



Doing what they do best

Company/ASX Code	Orora Limited/ORA
AGM date	Tuesday 15 October 2019
Time and location	10.30 AM at Hawthorn Arts Centre, 360 Burwood Road, Hawthorn, VIC
Registry	Link Marketing Services
Webcast	No
Poll or show of hands	Poll
Monitor	Gavin Morton
Pre-AGM Meeting?	Yes, with the Chair Chris Roberts

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

Summary of ASA Position

Sales revenue of \$4.751m was up 12.1% on the previous year. Australian operations continued to grow sales and profit. The North American business segment faced tough market conditions. Its sales increased by 12.4%, mainly due to acquisitions. Net organic sales growth was about 1.0%.

Net operating profit after significant items, declined by 24% to \$161.2m. A \$29.2m expense has been recognised in respect of group wide restructuring. A \$50m expense, relating to further remediation of the Petrie Mill site, was also recognised.

Net assets increased by 8.8% to \$1,644 billion. Cash flow of \$268.9m was 17.5% below that of the previous year, due mainly to the cost of acquisitions in North America.

Orora surpassed its targets for reducing CO₂ emissions (10%), waste to landfill (25%), reducing water use (10%). Orora is working with customers to develop recycling packaging alternatives.

CEO Nigel Garrard has resigned and will be replaced by Brian Lowe who currently is Group General Manager of Orora Fibre Packaging.

Summary

(As at FYE)	2019	2018	2017	2016	2015
NPAT (\$m)	217.0	214.1	186.2	162.7	131.4
UPAT (\$m)	161.2	212.2	171.1	168.6	131.4
Share price (\$)	3.24	3.57	2.86	1.35	1.41
Dividend (cents)	13.0	12.5	11.0	9.5	7.5
TSR (%)	-(10.3)	25.5	11.0	9.5	7.5
EPS (cents)	13.4	17.7	14.3	14.1	10.9
CEO total remuneration, actual (\$m)	6.4	3.8	3.7	4.0	3.9

For 2019, the CEO's total actual remuneration was **72 times** the Australian Full time Adult Average Weekly Total Earnings of \$88,145. At time of printing, the company had not confirmed actual remuneration paid to the CEO.

Item 2a	Re-election of Ms Sam Lewis
ASA Vote	For

Summary of ASA Position

Ms Lewis is suitably qualified with assurance, advisory and auditing experience across the manufacturing and consumer sectors. She meets ASA Guidelines in regard to independence and workload (having less than 12 years' service, has less than 5 Directorships in listed companies) and holds shares whose value is greater than her annual fees.

Item 2b	Election of Mr Rob Sindel
ASA Vote	For

Summary of ASA Position

Rob Sindel was Managing Director and CEO of CSR Limited (January 2011 to September 2019). He is suitably qualified and hold less than 5 Directorships in listed companies. We will vote in favour of his election which follows his appointment in March 2019.

Item 2c	Election of Mr Tom Gorman
ASA Vote	For

Summary of ASA Position

Tom Gorman was appointed a director of Orora on 2 September 2019. He has held a number of executive positions in major companies. He has worked in multiple functions including finance, operations, logistics, marketing and business development. He has less than 5 Directorships in listed companies. We will vote in favour of his appointment.

Item 3	Approval of LTI grant to CEO/Managing Director Brian Lowe
ASA Vote	For

Summary of ASA Position

Mr Brian Lowe will be appointed Managing Director and CEO of Orora on October 1, 2019. Approval is sought for him to participate in the short-term and long-term incentive (STI and LTI) plans. STI conditions are similar to those approved by shareholders for the previous CEO, Nigel Garrard. The use of options will no longer be part of Orora's LTI plan. Performance rights are awarded by reference to the volume weighted average price (VWAP) for the Company's shares in the 5 days prior to the end of the Company's financial year.

Item 4	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position.

STI Plan

Performance measures are based on earnings per share (EPS) (50%), return on average funds employed (RoAFE) (10%), average working capital as percentage of sales (AWC) (10%) and personal measures (30%). If safety targets are not met, STI may be reduced by 10%. Payment is 2/3 in cash and 1/3 in equity deferred for 2 years. ASA guideline for STI payments is for a 50% deferral of 12 months. Orora have had a difficult financial year, despite the increase in declared dividend. STI payments reflect the poor performance at between 17.6% and 23.3% of maximum opportunity, indicating there is an alignment between executive remuneration and financial performance.

LTI Plan

LTI plan vests over a 3-year period with a subsequent one year holding period, rather than the ASA guideline of 4 years. LTI grants are in the form of performance rights. The performance hurdles that apply to full year 2019 year are EPS growth 4%, total shareholder return (TSR) 50th percentile return on funds employed (RoFE) 12.5%. If the RoFE hurdle is not met, all Incentive securities in that grant, subject to the EPS hurdle, will lapse. The performance rights are allocated using face

value of the shares, and do not carry voting or dividend rights prior to vesting. The LTI plan rules include forfeiture and clawback provisions which will apply if an executive KMP member has acted in a manner contrary to Orora values or in a manner that brings Orora, the Group or any company within the Orora Group into disrepute.

On balance sufficient of the STI and LTI plans meet ASA guidelines, and we will vote in favour.

CEO Remuneration Framework

Nigel Garrard	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.5	63%	1.5	45%
STI - Cash	0.45	19%	0.9	27%
STI - Equity	0.45	19%	0.9	27%
Total	2.4	100%	3.3	100%

The amounts in the table above are the statutory amounts that are envisaged in the design of the remuneration plan. LTI is discretionary so there is no framework target or maximum opportunity.

*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 plan provides flexibility for the Company to grant rights, options and/or restricted shares as incentives, subject to the terms of individual offers and the satisfaction of performance conditions approved by the Board from time to time.

The individual involved in the preparation of this voting intention does not have a shareholding in this company.

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