



Getting Better

Company/ASX Code	Cleanaway Waste Management Limited/CWY
AGM date	Friday 22 October 2021
Time and location	11am AEDT virtual
Registry	Computershare
Webcast	Yes using Lumi
Poll or show of hands	Poll on all items
Monitor	John Collins
Pre AGM Meeting?	No but telephone contact with the Head of Investor Relations

The individual involved in the preparation of this voting intention has a shareholding in this company.

Summary of issues for meeting

An explanation of the reason why directors were needed to act as managers for 6 months while the CEO was replaced.

Why Underlying figures are used for KMP incentive calculations instead of Statutory figures.

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

CWY has well documented Governance and Culture policies. KMPs would appear to be struggling to meet internal targets concerning Group Voluntary Turnover which appears to be contrary to expectations given an excellent Safety performance outcome.

CWY had a good year achieving substantial increase in NPAT, TSR and dividends. It shows that CWY has emerged from the previous year's COVID troubles with both increase in revenues and decrease in costs. This was done in conjunction with a Director and KPM replacement issues.

CWY's Energy from Waste project is being moved to a new site yet to be finalised. This was caused by a change in Sydney's planning legislation where such projects can only be erected in stipulated extremes of the Sydney Basin. The matter is expected to be finalised by mid-2022.

CWY offered SUEZ \$2.5bn for their Recycling and Recovery business. This offer was terminated once VEOLIA and SUEZ agreed to merge. A part of the arrangement was that CWY would be buying the SUEZ Sydney Recycling and Recovery assets consisting of two landfills and five transfer stations. This matter is pending the completion of transactions between VEOLIA and SUEZ and is valued at some \$0.5bn. Debt facilities have been drawn down in anticipation.

CWY continues the strategy of gradually increasing its footprint by taking over appropriate aligned businesses around the country expending some \$50m. CWY now manages some 67 wholly owned subsidiaries and seven joint ventures.

The CEO, Vic Bansal resigned on 21 of January 2021 being effective 5 March 2021. The chairman, Mark Chellew acted as CEO role until the replacement, Mark John Schubert who commenced duties on 31 August 2021.

Brendan Gill, the CFO was appointed COO 21 January 2021 to assist the CEO transition and was replaced as CFO by Paul Binfield.

NEDs Philippe Etienne and Terry Sinclair were given further duties to assist the management the Suez Post Collection assets and the Waste to Power projects respectively.

Paul Binfield was recruited as CFO replacing Brendan Gill and commenced in the position 1 February 2021.

Ingrid Player was recruited as a NED replacing Emma Stein who resigned 1 December 2020 after some 10 years as a NED with CWY. Ingrid commenced duties 1 March 2021

While it was a credible achievement using directors to temporarily fill management positions it was an unexpected solution for a company the size of CWY. Usually such positions would be filled by re-arranging the management personnel on a temporary basis using the time for staff development and showing the opportunities that exist to staff within the company structure. Such active involvement of Board members in direct management could lead to undesirable outcomes for the management of the company in the future.

Summary

(As at FYE)	2021	2020	2019	2018	2017
NPAT (\$m)	147.7	123.1	103.3	72.5	43.1
UPAT (\$m)	153.2	139.9	97.8	77.5	61.6
Share price (\$)	2.64	2.34	1.69	1.35	0.78
Dividend (cents)	4.35	3.05	2.2	1.9	1.7
Simple TSR (%)	224	40	27	76	6
EPS (cents)	7.1	6	5.6	4.4	2.8
CEO total remuneration, actual (\$m)	6.1	7.5	6.6	5.0	2.8

For 2021, the CEO's total actual remuneration was **61 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2021 data from the Australian Bureau of Statistics).

The CEO's total remuneration included termination and post-employment payments

Item 1	Adoption of Financial Report
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ASA Vote	No vote required
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Summary of ASA Position

ASA has found the Financial Report met ASA and legislative requirements.

Item 2	Adoption of Remuneration Report
ASA Vote	Against

Summary of ASA Position

CWY Remuneration Report is easy to read with a comprehensive discussion of the remuneration frame work and the at risk incentives.

It is relatively easy to estimate the CEO's take home pay as the Cash payments are provided in the remuneration table and the number of At Risk Rights vesting is provided at appropriate locations in the report.

According to the Remuneration Framework, the CEO's remuneration framework has 60% at risk. ASA seeks at least 50%.

The STI meets all of the ASA's requirements except for payment. Only 20% is equity based where ASA seeks at least 50%. The equity based payment is locked for a year.

The LTI meets all of ASA's requirements except that the financial hurdle is based on Underlying figures. ASA seeks that these be based on Statutory figures.

The remuneration framework for the new CEO is shown in the table below:

CEO rem. Framework for FY22	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.4	31%	1.4	27%
STI - Cash	1.12	25%	1.68	32%
STI - Equity	0.28	6%	0,42	8%
LTI	1.68	38%	1.68	32%
Total	4.48	100.0%	5.18	100%

Further, the engagement terms of Mark Schubert required an enticement of \$1.8m part of which was cash (\$400k) and the remainder paid as shares delivered in 3 equal tranches over 3 years. These engagement terms only partially meet ASA requirement. ASA prefers no engagement

enticements, but if that is not possible, such enticements should be equity based with hurdles applied which was not the case.

The ASA cannot support the Report on the above differences.

Item 3	Election of Ingrid Player as a Director
ASA Vote	For

Summary of ASA Position

Ingrid Player commenced duties as a NED for CWY on 1 March 2021. This item seeks to gain shareholder approval for her appointment.

She has also been appointed to the Sustainability committee.

She appears to have suitable qualifications and experience.

ASA will support her appointment.

Item 4	Approval of LTI grant to CEO/Managing Director Mark Schubert.
ASA Vote	Against

Summary of ASA Position

This item of business seeks to grant 631,983 rights to Mark Schubert granted under the 2022 LTI Offer.

The Rights were calculated in terms supported by ASA.

Two tranches of performance hurdles are used; the Comparative TSR and the Underlying EPS CAGR, each with a weighting of 50%. While ASA supports to TSR it does not support the use of the Underlying EPS CAGR and seeks the use of the Statutory EPS CAGR.

There is a Gateway of the NPAT ROIC achieving 5.6% and if not, the Rights lapse.

The hurdle measures appear comparable to other businesses using these approaches.

The performance period ends 30 June 2024, a 3 year period. The ASA seeks 4 years or longer.

Otherwise, the Grant meets ASA requirement.

The ASA cannot support the Grant for the above differences.

Item 5	Renewal of proportional takeover provisions
ASA Vote	For

Summary of ASA Position

The ASA supports in principle the request to renew proportional takeover provisions.

The ASA will support this item.

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Appendix 1 Remuneration framework detail

CEO rem. Framework for FYXX	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.5	40%	1.5	31%
STI – Cash	0.90	24%	1.35	28%
STI - Equity	0.23	6%	.345	7%
LTI	1.13	30%	1.695	35%
Total	3.75	100.0%	4.89	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. *Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting.

The CEO's take home pay was not standard in that he resigned during the year. He continued to assist until the year end. So it is assumed that the money paid to the CEO was for a year. But, it included \$1.5m termination payment plus some minor other payments. The CEO take home pay was \$6.1m and after taking account of the termination payment, falls within the Remuneration Framework limits.