damage to equipment at the medical waste processing facility in Dandenong, Victoria. The Victorian Health business has incurred additional expenses of \$39.3 million during the financial year, largely related to alternative waste disposal costs. Insurance recoveries of \$17.0 million have been recognised during the period in relation to property damage and business interruption claims agreed by the insurers. Further insurance claims are expected to be recognised in the year ending 30 June 2024.

5 IT costs associated with the transformational CustomerConnect project of \$6.1 million related to customisation and configuration of cloud-based software, which Cleanaway does not control and therefore the costs do not qualify for capitalisation as intangible assets.

6 On 20 June 2023, the Planning and Environment Court in Queensland dismissed an appeal by Cleanaway against the decision of the Ipswich City Council to refuse an application that would have allowed for additional airspace at the New Chum landfill. As a result of this decision, assets related to the New Chum landfill of \$51.1 million have been written-off. In addition, the remediation provision has increased by \$23.2 million as future spend on infrastructure, including gas and stormwater management, will no longer qualify to be recognised as assets when incurred. Furthermore, capping works will be brought forward and results in discounting the cashflows in the nearer term.

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For the year ended 30 June 2023

5 Segment reporting (continued)

2022	OPERATING SEGMENTS				TOTAL OPERATING SEGMENTS \$'M	UNALLOCATED		GROUP \$'M
	SOLID WASTE SERVICES \$'M	INDUSTRIAL & WASTE SERVICES \$'M	LIQUID WASTE & HEALTH SERVICES \$'M	ELIMINATIONS \$'M		EQUITY ACCOUNTED INVESTMENTS \$'M	CORPORATE \$'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 EBITDA¹	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 EBIT¹	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

- Underlying earnings are categorised as 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

6 Revenue

	2023 \$'M	2022 \$'M
Revenue from customers ¹	3,507.1	2,969.3
Other revenue ¹	51.7	36.9
	3,558.8	3,006.2

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.

Accounting Policy

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.

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7 Other income

	2023 \$'M	2022 \$'M
Net gain on disposal of property, plant and equipment	0.5	1.9
Net gain on sale and leaseback	1.3	8.2
Insurance recoveries	17.0	4.6
	18.8	14.7

Accounting Policy

Insurance recoveries are recognised only when realisation is virtually certain.

8 Net finance costs

	2023 \$'M	2022 \$'M
Finance costs		
Interest on borrowings	(46.6)	(19.2)
Interest on leases	(23.4)	(19.6)
Amortisation of capitalised borrowing costs	(1.4)	(1.8)
Unwind of discount on provisions and other liabilities	(24.8)	(11.2)
Transaction costs expensed	–	(2.5)
Amortisation of gain on modification of fixed rate borrowings	(2.0)	(1.9)
Fair value gain on USPP Notes	4.1	15.6
Fair value loss on cross-currency interest rate swaps (CCIRS) ¹	(5.0)	(13.1)
	(99.1)	(53.7)
Finance income		
Interest revenue	3.0	0.7
	3.0	0.7
Net finance costs	(96.1)	(53.0)

¹ Fair value loss on CCIRS includes net loss of \$5.0 million (2022: \$13.1 million) relating to fair value and cash flow hedges (including net hedge ineffectiveness of \$(1.0) million (2022: \$(1.5) 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.

Accounting Policy

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

Interest

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

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9 Income tax

(a) Amounts recognised in the Consolidated Income Statement

	2023 \$'M	2022 \$'M
Current tax expense		
Current year	(1.3)	(2.5)
Adjustments in respect of prior years	(0.7)	(2.1)
	(2.0)	(4.6)
Deferred tax expense		
Origination and reversal of temporary differences	12.9	38.3
Adjustments in respect of prior years	(1.1)	2.0
	11.8	40.3
Income tax expense	9.8	35.7

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

Deferred income tax benefit recognised in other comprehensive income of \$0.6 million (2022: expense of \$1.4 million) relates to the tax effect of items recognised in the hedge reserve.

Deferred income tax benefit recognised directly in equity for the year totalled \$2.7 million (2022: \$0.1 million), of which \$2.2 million (2022: nil) relates to capital raising costs recognised in ordinary shares and \$0.5 million (2022: nil) 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

	2023 \$'M	2022 \$'M
Profit before tax	33.3	116.3
Income tax using the corporation tax rate of 30% (2022: 30%)	10.0	34.9
Increase/(decrease) in income tax expense due to:		
Share of losses from equity accounted investments	0.5	0.6
Non-deductible expenses	0.2	0.4
Business acquisition costs	1.2	3.4
Adjustments in respect of prior years	(1.8)	(0.1)
Research and development tax credits	(3.1)	(3.1)
New Zealand tax matter ¹	2.9	–
Employee share plan (benefits)/expenses	(0.1)	0.1
Non-assessable gain on remeasurement of contingent consideration	–	(0.6)
Other	–	0.1
Income tax expense	9.8	35.7

¹ During the period, the Group agreed a final settlement with New Zealand Inland Revenue regarding their review of various matters related to the Group's ownership of the New Zealand business, which resulted in an additional tax liability. As a result, the Group has reclassified \$8.9 million of deferred tax liability into income tax payable and raised an additional tax provision of \$2.9 million.

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9 Income tax (continued)

(d) Deferred tax

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

	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	OTHER \$'M	CLOSING BALANCE \$'M
2023							
PP&E	(9.6)	(30.9)	–	–	0.5	–	(40.0)
Intangible assets	(194.7)	19.5	–	–	(3.1)	–	(178.3)
Leases	(8.1)	(6.6)	–	–	–	–	(14.7)
Employee benefits	32.7	2.2	–	–	0.6	–	35.5
Provisions	166.5	8.3	–	–	1.2	–	176.0
Tax losses	4.6	–	–	–	0.3	6.7	11.6
Other	20.0	(4.3)	0.6	2.7	0.6	9.8	29.4
Net deferred tax assets	11.4	(11.8)	0.6	2.7	0.1	16.5	19.5

	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	OTHER \$'M	CLOSING BALANCE \$'M
2022							
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

Deferred tax assets total \$245.9 million (2022: \$249.8 million) and deferred tax liabilities were \$226.4 million (2022: \$238.4 million).

Accounting Policy

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.

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9 Income tax (continued)

Accounting Policy

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.

Critical accounting estimates and judgements – Recovery of deferred tax assets

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 tax losses and 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.

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For the year ended 30 June 2023

10 Earnings per share

	2023 CENTS	2022 CENTS
Basic earnings per share	1.0	3.8
Diluted earnings per share	1.0	3.8

(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:

	2023 \$'M	2022 \$'M
Profit after income tax	23.5	80.6
Net profit attributable to non-controlling interests	(1.9)	(1.7)
Profit after tax attributable to ordinary equity holders	21.6	78.9

The calculation of weighted average number of ordinary shares for the current and comparative periods have been adjusted to reflect the bonus element in the equity raising which occurred during August 2022 and September 2022 and did not impact earnings per share reported in the comparative period.

A reconciliation of weighted average number of ordinary shares:

	2023	Restated 2022
Weighted average number of ordinary shares used as the denominator in calculating earnings per share		
Number for basic earnings per share	2,212,975,561	2,074,002,367
Effect of potential ordinary shares	7,228,035	6,689,216
Number for diluted earnings per share	2,220,203,596	2,080,691,583

(ii) Diluted earnings per share

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 performance rights do not give rise to any adjustments in the profit attributable to ordinary shareholders in the calculation of diluted earnings per share.

11 Cash and cash equivalents

Composition of cash and cash equivalents

	2023 \$'M	2022 \$'M
Cash at bank and on hand	102.1	66.5
	102.1	66.5

Accounting Policy

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 earn interest at the respective short-term deposit rates.

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12 Trade and other receivables

	2023 \$'M	2022 \$'M
Trade receivables	536.8	515.7
Contract assets ¹	2.1	1.6
Other receivables	15.4	17.2
Provision for expected credit losses	(2.6)	(2.0)
	551.7	532.5

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.

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

	2023 \$'M	2022 \$'M
Not past due	443.0	420.0
Past due 1 – 30 days	57.1	68.9
Past due 31 – 120 days	25.6	18.8
Past due 121 days or more	11.1	8.0
	536.8	515.7

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

	2023 \$'M	2022 \$'M
Opening balance	2.0	2.1
Provisions recognised	2.2	(0.1)
Reversal of provisions	–	1.3
Utilisation of provisions	(1.6)	(1.3)
Closing balance	2.6	2.0

No single debtor's annual revenue is greater than 4.6% (2022: 1.7%) 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.

Accounting Policy

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.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include: a failure of the debtor to engage in the collection attempts of the Group; confirmation that the debtor has been placed into liquidation or is bankrupt; and an assessment that the debt is no longer commercially viable to pursue.

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).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

13 Inventories

	2023 \$'M	2022 \$'M
Raw materials and consumables – at cost	17.7	14.5
Work in progress – at cost	0.2	0.1
Finished goods – at cost	13.3	12.1
	31.2	26.7

Total inventory costs recognised as an expense were \$109.9 million (2022: \$134.7 million).

Accounting Policy

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.

14 Trade and other payables

	2023 \$'M	2022 \$'M
Trade payables	226.3	219.0
Other payables and accruals	269.0	251.1
	495.3	470.1

Accounting Policy

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.

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For the year ended 30 June 2023

15 Borrowings

	UNSECURED			TOTAL BORROWINGS \$'M
	BANK LOANS \$'M	US PRIVATE PLACEMENT NOTES \$'M	CLEAN ENERGY FINANCE CORPORATION \$'M	
Opening balance at 1 July 2022	607.5	351.9	83.5	1,042.9
Repayments of borrowings	(94.1)	–	–	(94.1)
Cash flows	(94.1)	–	–	(94.1)
Non-cash drawdowns	3.2	–	–	3.2
Fair value changes	–	(4.1)	–	(4.1)
Borrowing costs (accrued)/reversed	(1.2)	0.3	–	(0.9)
Amortisation of gain on modification of fixed rate borrowings	–	–	2.0	2.0
Amortisation of borrowing costs	1.2	0.2	–	1.4
Closing balance at 30 June 2023	516.6	348.3	85.5	950.4

	UNSECURED			TOTAL BORROWINGS \$'M
	BANK LOANS \$'M	US PRIVATE PLACEMENT NOTES \$'M	CLEAN ENERGY FINANCE CORPORATION \$'M	
Opening balance at 1 July 2021	125.7	366.7	81.5	573.9
Proceeds of borrowings	485.0	–	–	485.0
Borrowing costs paid	(0.8)	–	–	(0.8)
Cash flows	484.2	–	–	484.2
Non-cash repayments	(3.9)	–	–	(3.9)
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	1,042.9

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 2025
	Facility B	4 year revolver	\$200 million	30 June 2027
	Facility C	5 year revolver	\$265 million	30 June 2028
	Facility E	3 year non-revolving term loan facility	\$500 million	17 December 2024
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 (CEFC)		8 year term loan	\$90 million	17 August 2025
Uncommitted bank guarantee facility			\$95 million	31 December 2023

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15 Borrowings (continued)

The headroom available in the Group's facilities at 30 June 2023 is summarised below:

		AVAILABLE \$'M	UTILISED \$'M	NOT UTILISED \$'M
Syndicated Facility Agreement	Facility A ^{1, 2, 3}	180.0	(121.2)	58.8
	Facility B ³	200.0	(5.0)	195.0
	Facility C ³	265.0	(5.0)	260.0
	Facility E ³	500.0	(500.0)	–
US Private Placement (USPP) Notes		348.3	(348.3)	–
CEFC Term Loan ⁴		90.0	(90.0)	–
Bank guarantee facilities ¹		95.0	(80.6)	14.4
		1,678.3	(1,150.1)	528.2

- These facilities include \$179.8 million (2022: \$177.0 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 \$9.3 million (2022: \$19.2 million) which can only be used for bank guarantees.
- This facility includes \$4.5 million (2022: \$4.5 million) of corporate credit card limit utilisation and \$15.0 million (2022: \$15.0 million) of overdraft utilisation.
- Amounts utilised exclude capitalised transaction costs of \$2.0 million (2022: \$2.0 million) and \$6.1 million (2022: \$3.7 million) of bank loans advanced under uncommitted facilities.
- Amount utilised excludes capitalised transaction costs of \$0.1 million (2022: \$0.1 million) and unamortised gains on fixed rate debt of \$4.4 million (2022: \$6.4 million).

To access the unutilised facilities the Group must comply with certain financial covenants. During, and at the end of the reporting periods, the Group was in compliance of its obligations under its financing facility agreements, including these financial covenants.

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	180.0	(126.7)	53.3
	Facility B	200.0	(95.0)	105.0
	Facility C	315.0	–	315.0
	Facility E	500.0	(500.0)	–
US Private Placement (USPP) Notes		351.9	(351.9)	–
CEFC Term Loan		90.0	(90.0)	–
Bank guarantee facilities		95.0	(80.6)	14.4
		1,731.9	(1,244.2)	487.7

Accounting Policy

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.

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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.

	2023		2022	
	NUMBER OF SHARES	\$'M	NUMBER OF SHARES	\$'M
Opening balance	2,062,587,594	2,700.6	2,059,434,558	2,695.7
Issue of shares under dividend reinvestment plan	2,273,267	6.1	1,799,628	4.9
Issue of shares under employee incentive plans	1,381,952	–	1,353,408	–
Equity raising ¹	160,000,297	400.0	–	–
Costs related to equity raising, net of tax ²	–	(4.9)	–	–
Closing balance	2,226,243,110	3,101.8	2,062,587,594	2,700.6

1 On 24 August 2022, the group raised \$350.0 million in a fully underwritten placement to institutional investors at a price of \$2.50 per share.

On 19 September 2022, the Group raised a further \$50.0 million in a Share Purchase Plan at a price of \$2.50 per share.

2 Costs of \$7.1 million (after tax \$4.9 million) were incurred in relation to the equity raising.

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 rate 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).

	2023 \$'M	2022 \$'M
Opening balance	2.5	(0.8)
Net (loss)/gain on currency basis (net of tax)	(1.5)	3.3
Closing balance	1.0	2.5

The effective portion of cash flow hedges was \$(13.8) million (2022: \$(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.

	2023 \$'M	2022 \$'M
Opening balance	29.1	25.9
Share-based payment expense (net of tax)	3.9	3.2
Closing balance	33.0	29.1

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18 Dividends

The Company declared unfranked dividends on ordinary shares for the financial year ended 30 June 2023 of 4.90 cents per share, being an interim unfranked dividend of 2.45 cents per share and an unfranked final dividend of 2.45 cents per share. The record date of the final dividend is 15 September 2023 with payment to be made on 6 October 2023.

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

	2023		2022	
	CENTS PER SHARE	\$'M	CENTS PER SHARE	\$'M
Dividends paid during the period				
Final dividend relating to prior period	2.45	54.5	2.35	48.4
Interim dividend relating to current period	2.45	54.5	2.45	50.5
	4.90	109.0	4.80	98.9
Dividends determined in respect of the period				
Interim dividend relating to current period	2.45	54.5	2.45	50.5
Final dividend relating to current period	2.45	54.5	2.45	50.5
	4.90	109.0	4.90	101.0

Franking credit balance

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

- Franking credits or debits that will arise from the payment of current tax liabilities or receipt of current tax assets;
- Franking debits that will arise from the payment of franked or partially franked dividends recognised as a liability at the year-end; and
- Franking credits that will arise from the receipt of dividends recognised as receivables by the Tax Consolidated Group at the year-end.

	2023 \$'M	2022 \$'M
30% franking credits available for subsequent financial years ¹	4.7	–

¹ The final 2023 dividend determined after 30 June 2023 will be unfranked.

The unadjusted balance of the franking account at 30 June 2023 was \$5.3 million (2022: nil).

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.

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19 Capital management (continued)

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

	2023 \$'M	2022 \$'M
Current lease liabilities	98.4	100.6
Non-current borrowings and lease liabilities	1,490.7	1,583.2
Derivative financial instruments ¹	46.1	39.3
Cash and cash equivalents	(102.1)	(66.5)
Net debt	1,533.1	1,656.6
Total equity attributable to the ordinary equity holders	2,941.5	2,625.3
Gearing ratio²	34.3%	38.7%

1 At 30 June 2023, 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 34.3% (2022: 38.7%). The weighted average debt maturity is 3.6 years (2022: 4.1 years).

20 Property, plant and equipment

	NON- LANDFILL LAND AND BUILDINGS \$'M	LANDFILL ASSETS \$'M	LEASEHOLD IMPROVEMENTS \$'M	PLANT AND EQUIPMENT \$'M	CAPITAL WORK IN PROGRESS \$'M	TOTAL \$'M
2023						
Opening net book value	256.2	364.1	55.3	602.3	156.6	1,434.5
Additions	–	–	–	–	347.7	347.7
Acquisitions of businesses	2.6	–	0.4	19.4	–	22.4
Net movement in remediation assets ¹	–	35.1	–	–	–	35.1
Disposals	(4.7)	–	(0.1)	(1.4)	–	(6.2)
Transfers of assets	1.8	57.0	7.3	170.7	(235.0)	1.8
Depreciation	(4.0)	(62.8)	(6.7)	(132.6)	–	(206.1)
Write-off of assets	–	(31.8)	–	(3.0)	(16.5)	(51.3)
Closing net book value	251.9	361.6	56.2	655.4	252.8	1,577.9
Cost	268.3	1,007.1	92.8	2,043.1	252.8	3,664.1
Accumulated depreciation	(16.4)	(645.5)	(36.6)	(1,387.7)	–	(2,086.2)
Net book value	251.9	361.6	56.2	655.4	252.8	1,577.9

1 Net movement in remediation assets reflects adjustments to the remediation provision for open landfill sites and leasehold improvements.

	NON- LANDFILL LAND AND BUILDINGS \$'M	LANDFILL ASSETS \$'M	LEASEHOLD IMPROVEMENTS \$'M	PLANT AND EQUIPMENT \$'M	CAPITAL WORK IN PROGRESS \$'M	TOTAL \$'M
2022						
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 assets	–	–	–	(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.

20 Property, plant and equipment (continued)

Accounting Policy

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).

The Group is responsible for a total of 17 landfills (2022: 17 landfills). Of the 17 landfills, eight are open and nine are closed. Those that are open are expected to close between 2025 and 2064. 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:

- Capitalise the cost of cell development to landfill assets;
- Capitalise the cost of purchased landfill assets;
- Capitalise the estimated future costs of remediation;
- Depreciate the capitalised landfill assets over the useful life of the landfill asset or site; and
- Recognise income generated from the landfill assets in the reporting period earned.

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 Accounting Policy – Provision for landfill remediation in note 26) 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 meets the relevant requirements, transfer the landfill balance to non-current assets held for sale.

Non-landfill land and buildings

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

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20 Property, plant and equipment (continued)

Accounting Policy

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 of both the useful life and any residual value 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

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.

Critical accounting estimates and judgements – 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.

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21 Leases

(a) Right-of-use assets

2023	PROPERTIES \$'M	PLANT AND EQUIPMENT \$'M	TOTAL \$'M
Opening net book value	347.5	267.2	614.7
New leases	19.1	45.1	64.2
Remeasurement due to a variation in lease term	15.0	(1.5)	13.5
Remeasurement due to rental increases	11.5	–	11.5
Depreciation	(45.7)	(48.8)	(94.5)
Closing net book value	347.4	262.0	609.4
Cost	483.5	413.6	897.1
Accumulated depreciation	(136.1)	(151.6)	(287.7)
Net book value	347.4	262.0	609.4

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

(b) Lease liabilities

	2023 \$'M	2022 \$'M
Opening balance	640.9	499.4
New leases	66.8	95.5
Acquisition of businesses	–	128.6
Lease principal payments	(93.1)	(82.3)
Remeasurements	24.1	(0.3)
Closing balance	638.7	640.9
Current	98.4	100.6
Non-current	540.3	540.3

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21 Leases (continued)

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.

The following lease payments were made during the period:

	2023 \$'M	2022 \$'M
Expenses relating to short-term leases (included in property expenses and other expenses)	25.9	19.6
Expenses relating to low-value assets that are not short-term leases (included in other expenses)	1.7	1.5
Expenses relating to variable lease payments (included in labour related expenses) ¹	55.3	51.1
Lease principal payments	93.1	82.3
Interest expenses relating to lease liabilities	23.4	19.6
	199.4	174.1

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.

Accounting Policy

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

21 Leases (continued)

Critical accounting estimates and judgements – 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.

22 Intangible assets

	GOODWILL \$'M	LANDFILL AIRSPACE \$'M	BRAND NAMES \$'M	CUSTOMER INTANGIBLES AND LICENCES \$'M	OTHER INTANGIBLES \$'M	TOTAL \$'M
2023						
Opening net book value	2,352.2	475.3	78.6	129.8	24.4	3,060.3
Additions	–	–	–	–	16.2	16.2
Acquisitions of businesses	60.2	–	–	–	10.4	70.6
Remeasurement of associated remediation liability	–	(9.3)	–	–	–	(9.3)
Amortisation	–	(41.3)	–	(16.4)	(7.6)	(65.3)
Closing net book value	2,412.4	424.7	78.6	113.4	43.4	3,072.5
Cost	2,412.4	532.7	78.6	231.3	122.6	3,377.6
Accumulated amortisation	–	(108.0)	–	(117.9)	(79.2)	(305.1)
Net book value	2,412.4	424.7	78.6	113.4	43.4	3,072.5
2022						
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	500.5	307.7	–	8.2	–	816.4
Remeasurement of associated remediation liability	–	(29.6)	–	–	–	(29.6)
Amortisation	–	(29.9)	–	(16.0)	(9.0)	(54.9)
Closing net book value	2,352.2	475.3	78.6	129.8	24.4	3,060.3
Cost	2,352.2	542.0	78.6	231.3	96.0	3,300.1
Accumulated amortisation	–	(66.7)	–	(101.5)	(71.6)	(239.8)
Net book value	2,352.2	475.3	78.6	129.8	24.4	3,060.3

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

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22 Intangible assets (continued)

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

	SOLID WASTE SERVICES \$'M	INDUSTRIAL & WASTE SERVICES \$'M	LIQUID WASTE & HEALTH SERVICES \$'M	TOTAL \$'M
2023				
Goodwill	1,871.8	168.2	372.4	2,412.4
Brand names	78.6	–	–	78.6
Total	1,950.4	168.2	372.4	2,491.0

	SOLID WASTE SERVICES \$'M	INDUSTRIAL & WASTE SERVICES \$'M	LIQUID WASTE & HEALTH SERVICES \$'M	TOTAL \$'M
2022				
Goodwill	1,811.6	168.2	372.4	2,352.2
Brand names	78.6	–	–	78.6
Total	1,890.2	168.2	372.4	2,430.8

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 exceeded the carrying amounts at 30 June 2023 and 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. Growth projects, including potential Energy from Waste and other Blueprint 2030 projects, which are not yet endorsed by the Board have not been incorporated into the cashflows. The fair value less costs to dispose calculations use cash flow projections based on actual operating results, the budget for the year ending 2024 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. These inputs have been reviewed to ensure they are consistent with market participants inputs. CPI and GDP growth estimates are derived from the Reserve Bank of Australia economic forecasts.

The terminal value growth rate has been based on long-term growth rates. The terminal growth rate for Solid Waste Services was 2.5% (2022: 2.5%). The terminal growth rate for Industrial & Waste Services and Liquid Waste & Health Services remains at 2.0% (2022: 2.0%). The discount rate has been based on the Weighted Average Cost of Capital (WACC) as determined by an independent expert.

Forecast revenue, EBITDA and capital spend assumptions used in 30 June 2023 impairment testing have been adjusted for known and anticipated future operational changes and additional potential risk identified since 30 June 2022. These changes are reflected in the following summary of key assumptions table.

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For the year ended 30 June 2023

22 Intangible assets (continued)

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

ASSUMPTIONS	SOLID WASTE SERVICES		INDUSTRIAL & WASTE SERVICES		LIQUID WASTE & HEALTH SERVICES	
	2023	2022	2023	2022	2023	2022
EBITDA growth ¹	7.0%	7.4%	12.3%	7.0%	12.1%	9.5%
EBIT growth ¹	10.3%	9.8%	13.1%	9.9%	15.5%	11.9%
Capital spend rate ²	11.9%	11.3%	9.3%	6.9%	8.6%	7.6%
Terminal value growth rate	2.5%	2.5%	2.0%	2.0%	2.0%	2.0%
Post-tax discount rate	7.9%	7.6%	7.9%	7.6%	7.9%	7.6%
Pre-tax discount rate	11.3%	10.9%	11.3%	10.9%	11.3%	10.9%

- Growth rates represent a compound annual growth rate over five years and have been calculated with 30 June 2023 underlying EBITDA and EBIT as a base, excluding corporate overheads.
- Reflects capital spend as a percentage of revenue, excluding government levies collected, calculated as the five-year average of forecast spend.

EBITDA growth assumptions

Solid Waste Services EBITDA growth of 7.0% (2022: 7.4%) assumes long-term GDP of 2.0% (2022: 2.0%) and CPI of 3.0% (2022: 3.0%) across all activities. Short-term growth also considers major new commercial and municipal contract wins and cost savings.

Industrial & Waste Services EBITDA growth of 12.3% (2022: 7.0%) is mainly a result of GDP and CPI growth but also considers new and expiring contracts and cost savings.

Liquid Waste & Health Services EBITDA growth of 12.1% (2022: 9.5%) also assumes GDP and CPI growth but is adjusted for growth achievable in the current economic and competitive environment and cost savings.

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 generally the least as its primary source of revenue is technical labour services. Investment in capital for newly won significant contracts by the Industrial & Waste Services segment is reflected in the short-term capital assumptions.

Climate change

Climate change is an emerging risk and presents complex challenges for companies, governments and society.

Balancing the risks of climate change through enabling the development of the circular economy in Australia, Cleanaway has the opportunity to help its customers and the broader community take advantage of the benefits of higher-circularity, low-carbon waste management solutions.

Cleanaway understands and acts on its responsibility to identify and respond to physical and transitional climate risks and ensure climate change adaptation, mitigation, and resilience strategies are embedded in Cleanaway's risk management framework.

In FY20, Cleanaway undertook its first assessment of climate risk and opportunities, drawing on two scenarios from the Intergovernmental Panel on Climate Change Fifth Assessment Report, with a time horizon of 2030 and 2050.

Risks identified from this assessment included:

- 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 in the frequency and severity of extreme weather events.

A deep dive assessment of physical climate risk was completed in June 2021. Results from the modelling suggested that Cleanaway's assets are not highly impacted in future years.

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22 Intangible assets (continued)

Balancing these risks are opportunities associated with the transition to a higher-circularity, low-carbon economy, such as:

- Increased regulation favouring the domestic recycling industry (e.g. container deposits schemes, government investments into recycling infrastructure) to reduce embodied carbon emissions;
- Emergence of new waste streams and growth in low-carbon customer solutions for existing waste streams; and
- Utilisation of the inherent energy content of waste and incentives to invest in Energy-from-Waste plants.

The Group is currently updating its climate risk and opportunity assessment and scenario analysis, with the help of a third-party consultant. This assessment is being undertaken in alignment with the TCFD Good Practice Handbook (2nd Edition 2021), leveraging specific experience at Cleanaway in combination with broader sector-based climate expertise. The results of this assessment will be incorporated within our impairment assessment from 2024.

Whilst Cleanaway continues to refine its understanding of climate risk and opportunity through research and scenario analysis, certain adjustments are built into our impairment testing models, reflecting that investment is being made now to support both physical and transition risk. This includes:

- Investment in landfill gas capture and processing to reduce our carbon emissions. For the year ended 30 June 2023, a significant number of new wells were drilled to increase gas capture, existing well fields and supporting infrastructure optimised for gas capture, and investment made in bringing on-line generators to produce renewable energy. Future cashflows reflect increased investment in these activities.
- Investigation into potential low-carbon fuel sources to replace diesel. Our future cashflows reflect the investment in two trials of hydrogen fuelled heavy goods vehicles.
- Increased environmental and property risk controls at our sites, in particular controls to manage risk associated with high rainfall events and fire. The increased cost of management of these risks is included in the Group's cashflows, together with the additional expected capital requirements.

Cleanaway is also investing in opportunities to take advantage of the benefits of transitioning to a low-carbon economy. Future revenue opportunities arising from this investment include:

- Generation of additional Australian Carbon Credit Units from increased landfill gas capture and other abatement methods available under Australian legislation.
- GRL acquisition to capture future organics opportunities in the Sydney market.
- Revenue from increased focus on resource recovery and emerging policy to incorporate recycled content in packaging, including our investment in three plastic pelletising plants in Victoria and New South Wales.
- Revenue from our collection activities related to the Victorian Container Deposit scheme, due to commence in November 2023.

To the extent that opportunities are still in concept phase and the projects are not yet endorsed by the Board, these cashflows have not been incorporated into the cashflows.

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22 Intangible assets (continued)

Impact of possible changes in key assumptions

Any variation in the key assumptions used to determine the recoverable amount would result in a change to the estimated recoverable amount. If variations in assumptions had a negative impact on the recoverable amount it could indicate a requirement for some impairment of non-current assets. If variations in assumptions had a positive impact on the 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 2023:

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

2023	SOLID WASTE SERVICES	INDUSTRIAL & WASTE SERVICES	LIQUID WASTE & HEALTH SERVICES
Headroom \$'M	358.3	99.7	180.8
Decrease in CAGR% – EBITDA ¹	3.6%	2.3%	2.8%
Increase in capital spend rate ¹	4.4%	1.3%	1.7%
Decrease in terminal value growth rate ^{1,2}	2.2%	2.5%	2.2%
Increase in post-tax discount rate ¹	1.8%	1.8%	1.6%

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%

- Percentage changes presented above represent the absolute change in the assumption value (for example post-tax discount rate increasing by 1.8% from 7.9% to 9.7%).
- Terminal value for Industrial & Waste Services and Liquid Waste & Health would reflect a negative value as they are currently modelled at 2.0% terminal growth rates.

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22 Intangible assets (continued)

Accounting Policy

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, associate or joint venture at the date of acquisition. Goodwill on the acquisition of businesses or subsidiaries is included in intangible assets. Goodwill on acquisition of joint ventures and associates is included in investments in joint ventures and 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 operating segments for the purpose of impairment testing.

Brand names

The useful life of brands are assessed on acquisition. The brands which are not considered to have foreseeable brand maturity dates have been assessed as having indefinite useful lives as there is a view that there is no foreseeable limit to the period over which brands are expected to generate net cash inflows for the entity. These brands are therefore not amortised. Instead, these brand names are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses.

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, Australian Carbon Credit Units (ACCUs) and licences. Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. ACCUs are recognised upon generation of the ACCUs at fair value and derecognised once sold.

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). 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.

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.

Notes to the Consolidated Financial Statements

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22 Intangible assets (continued)

Critical accounting estimates and judgements – Recoverable amount of non-financial 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.

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.

NAME OF ENTITY	COUNTRY	REPORTING DATE	OWNERSHIP INTEREST		CARRYING VALUE OF INVESTMENT	
			2023 %	2022 %	2023 \$'M	2022 \$'M
Joint ventures:						
Cleanaway ResourceCo RRF Pty Ltd	Australia	30 June	45	45	14.4	16.2
Circular Plastics Australia Pty Ltd	Australia	30 June	50	50	7.7	7.7
Tomra Cleanaway Pty Ltd	Australia	30 June	50	50	6.2	5.4
Western Sydney Energy and Resource Recovery Centre Pty Ltd ¹	Australia	30 June	51	51	9.5	9.5
Wonthaggi Recyclers Pty Ltd	Australia	30 June	50	50	0.4	0.3
Daniel Sharpsmart New Zealand Limited	New Zealand	30 June	50	50	–	–
Associates:						
Circular Plastics (PET) Holdings Pty Ltd	Australia	30 June	33	33	13.4	13.1
					51.6	52.2

1 Decisions regarding relevant activities of the entity requires unanimous consent of owners, and as such, the Group has joint control.

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23 Equity accounted investments (continued)

(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:

	2023 \$'M	2022 \$'M
Current assets, including cash and cash equivalents \$1.6 million (2022: \$1.0 million) and prepayments \$1.5 million (2022: \$1.3 million)	5.7	6.9
Non-current assets	82.4	84.9
Current liabilities	(3.9)	(4.4)
Non-current liabilities, including deferred tax liabilities \$0.6 million (2022: \$2.6 million) and long-term borrowings \$49.5 million (2022: \$48.3 million)	(52.2)	(51.4)
Equity	32.0	36.0
Group's share in equity	14.4	16.2
Group's carrying amount of the investment	14.4	16.2

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

	2023 \$'M	2022 \$'M
Revenue from contracts with customers	22.8	19.7
Cost of sales	(13.6)	(13.2)
Administrative expenses, including depreciation \$3.0 million (2022: \$3.7 million)	(9.9)	(10.8)
Finance costs, including interest expense \$3.3 million (2022: \$2.4 million)	(3.3)	(2.4)
Loss before tax	(4.0)	(6.7)
Income tax benefit	–	–
Loss for the year	(4.0)	(6.7)
Total comprehensive loss for the year	(4.0)	(6.7)
Group's share of loss for the year	(1.8)	(3.0)

The joint venture had capital commitments of \$0.3 million as at 30 June 2023 (2022: \$0.1 million). The joint venture had no contingent liabilities as at 30 June 2023 (2022: nil). Cleanaway ResourceCo RRF Pty Ltd cannot distribute its profits without consent from both venture partners.

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For the year ended 30 June 2023

23 Equity accounted investments (continued)

(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:

	2023 \$'M	2022 \$'M
Current assets, including cash and cash equivalents \$1.6 million (2022: \$2.5 million)	1.6	2.5
Non-current assets	34.6	17.7
Current liabilities	(2.4)	(0.5)
Non-current liabilities, including long-term borrowings \$18.4 million (2022: \$1.0 million)	(18.4)	(4.3)
Equity	15.4	15.4
Group's share in equity	7.7	7.7
Group's carrying amount of the investment	7.7	7.7

The construction of a recycling plant in Laverton, VIC was being commissioned at 30 June 2023.

The joint venture had capital commitments of \$8.0 million as at 30 June 2023 (2022: nil). The joint venture had no contingent liabilities as at 30 June 2023 (2022: nil). Circular Plastics Australia Pty Ltd cannot distribute its profits without the consent from both venture partners.

(c) Tomra Cleanaway Pty Ltd

The Group has a 50% interest in Tomra Cleanaway Pty Ltd, a provider of network operator services for the NSW Container Deposit Scheme. The Group's interest in Tomra Cleanaway 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 Tomra Cleanaway Pty Ltd:

	2023 \$'M	2022 \$'M
Current assets, including cash and cash equivalents \$30.2 million (2022: \$26.8 million) and prepayments \$0.5 million (2022: \$0.2 million)	37.2	37.1
Non-current assets	0.1	0.3
Current liabilities	(24.9)	(23.2)
Non-current liabilities, including long-term borrowings nil (2022: \$3.4 million)	–	(3.4)
Equity	12.4	10.8
Group's share in equity	6.2	5.4
Group's carrying amount of the investment	6.2	5.4

Summarised statement of profit or loss of Tomra Cleanaway Pty Ltd:

	2023 \$'M	2022 \$'M
Revenue	218.4	200.5
Expenses	(216.2)	(195.3)
Profit before tax	2.2	5.1
Income tax expense	(0.7)	(1.5)
Profit for the year	1.5	3.6
Total comprehensive profit for the year	1.5	3.6
Group's share of profit for the year	0.8	1.8

The joint venture had no contingent liabilities or capital commitments as at 30 June 2023 (2022: nil). Tomra Cleanaway Pty Ltd cannot distribute its profits without the consent from both venture partners.

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23 Equity accounted investments (continued)

(d) 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. 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:

	2023 \$'M	2022 \$'M
Current assets, including cash and cash equivalents \$0.1 million (2022: \$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 2023 (2022: nil). Western Sydney Energy and Resource Recovery Centre Pty Ltd cannot distribute its profits without consent from both venture partners.

(e) Other joint ventures (disclosed in aggregate)

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

	2023 \$'M	2022 \$'M
Profit for the year	1.8	1.8
Total comprehensive income for the year	1.8	1.8
Group's share of profit for the year	0.9	0.9

(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:

	2023 \$'M	2022 \$'M
Current assets	9.6	8.0
Non-current assets	98.0	78.0
Current liabilities	(21.1)	(14.2)
Non-current liabilities	(46.5)	(32.4)
Equity	40.0	39.4
Group's share in equity	13.4	13.1
Group's carrying amount of the investment	13.4	13.1

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23 Equity accounted investments (continued)

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

	2023 \$'M	2022 \$'M
Revenue	33.5	5.5
Expenses	(36.1)	(9.0)
Loss before tax	(2.6)	(3.5)
Income tax benefit	0.8	1.1
Loss for the year	(1.8)	(2.4)
Total comprehensive loss for the year	(1.8)	(2.4)
Group's share of loss for the year	(0.6)	(0.8)

The associate had capital commitments of \$9.0 million as at 30 June 2023 (2022: \$1.2 million). The associate had no contingent liabilities as at 30 June 2023 (2022: nil). Circular Plastics (PET) Holdings Pty Ltd cannot distribute its profits without the consent from a simple majority of 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 2023:

	SERVICES TO EQUITY ACCOUNTED INVESTMENTS		PURCHASES FROM EQUITY ACCOUNTED INVESTMENTS		INTEREST REVENUE FROM EQUITY ACCOUNTED INVESTMENTS	
	2023 \$'M	2022 \$'M	2023 \$'M	2022 \$'M	2023 \$'M	2022 \$'M
Joint ventures	93.0	83.5	0.8	2.3	1.2	0.7
Associates	9.6	1.6	–	–	0.2	–
	102.6	85.1	0.8	2.3	1.4	0.7

	TRADE AMOUNTS OWED BY EQUITY ACCOUNTED INVESTMENTS		TRADE AMOUNTS OWED TO EQUITY ACCOUNTED INVESTMENTS		LOANS TO EQUITY ACCOUNTED INVESTMENTS ¹	
	2023 \$'M	2022 \$'M	2023 \$'M	2022 \$'M	2023 \$'M	2022 \$'M
Joint ventures	0.4	0.7	–	3.6	15.4	16.6
Associates	0.1	0.5	0.3	–	3.7	1.5
	0.5	1.2	0.3	3.6	19.1	18.1

¹ Loans to equity accounted investments comprise unsecured loans to: Cleanaway ResourceCo RRF Pty Ltd of \$15.1 million (2022: \$14.6 million) repayable on 30 June 2027; Circular Plastics Australia (PET) Pty Ltd of \$3.7 million (2022: \$1.5 million) repayable on 2 March 2026; Daniels Sharpsmart New Zealand Limited of \$0.3 million (2022: \$0.3 million) repayable on 22 December 2025; and Tomra Cleanaway Pty Ltd of nil (30 June 2022: \$1.7 million).

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23 Equity accounted investments (continued)

Accounting Policy

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.

24 Other assets

	2023 \$'M	2022 \$'M
Current		
Prepayments	29.7	26.4
Loans to equity accounted investments ¹	–	3.2
Total current other assets	29.7	29.6
Non-current		
Costs to fulfil contracts ²	7.8	5.0
Prepayments	0.8	0.2
Loans to equity accounted investments ¹	19.1	14.9
Total non-current other assets	27.7	20.1

1 The Group has assessed expected credit loss (ECL) on the loans to equity accounted investments, and based on the expected earnings to be generated by the joint ventures, has not recognised any provisions for ECL.

2 The Group amortised \$1.6 million (2022: \$0.6 million) of capitalised costs to fulfil contracts during the period.

Accounting Policy

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.

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25 Employee entitlements

	2023 \$'M	2022 \$'M
Current		
Annual leave	53.3	48.6
Long service leave	26.6	24.3
Other	17.1	18.1
Total current employee entitlements	97.0	91.0
Non-current		
Long service leave	10.0	8.7
Total non-current employee entitlements	10.0	8.7

During the year the Group contributed \$60.7 million (2022: \$51.6 million) to defined contribution plans. These contributions are expensed as incurred.

Accounting Policy

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and vesting sick leave 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.

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26 Provisions

	2023 \$'M	2022 \$'M
Current		
Rectification provisions	42.4	33.7
Remediation provisions	66.3	52.9
Other	36.0	110.4
Total current provisions	144.7	197.0
Non-current		
Rectification provisions	16.6	9.5
Remediation provisions	514.4	487.9
Other	33.3	38.6
Total non-current provisions	564.3	536.0

Included in other provisions is an amount of \$21.4 million (2022: \$21.1 million) in relation to workers compensation self-insurance of the Group under the Comcare scheme. This amount is comprised of \$8.1 million (2022: \$7.9 million) classified as current and \$13.3 million (2022: \$13.2 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 2023. The provision has been calculated using a claim inflation rate of 3.62% (2022: 3.71%) and a discount rate of 4.18% (2022: 3.38%). The workers compensation self-insurance provision is reassessed annually based on actuarial advice.

The table below provides a roll forward of provisions:

	RECTIFICATION		REMEDICATION		OTHER		TOTAL	
	2023 \$'M	2022 \$'M	2023 \$'M	2022 \$'M	2023 \$'M	2022 \$'M	2023 \$'M	2022 \$'M
Opening balance	43.2	15.9	540.8	306.8	149.0	51.9	733.0	374.6
Acquisitions of businesses ¹	–	–	–	282.0	(70.4)	105.4	(70.4)	387.4
Provisions made	–	–	23.2	9.7	29.4	25.3	52.6	35.0
Provisions used	–	–	–	–	(36.3)	(31.4)	(36.3)	(31.4)
Provisions reversed	–	–	–	–	(1.3)	(1.8)	(1.3)	(1.8)
Unwinding of discount	0.4	0.2	15.1	4.6	0.3	0.1	15.8	4.9
Change in discount rate	(0.1)	(0.4)	(22.0)	(98.1)	(1.4)	(0.5)	(23.5)	(99.0)
Change in assumptions ²	51.0	29.7	56.6	58.7	–	–	107.6	88.4
Rectification and remediation spend	(35.5)	(2.2)	(33.0)	(22.9)	–	–	(68.5)	(25.1)
Closing balance	59.0	43.2	580.7	540.8	69.3	149.0	709.0	733.0

1 The amount of \$70.4 million relates to the unfavourable contracts recognised in the acquisition of the Sydney Resource Network, which were settled in the current period as a result of the acquisition of GRL. Refer to note 28.

2 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 4.18% (2022: 3.68%) for landfill remediation and rectification of landfills and 4.12% (2022: 3.59%) for industrial property remediation.

26 Provisions (continued)

Accounting Policy

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.

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 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.

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26 Provisions (continued)

Accounting Policy

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.

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.

Critical accounting estimates and judgements – 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. Judgement has been applied in determining the amount of leachate expected to be extracted from the landfill body and the method of treating and disposing groundwater which rose after the flood event.

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.

Critical accounting estimates and judgements – Climate Change

The Group has considered the emerging risk of climate change in determining the remediation provisions for the landfills. In particular, an assessment has been conducted to determine the most reliable and durable capping design. Across most of the Group's landfill sites conventional geosynthetic capping designs have been assumed. There has been a move away from Phytocaps where extreme drought and rainfall events can affect the viability of the cap.

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For the year ended 30 June 2023

27 Other liabilities

	2023 \$'M	2022 \$'M
Current		
Deferred settlement liabilities ¹	5.8	6.1
Landfill creation liability ²	28.5	26.7
Contract liabilities ³	11.8	6.4
Total current other liabilities	46.1	39.2
Non-current		
Deferred settlement liabilities ¹	78.7	78.4
Landfill creation liability ²	51.8	76.2
Contract liabilities ³	1.6	0.8
Total non-current other liabilities	132.1	155.4

1 Includes \$84.5 million (2022: \$84.1 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 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.

3 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 \$6.4 million (2022: \$5.7 million) which was included in contract liabilities at the beginning of the year.

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28 Business combinations

Year ended 30 June 2023

Global Renewables Holdings Pty Ltd

On 31 August 2022 the Group acquired a 100% interest in the Global Renewables Holdings Pty Ltd (GRL). GRL is a New South Wales (NSW) Environmental Protection Authority (EPA) licensed, large-scale composting facility that processes approximately 220kt per annum of Sydney's mixed household waste in Western Sydney. The acquisition of GRL accelerates Cleanaway's BluePrint 2030 organics strategy by providing high circularity, low-carbon solutions for 'Red bin' mixed waste today and future FOGO bin waste. In acquiring this business the unfavourable contract provision, recognised in the acquisition of the Sydney Resource Network from Suez, is settled. Details of the business combination are provided below:

BUSINESS ACQUIRED	DATE OF ACQUISITION	DESCRIPTION OF THE BUSINESS	OPERATING SEGMENT
Global Renewables Holdings	31 August 2022	Licensed composting facility based in Sydney, NSW	Solid Waste Services

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

	2023 \$'M
Assets	
Cash and cash equivalents	0.9
Trade and other receivables	5.0
Tax receivable	1.6
Inventories	3.4
Property, plant and equipment	22.4
Intangible assets	10.4
Net deferred tax assets	0.1
Other assets	0.7
	44.5
Liabilities	
Trade and other payables	5.8
Employee entitlements	2.3
	8.1
Total identifiable net assets at fair value	36.4
Goodwill arising on acquisition	60.2
Purchase consideration	96.6

Intangibles represent the value assigned to 748,367 Australian Carbon Credit Units (ACCUs). The fair value attributed to these ACCUs represents the value a market participant with a goal of reducing carbon emissions would pay.

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

	2023 \$'M
Cash paid (included in cash flows from investing activities)	(167.0)
Effective settlement of the unfavourable contract	70.4
Total purchase consideration	(96.6)

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For the year ended 30 June 2023

28 Business combinations (continued)

	2023 \$'M
Net cash acquired (included in cash flows from investing activities)	0.9
Cash paid (included in cash flows from investing activities)	(167.0)
Transaction costs of the acquisition (included in cash flows from operating activities)	(3.4)
Net cash flow on acquisition	(169.5)

From the date of acquisition to 30 June 2023, the business contributed \$2.2 million of revenue and \$16.4 million to profit before tax to the Group. If the business had been acquired at the beginning of the reporting period, revenue of \$2.7 million and profit before tax of \$19.7 million would have been contributed to the Group.

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 and 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 complements the Group's existing NSW Solid Waste Service 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

As at 30 June 2022, provisionally determined values were reported. Subsequent to 30 June 2022, final fair values for the business combination were determined. Comparative amounts for 30 June 2022 have been restated in this financial report to the final determined fair values. The restated aggregated fair value of the identifiable assets and liabilities as at the date of acquisition were:

	PROVISIONAL FAIR VALUE REPORTED AT 30 JUNE 2022 \$'M	ADJUSTMENTS TO PROVISIONAL FAIR VALUE \$'M	FINAL FAIR VALUE \$'M
Assets			
Inventories	2.0	–	2.0
Property, plant and equipment	82.0	–	82.0
Right-of-use assets	126.3	–	126.3
Intangible assets	313.1	–	313.1
Other assets	0.2	–	0.2
	523.6	–	523.6
Liabilities			
Provisions ¹	400.3	(14.0)	386.3
Employee entitlements	2.4	–	2.4
Lease liabilities	126.3	–	126.3
Net deferred tax liabilities	2.7	–	2.7
	531.7	(14.0)	517.7
Total identifiable net assets at fair value	(8.1)	14.0	5.9
Goodwill arising on acquisition	511.2	(14.0)	497.2
Purchase consideration	503.1	–	503.1

¹ The decrease in the fair value of provisions of \$14.0 million comprises: \$15.7 million reduction in unfavourable contract provisions, \$2.4 million increase in remediation provisions and \$0.7 million reduction in waste disposal provisions.

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28 Business combinations (continued)

For some sites that were acquired through the acquisition, the assessment of the extent of any environmental contamination on the site and any remediation obligations continues. In each case the environmental contamination pre-dated the Group's acquisition of the sites. No present remediation obligation exists and therefore a contingent liability has not been recognised on the acquisition Balance Sheet in respect of any such contamination.

	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) and \$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. Details of the business combination are provided below:

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

The 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
	9.6
Liabilities	
Employee entitlements	0.3
Provisions	1.1
Lease liabilities	2.3
Net deferred tax liabilities	0.4
	4.1
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 paid (included in cash flows from investing activities)	(0.4)
Total purchase consideration	(8.8)

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28 Business combinations (continued)

	2022 \$'M
Cash consideration 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 of 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.

Accounting Policy

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 and included within other expenses in the Consolidated Income Statement.

Critical accounting estimates and judgements – 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. Further details on the Group's impairment assessment and policy are disclosed in note 22.

Critical accounting estimates and judgements – 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 is 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 is applied in determining the inputs and assumptions in these models.

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29 Subsidiaries

The Group's principal subsidiaries at 30 June 2023 are set out below:

	EFFECTIVE INTEREST ⁴	
	2023 %	2022 %
Active Industrial Solutions Pty Ltd ¹	100	100
AJ Baxter Pty Ltd ¹	100	100
ASP Plastics Pty Limited ¹	100	100
ASP Healthcare Pty Limited ¹	100	100
Baxter Business Pty Ltd ¹	100	100
Baxter Recyclers Pty Ltd ¹	100	100
Cleanaway Co Pty Ltd ¹	100	100
Cleanaway Daniels Australia Pty Ltd ¹	100	100
Cleanaway Daniels FMD Pty Ltd ¹	100	100
Cleanaway Daniels Laboratory Products Pty Ltd ¹	100	100
Cleanaway Daniels NSW Pty Ltd ¹	100	100
Cleanaway Daniels Pty Ltd ¹	100	100
Cleanaway Daniels Services Pty Ltd ¹	100	100
Cleanaway Daniels VIC Pty Ltd ¹	100	100
Cleanaway Daniels Waste Services Pty Ltd ¹	100	100
Cleanaway Daniels Wollongong Pty Ltd ¹	100	100
Cleanaway Equipment Services Pty Ltd ¹	100	100
Cleanaway Hygiene Pty Ltd ¹	100	100
Cleanaway Industrial Solutions Pty Ltd ¹	100	100
Cleanaway Industries Pty Ltd ¹	100	100
Cleanaway Landfill Holdings Pty Ltd ¹	100	100
Cleanaway (No. 1) Pty Ltd ¹	100	100
Cleanaway Operations Pty Ltd ¹	100	100
Cleanaway Organics Pty Ltd ¹	100	100
Cleanaway Pty Ltd ¹	100	100
Cleanaway Recycling Pty Ltd ¹	100	100
Cleanaway Refiners Pty Ltd ¹	100	100
Cleanaway Resource Recycling Pty Ltd ¹	100	100
Cleanaway Solid Waste Pty Ltd ¹	100	100
Cleanaway Superior Pak Pty Ltd ¹	100	100
Cleanaway Waste Management Limited (Parent entity)	100	100
Daniels Manufacturing Australia Pty Ltd ¹	100	100
Enviroguard Pty Ltd ¹	100	100
Environmental Recovery Services Pty Ltd ¹	100	100
Global Renewables Holdings Pty Ltd ¹	100	–
Grasshopper Environmental Pty Ltd ¹	100	100
Landfill Land Holdings Pty Ltd ¹	100	100
Landfill Operations Pty Ltd ¹	100	100
Mann Waste Management Pty Ltd ¹	100	100
Max T Pty Ltd ¹	100	100
Nationwide Oil Pty Ltd ¹	100	100
NQ Resource Recovery Pty Ltd ¹	100	100

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For the year ended 30 June 2023

29 Subsidiaries (continued)

	EFFECTIVE INTEREST ⁴	
	2023 %	2022 %
Oil and Fuel Salvaging (Queensland) Pty Ltd ¹	100	100
Pilbara Environmental Services Pty Ltd (formerly PTK Environmental Services Pty Ltd) ²	50	50
Pilbara Logistics Pty Ltd ¹	100	100
PT Environmental Services Pty Ltd ¹	100	100
PTW Environmental Services Pty Ltd ³	–	100
Rubus Holdings Pty Ltd ¹	100	100
Rubus Intermediate One Pty Ltd ¹	100	100
Rubus Intermediate Two Pty Ltd ¹	100	100
RWS Admin Pty Ltd ³	–	100
Sterihealth Sharpsmart Pty Ltd ¹	100	100
T Environmental Services Pty Ltd ¹	100	100
Transpacific Baxter Pty Ltd ¹	100	100
Transpacific Cleanaway Holdings Pty Ltd ¹	100	100
Transpacific Co Pty Ltd ¹	100	100
Transpacific Environmental Services Pty Ltd ¹	100	100
Transpacific Innovations Pty Ltd ¹	100	100
Transpacific Paramount Service Pty Ltd	100	100
Transpacific Resources Pty Ltd ¹	100	100
Transwaste Technologies Pty Ltd ¹	100	100
Transwaste Technologies (1) Pty Ltd ¹	100	100
Waste Management Pacific (SA) Pty Ltd ¹	100	100
Waste Management Pacific Pty Ltd ¹	100	100

1 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.

2 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.

3 These entities were deregistered on 28 June 2023.

4 All entities were incorporated in Australia.

Accounting Policy

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.

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29 Subsidiaries (continued)

Accounting Policy

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.

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	2023 \$'M	2022 \$'M
Revenue	3,504.6	2,959.6
Other income	19.6	15.9
Labour related expenses	(1,183.3)	(1,023.9)
Collection, recycling and waste disposal expenses	(1,151.1)	(939.2)
Fleet operating expenses	(380.2)	(310.4)
Property expenses	(64.5)	(51.9)
Other expenses	(205.1)	(138.2)
Write down loan to equity accounted investment	–	(6.3)
Share of losses from equity accounted investments	(0.7)	(1.1)
Depreciation and amortisation expense	(363.3)	(321.9)
Write-off of assets	(51.3)	(8.1)
Impairment of assets	–	(8.9)
Profit from operations	124.7	165.6
Net finance costs	(96.2)	(53.0)
Profit before income tax	28.5	112.6
Income tax expense	(8.0)	(34.2)
Profit after income tax	20.5	78.4
Other comprehensive income		
Net (loss)/gain on cross-currency interest rate swaps (net of tax)	(1.5)	3.3
Net comprehensive loss recognised directly in equity	(1.5)	3.3
Total comprehensive income for the year	19.0	81.7

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

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30 Deed of Cross Guarantee (continued)

BALANCE SHEET	2023 \$'M	2022 \$'M
Assets		
Current assets		
Cash and cash equivalents	99.1	65.7
Trade and other receivables	541.7	523.4
Inventories	31.2	26.7
Other assets	29.2	29.6
Total current assets	701.2	645.4
Non-current assets		
Property, plant and equipment	1,577.6	1,434.5
Right-of-use assets	609.4	612.2
Intangible assets	3,072.5	3,060.3
Equity accounted investments	51.6	52.2
Net deferred tax assets	19.5	9.7
Other assets	46.3	19.3
Total non-current assets	5,376.9	5,188.2
Total assets	6,078.1	5,833.6
Liabilities		
Current liabilities		
Trade and other payables	489.1	465.9
Income tax payable	3.3	–
Lease liabilities	98.4	98.1
Employee entitlements	97.0	91.0
Provisions	144.7	197.0
Other liabilities	46.1	39.2
Total current liabilities	878.6	891.2
Non-current liabilities		
Borrowings	950.4	1,042.9
Lease liabilities	540.3	540.2
Derivative financial instruments	46.1	39.3
Employee entitlements	10.0	8.7
Provisions	564.3	536.0
Other liabilities	153.3	155.3
Total non-current liabilities	2,264.4	2,322.4
Total liabilities	3,143.0	3,213.6
Net assets	2,935.1	2,620.0
Equity		
Issued capital	3,101.8	2,700.6
Reserves	34.0	31.6
Retained earnings	(200.7)	(112.2)
Total equity	2,935.1	2,620.0

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.

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31 Parent entity

	2023 \$'M	2022 \$'M
Current assets	0.1	0.1
Total assets	4,356.2	3,946.4
Current liabilities	10.0	3.1
Total liabilities	1,020.5	978.0
Issued capital	3,101.8	2,700.6
Retained earnings	199.5	235.8
Reserves	34.4	32.0
Total equity	3,335.7	2,968.4
Profit for the period	72.7	106.8
Total comprehensive income for the period	71.2	110.1

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.

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32 Financial risk management (continued)

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

	2023		2022	
	WEIGHTED AVERAGE INTEREST RATE %	BALANCE \$'M	WEIGHTED AVERAGE INTEREST RATE %	BALANCE \$'M
Fixed rate instruments				
CEFC Term Loan	2.1	85.5	2.3	83.5
Lease liabilities	3.6	638.7	3.5	640.9
		724.2		724.4
Variable rate instruments				
Bank and other loans	5.3	516.6	2.4	607.5
USPP Notes ¹	5.5	348.3	2.5	351.9
		864.9		959.4

1 At 30 June 2023, 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 the CCIRS the variable three-month Bank Bill Swap Rate plus a weighted average margin of 1.61% (2022: 1.61%) is applied against a fixed principal balance of A\$397.6 million and 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 (2022: US\$270.0 million) are also exchanged at drawdown and maturity for A\$397.6 million (2022: 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 \$8.7 million (2022: \$10.1 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.

The export bans imposed by the government, which have the effect of banning export of certain waste recyclable materials progressively over time from early 2021 through to mid 2024, have increased the amount of waste material that is recycled and processed into value added products in Australia. All levels of Government have been 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.

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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	2023 \$'M	2022 \$'M
Cash at bank and on hand	11	102.1	66.5
Trade and other receivables ¹	12	551.7	532.5
Other financial assets ²		19.1	18.1
		672.9	617.1

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

2 Refer to note 24 for an assessment of credit risk and impairment associated with the loans to equity accounted investments.

(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 2023 is \$528.2 million (2022: \$487.7 million). The current portion of the Group's borrowings at 30 June 2023 is nil (2022: 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:

2023	< 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	47.0	532.9	393.7	294.3	1,267.9	950.4
Lease liabilities ¹	105.8	94.3	228.2	197.6	625.9	638.7
Trade and other payables	495.3	–	–	–	495.3	495.3
Other financial liabilities	34.2	37.2	44.5	167.8	283.7	164.8
Total	682.3	664.4	666.4	659.7	2,672.8	2,249.2
Derivatives						
Cross-currency interest rate swaps						
inflow	22.0	21.7	196.2	305.6	545.5	n/a
(outflow)	(11.8)	(11.8)	(170.5)	(294.3)	(488.4)	n/a
Total	10.2	9.9	25.7	11.3	57.1	(46.1)

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32 Financial risk management (continued)

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)

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 \$240.6 million (2022: \$169.7 million). The Group has committed to future cash outflows of \$11.0 million (2022: \$6.7 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 2023 (2022: 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

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:

2023	FIXED RATE BORROWINGS MEASURED AT AMORTISED COST		DERIVATIVES MEASURED AT FAIR VALUE
	CLEAN ENERGY FINANCE CORPORATION \$'M	USPP NOTES (HEDGED ITEMS) \$'M	CCIRS ¹ (HEDGING INSTRUMENTS) \$'M
Opening fair value of liability as at 1 July 2022	(83.5)	(355.3)	(39.3)
Amortisation of fair value loss on recognition	–	–	0.3
Movement relating to changes in AUD or USD interest rates			
Fair value hedges	–	17.9	(19.3)
Other	(0.2)	–	0.1
Movement relating to change in AUD/USD exchange rates			
Cash flow hedges	–	(13.8)	14.2
Movement relating to change in AUD/USD currency basis	–	–	(2.1)
Closing fair value of liability as at 30 June 2023	(83.7)	(351.2)	(46.1)
Carrying amount of liability as at 30 June 2023	(85.5)	(348.3)	(46.1)
Accumulated fair value adjustments on the hedged items	–	46.4	n/a

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32 Financial risk management (continued)

	FIXED RATE BORROWINGS MEASURED AT AMORTISED COST		DERIVATIVES MEASURED AT FAIR VALUE
	CLEAN ENERGY FINANCE CORPORATION \$'M	USPP NOTES (HEDGED ITEMS) \$'M	CCIRS ¹ (HEDGING INSTRUMENTS) \$'M
2022			
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

1 Fair value hedges fair value movements in the hedging instruments of \$(19.3) million (2022: \$(44.1) million) includes an effective portion of \$(17.9) million (2022: \$(46.7) million) and an ineffective portion of \$(1.4) million (2022: \$2.6 million). Cash flow hedges fair value movements of \$14.2 million (2022: \$27.0 million) includes an effective portion of \$13.8 million (2022: \$31.1 million) and an ineffective portion of \$0.4 million (2022: \$(4.1) million). The notional amount of the derivatives are US\$270.0/\$397.6 million.

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 credit and debit 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.

32 Financial risk management (continued)

Accounting Policy

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.

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.

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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. The appeal was heard in November 2022 and Cleanaway are still awaiting the appeal judgement. 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 have been moved to the Supreme Court and Cleanaway are awaiting a court date. On 2 February 2022, the 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.

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34 Commitments

(a) Capital expenditure

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

	2023 \$'M	2022 \$'M
Property, plant and equipment	102.7	61.0
Intangible assets	6.7	0.9
	109.4	61.9

(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 licences. The bank guarantees and insurance bonds only give rise to a liability to the Group where the subsidiary concerned fails to perform its obligations.

	2023 \$'M	2022 \$'M
Guarantees and other security provided on behalf of joint ventures and associates ¹	18.6	18.0
Bank guarantees issued in respect of subsidiaries	179.8	177.0
Insurance bonds issued in respect of subsidiaries	80.9	85.1
	279.3	280.1

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

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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 2022	GRANTED DURING THE PERIOD	VESTED AND EXERCISED DURING THE PERIOD	FORFEITED DURING THE PERIOD	LAPSED DURING THE PERIOD	PERFORMANCE RIGHTS AT 30 JUNE 2023
LONG-TERM INCENTIVE PLAN								
2020 LTI	30-Oct-19	30-Jun-22	2,083,235	–	(1,010,717)	–	(1,072,518)	–
2021 LTI	16-Dec-20	30-Jun-23	1,833,910	–	–	(299,109)	–	1,534,801
2022 LTI	25-Oct-21	30-Jun-24	2,577,876	–	–	(260,545)	–	2,317,331
2023 LTI	Various ¹	30-Jun-25	–	2,926,974	–	(318,650)	–	2,608,324
SHORT-TERM INCENTIVE PLAN								
2021 STI	25-Oct-21	30-Jun-22	189,161	–	(189,161)	–	–	–
2022 STI	Various ²	30-Jun-23	–	221,613	–	–	–	221,613
OTHER GRANTS								
CEO sign on	22-Oct-21	Various ³	532,319	–	(152,091)	–	–	380,228
EGM SWS sign on	18-Feb-22	Various ⁴	159,222	–	(29,983)	–	–	129,239
EGM LW&H and I&WS sign on	01-Mar-23	Various ⁵	–	173,745	–	–	–	173,745
Executive sign on	29-Aug-22	Various ⁶	–	145,048	–	–	–	145,048
Executive sign on	10-Oct-22	Various ⁷	–	75,063	–	–	–	75,063
Total			7,375,723	3,542,443	(1,381,952)	(878,304)	(1,072,518)	7,585,392
Vested and exercisable at 30 June 2023								221,613

1 On 16 September 2022, 1,841,190 LTI 2023 rights were granted. On 10 October 2022, 32,419 LTI 2023 rights were granted. On 2 November 2022, 19,937 LTI 2023 rights were granted. Mr M Schubert's 727,700 LTI 2023 rights were granted on 21 October 2022 following approval at the Annual General Meeting (AGM). On 22 November 2022, 78,247 LTI 2023 rights were granted. On 16 December 2022, 31,672 LTI 2023 rights were granted. On 16 January 2023, 25,621 LTI 2023 rights were granted. On 1 March 2023, 170,188 LTI 2023 rights were granted.

2 Grant date for all Executive STI 2022 rights was 15 September 2022, except for 75,970 rights which were granted to Mr M Schubert following approval at the AGM on 21 October 2022.

3 Of the 532,319 sign on rights issued, 152,091 vested on 30 August 2022, 190,114 vest on 30 August 2023 and 190,114 vest on 30 August 2024.

4 Of the 159,222 sign on rights issued, 29,983 vested on 22 August 2022 and 129,239 vest on 21 August 2023.

5 Of the 173,745 sign on rights issued, 77,220 vest on 31 August 2023 and 96,525 vest on 31 August 2024.

6 Of the 145,048 sign on rights issued, 34,255 vest on 31 August 2023, 65,574 vest on 31 August 2024 and 45,219 vest on 31 August 2025.

7 Of the 75,063 sign on rights issued, 19,593 vest on 31 August 2023 and 55,470 vest on 31 August 2024.

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.

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35 Share-based payments (continued)

(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	2021 LTI AWARD UP TO THREE YEARS: 1 JULY 2020 TO 30 JUNE 2023	2022 LTI AWARD UP TO THREE YEARS: 1 JULY 2021 TO 30 JUNE 2024
Overview	<p>Performance rights, of which:</p> <p><i>Measured over three years to 30 June 2023</i></p> <ul style="list-style-type: none"> 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 	<p>Performance rights, of which:</p> <p><i>Measured over three years to 30 June 2024</i></p> <ul style="list-style-type: none"> 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 2024 acts as a gateway to EPS CAGR

Offer made in current reporting period – 2023 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.
- 25% of performance rights vest if a certain underlying EPS CAGR target is achieved.
- 25% of performance rights vest if a certain CH₄ emissions reduction is achieved.

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35 Share-based payments (continued)

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

VALUATION APPROACH	2023 LTI TSR TRANCHE	2023 LTI EPS CAGR TRANCHE	2023 LTI CARBON TRANCHE
	Monte Carlo simulation	Black-Scholes model	Black-Scholes model
Performance period	1 July 2022 – 30 June 2025	1 July 2022 – 30 June 2025	1 July 2022 – 30 June 2025
Volatility (%) ¹	30.0%	30.0%	30.0%
GRANT DATE 16 SEPTEMBER 2022			
Number of rights	920,600	460,295	460,295
Risk-free interest rate (%)	3.42%	3.42%	3.42%
Fair value per right ²	\$1.69	\$2.62	\$2.62
GRANT DATE 21 OCTOBER 2022			
Number of rights	363,850	181,925	181,925
Risk-free interest rate (%)	3.72%	3.72%	3.72%
Fair value per right ²	\$1.53	\$2.43	\$2.43
GRANT DATE 10 OCTOBER 2022			
Number of rights	16,209	8,105	8,105
Risk-free interest rate (%)	3.42%	3.42%	3.42%
Fair value per right ²	\$1.54	\$2.55	\$2.55
GRANT DATE 2 NOVEMBER 2022			
Number of rights	9,969	4,984	4,984
Risk-free interest rate (%)	3.34%	3.34%	3.34%
Fair value per right ²	\$1.59	\$2.60	\$2.60
GRANT DATE 22 NOVEMBER 2022			
Number of rights	39,123	19,562	19,562
Risk-free interest rate (%)	3.23%	3.23%	3.23%
Fair value per right ²	\$1.60	\$2.61	\$2.61
GRANT DATE 16 DECEMBER 2022			
Number of rights	15,836	7,918	7,918
Risk-free interest rate (%)	3.14%	3.14%	3.14%
Fair value per right ²	\$1.55	\$2.56	\$2.56
GRANT DATE 16 JANUARY 2023			
Number of rights	12,811	6,405	6,405
Risk-free interest rate (%)	3.20%	3.20%	3.20%
Fair value per right ²	\$1.54	\$2.55	\$2.55
GRANT DATE 1 MARCH 2023			
Number of rights	85,094	42,547	42,547
Risk-free interest rate (%)	3.51%	3.51%	3.51%
Fair value per right ²	\$1.45	\$2.46	\$2.46

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.

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35 Share-based payments (continued)

The performance targets of the 2023 LTI award are set out in the table below.

Relative TSR performance measured over three years from 1 July 2022 to 30 June 2025	<p>Relative Total Shareholder Return (TSR) Ranking against the constituents of the S&P/ASX200 Industrial Sector Index:</p> <ul style="list-style-type: none"> • 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 2022 to 30 June 2025	<p>Earnings per Share Compound Annual Growth Rate (EPS CAGR) to be achieved:</p> <ul style="list-style-type: none"> • < 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
FY2025 CH₄ (Methane) Emissions (% of FY2022)	<p>FY2025 CH₄ Emissions (% of FY22):</p> <ul style="list-style-type: none"> • Greater than 95% of FY2022 – 0% vesting • Equal to 95.0% of FY2022 – 50% vesting • 95.0% to 87.0% of FY2022 – straight line vesting between 50% and 100% • Less than 87.0% of FY2022 – 100% vesting

(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 2022 STI deferred rights was \$2.87 for 145,643 rights granted on 15 September 2022 and \$2.58 for 75,970 rights granted on 21 October 2022. The deferred rights are not entitled to dividends during the vesting period.

(c) Other grants

Offers made in previous reporting period

The CEO and 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 rights which are still outstanding at 30 June 2023:

SCHEME	CEO RIGHTS	CEO RIGHTS	EGM SWS RIGHTS
Number of rights	190,114	190,114	129,238
Grant date	22 Oct 21	22 Oct 21	18 Feb 22
Performance period	30 Aug 21– 30 Aug 23	30 Aug 21– 30 Aug 24	18 Feb 21– 22 Aug 23
Risk-free interest rate	0.28%	0.63%	0.28%
Volatility (%) ¹	35.0%	35.0%	35.0%
Fair value per right ²	\$2.74	\$2.69	\$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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

35 Share-based payments (continued)

Offers made in current reporting period

The EGM L&HS and IWS and other executives 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.

SCHEME	EGM L&HS AND IWS	EGM L&HS AND IWS	OTHER EXEC	OTHER EXEC	OTHER EXEC	OTHER EXEC	OTHER EXEC
Number of rights	77,220	96,525	34,255	65,574	45,219	19,593	55,470
Grant date	1 Mar 23	1 Mar 23	29 Aug 22	29 Aug 22	29 Aug 22	10 Oct 22	10 Oct 22
Performance period	1 Mar 23– 31 Aug 23	1 Mar 23– 31 Aug 24	29 Aug 22– 31 Aug 23	29 Aug 22– 31 Aug 24	29 Aug 22– 31 Aug 25	10 Oct 22– 31 Aug 23	10 Oct 22– 31 Aug 24
Risk-free interest rate	3.38%	3.53%	3.16%	3.31%	3.35%	3.16%	3.32%
Volatility (%) ¹	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Fair value per right ²	\$2.80	\$2.74	\$2.71	\$2.65	\$2.60	\$2.65	\$2.60

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.

Accounting Policy

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.

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.

	2023 \$	2022 \$
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	1,948,146	1,551,180
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	72,000	–
Fees for other services	155,960	32,000
Total fees to Ernst & Young (Australia)	2,176,106	1,583,180
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	2,176,106	1,583,180

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

37 Related party transactions

(a) Key Management Personnel

Disclosures relating to Key Management Personnel (KMP) are set out in the Remuneration Report on pages 44 to 69.

The KMP compensation included in employee expenses are as follows:

	2023 \$	2022 \$
Short-term employee benefits	6,571,859	9,660,390
Post-employment benefits	244,348	237,896
Equity compensation benefits	1,692,530	2,098,081
	8,508,737	11,996,367

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 2023 and 30 June 2022 consisted of:

- Loans advanced by Cleanaway Waste Management Limited and other subsidiaries;
- Loans repaid to Cleanaway Waste Management Limited and other subsidiaries;
- The payment of interest on the above loans;
- The payment of dividends to Cleanaway Waste Management Limited and other subsidiaries;
- Management fees charged to subsidiaries; and
- 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 2023 and 30 June 2022, except as presented in note 23.

38 Events occurring after the reporting date

Acquisition of Australian Eco Oils

On 21 August 2023, the Group acquired the business and assets of Australian Eco Oils (AEO) for consideration of \$39 million. Trading under the Scanline brand, AEO collects and processes used cooking oils to improve the quality and then sells the product into the stockfeed and renewable fuel sectors.

The acquisition includes three licensed processing facilities in Riverstone NSW, Rocklea QLD, and Laverton VIC, with a combined capacity of approximately 30,000 tonnes per annum of used cooking oil, a fleet of 26 vehicles and 30 employees.

Other than noted above, there have been no matters or circumstances that have arisen since 30 June 2023 that have affected the Group's operations not otherwise disclosed in this Report.

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39 New standards adopted

The Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period.

New and revised Standards, amendments thereof and interpretations which became effective during the current year and relevant to the Group include:

- **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. These amendments have not impacted the Consolidated Financial Statements.

40 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 2023 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
<i>Classification of Liabilities as Current or Non-Current – Amendments to AASB 101</i> The AASB has issued amendments to AASB 101 <i>Presentation of Financial Statements</i> to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: <ul style="list-style-type: none">• 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
<i>Definition of Accounting Estimates – Amendments to AASB 108</i> The AASB has issued amendments to AASB 108 <i>Accounting Policies, changes in Accounting Estimates and Errors</i> 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
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to AASB 112</i> The AASB issued amendments to AASB 112 <i>Income Taxes</i> 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 has 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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2023

40 New standards and interpretations not yet adopted (continued)

STANDARD/INTERPRETATION	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
<p><i>Disclosure of Accounting Policies – Amendments to AASB 101 and IFRS Practice Statement 2</i></p> <p>The AASB has issued amendments to AASB 101 <i>Presentation of Financial Statements</i> and IFRS Practice Statement 2 <i>Making Materiality Judgements</i> 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.</p> <p>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.</p>	1 January 2023	30 June 2024
<p><i>Lease Liability in a Sale and Leaseback – Amendments to AASB 16</i></p> <p>The AASB has issued amendments to AASB 16 <i>Leases</i> to specify the requirements that a seller lessee uses in measuring the lease liability arising in a sale and leaseback transaction. AASB 16 does not specify how a seller-lessee measures the lease liability in a sale and leaseback transaction and whether variable lease payments (regardless of whether they depend on an index or rate) should be considered in the measurement of the lease liability in these specific circumstances. The amendment does not prescribe specific measurement requirements for lease liabilities, instead it requires an entity to develop and apply an accounting policy that results in information that is relevant and reliable.</p> <p>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.</p>	1 January 2023	30 June 2024

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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 2023 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 2023; 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, 23 August 2023

Independent Auditor's Report

to the Members of Cleanaway Waste Management Limited



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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 2023, 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 2023 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 judgement, 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.

Independent Auditor's Report

to the Members of Cleanaway Waste Management Limited



1. Solids Queensland Post-Collection Asset (New Chum landfill) rectification provision and write down of assets

WHY SIGNIFICANT	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p>The Solids Queensland Post-Collection Asset (New Chum landfill) site has been operationally closed since March 2022 after being significantly impacted by flood damage during the East Coast flood events in February and March 2022.</p> <p>During the year ended 30 June 2023, \$61.6 million of costs have been incurred on flood related rectification activities, with a provision of \$55.2 million recognised for costs to complete the rectification works.</p> <p>The provision is based on management's best estimate of the remaining costs to rectify flood related matters at the landfill site and meet the QLD Department of Environment & Science (DES) requirements.</p> <p>Note 26 of the financial report provides further details on the rectification and remediation provisions.</p> <p>As disclosed in Note 5 the Group recorded a write down of \$51.1 million against the carrying value of assets related to the New Chum landfill. The Group has assessed that the remaining assets are recoverable in the future through sale, relocation or other future development.</p> <p>Because of the subjective and complex nature of the estimates involved in accounting for the rectification provision and the write down of assets, this is a key audit matter.</p>	<p>With respect to the New Chum rectification provision, we:</p> <ul style="list-style-type: none">• Obtained and tested managements judgements and assumptions applied in determining the rectification provision, including management assumptions on the volume of water captured in the voids, groundwater refill and assumed leachate levels, and rate of groundwater and leachate removal, as well as evaluating the adequacy of the contingency within the rectification provision. We involved our environmental specialists to assist in the execution of these procedures;• Understood management's cost estimates for the relevant activities involved to rectify the site, including reviewing quotes where relevant;• Analysed fluctuations in costs incurred to date compared to costs to complete to identify any significant changes;• Agreed a sample of costs incurred during the period back to source documentation such as invoices and contracts;• Attended the New Chum Landfill site to observe the ongoing impact of the flood damage;• Tested the mathematical integrity of the model; and• Assessed the adequacy of the disclosures made in the financial report. <p>With respect for the impact of the unsuccessful appeal against the Height Rise application and subsequent asset write down, we:</p> <ul style="list-style-type: none">• Assessed whether the methodology used by the Group to test for the carrying amounts of assets relating to the New Chum landfill met the requirements of Australian Accounting Standards;• Obtained and tested management's calculation of the write down recorded against the carrying value of the identified assets;• Obtained a detailed understanding of management's process to identify the assets to be written down and tested for completeness;• Engaged our property valuation specialists to assess the reasonableness of the valuation approach, methodology and key assumptions used to fair value the land with reference to observable market inputs; and• Assessed the competence, qualifications and objectivity of both the Group's external specialists used in the determination of the fair value of the land. <p>We also assessed the adequacy of the Group's disclosures in the financial report regarding the impact of New Chum height rise dismissal and flood events, and their accounting impact in the 30 June 2023 financial statements.</p>

Independent Auditor's Report

to the Members of Cleanaway Waste Management Limited



2. Acquisition of the Sydney Resource Network

WHY SIGNIFICANT

Under the National Environment Protection Council Act 1994 and various State based regulations 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 2023, the Group held \$580.7 million in remediation provisions based on discounted cash flow models that incorporate critical estimates in relation to capping, post closure and ongoing remediation costs. Included in the remediation provision is an amount of \$23.2 million as a direct result of the New Chum height rise dismissal mainly attributed to future site infrastructure, capping and closure costs which will no longer qualify to be capitalised as an asset due to the asset write down recorded.

There are significant judgements in relation to appropriate cost escalation and discount rates, the timing of expected expenditure, the possibility of new practices and methodologies being available in the future and the adequacy of the contingency factors. Estimates are developed based on site-specific plans, taking into consideration historical and emerging practice in relation to remediation activities, including better practice climate and sustainability responses.

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.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

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 remediation provisions, we:

- Conducted site visits to the Melbourne Regional Landfill and the New Chum Landfill sites;
- 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 ongoing remediation activities with reference to available external data, including 3rd party quotes, and relevant environmental authority regulations and correspondence, where available;
- Assessed the appropriateness of the escalation rate in light of current wage price, labour availability and other inflationary factors and performed a sensitivity analysis;
- Assessed discount rates with reference to observable market inputs; and
- Assessed the adequacy of contingency amounts carried within the remediation provisions.

We also assessed the adequacy of the Group's disclosures in the financial report regarding its remediation obligations.

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Independent Auditor's Report

to the Members of Cleanaway Waste Management Limited



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 2023 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.

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 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.

Independent Auditor's Report

to the Members of Cleanaway Waste Management Limited



Auditor's Responsibilities for the Audit of the Financial Report (continued)

- 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 44 to 69 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Cleanaway Waste Management Limited for the year ended 30 June 2023, 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

Ashley Butler
Partner
Melbourne

23 August 2023

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Top 20 Shareholders as at 25 August 2023

RANK	NAME	UNITS	% UNITS
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	708,590,657	31.83
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	451,114,540	20.26
3	CITICORP NOMINEES PTY LIMITED	253,967,748	11.41
4	BNP PARIBAS NOMS PTY LTD <DRP>	151,872,391	6.82
5	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	141,125,329	6.34
6	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	85,039,359	3.82
7	NATIONAL NOMINEES LIMITED	84,984,478	3.82
8	CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	50,373,062	2.26
9	AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	18,185,006	0.82
10	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	17,785,257	0.80
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	17,051,541	0.77
12	BNP PARIBAS NOMS (NZ) LTD <DRP>	10,669,292	0.48
13	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	8,132,564	0.37
14	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	7,849,640	0.35
15	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	4,532,438	0.20
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,249,242	0.19
17	MIRRABOOKA INVESTMENTS LIMITED	3,355,000	0.15
18	WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	3,206,682	0.14
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	3,180,026	0.14
20	UBS NOMINEES PTY LTD	2,171,213	0.10
Totals: Top 20 holders of FULLY PAID ORDINARY SHARES (Total)		2,027,435,465	91.07
Total Remaining Holders Balance		198,807,645	8.93
Total Fully Paid Ordinary Shares on Issue		2,226,243,110	100.00

Substantial Shareholders

Substantial shareholders as shown in shareholding notices received by the Company as at 25 August 2023:

UniSuper Limited	200,393,926
United Super Pty Ltd	135,155,724
TPG Entities	109,592,136
Vanguard Group	111,326,051

An entity has a substantial shareholding if the total votes attaching to shares in which the entity and their associates have a relevant interest is 5% or more. The list of the 20 largest shareholders is based on the number of shares held in the name of each shareholder on the register of members, even if the shareholder holds the share as a nominee (i.e. no beneficial or relevant interest in the shares). The list of the 20 largest shareholders of the Company and the list of substantial shareholders of the Company differ for this reason.

Statement of Quoted Securities

The Company's total number of shares on issue as at 25 August 2023 was 2,226,243,110 ordinary fully paid shares.

As at 25 August 2023, the total number of shareholders owning these shares was 20,982 on the register of members maintained by Computershare Investor Services Pty Ltd.

Distribution Schedule of Shareholders

NO. OF SHARES	1-1,000	1,001-5,000	5,001-10,000	10,001-100,000	100,001 AND OVER	TOTAL
	5,558	7,528	3,516	4,169	211	20,982

The number of shareholders each holding less than a marketable parcel of the Company's ordinary shares (\$500 in value) based on the closing price of \$2.56 on 25 August 2023 was 588.

Securities Exchange Listing

The shares of the Company are listed on the Australian Securities Exchange under the code CWY.

91.07% of total issued capital is held by or on behalf of the 20 largest shareholders.

Voting Rights

Under the Company's Constitution, every member present is entitled to vote at a general meeting of the Company in person or by proxy or by attorney or, in the case of a corporation, by representative, and shall, upon a show of hands, have one vote only.

Proxies – Where a member is entitled to cast two or more votes it may appoint not more than two proxies or attorneys. Where a member appoints two proxies, neither proxy is entitled to a vote on a show of hands.

Poll – On a poll, every member entitled to vote shall, whether present in person or by proxy or attorney or, in the case of a corporation, by representative, has one vote for every share held by the member.

At 25 August 2023, there were 7,585,392 performance rights on issue to 28 executives under the Company's incentive schemes. Voting rights are not attached to the performance rights unless they have been exercised into ordinary shares.

Corporate directory

Company Secretary

Dan Last

Registered Office and Principal Office

Level 4
441 St Kilda Road
Melbourne, VIC 3004
Telephone: +61 3 8397 5100

Share Registry

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford, VIC 3067
Telephone: 1300 850 505 (within Australia) and +61 3 9415 4000 (outside Australia).

Please contact the Share Registry if you have any questions in relation to your shareholding or wish to update your contact details, banking details, communication preference or DRP election. You can also update your details online by visiting <http://www.computershare.com.au/easyupdate/CWY>.



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