



CWY ploughs on in spite of COVID-19

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| Company/ASX Code | Cleanaway Waste Management Ltd/CWY |
| AGM date | Wednesday 14 October 2020 |
| Time and location | 11am Virtual Meeting |
| Registry | Computershare |
| Webcast | Yes |
| Poll or show of hands | Poll on all items |
| Monitor | John Collins |
| Pre AGM Meeting? | No |

Please note any potential conflict as follows: The individual(s) (or their associates) involved in the preparation of this voting intention has a shareholding in this company.

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| Item 1 | Financial Report |
| ASA Vote | No vote required |

Summary of ASA Position

CWY has well developed Governance and Cultural documents including Risk Management. However, the application of these policies would seem to be in need of further development given the number of adverse events posted in the media.

CWY managed the last quarter including COVID-19 issues well, with revenue marginally greater than 2019 and leading to a NPAT of \$112.6M. A dividend of 3.9cps was paid for the year being a 28% increase on 2019 dividend and representing a 71% pay out from the NPAT. The TSR for the year was negative at 0.14cps mainly due to the share price being lower than 2019.

This year clearly marked the successful completion of the TOX Free and the SKM Recycling takeovers.

The Board has increased its number with the addition of a NED, Samantha Hogg. The percentage of female directors has therefore increased from 14% to 25%. This is beginning to approach ASA recommendation for boards of this nature to have at least 30% female directors.

Summary

| (As at FYE) | 2020 | 2019 | 2018 | 2017 | 2016 |
|--------------------------------------|-------|-------|-------|------|------|
| NPAT (\$m) | 112.6 | 123.1 | 103.3 | 72.5 | 43.1 |
| UPAT (\$m) | 152.9 | 139.9 | 97.8 | 77.5 | 61.6 |
| Share price (\$) | 2.16 | 2.34 | 1.69 | 1.35 | 0.78 |
| Dividend (cents) | 3.9 | 3.05 | 2.2 | 1.9 | 1.7 |
| TSR (%) | -0.14 | 40 | 27 | 76 | 6 |
| EPS (cents) | 5.5 | 6 | 5.6 | 4.4 | 2.8 |
| CEO total remuneration, actual (\$m) | 4.6 | 7.5 | 6.6 | 5.0 | 2.8 |

For 2020, the CEO's total actual remuneration was 50 times the Australian Full time Adult Average Weekly Total Earnings (based on May 2020 data from the Australian Bureau of Statistics).

Note - For May 2020, the Full-time adult average weekly total earnings (annualised) was \$91,983 (<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0>, "Full-time adult average weekly total earnings").

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| Item 2 | Remuneration Report |
| ASA Vote | Against |

Summary of ASA Position

| CEO rem. framework | Target* \$m | % of Total | Max. Opportunity \$m | % of Total |
|--------------------|-------------|------------|----------------------|------------|
| Fixed Remuneration | 1.56 | 41% | 1.56 | 32% |
| STI – Cash | 0.90 | 24% | 1.35 | 27% |
| STI – Equity | 0.22 | 6% | 0.33 | 7% |
| LTI | 1.13 | 30% | 1.695 | 34% |
| Total | 3.81 | 100% | 4.93 | 100% |

The Remuneration Report is well documented but time consuming to read. To get below the surface requires a good amount of dedication. A number of retail investors may not make the effort.

The take home fees for NEDs is clearly presented and straight forward. The Board awarded NEDs a 10% approximately across the board annual increase, as outlined in the 2019 annual report and AGM.

Equity awards for executives are allocated using the VWAP end of June price.

P54 of the annual report advises the target and maximum opportunity for the STI and the LTI.

The report lists which equity awards have vested in the financial year for both the LTI and STI, but we would prefer a table of executive take home pay with equity valued at market price on the vesting date.

The STI process is clear and the four hurdles complete with a gateway are well defined. Performance against those hurdles are clear and while the gateway is achieved only one of the four hurdles achieved target resulting in a low STI for the KMPs.

There is a 12-month deferred payment of 20% of the STI payment paid as equity which compares to ASA guideline of a deferral of 50%.

Due to COVID-19 related challenges faced by the Group, the CEO volunteered to forego his STI and the Board responded by reducing his award by 25%. Subsequent to the issue of the NOM, Mr Bansal offered to forgo his equity grants for STIs and LTIs.

Similarly, to STI's the LTI's are clearly documented. Right's grant is calculated using the KMPs maximum opportunity TFR and the end of year VWAP. There are three well defined hurdles, relative TSR, ROIC and EPS CAGR. The ASA has difficulty accepting relative TSR for CWY due to the lack of the an absolute TSR gateway, especially with absolute TSR for 2020 being negative

For the calculation of the EPS metric, CWY uses the underlying value. ASA believes that shareholders are exposed to an expenses that are excluded from underlying profit and prefers the statutory EPS to be used.

The results of the KMP's performance evaluation are well documented with the TSR and the EPS vested at 100% whilst the ROIC vested at 39%. Similar figures were achieved in 2019. It would seem the hurdles for TSR and EPS are overly generous.

The ASA will not support the Remuneration Report.

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| Item 3a | Re-election of Phillippe Etienne as a Director |
| ASA Vote | For |

Summary of ASA Position

Phillipe has been a member of the Board for 6.1 years. He is chair of the Sustainability and member of the Audit and Risk committees.

He is a NED for Lynas Corporation Limited and Aristocrat Technologies.

He has substantial experience at Executive levels in industries compatible with CWY. During the period of Board membership Phillippe has been a part of CWY's successful turnaround. He has a BSc in pharmacology and physiology, an MBA and is a member of the AICD. His work in the oversight of CWY's ambitious Sustainability programme is showing signs of success particularly in the personnel safety and health arenas. We are hopeful his being a member of the two committees that need to solve the current issues appearing in the media will be beneficial to CWY. ASA supports Phillippe's re-election.

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| Item 3b | Re-election of Terry Sinclair as a Director |
| ASA Vote | For |

Summary of ASA Position

Terry has been a member of the Board for 8.3 years. He is a member of the Audit and Risk and, of the Remuneration and Nomination committees.

He is chair of Marrakech Road Pty Ltd, NED for Locate Technologies and Faethm.ai Pty Ltd. He is an Industry Advisor to Australian Super. He currently also provides M&A services to private equity and government clients.

He has some 20 years of experience at Executive and Board levels in industries compatible with CWY.

With this workload, the ASA believes Terry is bordering on being overloaded as he has the equivalent of four external directorships and substantial other business interests. It seems possible that his contribution to the Risk and Audit committee could be jeopardised, an arena that CWY needs to improve upon.

His wide experience is valued and ASA is hopeful that his potential overloading will be carefully managed.

ASA supports Terry's re-election.

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| Item 3c | Election of Samantha Hogg as a Director |
| ASA Vote | For |

Summary of ASA Position

Samantha joined the CWY board 1 November 2019. She is a member of the Audit and Risk and, of the Remuneration and Nomination committees.

She is a NED for MaxiTRANS Industries and a Commissioner for the National COVID19 Coordination Commission.

She has substantial experience at an Executive level in industries compatible with CWY.

She has a Bachelor of Commerce and is a member of the AICD.

The committees she has been assigned to would seem to be appropriate for her experience and we expect she can successfully contribute to those.

ASA supports Samantha's election.

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| Item 4a | Approval of LTI grant to CEO/Managing Director Vick Bansal |
| ASA Vote | Withdrawn |

Summary of ASA Position

This resolution sought approval to grant 1,041,426 performance rights for the CWY Long Term Incentive Plan being a 3 year period 1 March 2020 to 30 June 2023.

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| Item 4b | Approval of DEP grant to CEO/Managing Director Vik Bansal |
| ASA Vote | Withdrawn |

Summary of ASA Position

This resolution sought approval for the grant of 39,316 rights to the CEO being the 20% deferred cash payment of the 2019 STI approved at the 2019 AGM.

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| Item 5 | Approval to increase the NEDs maximum aggregate fee pool. |
| ASA Vote | For |

Summary of ASA Position

This resolution seeks to increase the NEDs fee pool from \$1.5M to \$1.9M.

The aggregate NED fees for 2020 were \$1.43M. Clearly, at the current rate of fees and numbers on the Board, the fee pool needs to be increased to allow a managed process of board renewal. It will allow greater flexibility to implement succession planning strategies.

The decision to hold non-executive director fees at this time given the impact of COVID-19 on the Group and the uncertainty regarding its continued impact is supported

Clearly there are some NEDs who are approaching 9 years of service and as such may be considering retirement.

The ASA support this resolution.

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