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19 August 2021

ASX Market Announcements Office
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Orora Limited (ORA) Appendix 4E and 2021 Annual Report

Orora Limited announces to the market its financial results for the year ended 30 June 2021.

The following documents are attached:

- Appendix 4E – Preliminary Final Report given under Listing Rule 4.3A; and
- Orora 2021 Annual Report including its financial statements and Corporate Governance Statement,

for the year ended 30 June 2021.

Yours faithfully

A Stubbings

Ann Stubbings
Company Secretary

This announcement has been authorised for release by the Board of Directors of Orora Limited.

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Appendix 4E ***Rule 4.3A***

Preliminary Final Report

ORORA LIMITED
ABN 55 004 275 165

1. *Details of the reporting period and the previous corresponding period*

Reporting Period: Year Ended 30 June 2021
Previous Corresponding Period: Year Ended 30 June 2020

2. *Results for announcement to the market*

Key information	**30 June 2021 A$ million**				**30 June 2020 A$ million**
Statutory results					
2.1 Revenue from ordinary activities					
• From Continuing Operations	3,538.0	Down	0.8%	from	3,566.2
• From Discontinued Operations	-	Down	100%	from	1,092.9
2.2 Net profit/(loss) from ordinary activities after tax but before significant items, attributable to members					
• From Continuing Operations	156.7	Up	23.7%	from	126.7
• From Discontinued Operations	-	Down	100%	from	40.6
2.3 Net profit/(loss) for the period, after significant items, attributable to members					
• From Continuing Operations	129.7	Up	387.6%	from	26.6
• From Discontinued Operations	6.1	Down	97.1%	from	212.3

Dividends	**Amount per security**	**Franked amount per security**
Current period		
2.4 Final dividend payable 11 October 2021	7.5 cents	unfranked
2.4 Interim dividend	6.5 cents	unfranked
Previous corresponding period		
2.4 Final dividend	5.5 cents	unfranked
2.4 Special dividend	37.3 cents	50.0%
2.4 Interim dividend	6.5 cents	30.0%

2.5 Record date for determining entitlements to the dividend	Final dividend – 7 September 2021

2.6 Brief explanation of figures in 2.1 to 2.4:

i) The current period final dividend and interim dividend are unfranked.
ii) 100.0% of the current period final dividend and current period interim dividend were sourced from the Conduit Foreign Income Account. Dividends to foreign holders are not subject to withholding tax.
iii) Profit for the current period, for continuing operations, includes a significant expense relating to additional decommissioning costs associated with the Petrie site. Refer to Note 1.2 in the Annual Report lodged with the ASX on 19 August 2021. Profit in the comparative period includes a significant expense relating to restructuring activities and recoverable asset impairment charges in North America.
iv) Refer to Annual Report lodged with the ASX on 19 August 2021 and the Investor Results Release for further details relating to 2.1 to 2.4.

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3. Income Statement and Statement of Comprehensive Income

Refer to the Annual Report lodged with the ASX on 19 August 2021.

4. Statement of Financial Position

Refer to the Annual Report lodged with the ASX on 19 August 2021.

5. Statement of Cash Flows

Refer to the Annual Report lodged with the ASX on 19 August 2021.

6. Statement of Retained Earnings

Refer to Note 2.4.3 Retained Earnings in the Annual Report lodged with the ASX on 19 August 2021.

7. Details of individual dividends and payment dates

Refer to Note 2.2 Dividends and Note 2.4.3 Retained Earnings in the Annual Report lodged with the ASX on 19 August 2021.

8. Details of dividend reinvestment plan

The Dividend Reinvestment Plan (DRP) is in operation. No discount is available under the DRP in respect of the FY21 final dividend. The issue price for the FY21 final dividend will be calculated based on the arithmetic average of the weighted average market price for the ten ASX trading days from 13 September 2021 to 24 September 2021, inclusive. The last date for receipt of election notices for the DRP is 8 September 2021. Shares allotted under the DRP rank equally with existing fully paid ordinary shares of Orora Limited.

9. Net tangible assets

	Current period	30 June 2020
Net tangible asset backing per ordinary security	$0.37[(1)]	$0.60

[(1)] The net tangible asset backing per ordinary share of $0.37 presented above is inclusive of right-of-use assets and lease liabilities. The net tangible asset backing per ordinary share, as at 30 June 2021, would reduce to $0.15 (2020: $0.38) if right-of-use assets were excluded, and right-of-use liabilities were included, in the calculation.

10. Control gained or lost over entities during the period having a material effect

Refer to the Annual Report lodged with the ASX on 19 August 2021. No entities were acquired during the period having a material effect. Refer Note 6.2 Business Divestments for details of businesses disposed that occurred in the comparative period.

11. Details of associates and joint venture entities

Not applicable.

12. Significant information

Refer to the Annual Report lodged with the ASX on 19 August 2021 and the Investor Results Release.

13. For foreign entities, which set of accounting standards is used in compiling the report

International Financial Reporting Standards.

14. Commentary on results for the period

Refer to Note 1.3 Earnings per Share of the Annual Report lodged with the ASX on 19 August 2021, and the Investor Results Release.

15 This report is based on accounts which have been audited

Refer to the Annual Report lodged with the ASX on 19 August 2021.

A Stubbings

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Ann Stubbings
Company Secretary
Dated: 19 August 2021

Orora Annual Report 2021

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ORORA

Orora at a glance

We are global manufacturers and distributors of tailored packaging, products and visual communication solutions to customers all around the world. An ASX-listed public company with headquarters in Melbourne, Australia and over A$3.5 billion in sales in FY21, Orora's ambition is to be **a leading sustainable packaging solutions provider.**

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WHAT WE DO

BEVERAGE AUSTRALASIA

The Orora Beverage team work across Australia and New Zealand to provide state-of-the-art design and manufacturing solutions to packaging customers in the beverage industry. We work within three specialist business units, across Glass, Cans and Wine Closures, to craft and produce the glass bottles, aluminium cans, tabs and ends, closures and caps that keep consumers' favourite beverages safe for transport and consumption.

OPS NORTH AMERICA

In Orora Packaging Solutions (OPS) our team work across 11 business units to lead the US market in custom packaging and supply chain optimisation. From corrugated manufacturing, equipment and automation, we create total packaging solutions to serve a range of sectors including food, beverage, automotive, industrial and healthcare, offering complementary services in global product sourcing, distribution, design and printing.

ORORA VISUAL NORTH AMERICA

Orora Visual delivers cutting-edge visual communication and Point-of-Purchase solutions to customers across a range of sectors. Our team provides print, finishing, displays, packaging, creative services, fulfilment, and distribution, plus value-add services in store profiling, mobile technology, rapid prototyping and vendor managed inventory.

HOW WE DO IT

22
Manufacturing plants

74
Distribution sites

3.7k
Team members

44k
Shareholders



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WHERE WE ARE



7

Countries

OUR APPROACH

Orora's approach is founded on our values of Teamwork, Passion, Respect and Integrity and is underpinned at all times by an unwavering commitment to safety, sustainability and innovation.

SAFETY

Safety is a critical and ongoing priority at Orora. Maintaining the safety, health and wellbeing of our team is of paramount importance, as everyone should return home safely after working each day. We continue to focus on developing our safety culture and invest in driving safety performance across our business.

SUSTAINABILITY

At Orora, sustainability is fundamental to everything we do. We aim to lead the way in sustainable business practices and provide sustainable products and outcomes that meet global standards. Orora's approach to sustainability is framed by our obligations as a signatory to the United Nations Global Compact.

INNOVATION

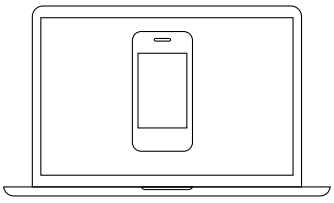
We have an intimate knowledge of our markets and place a premium on innovation, investing in digital capability and creative ideas to drive efficiencies and incremental growth. We identify opportunities through consumer trends and insights using this information to develop strategies, approaches and products that create long-term value for Orora, our people, customers and shareholders.

INVESTOR CENTRE

To view this report online or to download a copy, visit Orora's website: www.ororagroup.com

ORORA AGM

Orora's Annual General Meeting (AGM) will be held on Thursday, 21 October 2021. To access more information, visit www.ororagroup.com/investors/downloads/annual-general-meeting



FY21 financial overview and highlights

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Our financial year 2021 results reflect the strength of Orora's business model, the benefits of a continued focus on delivering against the core strategies in each business, and a balanced and disciplined approach to capital management.

FINANCIAL OVERVIEW[1]

- Material improvement in underlying Group EBIT and NPAT, up 11.6% and 23.7% respectively, or 17.3% and 34.1% on a constant currency basis.
- Significant 29.0% increase in underlying EPS.
- North American performance significantly improved, with local currency EBIT increasing 43.0% on the back of revenue growth and margin improvement.
- Solid Australasian result demonstrating the diversified strength and resilience of the Beverage business.
- Final dividend of 7.5cps (unfranked), taking the full year dividend to 14cps and ~80% of NPAT – the top end of the target payout range.
- $256.2 million capital return via on-market share buyback.
- Positioned for growth, with strong cash generation and balance sheet position.

1 **NOTE REGARDING NON-IFRS FINANCIAL INFORMATION:** Throughout this report, we have included certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. We use these measures to assess the performance of the business and believe that the information is useful to investors. The following non-IFRS measures have not been audited but have been extracted from Orora's audited Financial Statements: earnings before interest and tax before significant items (EBIT); earnings before interest, tax, depreciation and amortisation before significant items (EBITDA); and return on average funds employed (RoAFE). Performance measures such as earnings per share, RoAFE and EBIT margins have been calculated using the non-IFRS measures listed above. All other non-IFRS measures, unless otherwise stated, have not been extracted from Orora's audited Financial Statements. References to earnings throughout this report are references to EBIT before significant items.

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FY21 HIGHLIGHTS[1,2]

Sales revenue[2] ($m)

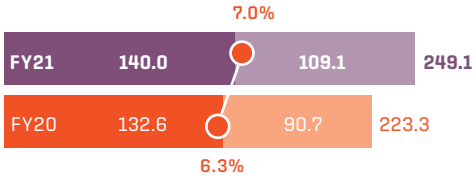
$3,538.0m



↓(0.8)%

EBIT[3] ($m)

$249.1m



↑11.6%

First half EBIT | Second half EBIT | EBIT Margin%

RoAFE[2]

19.9%

↑410bps

Underlying net profit after tax[3,4]

$156.7m

↑23.7%

Underlying operating cash flow

$246.0m

↑44.9%

Dividend per share[5]

14.0c

↑16.7%

1 Except as expressly defined in this Annual Report, $ refers to Australian dollars.

2 In FY20, the Group completed the sale of its Australasian Fibre business. The financial performance reflects the continuing operations of the Group only and excludes the financial results of the Australasian Fibre business operations and the impact of the sale, unless otherwise specified.

3 The financial periods presented above represent underlying earnings excluding the impact of significant items. FY21 excludes a significant item expense of $38.6 million recognised with respect to the decommissioning of the former Petrie mill site. Recent significant developments associated with unprecedented rainfall levels and unforeseen complexities related to the remediation of the most technically complex remaining areas, have resulted in increases to the estimated costs to complete. FY20 excludes a significant item expense of $137.2 million relating to restructuring activities and recoverable asset impairment charges in North America – further detail can be found in the 2020 Annual Report.

4 Net profit after tax before significant items for continuing operations.

5 Not including special dividend of 37.3 cents per share paid on 29 June 2020.

Chair and CEO's message to shareholders



ROB SINDEL CHAIR

BRIAN LOWE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

All Orora businesses have driven positive momentum and improved operating performance and financial results this year.

OUR OPERATING CONTEXT

Throughout the 2021 financial year, Orora's businesses continued to operate as essential service providers across the globe.

While this enabled us to be resilient in the face of the lingering pandemic, the health, safety and wellbeing of our team, suppliers and customers in the ever-changing COVID environment has been an ongoing and overriding concern.

We continued to put the safety of our people first and harness our drive to design, manufacture and distribute safe, sustainable and innovative products to our customers. Orora's global team adapted well and remained focused on safely delivering essential food, beverage and healthcare packaging and products to communities, whatever the prevailing conditions.

Our focus on financial discipline, the execution of our strategy and improvement programs has been unwavering – particularly in North America, where the effects of the pandemic have been greatest. Our efforts in this segment have been directed towards stabilising and improving operating and financial performance, whilst developing business in more defensive end markets.

It's pleasing to report that, despite the external challenges, Orora has driven positive momentum and improved operating performance and financial results this year.

We would like to thank everyone who has helped to achieve our goal of supporting our team members and our customers.

GROUP FINANCIAL PERFORMANCE

Orora delivered a strong improvement on our financial year 2020 results, with an increase in underlying EBIT that reflects the diversified strength and resilience of our business model.

Group revenue increased by 7.8% on a constant currency basis during FY21, with North America revenue up 8.2% on the prior year in US dollar terms.

Orora's underlying earnings before interest and tax (EBIT) increased by 17.3% on a constant currency basis, with reported underlying EBIT of $249.1 million up 11.6% on the prior year. Reported underlying net profit after tax (NPAT) before significant items was $156.7 million, an increase of 23.7% on FY20.

Underlying earnings per share (EPS) was 16.9 cents, with strong EPS growth of 29.0% driven by an increase in underlying NPAT (before significant items) and the impact of the on-market buyback, with 89.3 million shares having been purchased during FY21. The buyback, which began in September 2020, completed at 30 June 2021 at a cash cost of $256.2 million.

Statutory NPAT for the year was $135.8 million after significant items expense, which totalled $20.9 million after tax. Additional costs of $38.6 million ($27.0 million after tax) were also recognised during the year in respect of estimated costs to complete the decommissioning of the former Petrie mill site.

Operating cash flow (before significant items) for FY21 was $246.0 million, $76.2 million higher than in FY20. Cash conversion also increased to approximately 72.9%, up from 54.3% in the prior year.

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The Board and Executive team have ensured we maintain a strong balance sheet and liquidity, providing operating and strategic flexibility. Our balanced and disciplined approach to capital management will continue, with an ongoing focus on utilsing our strong financial position to invest in both organic and inorganic growth opportunities to generate future shareholder returns.

The Board has declared a final ordinary dividend of 7.5 cents per share, unfranked. The final ordinary dividend represents a total annual dividend payout ratio of 80% of underlying Group earnings, reflecting our confidence in the improved outlook for performance.

BUSINESS REVIEW

Orora's businesses include the Australasian Beverage business and North American OPS and Orora Visual businesses.

In Australasia

The Australasian Beverage business delivered a solid result, and we continued to demonstrate our diversified strength and resilience as a leading supplier of Cans, Glass and Wine Closures in Australia and New Zealand.

Beverage sales revenue increased by 6.1% to $834.1 million for FY21. This was driven by volume increases across Cans and Closures, and offset by weakness in Glass, driven by a reduction in volumes as the impact of lower Australian wine exports to China crystallised. EBIT of $150.3 million was up 2.5% on the prior year.

Strong growth in Cans across all categories reflected increased levels of at-home consumption. This was offset by the weakness in Glass from lower wine exports and a shift in mix to other lower profit beverage categories, together with the impact of cost headwinds related to energy and insurance, which resulted in lower margins.

The Beverage team continues to work closely with Orora's customers to address the impacts of Chinese tariffs imposed on bottled wine exports. Good progress has been made to redeploy Glass capacity into lower profit beverage categories, shifting the mix to maximise recovery and throughput, given expected lower volumes. We expect the benefits of this activity will be realised progressively throughout FY22 and beyond.

Orora continued to maintain a strong focus on investment into the Australasian Beverage business. During FY21, we completed the installation of small format (slim) can capability at Revesby in New South Wales. This further enhances our capacity to manage demand and our ability to meet customer preferences, and complements our existing small format can capabilities at Rocklea in Queensland and Wiri in Auckland. With the support of our customers, we will continue to invest in similar capacity expansion initiatives and anticipate the commencement of work on the installation of a new can line at an existing site in FY22, at a cost of ~$70.0–$80.0 million.

We also recently commenced construction of an advanced glass beneficiation plant at our Gawler site in South Australia at a cost of ~$25.0 million. Funding of ~$8.0 million has been secured by way of a grant from the Commonwealth and South Australian Governments through the Recycling Modernisation Fund. This will support our strategic priority to increase recycled glass content in our products and further progress towards our sustainability goals.

In North America

Orora's North American businesses made excellent progress this year despite experiencing difficult trading conditions. Our teams focused on stabilisation, cost discipline, profit improvement and execution of strategy to drive operating and financial performance improvements throughout FY21.

North American sales revenue grew by 8.2% to US$2,019.8 million, while US dollar EBIT increased by 43.0% to US$73.8 million.

In OPS there was a solid improvement in both operating and financial performance, as further benefits from our detailed profit improvement program were realised.

The program is focused on adapting the product offering, preserving and growing volumes with existing and new customers, stronger cost control measures, and margin improvements through proactive account management, enhanced sales force effectiveness and leveraging of data insights. The success of this work is demonstrated in the OPS EBIT margin, which increased to 4.4% for FY21, from 3.6% in the prior year. OPS remain on track to achieve a greater than 5.0% EBIT margin over the coming two to three years.

Despite significant deterioration in its key end-markets during FY21, Orora Visual delivered a notable improvement in financial results, underpinned by a number of customer wins, a focus on defensive markets and continued discipline on cost reduction initiatives. Revenue increased against FY20 on a local currency basis, while positive EBIT was also achieved, following a loss in the prior year.

ORORA'S STRATEGY

Orora's ambition remains to be a leading provider of sustainable packaging solutions. We will achieve this by leveraging our capabilities to target end-market segments with appealing growth and solid financial returns.

We continue to be well-positioned for growth via performance improvements in our core businesses. The progress made to optimise operations and stabilise our businesses in North America is pleasing as we prepare to deploy further capital in this market.

We also continue to elevate our focus on sustainability and innovation, and to invest prudently to generate value for our customers and shareholders.

Orora's divisional strategies remain consistent. We are focused on expanding the breadth and depth of the Australasian Beverage business, leveraging our technical expertise in container manufacturing combined with our strong customer relationships. We will continue to enhance and expand our core products and services through investment and innovation, exploring entry into complementary new market segments across Australia and New Zealand in the near term and expansion of the operating footprint into new markets in the longer term.

In North America, there is significant market opportunity in both OPS and Orora Visual. Focus during FY21 was primarily on optimising the respective business models to drive efficiencies and to enhance the customer value proposition, including through investment in new digital capabilities. With our business platforms now stabilised and scaleable, we expect to return to exploring inorganic growth opportunities in OPS that expand our product and service capabilities, and further enhance our business models and customer value propositions.

Chair and CEO's message to shareholders

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INNOVATION IS KEY

Orora's investment in safety, innovation and sustainability is matched by deep focus and commitment. We operate in a safe, innovative and sustainable way from our manufacturing sites and creative studios, to our distributors and offices. This approach is underpinned by first class expertise and customer insights, and aims to deliver long-term value creation.

Investing in digital capabilities is a key enabler of Orora's growth strategy and current initiatives across our businesses will ensure we are well-positioned to respond as our customers and suppliers increasingly look to transact with us via digital channels. Work is underway to develop eCommerce platforms in our businesses, which will drive increased volume and lower costs, as we make it easier and more efficient for our customers to engage with us.

In Beverage, Orora Glass designed, developed, manufactured and delivered a new proprietary bottle range for South Australian Kombucha pioneers, MOJO, and worked closely with Treasury Wine Estates to develop a closed loop system for recycling glass from TWE's packaging centre in the Barossa Valley.

OUR SUSTAINABILITY FOCUS

Sustainability is at the very heart of Orora's operating model, as we aim to reduce our impact on society and the environment, and maintain the respect and support of our people, customers and the communities in which we operate.

Orora's efforts and achievements to date have been guided by a three-pillar program comprised of People, Planet and Prosperity, which aligns to our obligations as a signatory to the United Nations Global Compact (UNGC).

We proudly manufacture products made of materials that are infinitely recyclable and that positively contribute to our position within the circular economy, which seeks to maximise the life of products and resources by recycling them. The glass beneficiation plant at Gawler will enable us to procure more glass cullet (crushed, recycled glass) through established sources and Container Deposit Schemes, and will see us increase the amount of recycled content in our glass packaging.

This is yet another step in Orora's sustainability journey, with benefits including a reduction in the amount of energy and virgin materials used to manufacture glass in Australasia, resulting in a reduction of CO_2e emissions, as well as diverting waste away from landfill. The commissioning of the plant demonstrates our commitment to leading innovation and supports Government aims to build Australia's capacity to generate high value recycled commodities, invest in recycling and waste infrastructure, and create new opportunities to recover and reuse resources.

This drive is evident throughout all of our businesses. In Beverage, we achieved an average of 60% recycled content in the aluminium flat sheet used to manufacture cans during the financial year. In North America, Orora Visual contributed to the circular economy through the introduction of a printable fabric comprised of 100% recycled content derived from recycled PET bottles for customers to use in advertising campaigns. OPS maintained 70% average recycled content in the manufacture of corrugated board.

In FY22, we move forward with our sustainability agenda to further elevate our focus across three redefined and distinct pillars of Circular Economy, Climate Change and Community. More information about our sustainability approach and this new chapter in our journey can be found in the sustainability section of this Report from page 10.

PROGRESS AGAINST ECO TARGETS

We continue to make progress against our Eco Targets, which aim to reduce Orora's CO_2e emissions, waste to landfill and water use. This was the first full year of operation where Orora worked towards our five-year Eco Targets that run until 30 June 2024. Pleasingly, we have demonstrated good progress towards achieving our goals.

OUR COMMITMENT TO SAFETY

The ongoing global pandemic continued to underline the significance of safety, health and wellbeing at Orora. We evolved our approach and guidelines to ensure alignment with local government and health advice, and focused on providing clear direction and support to our teams.

Caring for the mental health of our team members also remained an important priority in the COVID-19 context.

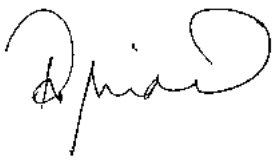
While Lost Time Injuries increased slightly over the past 12 months, we also saw a reduction in total Recordable Cases. Our extensive efforts to reduce the occurrence of injuries at our sites and workplaces will be unrelenting as we continue this important work to keep our people safe. You can read more about safety at Orora on page 11 of this Report.

LOOKING AHEAD

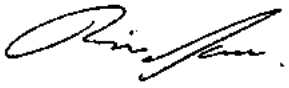
While the external economic outlook remains uncertain, Orora is well-positioned, having delivered a strong increase in our FY21 result, with sustained improvements in financial and operational performance. This provides a sound basis for the pursuit of future growth and investment.

On behalf of the Board, we would like to thank the Orora team for their dedicated efforts and contributions throughout this year, which have culminated in these positive results. We are also extremely grateful for the ongoing support of our shareholders and customers, and we do not take this support for granted.

We trust that Orora's resilience and the ongoing delivery of operational and financial performance will continue to build shareholders' confidence in our strategy and in the future success that Orora will deliver.



ROB SINDEL
CHAIR



BRIAN LOWE
MANAGING DIRECTOR
AND CHIEF EXECUTIVE OFFICER

Orora Group strategy update

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This year, Orora embarked on a new journey as we began to execute our revised business strategy, the culmination of a review undertaken in FY20.

In FY21, we continued to optimise and position Orora for future growth, applying a disciplined approach to refining and maximising the effectiveness of our core business, deepening our focus yet again on sustainability and innovation, and finding new and better ways to create value for customers and shareholders.

ORORA'S STRATEGIC PILLARS

In Orora's business strategy, we have established three core strategic pillars to take Orora forward:

1 **Optimise & Grow**
2 **Enhance & Expand**
3 **Enter New Segments**

The pillars provide a basis for strategic decision making at Orora and help to ensure every strategic activity that we undertake is purposeful and enables Orora to capitalise on growth opportunities as they emerge.

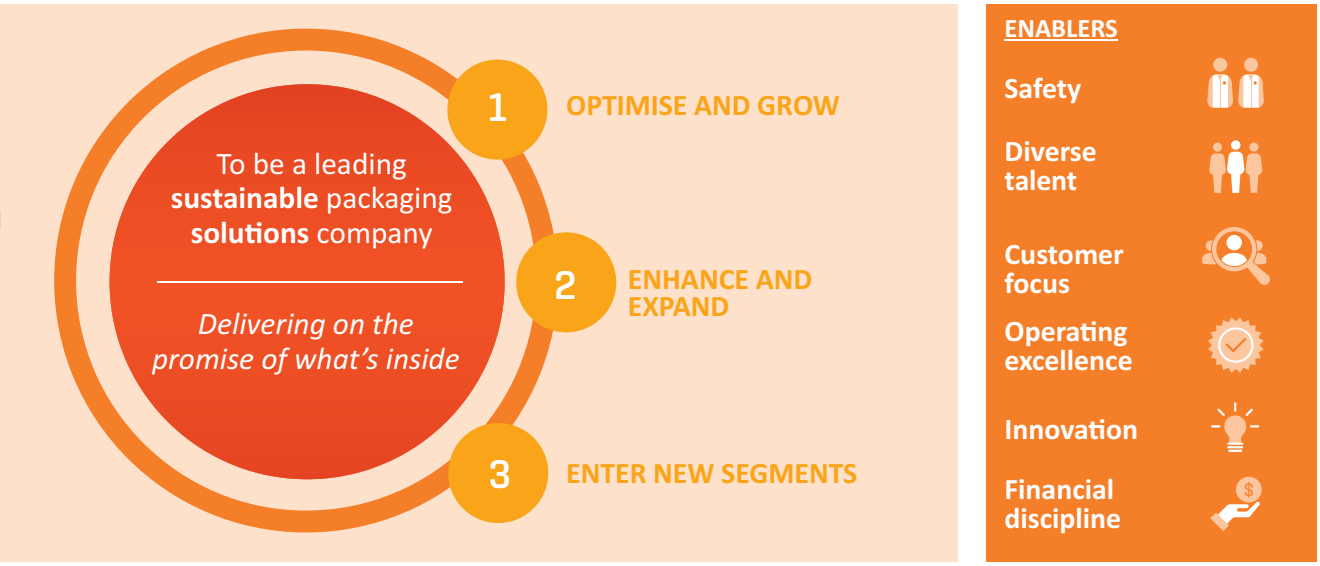
As we work towards our ambition to be a leading provider of sustainable packaging solutions, we continue to leverage the Group's core capabilities while maintaining our disciplined focus on creating value for all stakeholders.

We generate strong cash flows from core business operations and this is expected to continue.

Deployment of cash flow will be a prudent combination of distributions to shareholders in the form of dividends, investments in the core businesses, plus strategic acquisitions that enhance our product and service offering. Further ad hoc returns of capital, such as the on-market buyback undertaken during FY21, may be undertaken in the future when the Board deems appropriate. Any future growth initiatives will be assessed in the context of a rigorous approach to capital allocation, ensuring only value-adding investments that meet Orora's return criteria are pursued. We will continue to target end-market segments with appealing growth and financial return characteristics.

To drive growth, investment is supplemented by an ongoing focus on improving operational efficiencies and is supported by increasing innovation within the base businesses.

ORORA'S STRATEGIC PILLARS



Orora Group strategy update

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PROGRESS AGAINST STRATEGIC PRIORITIES

In FY21, we focused on a range of strategic priorities across our operating businesses to build a strong and stable foundation for Orora to grow sustainably into the future. There was good progress achieved across a number of these priorities during the financial year, as outlined below.

	OPTIMISE & GROW	ENHANCE & EXPAND	ENTER NEW SEGMENTS	FY21 PROGRESS
AUSTRALASIA – Beverage priorities	• Increase utilisation/ shifts to enhance production volumes • Continue i4.0 and Integrated Work System deployment • Drive supply chain excellence • Pursue further automation • Drive increased recycled content	• Build capacity to meet increased Cans customer demand • Grow share of wallet in current markets • Continue developments in light-weighting • Continue to lead digital printing capability • Enhance eCommerce capability	• Expand current substrates into new categories • Explore potential ANZ adjacencies • Explore potential offshore entry points	• Orora continues to proactively assess future requirements to meet customer needs and growth in Cans demand • Slim can expansion at Revesby in New South Wales completed • G2 glass furnace rebuild completed on time and on budget • Announced construction of cullet beneficiation plant at Gawler to help drive increased recycled content in glass bottles • Continued assessment of M&A opportunities in ANZ adjacencies and offshore expansion
NORTH AMERICA – OPS priorities	• Drive account profitability • Enhance sales force effectiveness • Integration of previous M&A	• Digitisation of business model (including refreshed eCommerce platform) • Expand engineering, design and service capabilities	• Expand geographic footprint • Expand product and service offering • Consider scale expansion opportunities (including M&A) in 2022 and beyond	• New leadership appointed in late 2020 delivering on strategic priorities • Material improvement in financial performance and operating discipline, with corresponding lift in EBIT margin • Significant development work on business model enhancement
NORTH AMERICA – Orora Visual priorities	• Refine core business processes • Harmonise estimation procedures • Enhance sales force effectiveness	• Consolidate digital client platforms • Extend positions in fibre printing and horticulture	• End-to-end review of strategic direction by the end of calendar year 2021	• New leadership has stabilised the business, returning Orora Visual to profit and growth • Well-positioned to benefit from improvements in local trading conditions • Critical business model enhancements launched, including improved digital and customer interaction

Moving forward, we will continue to focus on these key priorities.

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Key strategic pillars were established to focus execution in the near term on initiatives that support Orora's ambition: to be a leading sustainable packaging solutions company.

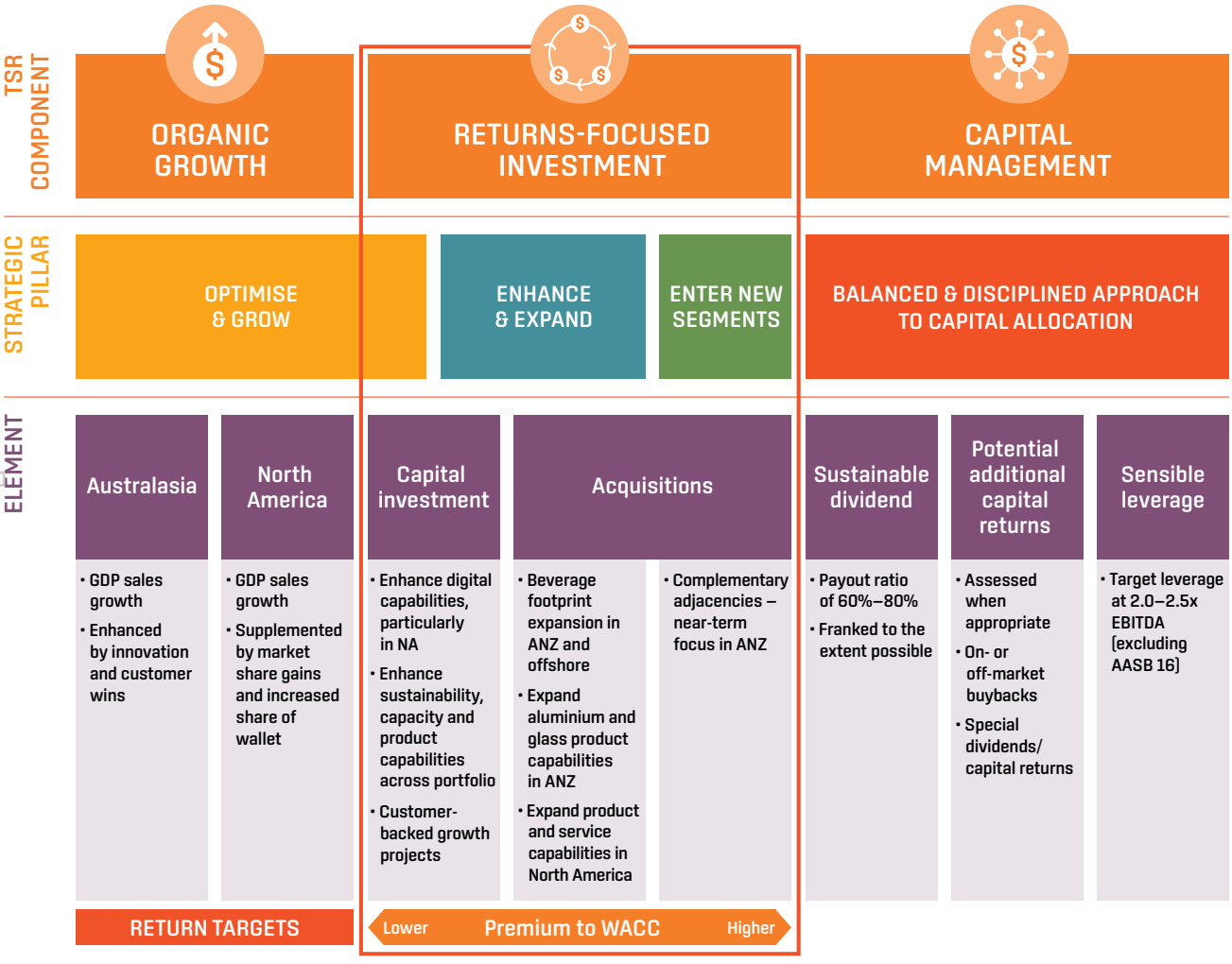
SHAREHOLDER VALUE BLUEPRINT

The strategic pillars also form a critical part of Orora's blueprint for shareholder value creation.

We remain committed to achieving top quartile Total Shareholder Return (TSR) performance for our shareholders by executing on our business strategy. Key elements which contribute to Orora's TSR performance are outlined in the blueprint (first released in FY20). These include applying a returns-focused, risk-weighted investment approach (for capital projects and acquisitions) across each of the three pillars.

As the diagram shows, we will target a return that represents an appropriate premium to Orora's weighted average cost of capital (WACC) based on the risk assessed as associated with the investment. This forms part of our rigorous approach to capital allocation, allowing us to appropriately make investment decisions across each pillar.

Ongoing financial discipline governs the deployment of Orora's capital for any strategic initiatives.



Orora's approach to sustainability

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In financial year 2021, we progressed Orora's sustainability program, focused on our current three pillars of People, Planet and Prosperity, while we also began work to review and redefine our approach to sustainability, elevating our focus for the future.

Sustainability activity continued to be driven within Australasian Beverage, our North American OPS and Orora Visual businesses, and was given increased emphasis by the Executive Leadership team and the Board.

There were significant advances on circular economy initiatives in the Beverage and Orora Visual businesses, and good progress was made towards achieving our new five-year Eco Targets launched last financial year, focused on reducing greenhouse gas emissions, waste to landfill and water usage.

OUR APPROACH AND GOVERNANCE

Orora's approach to our People, Planet and Prosperity pillars is framed by our obligations as a signatory to the United Nations Global Compact (UNGC) and informed by work undertaken in 2015 and 2018 to understand the external and internal sustainability risks and opportunities for Orora's activities.

Orora's ongoing commitment to assessing opportunities and exposure to material risks is in accordance with the ASX Corporate Governance Council's Recommendation 7.4[1], including any exposure to environmental, social or climate change risks. The 2018 review, re-examined in 2019 and reviewed again during this financial year, determined that we do not have a material exposure to environmental, social or climate change risks at this time. Detail on our assessment of material risks, including economic risks, is set out separately in the Corporate Governance Statement on page 34 of this Annual Report.

Orora's sustainability activity is overseen by the Board, the Safety, Sustainability & Environment Committee, and the Executive Leadership team, with regular updates and recommendations provided to the Board.

During FY21, the Safety, Sustainability & Environment Committee assisted the Board to provide governance and recommendations on all Orora sustainability matters including recommended approval of our first Modern Slavery Statement and the review and development of a redefined approach to sustainability, which we will begin to implement in FY22. Increased emphasis on sustainability was incorporated into Executive Leadership team meetings with sustainability becoming a standard agenda item.



REPORTING ON OUR APPROACH

We report on our annual sustainability activity through Communication on Progress (CoP) to the UNGC, which outlines our activities to further implement the Covenant's Principles on human rights, labour, environment and anti-corruption. We continue to support the CDP[2], voluntarily disclosing information under the Climate, Water and Forest Risk CDP sections. As part of our commitment to sustainable operations, we improved our scores from the previous year, achieving a B for Climate, B- for Water and B for Forest Risk. As a signatory to the Australian Packaging Covenant (APC), we provided an annual report during FY21 and were again assessed as being in the 'Leader' category. In addition, we also received a 'Leading' rating from the Australian Council of Superannuation Investors following its review of environmental, social and governance reporting in the ASX 200 for the period to 31 March 2021.

As detailed on page 13, during FY21, Orora's first Modern Slavery Statement was submitted, in accordance with the Commonwealth (Australian) Modern Slavery Act 2018. The Statement is available on the Orora website and forms an important part of our sustainability effort, aligned to our obligations as a signatory to the UNGC.

1 Recommendation 7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. Source: *Corporate Governance Principles and Recommendations*, Australian Securities Exchange Corporate Governance Council (4th edition), 2019.
2 CDP, formerly known as the Carbon Disclosure Project.

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People

Ensuring the safety, health and wellbeing of our team is a fundamental priority for Orora.



SAFETY AND HEALTH

We continue to focus on developing our safety culture and invest in driving safety performance across our business, supported by our Health Safety & Wellbeing Policy and our Safety Management System.

Following a global safety review by independent consultants at the start of FY20, which benchmarked Orora across a range of criteria globally, we continued a three-year program to drive improvement in safety, health and wellbeing. The program is focused on three core areas and intends to:

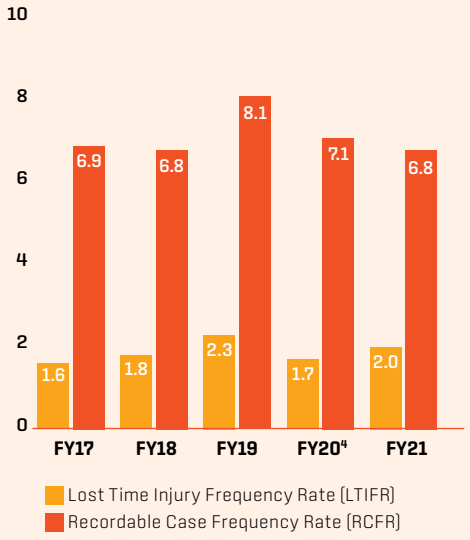
- broaden and focus the Safety Governance System
- restructure the Safety Management System
- enhance the Serious Injury and Fatality (SIF) Prevention Program.

Positive progress has been made to implement plans and actions for these initiatives during the past financial year. We have enhanced our safety governance processes and implemented new high-risk safety procedures for Plant & Equipment, as well as developing new high-risk safety procedures for Traffic Management and Isolation that will soon be implemented. We will continue this focus into next financial year, developing and implementing further high-risk safety procedures to better protect our people. Work is ongoing to refine the SIF Prevention Program, as we continue our focus on managing high-risk activities and improving the effectiveness of critical controls.

Orora's focus on safety and our Executive Leadership team's commitment to safety leadership is also evident in the safety overlay that is applied to the short-term incentive (STI) component of all senior executives' remuneration.

While Lost Time Injuries increased slightly in FY21, we saw a reduction in total Recordable Cases. The increase can largely be attributed to low severity injuries such as minor sprains and strains, and minor lacerations. Orora recorded no serious injuries or fatalities during the year and post-incident analysis conducted via our Incident Reporting & Investigation procedure demonstrates a 43% improvement in the prevention of incidents that may have escalated into SIFs, a credit to Orora's strong focus on managing high-risk work activities. This reduction was supported by the rollout of several safety behaviour programs, such as the Switch on Safety Leadership Program in the Beverage business, safety observation and near miss reporting initiatives in Orora Visual, and hazard and near miss reporting initiatives driven by OPS.

ORORA GROUP SAFETY PERFORMANCE[3]



3 Orora's injury rates are measured using two key metrics, Recordable Case Frequency Rate (RCFR) and the Lost Time Injury Frequency Rate (LTIFR). LTIFR is measured by dividing the total number of Lost Time Injuries in a 12-month period by the total number of hours worked in the same 12-month period, then multiplying by 1,000,000. RCFR is measured by dividing the total number of Recordable Case Injuries (Lost Time Injury, Restricted Work Case & Medical Treatment Injury) in a 12-month period by the total number of hours worked in the same 12-month period, then multiplying by 1,000,000.

4 FY20 RCFR and LTIFR restated from as known and reported figures in August 2020, due to reclassification of injuries after year end reporting closed for FY20.

Orora's approach to sustainability

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Safety during COVID-19

We continue to implement and maintain a range of health and safety measures in response to the global pandemic, to mitigate the risk of transmission into and at Orora's sites and workplaces. We have closely monitored internal and external data, and regularly reviewed and adjusted risk controls where necessary to enhance existing measures. Where needed, we introduced additional safety and protective measures, in compliance with or to a higher standard than government and health advice across our varied geographies to further protect Orora team members who continued to perform critical duties in support of our role as an essential services provider, including:

- establishing crisis management teams to regularly assess requirements and respond to situations
- developing and implementing COVID Safe Plans (including protective measures verified through regular inspections)
- updating Orora's online Safety Incident Management Platform to include current COVID-19 reporting data
- maintaining and embedding flexible work options and arrangements wherever possible
- limiting general access at all sites and workplaces unless there was a safety, health or business critical reason for in-person attendance, with entry granted only on successful completion of health assessment requirements.

Our organisational approach has been complemented by a range of initiatives within our businesses to address specific requirements at our sites. In Australasia, QR check-in codes and attendance registers were introduced to support record keeping for contact tracing efforts. Across North America we developed quarantine protocols, provided onsite COVID testing, exposure notifications and support. Teams onsite focused on the `3W's' – *washing* hands frequently, *wearing* a face covering or mask and *watching* for social distance. The OPS team also developed an innovative electronic wristband to alert team members when they are too close to others to support social distancing.

While a number of positive cases of COVID-19 have been identified at our operations, we have ensured comprehensive support is provided to any team member who tests positive and we remain focused on effective case management to preserve the safety of close contacts and team members to reduce the risk of further transmission.

Supporting change

As we experienced ongoing disruption due to COVID-19 and it continued to impact people's lives at home and at work, the support and care of our workforce was still a significant focus for us during FY21. Orora offered face-to-face learning where possible and provided virtual/digital support mechanisms to ensure that leadership was undertaken with the Orora values in mind.

Many team members across Orora worked remotely and found this new flexibility provided a better work-life balance. The OPS team in North America adopted a new approach, where each team member is able to work in a mode appropriate for their role – be it onsite, from home or for the majority, a hybrid approach which ensures connection and collaboration while maintaining a sustainable level of flexibility for the business. In Australasia, ongoing flexible working guidelines were also implemented to support our team members to work flexibly where appropriate for their roles, individual circumstances and business requirements.

HEALTH AND WELLBEING

Orora's commitment to team member health and wellbeing saw FY21 initiatives focused on providing holistic education and information to encompass all areas of individual wellbeing – from emotional and physical, to social and financial. This culminated in virtual webinars during Mental Health Week to encourage connection, online tools such as the Employee Assistance Program LifeWorks App and Wellness portal launch, and participation in physical activity programs designed to increase health and wellbeing through exercise and movement.

Orora maintains a zero-tolerance approach to alcohol and other drugs in the workplace and continues to uphold this position across the business, which plays a critical role in reducing workplace risk.

DIVERSITY, EQUITY AND INCLUSION

At Orora, we are strongly committed to developing an inclusive and respectful work environment to optimise diversity of thought and background. Bringing together people with different backgrounds and ways of thinking is a powerful source of competitive advantage in driving better decision making, innovation and growth.

Throughout FY21, Orora expanded the efforts of our Diversity, Equity, & Inclusion (DE&I) Council to cover all North American operations. DE&I plans were updated and 'Unconscious Bias' training was conducted for senior leaders. Refer to the Corporate Governance Statement on page 31 for further information on Orora's Diversity, Equity and Inclusion practices, objectives and gender statistics.

As part of our DE&I approach, we continued to build on the success of Women in Leadership at Orora (WILO) Programs delivered since 2018 across North America, Australia and New Zealand, conducting our fifth annual WILO Program during FY21. This was the first Program that was both global and virtual, including participants from five different countries across North America and Australasia.

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Bringing together people with different backgrounds and ways of thinking is a powerful source of competitive advantage in driving better decision making, innovation and growth.



ORORA'S WOMEN IN LEADERSHIP PROGRAM GOES GLOBAL

As part of our DE&I approach, we continued to build on the success of Women in Leadership at Orora (WILO) Programs delivered since 2018 across North America, Australia and New Zealand, conducting our fifth annual WILO Program during FY21. This was the first Program that was both global and virtual.

73
participants globally since 2016

33%
of WILO graduates have been promoted to more senior or leadership roles

The tailored development and coaching program aims to support Orora's ability to cultivate a diverse leadership talent pipeline by enabling women to build their confidence and leadership skills, and is designed to grow participants' professional networks and create a spirit of outreach amongst women at Orora.

WILO graduates have robust development plans to help them apply their WILO learnings to their career aspirations. Orora continues to invest in previous WILO participants by utilising WILO graduates as coaches for current participants, which also reinforces WILO network connections.

We also continue to celebrate the diversity of the LGBTIQ+ community by educating and raising awareness of challenges faced, as well as recognising and celebrating the inherent and rich diversity of our LGBTIQ+ team members through the Orora Proud initiative.

GLOBAL CULTURE AND VALUES

Orora conducted a global survey with our team to pulse check our cultural alignment with our Values. The results revealed great strengths in safety, pride, commitment, customer focus, strong values and a sense of hope, with safety representing the highest score. The Orora leadership team will continue to examine how we can leverage these strengths to further foster team member engagement and a sense of purpose and belonging at Orora. Pulse checks will continue to be conducted to check cultural alignment with our Values.

HUMAN RIGHTS, RESPONSIBLE SOURCING AND OUR MODERN SLAVERY STATEMENT

At Orora, we are committed to protecting human rights and minimising the risk of modern slavery in our operations and supply chain. During FY21, we continued to address our obligations as a signatory to the UNGC and as noted on page 10, we successfully submitted our first Modern Slavery Statement in accordance with the Commonwealth Modern Slavery Act 2018.

The Statement forms an important part of our global sustainability effort, demonstrating that we are opposed to all forms of modern slavery in our operations and the operations of our suppliers, and that we are committed to identifying, assessing and mitigating human rights impacts, providing access to effective grievance or complaint mechanisms and ensuring continuous improvement to strengthen our actions over time.

We continued our human rights and responsible sourcing governance regime through the application of the Modern Slavery Working Group established in the previous financial year. The Working Group continued to report and provide recommendations to the Safety, Sustainability & Environment Committee, the Audit, Risk & Compliance Committee and the Board.

SUPPLIER CODE OF CONDUCT AND ETHICS

Orora continued to apply our Supplier Code of Conduct and Ethics Policy, which was implemented in FY20. This Supplier Code complements Orora's Code of Conduct and Ethics Policy and sets minimum standards for our suppliers and their supply chains in line with our values and our commitment to the Ten Principles of the UNGC. Orora's Supplier Code of Conduct and Ethics Policy is supported by our Supplier Assurance Framework, which aims to identify and mitigate potential human rights and environmental issues within our supplier base across our Australasian and North American businesses.

Supplier Assurance Framework and training

In partnership with external consultants, we have reviewed our Supplier Assurance Framework and are now implementing improvements to support and assist our procurement teams to examine any potential human rights and modern slavery risks. The priority focus of our review was risks that may be associated with Orora's cleaning and labour hire service providers. Human rights and modern slavery training was also developed and delivered to Orora's Board, Executive team and procurement team members.

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Planet

Sustainability is core to Orora's approach for reducing our impact on society and the environment, and maintaining the respect and support of our people and the communities in which we operate.

CIRCULAR ECONOMY

The principles of the circular economy are central to Orora's operations as we place a strong emphasis on ensuring our manufactured packaging is recyclable and that it contains recycled content. All of our primary manufactured substrates are recyclable and over the 2021 financial year we have focused our efforts to increase the recycled content of the packaging we produce, particularly within our Beverage and Orora Visual businesses.

At our Beverage glass plant in Gawler, South Australia, we continued to elevate our use of recycled glass cullet derived from government Container Deposit Schemes operating in the various states and territories across Australia. During the year, we began importing recycled glass cullet from the newly operational Western Australian Container Deposit Scheme, taking the glass recovered from Perth's metropolitan area and feeding it into our furnaces at Gawler to manufacture new glass beverage containers for Orora customers. This initiative has increased the recycled content of glass containers produced onsite by an average of 10% and builds on our existing use of recycled glass cullet imported from Container Deposit Schemes in New South Wales and South Australia. Orora will continue to use approximately 80% of the recycled glass cullet derived from the South Australian scheme alone. We will also continue to pursue and examine ways to maximise recycled glass cullet use, working closely with our customers and Container Deposit Scheme operators around Australia.

Our drive to increase recycled content was also evident in Beverage Cans, where we achieved an average of 60% recycled content in the aluminium flat sheet used to manufacture cans during the financial year. In North America, Orora Visual initiated plans that contribute to the circular economy through the introduction of a printable fabric comprised of 100% recycled content derived from recycled PET bottles for customers to use in advertising campaigns. At OPS we maintained 70% average recycled content in the manufacture of our corrugated board.

Energy efficiency

Under Orora's CO_2e Eco Target, we focused on energy efficiency for both gas and electricity in terms of their contribution to reducing our greenhouse gas emissions over the financial year. In particular, the Beverage Closures business continued to reduce its energy consumption per unit of production and the Glass business tracked to a best ever yearly energy efficiency performance.

Renewable energy

We continued to prioritise use of renewable energy via long-term power purchase agreements with renewable energy providers to supply wind-generated electricity to our Beverage operations in New South Wales, South Australia and Victoria. These agreements secure the supply of renewable energy for volumes equivalent to 80% of our total electricity requirements in Australia. We have also joined the South Australian hub-to-hub Hydrogen Technology Cluster to examine the development of a hydrogen industry in Australia with a specific interest in how this could be deployed to power Orora glass manufacturing in the future.

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ORORA'S ECO TARGETS

CO_2e EMISSIONS

↓ 5% reduction in emissions ratio intensity FY24 from FY20 levels

Production businesses
Tonnes CO_2e/tonnes of product
Distribution businesses
Tonnes CO_2e/floor space square metres

WASTE TO LANDFILL

↓ 5% reduction in waste to landfill ratio intensity by FY24 from FY20 levels

Production businesses
Tonnes waste to landfill/tonnes of product
Distribution businesses
Tonnes waste to landfill/floor space square metres

WATER USE

↓ 5% reduction in water use ratio intensity FY24 from FY20 levels

Production businesses
Kilolitres water/tonnes of product
Distribution businesses
Kilolitres water/floor space square metres

ECO TARGETS

This financial year was the first full year of operation where we worked towards achieving our new five-year Eco Targets that run until 30 June 2024. Our new Eco Targets cover the same important areas as the previous five-year Eco Targets that Orora successfully achieved in June 2019, aiming to reduce CO_2e emissions, waste to landfill and water use. The Eco Targets are measured as ratios against metrics that reflect the primary activity of each of our businesses and are divided into metrics for production of packaging (measured against tonnes produced), and separately, the distribution of packaging (measured against floor space square metres). To date, we have demonstrated solid progress towards the FY24 goals and are currently on track to achieve them.

For the CO_2e Eco Target the production businesses achieved an 8% improvement and the distribution businesses achieved a 5% improvement. For the waste to landfill Eco Target the production businesses achieved a 13% improvement and the distribution businesses achieved a 19% improvement. In regards to the water Eco Target, the production businesses achieved a 2% improvement, while the distribution businesses recorded a 4.3% decrease in performance.

During FY21, we continued to develop our understanding of the potential impacts of climate change on Orora's operations, an important activity in recognising our obligations under Principle 7 of the UNGC and the ASX Corporate Governance Principles and Recommendations (4th edition). Orora's work towards our CO_2e Eco Target over the past six years has been crucial to recognising Principle 7, which requires businesses to support a precautionary approach to environmental challenges. The ongoing Eco Targets regime will continue to enhance this work.

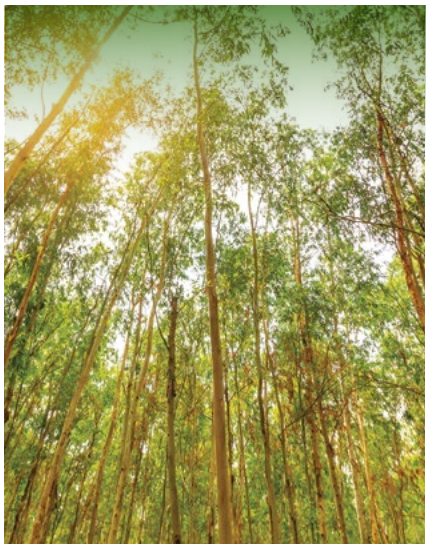
We continue to review and implement the findings of the Financial Stability Board's Task Force on Climate related Financial Disclosures (TCFD) with the support of external consultants to better understand the potential impacts of climate change on Orora. The outcomes of this work will be completed during the first quarter of the next financial year. Orora will again address applicable TCFD disclosure requirements as part of our CDP response for the most recent reporting period[1].

FIBRE SOURCING

At Orora, we are committed to the use of fibre from traceable, socially and environmentally responsible sources in our North American businesses. Throughout FY21, our Responsible Fibre Sourcing Policy, refreshed in FY19, continued to be applied across our relevant business activities, to ensure we did not directly or indirectly contribute to:

- illegal logging or the trade in illegal wood or forest products
- conflict timber or the trade in conflict timber
- significant conversion of forests to plantations or non-forest use
- destruction of high conservation values in forestry operations
- introduction of genetically modified organisms in forestry operations
- violation of traditional, Indigenous and human rights in forestry operations
- violation of any of the fundamental International Labour Organisation Conventions.

Orora's approach to responsible fibre sourcing is supported by a due diligence framework giving preference to suppliers with credible, independent chain of custody certification based on international standards and transparent and traceable supply chains. In North America, the Sustainable Forestry Initiative certification process is ongoing for several of Orora's sites.



1 The most recent period for CDP reporting is for the financial year ended 30 June 2019.

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Prosperity

Orora generates prosperity in a manner that is balanced with the current Planet and People pillars of our sustainability program.

ECONOMIC CONTRIBUTION

We have a proud history as an Australian headquartered and listed product manufacturing business, making significant contributions to the communities in which we operate. We generate over $3.5 billion in sales revenue, employ approximately 3,700 team members and operate 96 sites across seven countries. At Orora, we generate prosperity in a manner that is balanced with the current Planet and People pillars of our sustainability program.

VALUE CREATING CUSTOMER RELATIONSHIPS

Sustainability is integral to Orora's customer relationships. We work constantly with our customers to reduce environmental impacts with a commitment to producing packaging that is both recyclable and containing recycled content. During FY21, programs were undertaken with Beverage customers in Australia and New Zealand to explore and implement light-weighting of packaging, including the introduction of the lightest Sparkling glass bottle in the Australian market at 580 grams, 100 grams lighter than any competitor bottle, meaning less glass is taken to market and greenhouse gas emissions are reduced. We also implemented a closed loop glass recycling program with two major wine customers, taking waste glass from the production process and utilising it to manufacture new bottles. Undertaking these and similar initiatives is pivotal to our commitment to develop the circular economy.

COMMUNITY ENGAGEMENT

At Orora, we aim to make a positive contribution to the prosperity of the communities in which we operate. In FY21, we commenced our first intake of mechanical engineering graduates at Orora Glass. The graduates work onsite at Gawler and Orora provides financial support for them to attend University, while they receive additional support from a local technical training program. Additionally, the Orora Cans team distributed over 20,000 cans of water to the Country Fire Authority and local primary schools in Southeast Gippsland in Victoria.

Across Australia and New Zealand, we supported 'R U OK?' day to promote awareness of the benefits of connection for better mental health, encouraging team members to check in with colleagues, friends or family who may be struggling with life's ups and downs.

At OPS in North America, the Orora Fresh team partnered with United Way for their Summer Eats for Kids Program, donating 4,500 boxes to help provide low-income kids and families in Windsor, Ontario with nutritious food during the summer months when school nutrition programs are closed. The Orora Visual team conducted food drives around the holidays in Chicago, New Jersey and Dallas, to donate non-perishable items to those in need in their local communities.

Partnerships like these reflect Orora's commitment to advancing jobs, skills and people, addressing the sustainable energy challenge, and recycling for a sustainable future.

In addition to our existing initiatives, further specific initiatives and goals will elevate our focus on sustainability and contribute to Orora's achievements for the future.

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A NEW CHAPTER IN SUSTAINABILITY

We have undertaken a comprehensive review of our approach to sustainability, in line with our ambition to be a leading sustainable packaging solutions company. The review involved consultation with functional specialists across all Orora businesses, as well as an assessment of the sustainability areas of greatest relevance and importance to our customers, investors and industry regulators. It was also informed by the independent assessment of Orora's material risks referred to on page 10.

Using insights gathered from the review, we are redefining the pillars forming Orora's sustainability program in FY22, from People, Planet and Prosperity to **Circular Economy, Climate Change** and **Community**.

While many of the activities that form each of our pillars remain consistent, the redefined program presents a broader and more aspirational approach to sustainability by Orora and is more closely aligned with the focus areas and expectations of our customers, investors and regulators, and of the broader communities in which we operate. In addition to our existing initiatives, further specific initiatives and goals will elevate our focus on sustainability and contribute to Orora's achievements for the future.

Financial review summary

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INCOME STATEMENT[1]

AUD million	2021	2020
Sales revenue	**3,538.0**	3,566.2
Earnings before depreciation, amortisation, interest, related income tax expense and significant items	**369.3**	348.6
Depreciation and amortisation	**(120.2)**	(125.3)
Earnings before interest, related income tax expense and significant items	**249.1**	223.3
Significant items	**(38.6)**	(137.2)
Earnings before interest and related income tax expense	**210.5**	86.1
Net financing costs	**(32.8)**	(50.5)
Income tax expense	**(48.0)**	(9.0)
Profit for the financial period from continuing operations	**129.7**	26.6

BALANCE SHEET[2]

AUD million	2021	2020
Cash	**50.6**	107.3
Other current assets	**930.2**	948.1
Property, plant and equipment	**627.5**	671.7
Right-of-use lease assets	**200.5**	217.3
Intangible assets	**411.2**	434.0
Other non-current assets	**104.6**	119.8
Total assets	**2,324.6**	2,498.2
Borrowings	**503.5**	399.4
Lease liabilities	**252.8**	279.4
Payables and provisions	**799.7**	789.2
Total equity	**768.6**	1,030.2
Total liabilities and equity	**2,324.6**	2,498.2

CASH FLOW[3]

AUD million	2021	2020
Earnings before depreciation, amortisation, interest, related income tax expense and significant items	**369.3**	348.6
Right-of-use asset lease payments	**(59.4)**	(65.5)
Non-cash items	**27.7**	29.5
Movement in total working capital	**(61.6)**	(69.6)
Net base capital expenditure	**(30.0)**	(73.2)
Underlying operating cash flow	**246.0**	169.8
Cash significant items	**(33.8)**	(42.1)
Operating free cash flow	**212.2**	127.7

REVENUE

Reported sales revenue was $3,538.0 million, down 0.8% on FY20, but up 7.8% on a constant currency basis.

In Australasia, revenue increased 6.1%, driven by volume growth in Cans and Closures. Strong revenue growth in Cans was partially offset by declines in Glass.

In North America, revenue was up 8.2%, in local currency terms, with OPS and Orora Visual revenue up by 8.3% and 7.7% respectively. Reported North American revenue of $2,703.9 million was down 2.7%, with a $303.2 million negative FX translational impact on US dollar denominated North American sales.

EARNINGS BEFORE INTEREST AND TAX

Underlying earnings before interest and tax (EBIT) was $249.1 million, up 11.6% on FY20 (up 17.3% on a constant currency basis).

In the Australasian business, the increase in EBIT was driven by stronger volumes in Cans and Closures, partly offset by declines in Glass and cost headwinds associated with higher energy and insurance costs.

The North American businesses delivered significantly improved financial performance, with reported EBIT increasing 28.8% on the prior year to $98.8 million (up 43.0% on a constant currency basis). This was a result of revenue growth and an ongoing focus on profit improvement initiatives, with OPS margins improving by 80bps to 4.4%. US dollar earnings were translated at AUD/USD ~74.7 cents in FY21, compared to ~67.1 cents in the prior year.

1 Represents continuing operations only, as reported in the Segment Note contained within the Financial Statements (refer note 1) with the exception of net unallocated financing costs and income tax expense, which is not included in the Segment Note.
2 IFRS compliant information extracted from the audited Financial Statements.
3 Operating free cash flow includes principal lease and interest payments associated with right-of-use assets as reported per the Segment Note in the Financial Statements (refer note 1).

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SIGNIFICANT ITEM EXPENSE

Orora recorded an after-tax significant item expense of $20.9 million. This comprised of:

- An incremental net gain from the disposal of the Australasian Fibre business ("Fibre") of $1.5 million ($6.1 million after tax benefit) arising from the post 30 June 2020 completion accounts process reported in the first half of FY21. The first half gain after tax benefit of $12.8 million was offset in the second half by the recognition of additional costs and obligations associated with the sale.
- Following recent significant developments associated with unprecedented rainfall levels and unforeseen complexities related to the remediation requirements of the former Petrie mill site, additional costs of $38.6 million ($27.0 million after tax) were recognised in FY21 in respect of estimated costs to complete.

BALANCE SHEET

Total assets decreased by $173.6 million or 6.9% in FY21.

A more centralised approach to cash management designed to reduce cash in offshore accounts and enable debt reduction resulted in lower cash balances, down $56.7 million to $50.6 million. On an underlying basis, trade receivables increased in North America and across Australasia, reflecting increased sales, while underlying inventory levels remained relatively flat versus the prior year.

Net property, plant and equipment ("PP&E") decreased by $44.2 million, which includes a foreign currency translation impact (decrease) of ~$11.0 million. Capex for FY21 was $57.1 million and included spend on the Revesby small format can line, preliminary work on the new glass beneficiation plant at Gawler and a new folder gluer in OPS. Depreciation for the period was $68.1 million (excluding ROU assets). A decrease in intangible assets was largely driven by foreign currency impacts ($30.0 million). Investments of ~$20.0 million were made in digital platforms and software upgrades, and amortisation for the period was $7.9 million.

Net debt increased by $160.8 million during the year with the main driver being $256.2 million spent on the buyback. This was partially offset by increased operating cash flow, the receipt of a tax refund and settlement of the working capital completion account adjustment process in connection with the disposal of the Australasian Fibre business ("Fibre") in the first half. The foreign currency translation impact was a decrease of $26.0 million.

We remain well within all debt covenant requirements.

The $10.5 million increase in payables and provisions was driven primarily by an increase in underlying payables across the businesses and the recognition of additional SI provisions during the year, partially offset by foreign currency translation impacts (a decrease of $28.2 million). The net lease liability position declined $9.8 million. The net lease liability position remained broadly in line year on year, with $4.3 million of the net movement due to foreign currency translation. ROU leases relate predominantly to the North American businesses, with very few leases in Australasia.

CASH FLOW

Increased earnings were converted into cash with operating cash flow of $246.0 million, up by $76.2 million or 44.9%. Cash conversion of 72.9% was stronger than 54.3% reported in the prior year.

Main movements of note in cash flow include an increase in cash EBITDA of 8.0% (sum of EBITDA and non-cash items), broadly in line with lease adjusted earnings, as well as an increase in trade receivables, in line with increased sales.

Lower base capex of $31.9 million compared to $83.2 million in FY20 reflects the impact of the G2 rebuild at Gawler of ~$50.0 million in FY20. Gross capex (base and growth) was ~84% of underlying depreciation for the year.

WORKING CAPITAL

During FY21, average total working capital to sales was 6.4% (8.3% in FY20), with the decrease largely attributable to increased sales and reduced average working capital balances.

The medium-term management target for average total working capital to sales is less than 10.0%.

DISCONTINUED OPERATIONS

On 30 April 2020, Orora completed the disposal of the Australasian Fibre business ("Fibre") to a wholly owned subsidiary of Nippon Paper Industries Co., Limited for an enterprise value of $1,720.0 million. Net proceeds received in FY20 were $1,637.0 million. The finalisation of the working capital completion account adjustment process in FY21 resulted in further net cash inflows of $20.7 million.

A further $32.2 million is to be received in FY22 related to the deferred settlement of two properties.

CAPITAL MANAGEMENT

During FY21, Orora purchased 89.3 million shares (representing 9.3% of issued capital) as part of an on-market buyback, which was announced in August 2020. Shares were bought back for a total outlay of $256.2 million and a volume weighted average price of $2.87 per share.

When combined with the capital return and special dividend payments made during FY20, the buyback brings the total returns of capital made to shareholders since the disposal of the Australasian Fibre business ("Fibre") to $856.2 million, in addition to ordinary dividends. Consistent with a focus on the disciplined pursuit of growth and capacity enhancement investment opportunities, we continue to maintain a strong balance sheet, providing operating and strategic flexibility.

CORPORATE

Corporate costs have been allocated directly to the business segments.

In May 2021, Orora refinanced a $350.0 million syndicated facility. The refinanced facility will mature in November 2024. Commercial terms and composition of the lending syndicate were not materially changed.

We have substantial headroom under our existing debt facilities, with a $35.0 million bilateral facility maturing in January 2022 (undrawn at 30 June 2021) and no material maturities thereafter until July 2023. Reflecting the strength of the Group's balance sheet and liquidity position, a range of committed bilateral facilities that were established during FY20 were either not renewed upon maturity or were converted to lower cost uncommitted lines during FY21.

PETRIE DECOMMISSIONING

The decommissioning of the former Petrie mill site is progressing but continues to be a significant and complex exercise involving multiple government agencies. A further $38.6 million ($27.0 million after tax) was recognised in respect of estimated costs to complete during FY21 ($29.3 million was expensed in the second half of FY21 or $20.5 million after tax). Approximately $28.4 million was spent on decommissioning during the year. Recent significant developments associated with unprecedented rainfall levels and unforeseen complexities related to the remediation of the most technically complex remaining areas have, resulted in increases to the estimated costs to complete.

Operational review Australasia[1]

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The Australasian Beverage business delivered a solid result in FY21 and continued to demonstrate diversified strength and resilience as a leading supplier of Cans, Glass and Wine Closures in Australia and New Zealand.

KEY POINTS

- Sales were up by 6.1% to $834.1 million in Australasia.
- EBIT increased by 2.5% from the prior year to $150.3 million – a solid result in the face of significant headwinds, including the impact of tariffs imposed on wine exports to China.
- An increase in EBIT was driven primarily by stronger volumes across Cans, with all sites moving to 24/7 operations in response to higher demand, and partially offset by declines in Glass as a result of a reduction in volumes in the second half as the impact of lower exports to China crystallised.
- A continuing skew in product mix towards grocery channels and at-home consumption, and increased energy and insurance costs impacted sales margins.
- Return on Average Funds Employed was down slightly to 25.4%, with higher earnings offset by recent capital upgrades.
- Cash conversion increased on the prior year at 72.2%, up from 58.1%.

EARNINGS[2]

AUD million	FY21	FY20	Change %
Sales revenue	**834.1**	785.9	6.1%
EBIT[3]	**150.3**	146.6	2.5%
EBIT margin %	**18.0%**	18.6%	
RoAFE[4]	**25.4%**	27.0%	

SEGMENT CASH FLOW

AUD million	FY21	FY20	Change %
EBITDA[5]	**197.8**	191.5	3.3%
Leases	**(6.0)**	(6.1)	
Non-cash items	**27.1**	21.0	
Cash EBITDA	**218.9**	**206.4**	**6.1%**
Movement in total working capital	**(41.7)**	(35.1)	
Base capex	**(18.9)**	(60.8)	
Sale proceeds	**(0.3)**	9.5	
Operating cash flow	**158.0**	**120.0**	**31.7%**
Cash significant items	**(28.5)**	(20.6)	
Operating free cash flow	**129.5**	**99.4**	
Cash conversion	**72.2%**	58.1%	

1 The financial information provided represents Orora's continuing Australasia operating segment.
2 As reported in the Segment Note contained within the Financial Statements, refer note 1.
3 Earnings before interest, related income tax expense and significant items.
4 Return on Average Funds Employed (RoAFE) is calculated as EBIT divided by average funds employed.
5 Earnings before depreciation, amortisation, interest and related income tax expense and significant items.

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Sales revenue (AUD million)

$834.1m



↑6.1%

EBIT[3] (AUD million)

$150.3m



↑2.5%

BEVERAGE CANS

Earnings grew strongly on the prior year, with an increase in volumes across all categories reflecting increased levels of at-home consumption. All sites moved to 24/7 operations during the second half of FY21 in response to strong demand, with first and second half volumes both up on their respective prior comparative periods.

Strong volume growth was underpinned by increased demand in carbonated soft drinks, and both craft beer and mainstream beer segments benefitted from a preference shift from glass to can format. Volumes also increased in non-alcoholic beverages such as still and sparkling water, and other alcoholic beverages such as seltzers and wine.

BEVERAGE GLASS

Overall volumes in FY21 reflect the reduced bottled wine exports to China, with growth in beer and other beverage categories providing a partial offset.

An ongoing focus on operational cost improvement and the benefits of the warehouses commissioned in FY20 have flowed as anticipated in FY21. Glass earnings were in line with expectations, but down on the prior year due to a reduction in volumes in the second half as the impact of lower exports to China crystallised, a shift in Glass mix to other lower margin beer and beverage categories, and the impact of increased energy and insurance costs.

Good progress has been made to redeploy Glass capacity into new segments, diversify production capabilities and expand customer portfolios.

We continue to work closely with our customers to address the impacts of Chinese tariffs on bottled wine exports.

BEVERAGE CLOSURES

Closure volumes were up on the prior year reflecting increased levels of at-home consumption, with earnings broadly in line with FY20. Chinese tariffs have not had an impact on closures, as exports to China predominantly relate to cork closures.

INNOVATION AND GROWTH UPDATE

Investment in our Beverage business has continued, with $34.2 million of growth and base capital expenditure during FY21. This included the installation of small format can capability at Revesby, which complements our existing small format can capability at Rocklea and Wiri, and further enhances our ability to meet customer preferences and demand.

Reflecting a strong customer-led outlook for can volume growth, capacity expansion plans continue to progress. Work is likely to commence during FY22 on the installation of a new can line at an existing site at a cost of ~$70 million to $80 million once customer contracts are secured.

We continue to seek further opportunities to source recycled content in our Australasian business. In FY21, we began utilising glass cullet from the new West Australian Container Deposit Scheme. This is in addition to cullet already used from the South Australian and New South Wales schemes. Construction of an advanced glass beneficiation plant is underway at Gawler at an estimated cost of ~$25.0 million, with commissioning expected in the second half of FY22.

Federal and State Government funding of ~$8 million has been received to support this development through the Recycling Modernisation Fund. The new plant will enable us to increase recycled glass content to ~60%, further progressing Orora's sustainability agenda.

Beverage Cans and Glass continue to focus on operational excellence through Advanced Manufacturing, including data analytics and Integrated Work Systems deployment. In line with this strategy, investment has continued in the Industry 4.0 plant efficiency initiative. The data analytics platform has now been rolled out to all Cans sites and in Glass, providing better data to problem solve and improve efficiencies.

We continue to invest in capacity and innovation to produce best in class products and services. In Glass, we have invested ~$250 million in the world-class Gawler facility since the demerger in FY14, including the G2 furnace rebuild, capacity expansions, mould insourcing, system upgrades and highly automated onsite warehouse capacity. In Cans, we maintain our market leading decoration and differentiation capabilities while we continue to explore a number of innovative concepts in aluminium containers. The Cans business has also seen significant investment in capacity and capability of ~$90 million since the demerger.

Quality and service remain of paramount importance for the Australian Beverage team, and investments in eCommerce enhancements continue to drive and support customer engagement.

Operational review
North America

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Our North American businesses, OPS and Orora Visual delivered strong improvements in operating and financial performance, demonstrating the benefits of a continued, disciplined focus on the execution of strategy.

KEY POINTS

- Local currency sales revenue grew by 8.2% to US$2,019.8 million, with year on year growth achieved by both OPS and Orora Visual despite difficult retail conditions.
- EBIT increased by a significant 43.0% in local currency terms, with a continued focus on profit improvement programs, efficiency and cost reduction resulting in North American EBIT margins growing by 90bps to 3.7%.
- Orora Visual delivered a positive full year EBIT result, comparing favourably to a prior year loss.
- A material and sustainable increase in OPS EBIT margins has put us on track to achieve a greater than 5.0% EBIT margin over the next two to three years.
- On the back of improved earnings, operating cash flow increased by 76.7% to $88.0 million, with cash conversion also increasing significantly from 46.9% in FY20 to 74.1%.
- RoAFE increased to 15.0%, up from 8.9% in the prior year in line with higher earnings.

EARNINGS[1]

AUD million	FY21	FY20	Change %
Sales revenue	**2,703.9**	2,780.3	(2.7%)
EBIT[2]	**98.8**	76.7	28.8%
EBIT margin %	**3.7%**	2.8%	
RoAFE[3]	**15.0**	8.9%	

USD million	FY21	FY20	Change %
Sales revenue	**2,019.8**	1,866.4	8.2%
EBIT	**73.8**	51.6	43.0%

SEGMENT CASH FLOW

AUD million	FY21	FY20	Change %
EBITDA[4]	**171.5**	157.1	9.2%
Lease repayments	**(53.4)**	(59.4)	
Non-cash items	**0.6**	8.5	
Cash EBITDA	**118.7**	**106.2**	**11.8%**
Movement in total working capital	**(19.9)**	(34.5)	
Base capex	**(13.0)**	(22.4)	
Sale proceeds	**2.2**	0.5	
Operating cash flow	**88.0**	**49.8**	**76.7%**
Cash significant items	**(5.3)**	(21.5)	
Operating free cash flow	**82.7**	**28.3**	
Cash conversion	**74.1%**	46.9%	

1 As reported in the Segment Note contained within the Financial Statements, refer note 1.
2 Earnings before interest, related income tax expense and significant items.
3 Return on Average Funds Employed (RoAFE) is calculated as EBIT divided by average funds employed.
4 Earnings before depreciation, amortisation, interest and related income tax expense and significant items.

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Sales revenue (USD million)

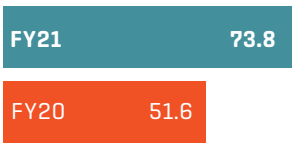
$2,019.8m



↑8.2%

EBIT[2] (USD million)

$73.8m



↑43.0%

IMPACT OF COVID-19

The impact of COVID-19 on North America's retail landscape during FY21 was significant. Both OPS and Orora Visual were classified and operating as essential services during the year and pleasingly, both have returned to revenue growth, with trading conditions progressively improving over the course of the second half. Our North American businesses continued to successfully manage the safety of our people and provide effective services to our customers, while focusing on a realignment of operating costs commensurate with prevailing volumes.

ORORA PACKAGING SOLUTIONS

The OPS team delivered constant currency revenue growth of ~8.3% compared to the prior year. Both EBIT and EBIT margins were higher than the prior comparative periods in both the first and second halves of FY21.

On a full year basis, OPS EBIT margins increased by 80bps to 4.4% from 3.6%, noting the impact of seasonality between the first and second half. This material and sustainable increase is the result of ongoing execution of the OPS profit improvement program, focused on margin recovery and efficiency/cost reduction. This program continues to gain momentum and will be ongoing throughout FY22.

Improved performance in FY21 was driven by the full year benefit of headcount reductions made in FY20; a detailed focus on cost to serve and maintaining pricing discipline, particularly in response to upstream pricing changes; plus an ongoing focus on further leveraging the ERP and associated data analytics to provide additional transparency to sales representatives to enhance decision making and effectiveness.

ORORA VISUAL

The Orora Visual team delivered a positive full year EBIT result. This compared favourably to a prior year loss and was achieved together with a 7.7% increase in revenue on a constant currency basis, with second half performance more than offsetting a constant currency revenue decline in the first half, compared to the prior comparative period.

These results reflect an ongoing focus on the execution of cost control measures, together with a shift in focus to defensive markets such as food, beverage and horticulture – segments which now represent over 37% of the revenue base at Orora Visual.

This improved operating performance has offset the continuing impact of COVID-19, which has created challenging trading conditions, with retail store closures and the deferral of promotional programs – particularly in the first half of the financial year.

INNOVATION AND GROWTH UPDATE

In both OPS and Orora Visual, the leadership teams have been focused on establishing platforms that facilitate a scalable value proposition in their respective businesses.

Strategically, OPS continues to focus on providing customised solutions that enhance the value of our customers' products and services whilst also reducing the costs of their packaging. Our OPS profit improvement program is being well executed by the team with positive momentum building. The improvement in earnings on the prior year has been achieved despite the ever-present impacts of the pandemic. New initiatives will continue to be implemented throughout FY22.

The path to historic EBIT margins also continues to gain momentum, with OPS on track to achieve a greater than 5.0% EBIT margin in the next two to three years. Success achieved to date highlights the positive impact of the work undertaken, with further benefits expected to be realised over FY22 and beyond.

At OPS, we continue to invest in new digital platforms to replace legacy web portals and to enable customers to transact digitally with customised product offerings via digital channels. The OPS omnichannel strategy is designed to integrate all channels of customer engagement and improve the overall customer experience. It is now expected to launch in FY22 after COVID-19 related delays this year.

Automation at Orora Fresh in Canada continues, and will remove manual work processes and drive out costs. We have also committed capital to improving the Pollock Manufacturing capability.

At Orora Visual, our strategy remains to utilise the national footprint, creative resources and breadth of in-house services and manufacturing capabilities to deliver impactful visual communication solutions for our customers. New fabric lines commissioned in Orange County and New Jersey in FY20 supported fulfilment of customer demand to drive an increase in revenue across segments including beauty, home and apparel during FY21. These fabric lines continue to gain traction with further increases in demand driving even higher utilisation throughout the year. Orora Visual also continues to invest in digital technology including customer and consumer engagement capability and on demand print solutions.

Corporate Governance Statement

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The Board is committed to achieving and demonstrating standards of corporate governance appropriate to the operations and size of the Company, and continuing to refine and improve Orora's governance framework and practices to ensure they meet the interests of shareholders and other stakeholders.

The Board of Directors of Orora Limited and its subsidiaries (Orora or the Company) believe good corporate governance:

- is an integral part of the culture and business practices of the Company; and
- will add to Orora's performance to create shareholder value, while having regard to other stakeholders and an appropriate risk and return framework.

The Board is committed to achieving and demonstrating standards of corporate governance appropriate to the operations and size of the Company, and continuing to refine and improve Orora's governance framework and practices to ensure they meet the interests of shareholders and other stakeholders.

The Board has adopted a suite of Charters and key corporate governance documents which articulate the policies and procedures followed by Orora. These documents are publicly available on Orora's website at www.ororagroup.com under the "Investors" section. This website is reviewed and updated regularly to ensure that it reflects Orora's most recent governance information.

This statement summarises Orora's main corporate governance practices for the reporting period, being the year that ended 30 June 2021, which comply with the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition (ASX Principles).

This Corporate Governance Statement is current as at 19 August 2021 and has been approved by the Board.

THE BOARD OF DIRECTORS

Role of the Board

The Board is responsible for the governance of the Company and is accountable to shareholders for guiding and monitoring the effective management and performance of the Company.

The Board has adopted a Board Charter which sets out how its role, powers and responsibilities are exercised, having regard to principles of good corporate governance, market practice and applicable laws.

The Board operates in accordance with the Company's Constitution, the relevant laws and ASX listing rules, and the principles set out in its Board Charter, which is publicly available on Orora's website.

Responsibilities of the Board

The Board's responsibilities, as summarised in the Board Charter, include:

- defining the Company's purpose and approving and monitoring management's development and implementation of the Group's strategy, plans and core values of the Group
- setting the risk appetite within which the Board expects management to operate
- reviewing, approving and monitoring the Company's risk policy and risk management systems (for both financial and non-financial risks), including internal compliance and control mechanisms
- overseeing the Group's accounting and corporate reporting systems and disclosures
- approving the overall remuneration policy and remuneration of Non-Executive Directors, the CEO and senior management, including any incentive and/or equity plans
- overseeing, with recommendations from the Human Resources Committee, that the remuneration policy is aligned with the Company's purpose, core values, strategic objectives and risk appetite
- receiving information regarding material breaches of the Company's Code of Conduct and Ethics, Anti-bribery and Anti-Corruption Policy and reports of material incidents under the Whistleblower Policy
- determining the size, composition and structure of the Board, and the process for evaluating its performance
- approving and removing the CEO and Company Secretary, and approving and reviewing succession plans for the Non-Executive Directors, CEO and senior management
- satisfying itself that the Board reporting framework is appropriate and, where required, providing constructive feedback to challenge the CEO and senior management
- ensuring provision of adequate, accurate and timely information to the market of all material information and developments relating to the Company
- adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards
- reviewing and, to the extent necessary, amending the Board and Committee Charters.

Board composition and succession

The Board is committed to ensuring that it is comprised of individuals who collectively have the appropriate skills and experience to develop and support the Board's responsibilities and Company objectives. The Board's composition is determined based on criteria set out in the Company's Constitution and the Board Charter, including:

- a majority of Independent Non-Executive Directors and a Non-Executive Director as Chair
- the Board having an appropriate mix of skills, knowledge, experience, independence and diversity necessary to review and approve the strategic directions of the Group, and to guide and monitor management
- re-election of Directors at least every three years (except for the Managing Director and Chief Executive Officer).

The Directors of the Company as at the date of this Statement are set out below. Details of each Director's tenure, experience, expertise and qualifications are set out on page 38 of this Annual Report and on Orora's website.

- **A R H (Rob) Sindel (Chair)** – Independent Non-Executive Director
- **B P (Brian) Lowe** – Managing Director and Chief Executive Officer (CEO)
- **A P (Abi) Cleland** – Independent Non-Executive Director
- **T J (Tom) Gorman** – Independent Non-Executive Director
- **S L (Sam) Lewis** – Independent Non-Executive Director
- **J L (Jeremy) Sutcliffe** – Independent Non-Executive Director

The Board periodically reviews its composition, and tenure and succession of the Directors, upon input and recommendation from the Nomination Committee.

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BOARD SKILLS AND EXPERIENCE

Board skills matrix

The Board recognises the importance of having Directors with a broad range of skills, backgrounds, expertise, diversity and experience in order to facilitate constructive decision making and facilitate good governance processes and procedures. The Company has established a Board skills matrix relevant to the Company and currently represented on the Board. A regular assessment of the optimum mix of these skills and experience is computed and takes into account the strategic positioning of the Company. A summary of the main skills and experience of the Board as applicable to its strategic objectives is set out in the skills matrix below.

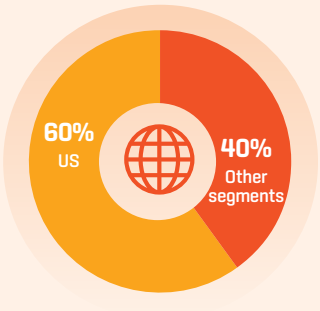
The skills attributed to each Director recognise their experience acquired through previous executive or non-executive director roles. The Board has unfettered access to the Company's senior management team and external consultants for required expertise, including in respect of digital data and technology capabilities. The Board considers that there are currently no significant gaps in the skill set that it seeks to have represented on the Board, and that the skills and experience of the Directors are relevant and appropriate to Orora.

Skill/Experience	Directors with Skill/Experience
Strategic Thinking Experience in developing and implementing enterprise-wide successful strategies, and an effective capital management framework, including appropriately questioning and challenging management on the delivery of agreed strategic planning objectives.	6/6
Workplace Safety and Health Senior executive or substantial board experience in key workplace safety and health risks, including management, performance and governance of workplace safety and health.	4/6
Financial Acumen Experience in financial accounting and reporting, corporate finance and restructuring, corporate transactions, including ability to evaluate the adequacies of financial and risk controls and understand key financial drivers of the business.	6/6
Technology and Innovation Experience in oversight, adoption and implementation of technology and innovation to support growth and drive competitive advantage, the ability to understand key factors relevant to Orora including digital disruption, opportunities and risks.	3/6
Remuneration, Reward, People and HR Senior executive or substantial board experience leading people, oversight of culture and organisational design, remuneration frameworks that attract and retain a high calibre workforce and a culture that promotes inclusion and diversity.	5/6
Sustainability and Environment Senior executive or substantial board experience in management, performance and governance of sustainability, environmental and social responsibility initiatives, risks and opportunities including in relation to sustainability and climate change.	4/6
Corporate Governance Experience with a major organisation that is subject to rigorous governance standards, a proven track record of leadership and governance skills and demonstrated behaviours consistent with Orora's values, and an awareness of global practices and trends.	6/6
Relevant Industry Experience Senior executive or substantial board experience in a number of relevant industries, including packaging, manufacturing, FMCG, food and beverage, recycling, industrials and logistics, product or customer strategy.	5/6
Risk Management Senior executive or substantial board experience in understanding, identifying and monitoring key existing and emerging risks to an organisation and implementing appropriate risk management frameworks, procedures and controls.	6/6

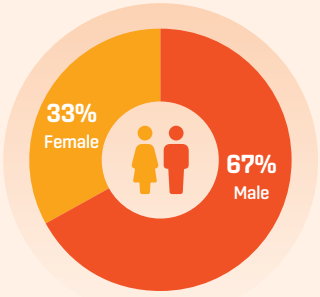
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BOARD EXPERIENCE

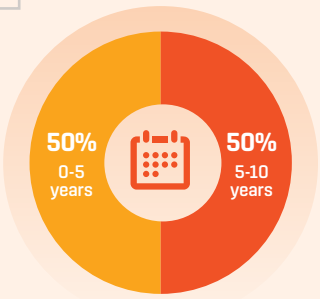
Board Global Experience



Board Diversity



Board Tenure



As well as diversity amongst the skill set of the Board, the Company aims to have an appropriate mix of gender, thought, age and cultural background represented on the Board. Further details of the Company's diversity objectives and Diversity and Inclusion Policy are set out on page 31 of this Annual Report. The current global experience, gender diversity and tenure of the Board is shown in the charts below.

Directors' independence

The Board has adopted specific principles in relation to Non-Executive Directors' independence as set out in the Board Charter.

The Board Charter states that the Board shall consist of a majority of Non-Executive Directors who are considered by the Board to be independent.

Under the Charter, Directors must immediately disclose to the Company Secretary and the Chair any information, facts or circumstances of which they become aware, which may affect their independence.

The Board undertakes an annual review of the extent to which each Non-Executive Director is independent, having regard to the relationships affecting the independent status of a Director as described in the ASX Principles and any other matters the Board considers relevant. Each Director is required to update the Board as soon as reasonably practical if any event occurs throughout the year which may affect the independence of that Director. Where the Board determines a Director is no longer independent, an announcement will be made to the market.

As at the date of this Statement, with the exception of the CEO, the Board considers that each Non-Executive Director (being Rob Sindel, Abi Cleland, Tom Gorman, Sam Lewis, and Jeremy Sutcliffe) is independent.

The Board has agreed that, in the absence of special circumstances, the tenure for Non-Executive Directors should be limited to a maximum of 10 years, to ensure Directors remain demonstrably independent, with a view to best represent the interests of shareholders. The Board Charter reflects this policy.

Conflict of interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with their duties to the Company. The Board has developed procedures to assist Directors to disclose potential conflicts of interest and, each year, all Non-Executive Directors complete independence declarations. Where the Board believes that a significant conflict exists for a Director on a Board matter, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered.

The Chair

The Board Charter provides that the Chair should be an Independent Director and should not be the CEO. The Chair, Rob Sindel, is considered by the Board to be independent and his role is separate to that of the CEO.

The Chair's role and responsibilities are outlined in the Board Charter and include:

- leadership of the Board and assisting the Board to work effectively and discharge its responsibilities, and encouraging and facilitating a culture of openness and debate between Directors to foster a high-performing and collegiate team
- maintaining effective communication and promoting constructive and respectful relationships between the Board and management
- chairing general meetings of the Company
- setting the agenda for each Board meeting in consultation with the CEO and Company Secretary
- representing the Board in communications with shareholders and other key stakeholders.

In accepting the position, the Chair has acknowledged that the role will require a significant time commitment and has confirmed that other positions will not hinder the effective performance of the role of Chair.

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The Board undertakes a performance evaluation to review its performance and that of its Committees and each Director at least annually.

The Company Secretary

The Board has appointed Ann Stubbings as Company Secretary. Details of the skills, experience and expertise of the Company Secretary are set out on Orora's website. The Company Secretary is accountable to the Board through the Chair, and the appointment or removal of the Company Secretary is a matter for the Board as a whole. Each Director is entitled to access the advice and services of the Company Secretary. The role of the Company Secretary is set out in the Board Charter, which is available on Orora's website.

Checks and information on Directors

Before appointing or proposing a person for election as a Director or senior executive, Orora conducts all appropriate background checks on the relevant person, including reference checks and criminal and bankruptcy record checks.

Prior to a Non-Executive Director's election or re-election by shareholders, the Board provides shareholders with all material information known to Orora which is relevant to the decision of shareholders to elect or re-elect the Director, in order to assist their decision making process. This information is generally contained in the notice of meeting of the Annual General Meeting at which the Director's appointment will be considered by shareholders.

A candidate for election or re-election as a Non-Executive Director will be required to provide the Board or Nomination Committee with all material information and an acknowledgement that he or she will have sufficient time to fulfil his or her responsibilities as a Director.

Agreements with Directors

Non-Executive Directors are appointed pursuant to a formal letter of appointment and a deed of appointment, which set out the key terms relevant to the appointment, including the term of appointment, the responsibilities and expectations of Directors in relation to attendance and preparation for all Board meetings, appointments to other boards, the procedures for dealing with conflicts of interest, and the availability of independent professional advice.

Non-Executive Directors are expected to spend a reasonable amount of time each year preparing for and attending Board and Committee meetings and associated activities. Other commitments of Non-Executive Directors are considered by the Nomination Committee prior to appointment to the Board and are reviewed each year as part of the annual Board performance assessment.

Director induction and development

Orora has in place a formal process to educate new Directors about the operation of the Board and its Committees, the Company's purpose, core values, Group strategy, any financial, strategic, operational and risk management issues, and the expectations of performance of Directors. This induction program includes providing new Directors with access to previous Board and Committee meeting minutes, Orora's policies and the strategic plan, and facilitating meetings with senior executives.

Directors visit Orora sites on an ongoing basis, as COVID-19 travel restrictions allow, and meet with management to gain a better understanding of business operations. These visits are conducted either as a full Board, or Board Committee, or with one or two Directors. During the reporting period, the Australian-based Directors collectively visited the Orora Gawler and Revesby sites in Australia. The CEO separately visited Orora's sites in Gawler, Revesby, Rocklea and Petrie, and travelled to North America to visit Orora Packaging Solutions head office, following receipt of COVID-19 related government approvals. The CEO undertook all required quarantine arrangements related to these interstate and international visits. Orora's North American based Non-Executive Director, Tom Gorman, travelled on several occasions to support Orora North American related matters as COVID-19 restrictions permitted. Other Orora site visits by Directors were contemplated during the reporting period, but due to COVID-19 travel restrictions these visits were postponed. Directors are also given access to continuing education opportunities to update and enhance their skills and knowledge.

Performance evaluation

The Board undertakes a performance evaluation to review its performance and that of its Committees and each Director at least annually. The Chair reports to the Board regarding the performance evaluation process and the findings of these reviews.

The evaluation may involve surveys by the Directors and the Board, the assistance of external facilitators and consideration of the degree to which each Non-Executive Director has demonstrated the skills relevant to the position of Non-Executive Director or Chair, as applicable.

During the reporting period, the Company undertook an internal evaluation of the Board, Committee and individual Director performance (including in their capacity as Chair, if applicable), having regard to the ASX Principles.

This evaluation concluded that the composition of the Company's Non-Executive Directors is appropriate having regard to the skill set, expertise and experience required for a company of Orora's size and geographic spread. The evaluation further concluded that the Company's Committee structure is effective and is well-led by appropriately experienced and skilled Directors.

Independent professional advice and access to information

Each Director has the right to access all relevant Company information and the senior executives and, subject to prior consultation with and approval from the Chair, may seek independent professional advice from an advisor suitably qualified in the relevant field at the Company's expense.

A copy of the advice received by the Director will be made available for all other Directors.

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SENIOR MANAGEMENT

Delegations to management

Day-to-day management of the Group and its businesses to achieve the Company's purpose are formally delegated to the CEO, supported by senior management, in accordance with the Board Charter and the Company's Delegated Authority Policy. A summary of this policy is publicly available on Orora's website. A summary of the key responsibilities delegated to the CEO and senior management, as well as those reserved to the Board, is set out in the Board Charter. These delegations are reviewed on a regular basis to ensure that the division of functions remains appropriate to the needs of the Company.

Senior executive appointments and agreements

The Company conducts all appropriate background checks on prospective senior executives, including reference checks and criminal and bankruptcy record checks.

The Company also has in place a written agreement with the CEO and each senior executive, setting out the terms and conditions of their employment and the obligations they are required to fulfil in their role. Each candidate is required to accept all terms and obligations as a condition of their employment. The key terms of the CEO and Chief Financial Officer's (CFO) employment contracts are set out in the Remuneration Report from page 47 of this 2021 Annual Report.

Senior executive induction and performance evaluation

The Company has an established process for the induction of new senior executives, which enables them to gain an understanding of the Company's purpose, core values, Group strategy, financial position, operations and risk management policies, as well as to actively participate in accordance with their role, at the earliest opportunity following appointment.

The performance of senior executives is reviewed on an ongoing basis, and a formal performance evaluation takes place every six months in accordance with the Company's established evaluation process. Senior executives and the CEO are assessed against measurable, short and long-term objectives which are aligned with the Company's business strategy and operating plan, as well as how they have demonstrated behaviours that are consistent with Orora's values. The CEO performs the evaluations of the other senior executives. An evaluation of senior executives was last undertaken in July/August 2021. The outcomes of these assessments are then reported to the Board.

The Board is responsible for approving the objectives of the CEO and conducting a formal annual evaluation of the performance of the CEO, including an assessment against these objectives and the demonstration of behaviour consistent with Orora's values.

The outcomes of the performance evaluations of the senior executives and the CEO then contribute to the determination of the senior executives' and CEO's remuneration.

The Company's Senior Executive Reward and Evaluation Policy is published on Orora's website.

Further information relating to the performance evaluation of applicable senior executives can also be found in the Remuneration Report from page 47 of this 2021 Annual Report.

BOARD COMMITTEES

To increase its effectiveness, the Board has established the following Board Committees:

- **Audit, Risk & Compliance**
- **Executive**
- **Human Resources**
- **Nomination**
- **Safety, Sustainability and Environment.**

The members of these Committees as at the date of this Statement are set out in the table below. Profiles of each member/Director, including their relevant experience and qualifications, are set out on pages 38-39 of this Annual Report and on the Company's website. The Company Secretary is the Secretary of each Committee.

Each Committee has a Charter which includes a more detailed description of its role, responsibilities and specific composition requirements. The Charters are available on Orora's website. The Board may establish other Committees from time to time to deal with matters of special importance.

All Directors are welcome to attend Committee meetings even though they may not be a member.

The Committees have access to senior executives and management, as well as independent advisors. Committee agendas and papers are available to all Directors before the meetings. Copies of the minutes of each Committee meeting are made available to the full Board, and the Chair of each Committee provides an update on the outcomes at the Board meeting that immediately follows the Committee meeting.

BOARD COMMITTEES

Directors	Board	Audit, Risk & Compliance Committee	Executive Committee	Human Resources Committee	Nomination Committee*	Safety, Sustainability & Environment Committee
Rob Sindel	●		●		●	○
Brian Lowe	○		○			
Abi Cleland	○			○	○	●
Tom Gorman	○	○		●		
Sam Lewis	○	●	○			○
Jeremy Sutcliffe	○	○		○	○	

● Chair ○ Member * All Nomination Committee matters were dealt with by the full Board during the financial year.

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Audit, Risk & Compliance Committee

The Committee Charter provides that all members of the Committee must be Non-Executive Directors, the majority of whom are independent, and the Chair cannot be the Chair of the Board. At least one member of the Committee must be a qualified accountant or other finance professional with relevant experience of financial and accounting matters. Current members including Chair of the Committee are shown in the table on page 28 of this Annual Report.

The Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting of the Group, the Group's compliance with legal and regulatory requirements and operations, effectiveness of the enterprise risk framework, including monitoring risk parameters, of the Group, the Group's systems of internal control and its risk management framework (for financial and non-financial risks), including elevated, new or emerging risks, and such other duties as directed by the Board. The Committee Charter provides that the Committee has the authority and resources necessary to discharge its duties and responsibilities, including meeting with the internal and/or external auditors without management present.

The Committee approves the appointment, or dismissal, of the head of the Company's internal audit function. The head of the internal audit function provides regular reports directly to the Committee.

The Committee is responsible for the appointment, compensation, retention and oversight of the external auditor, including the independence of the external auditor, and review of any non-audit services provided by the external auditor. The Committee's policy is to review the performance of the external auditor regularly regarding quality, costs and independence. In discharging its role, the Committee is empowered to investigate any matter brought to its attention.

The internal and external auditors, the CEO and the CFO are invited to the Committee meetings at the discretion of the Committee Chair.

The Committee is required under its Charter to meet at least quarterly and otherwise as necessary.

Executive Committee

The Executive Committee deals with matters referred to it by the Board or with urgent matters that may not be deferred until the next meeting of the Board. A majority of the Committee members must be independent. Current members, including Chair, of the Committee are shown in the table on page 28 of this Annual Report.

Human Resources Committee

The Human Resources Committee assists the Board in fulfilling its responsibilities to shareholders and regulators in relation to the Group's people and culture policies and practices, including overseeing CEO and senior executive remuneration and performance.

All members of the Committee are required to be Non-Executive and Independent Directors. The Committee reviews the remuneration of the CEO and other senior executives, taking advice from external advisers where appropriate. No individual is directly involved in deciding their own remuneration.

Current members, including Chair, of the Committee are shown in the table on page 28 of this Annual Report. The CEO is not a member of this Committee, but attends meetings by invitation, other than for matters relating to his own remuneration.

The Committee meets at least quarterly and, otherwise, as and when required.

Nomination Committee

The Nomination Committee oversees the nomination and succession planning processes for the Directors of the Company, and reviewing or making recommendations to the Board on matters which the Committee considers necessary, or are requested by the Board.

When a vacancy in the position of Non-Executive Director exists or there is a need for particular skills, the Committee, in consultation with the Board, determines the selection criteria based on the skills deemed necessary, having regard to the skills and experience of the Board as referred to in the Board skills matrix.

The Committee identifies potential candidates, with advice from an external third party where appropriate. The Board then appoints the most suitable candidate. Board appointees must stand for election at the next Annual General Meeting of shareholders following their appointment.

The Committee also makes recommendations to the Board and oversees implementation of the procedure for evaluating the performance of the Board, the Board Committees and each Non-Executive Director, and also oversees and makes recommendations to the Board in respect of any ongoing training requirements for Directors. The Committee comprises three Independent Non-Executive Directors, and the Chair of the Board is the Chair of the Committee. Current members of the Committee are shown in the table on page 28 of this Annual Report.

Committee members are not involved in making recommendations to the Board in respect of themselves. All Committee matters were dealt with by the full Board during the reporting period and consequently there was no separate meeting of the Committee.

Safety, Sustainability and Environment Committee

The Safety, Sustainability and Environment Committee was established in August 2020 to provide advice and assistance to the Board in reviewing and recommending to the Board for approval, appropriate Safety and Sustainability goals and objectives, and monitoring the decisions and actions of management. This includes upholding the Company's commitment as a signatory to the United Nations Global Compact (UNGC).

All members of the Committee are required to be Non-Executive and Independent Directors. Current members, including Chair, of the Committee are shown in the table on page 28 of this Annual Report.

The Committee meets at least quarterly and, otherwise, as and when required.

Attendance at Board and Committee meetings during the reporting period

Details of Director attendance at Board and Committee meetings held during the financial year are provided on page 43 of this Annual Report.

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ACTING ETHICALLY AND RESPONSIBLY

Code of Conduct and Ethics

Orora recognises the importance of honesty, integrity and fairness in conducting its business, and is committed to increasing shareholder value in conjunction with fulfilling its responsibilities as a good corporate citizen. All Directors, managers and team members are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Orora believes that it is not only required to abide by the laws in each country in which it operates, but that it must also conduct its business in accordance with internationally accepted practices and procedures. The Board and senior management are committed to upholding these core principles and Orora values, which are captured in Orora's Code of Conduct and Ethics Policy (Code).

The Code emphasises a strong culture of integrity and ethical conduct in association with independent Anti-Bribery and Anti-Corruption and Whistleblower policies. The policies cover expectations on a broad range of issues, including environmental management, health and safety, human rights, community engagement, political donations and participation, use of information and its security, market disclosure, fraud, bribery, corruption and the avoidance of conflicts of interest. Team members and other third parties (including suppliers) can report reasonably suspected misconduct or an improper state of affairs or circumstances within the Company, including unethical/illegal behaviour, coercion, harassment or discrimination, fraud or corrupt practices, or workplace safety or environmental hazards through eligible recipients noted in the Company's Whistleblower Policy, including anonymously through an independent third party integrity reporting service. The Whistleblower Policy emphasises that Orora will not tolerate anyone being discouraged from speaking up or being adversely affected because they have reported misconduct in accordance with the policy. These policies are available on Orora's website.

Material breaches of the Code and the Anti-Bribery and Anti-Corruption policy, and reports of incidents under the Whistleblower Policy, are reported to the Board through either the Audit, Risk & Compliance Committee or the Human Resources Committee, and the program is periodically reviewed for its effectiveness, and promoted to team members across the Orora Group.

Orora has a compliance training program in place which is completed by team members across the business. This program supports the principles set out in the Code and other applicable policies. Orora also has a comprehensive competition/anti-trust compliance training program.

The Company's Supplier Code of Conduct and Ethics Policy (Supplier Code) sets out the expectations of Orora's suppliers, and applies to all suppliers, including all organisations and sub-contractors providing goods and services to Orora, globally. The Supplier Code is available on Orora's website.

There are also numerous activities and compliance programs across the Group designed to promote and encourage the responsibility and accountability of individuals for reporting unethical practices. The Company continually assesses and upgrades its policies and procedures to ensure compliance with corporate governance requirements.

Trading in Company securities by Directors and team members

Orora has a Share Trading Policy that outlines insider trading laws and prohibits Directors, team members and certain associates from trading in Orora's securities during specified "blackout periods".

The blackout periods are the period from the close of trading on 31 December each year until after the announcement to the ASX of the Company's half year results, the period from the close of trading on 30 June each year until after the announcement of the Company's full year results and any other period that the Board specifies from time to time. Trading of securities during a blackout period can only occur in exceptional circumstances and with the approval of the Company Secretary or, in some circumstances, the Chair.

The Directors and executive team members are required to certify their compliance with the policy at the end of each financial year. The policy also prohibits Directors, team members and certain associates from engaging in hedging arrangements over unvested securities issued pursuant to any employee option or share plans and certain vested securities that are subject to the Minimum Shareholding Policy. The Share Trading Policy meets the requirements of the ASX Listing Rules on trading policies and is available on Orora's website. Minor changes were recently made to the policy during the reporting period to prohibit margin lending by Directors and Executives (and their Associates) in which a whole or part of their Orora shareholding is provided as security.

Fraud Policy

In addition to the Code, Anti-Bribery and Anti-Corruption and Whistleblower policies, the Orora Fraud Framework and Policy outlines the responsibilities and strategies to identify fraud within the Orora Group, and the processes for reporting fraud and recovering losses.

Other Policies

The Company has a number of other governance policies which outline expected standards of behaviour of Directors and team members which are available on the Company's website.

Modern Slavery

During the reporting period, the Company and applicable reporting entities submitted a Modern Slavery Statement in accordance with the Commonwealth Modern Slavery Act 2018. The Statement, which can be viewed on the Company's website, addresses the Company's key modern slavery risks and how these risks have been identified and assessed, as well as information on the actions being taken to mitigate these risks and how the effectiveness of these mitigating actions is assessed.

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At Orora, we are committed to being a leading provider of sustainable packaging solutions and doing what's right for our people, customers, investors, communities in which we operate and other key stakeholders.

SAFETY, SUSTAINABILITY AND CULTURE

Orora is committed to being a leading provider of sustainable packaging solutions and doing what's right for our people, customers, investors, communities in which we operate and other key stakeholders.

Orora's approach to sustainability is framed by its obligations to the UNGC and managed through three focus areas: People, Planet and Prosperity. Through these focus areas, Orora prioritises the health and safety of team members, contractors and visitors, and works closely with customers to improve the sustainability outcomes of the products and services it provides.

Refer to the Sustainability section of this Annual Report from page 10 for more information on Orora's approach to sustainability, including in respect of Orora's safety and health performance and key activities, culture and key initiatives to ensure the sustainability of its main packaging products (including increased recycled content) to reduce waste in the community and support its customers in developing sustainable packaging solutions during the reporting period.

DIVERSITY, EQUITY AND INCLUSION

Orora's major centres of operation, in Australia, New Zealand and North America, are in some of the most demographically diverse countries. As such, Orora is strongly committed to developing an inclusive and respectful work environment to optimise diversity of thought and background. Bringing together people with different backgrounds and ways of thinking is a powerful source of competitive advantage in driving better decision making, innovation and growth.

Decisions on hiring, salary, benefits, career progression, termination or retirement are based solely on each team member's ability to do the job regardless of gender, age, cultural background, disability, family responsibility, religious or political beliefs, sexual orientation, differences in background and life experience, and interpersonal and problem solving skills, or any other area of potential difference.

Orora's Diversity and Inclusion Policy, available on Orora's website, recognises the positive differences each team member brings to the business and how Orora team members can connect and work together to capture the benefits of these differences.

Further information relating to Diversity, Equity and Inclusion practices is included in the Sustainability section of this Annual Report on page 12–13.

Measurable objectives

Orora continues to be committed to diversity, equity and inclusion. During the reporting period, the Company's activities were aligned to three key focus areas:

- building an inclusive culture that supports diversity
- attracting, recognising and rewarding talent from diverse backgrounds
- providing visible senior leadership commitment and accountability on diversity, equity and inclusion.

These focus areas are further supported by a strong focus on gender representation in talent acquisition by the Executive Leadership team and a wide range of initiatives to promote and encourage diversity at Orora. Examples in the reporting period include:

- conducting a fifth annual Women in Leadership at Orora (WILO) program, designed to cultivate a diverse leadership talent pipeline by enabling women to build their confidence and leadership skills, and designed to grow participants' professional networks and create a spirit of outreach amongst women at Orora. This was the first program that was both global and virtual, including participants from five different countries across North America and Australasia. Orora continues to invest in previous WILO participants by utilising WILO graduates as coaches for current participants, which also reinforces WILO network connections
- celebrating the diversity of the LGBTIQ+ community by educating and raising awareness of issues faced, as well as recognising and celebrating the inherent and rich diversity of Orora team members through the Orora Proud initiative.

Orora's FY21 measurable objectives approved by the Board, and progress towards achieving those objectives is shown in the table below.

The Orora Board has approved the following gender diversity measurable objectives for the financial year ending 30 June 2022:

- maintaining not less than 30% of each gender in the composition of Orora's Board
- ensuring that Orora continues to employ greater than 30% female of all external new hires.

These objectives are supported by a continued commitment to:

- ensuring that Orora identifies and attracts female talent for Board and senior management vacancies
- supporting the development of women into leadership roles, including through the WILO program
- using an objective process in valuing roles and setting comparative male and female remuneration for salaried positions
- promoting holistic working practices, including, but not limited to, continuing to offer the employee assistance program and supporting flexible working arrangements, where practicable.

Orora will also progressively add more diversity, equity and inclusion goals as part of its redefined sustainability program.

FY21 MEASURABLE OBJECTIVES APPROVED BY THE BOARD

FY21 Measurable Objective	Progress (as at 30 June 2021)
Maintain not less than 30% of each gender in the composition of our board	✔ 33% female and 67% male Directors
Ensure that Orora employs greater than 30% female of all external new hires	✔ 32% (179 new females have been recruited across all of Orora in the past 12 months)
Ensure that Orora identifies and attracts female talent for Board and senior management vacancies	✔ Orora continues to ensure that female talent candidates are included in Board and senior management succession planning and vacancies – progress is always within the context of hiring the best talent available

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Gender equality

A key component of Orora's diversity initiatives is increasing female representation in the organisation. The Company is committed to continuing to improve its gender diversity across all businesses in the Group.

The Company continues to have a particular focus on gender equality, and throughout the reporting period has continued its commitment to a gender diversity target of 30% female of all new team member hires. At year end, this target was again exceeded by achieving 32% and Orora continues to ensure that progress is always within the context of hiring the best talent available. 179 new females have been recruited across all of Orora in the past 12 months.

As at 30 June 2021, the percentage of women employed by the Group as a proportion of the total workforce was 27.4% and the proportion of women employed at senior leadership levels was 35%. 'Senior leadership' for this purpose includes all team members who are no more than three levels below the CEO, whose roles range from the initiation and implementation of strategies, through to the development and continuous improvement of systems and practices that deliver on these strategies and help to realise organisational aims.

A breakdown of the percentage of female representation at the Board and each leadership level in the business is outlined in the table below.

Female representation on the Board remained the same throughout the reporting period.

Orora is a "relevant employer" under the Commonwealth Workplace Gender Equality Act 2012 (WGE Act). As such, Orora's most recent "Gender Equality Indicators", as defined in the WGE Act, will be made available on the Workplace Gender Equality Agency's website.

REMUNERATION

The Company's policy is to reward executives with a combination of fixed remuneration and short and long-term incentives structured to drive improvements in shareholder value.

Details of the Company's remuneration, recruitment, retention and termination policies and procedures and details of key management personnel remuneration and incentives are included in the Remuneration Report from page 47 of this Annual Report. Information regarding the structure of Non-Executive Director remuneration is also included in the Remuneration Report. Non-Executive Directors receive no incentive payments and there are no retirement benefit schemes in place.

RISK MANAGEMENT AND ASSURANCE

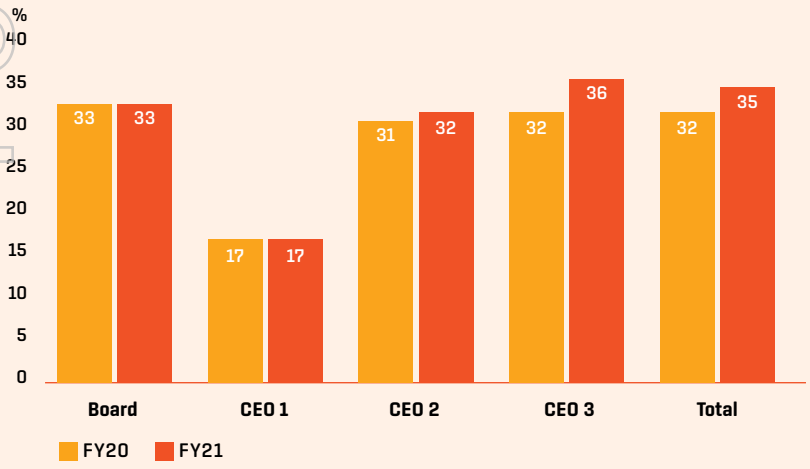
A range of factors, some of which are beyond the Company's control, can influence performance across Orora's businesses.

The Company understands and recognises that rigorous risk and opportunity management is essential for corporate stability and for sustaining its competitive market position and long-term performance. The following objectives drive Orora's approach to risk management:

- having a culture that is risk aware and supported by high standards of accountability at all levels
- achieving a truly integrated risk management approach in which risk management forms part of all key organisational processes
- supporting more effective decision making through better understanding and consideration of risk exposures
- enhancing shareholder value through improved share price and earnings growth in the short to medium term whilst building a sustainable business for the longer term
- improving stakeholder confidence and trust
- enhancing organisational efficiencies
- safeguarding the Company's assets – human, property, reputation and knowledge
- enabling the Board to fulfil its governance and compliance requirements.

The Company has implemented an enterprise risk management (ERM) framework to improve its ability to meet the above objectives and achieve the desired outcomes, as well as defined limits of authority for all levels of management, which are periodically reviewed by the Board. The ERM incorporates the principles of effective risk management, as set out in the Global Risk Management Standard ISO 31000. ERM seeks to apply risk management across the entire organisation and it does this so that all material risks (both financial and non-financial) can be identified, assessed and managed.

FEMALE REPRESENTATION AT EACH EXECUTIVE LEVEL



Orora's policy is to reward executives with a combination of fixed remuneration and short and long-term incentives structured to drive improvements in shareholder value.

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In support of this approach, the Board sets the risk appetite of the organisation to take account of non-financial risks, including safety, environment, reputation and corporate governance risks, in addition to financial risks. A summary of Orora's Risk Management Framework can be found on Orora's website.

In achieving effective risk management, Orora recognises the importance of leadership.

There are several layers that assist the Board in ensuring the appropriate focus is placed on the risk management framework:

- **Audit, Risk & Compliance Committee** – provides assistance and advice to the Board in fulfilling its responsibility relating to the Company's financial reporting, internal control structure, risk management systems, including the risk management framework, and the internal and external audit functions.
- **Safety, Sustainability & Environment Committee** – provides assistance and advice to the Board on the management of the Company's safety, sustainability and environment goals, objectives, legal responsibilities and monitoring the decisions and actions of management in upholding the Company's commitment as a signatory to the UNGC and achieving the Company's goal to be a sustainable organisation.
- **Human Resources Committee** – provides assistance and advice to the Board on the Company's people, culture and remuneration policies and practices as well as the Company's involvement in the communities in which it operates.
- **Executive Team** – senior executives have responsibility for driving and supporting risk management across the Orora Group. Each business group within the Company then has responsibility for implementing this approach and adapting it, as appropriate, to its own circumstances.

Orora's Continuous Disclosure Committee has responsibility for assessing any potential material risk to Orora and any consequent need for market disclosure.

Orora's assurance function, which includes the internal audit team, plays a key role in reviewing the effectiveness of Orora's compliance and control systems, including risk management. Findings from reviews are communicated in reports to the Board and the Audit, Risk & Compliance Committee, and then appropriate action is taken to support the maintenance of a strong control environment.

Risk management accountability

As part of the process of approving the financial statements, at each reporting date the CEO and other responsible senior executives provide statements in writing to the Board on the quality and effectiveness of the Company's risk management and internal compliance and control systems.

The Audit, Risk & Compliance Committee reviews the Company's risk management framework on a regular basis to ensure that it continues to be sound. The framework was reviewed during the reporting period. It remains "fit for purpose" and will be reviewed on an ongoing basis for continuous improvement opportunities.

The Board has also received statements from the CEO and the CFO certifying that, having made all reasonable enquiries and to the best of their knowledge and belief:

- the statements made in relation to the financial integrity of the Orora Group financial reports are founded on a sound system of effective and efficient risk management and internal compliance and control;
- the system of risk management in operation throughout the reporting period was operating effectively; and
- the systems relating to financial reporting were operating effectively in all material respects.

During the reporting period, the Board received the relevant declarations required under section 295A of the Corporations Act 2001 from the CEO and CFO as well as the relevant reports and assurances that their opinions were formed on the basis of a sound system of risk management and internal controls which are operating effectively.

Financial report accountability

The Audit, Risk & Compliance Committee assists the Board in fulfilling its responsibilities in overseeing the Group's processes which ensure the quality and integrity of financial statements and reporting, compliance with legal and regulatory requirements, and reviewing material changes in accounting or reporting requirements and assessing subsequent effects on the Group's policies and practices.

Orora's CEO and CFO, who are present for Board discussion of financial matters, declare to the Board, in writing, that the Company's financial statements are in accordance with relevant accounting standards, give a true and fair view in all material respects of the Company's and the Group's financial condition and operational results and comply with the Corporations Act 2001 and associated regulations. The CFO oversees a robust internal process, where business unit financial managers regularly meet with representatives from the corporate finance team to discuss the financial aspects of each business. This includes a review of the business unit profit and loss statement, balance sheet and all other relevant matters.

Non-financial report accountability

Applicable Board Committees, including the Audit, Risk & Compliance Committee and Safety, Sustainability & Environment Committee are responsible for reviewing the process to verify the integrity of any periodic corporate report the Company releases to the market that is not audited or reviewed by the external auditor.

For those periodic corporate reports that are not audited or reviewed by the external auditor, a rigorous internal review process is implemented. This process is led by the internal subject matter experts with reviews undertaken by management and key internal stakeholders. External advice is obtained as required. Non-audited periodic reports include the annual Modern Slavery Statement and this Corporate Governance Statement. These periodic reports are approved by the Board.

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Internal control

The Board accepts responsibility for oversight of the effectiveness of the Company's internal control environment, with input and recommendation from the Audit, Risk & Compliance Committee. The Board's policies on internal control governance are comprehensive, as noted earlier in this Statement, and include clearly drawn lines of accountability and delegation of authority, as well as adherence to the Code. In order to effectively discharge these responsibilities, the Company has a number of assurance functions (including internal audit) to independently review the control environment and provide regular reports to the Board, the Audit, Risk & Compliance Committee and management committees. These reports and associated recommendations are considered and acted upon to maintain or strengthen the control environment.

The assurance function assists the Board to ensure compliance with the internal controls and risk management programs by regularly reviewing the effectiveness of the Company's compliance and control systems. The Group Manager, Risk and Assurance (Internal Audit) reports directly to the Audit, Risk & Compliance Committee and may request any member of the Audit, Risk & Compliance Committee to call a meeting of the Committee. The Audit, Risk & Compliance Committee is responsible for approving the scope of the internal audit plan, overseeing the performance of the internal audit team and reporting to the Board on the status of the risk management system.

External Audit

PricewaterhouseCoopers was appointed as the external auditor of the Company by the shareholders at the Company's Annual General Meeting in 2014. The external auditor provides a declaration of independence to the Audit, Risk & Compliance Committee twice a year (refer to page 65 of this Annual Report). Fees paid to the external auditor, including a breakdown of fees for non-audit services, are noted in the Company's Financial Statements in this Annual Report.

The external auditor met with the Audit, Risk & Compliance Committee without management being present at each Committee meeting held during the reporting period.

Material risks, including economic, environmental and social sustainability risks

Orora's ongoing commitment to assessing opportunities and exposure to material risks is in accordance with the ASX Corporate Governance Council's Recommendation 7.4[1]. Orora's principal risks that could have a material impact on the Company, together with the Company's mitigation strategies for those risks, were reviewed during the period to 30 June 2021 and are described on the following page.

Orora's approach to sustainability is framed by its obligations as a signatory to the UNGC, together with work undertaken in 2015, 2018 and 2019 by external consultants to understand the external and internal sustainability risks and opportunities.

Subject to the material risks noted on the following page, Orora has determined that it does not, at this time, otherwise have a material exposure to environmental or social sustainability risks.

Orora will continue to monitor any potential economic, environmental and social sustainability risks, and will continue to enhance response plans to address any such risks. Orora has developed and continues to implement response plans to address its most significant potential environmental and social sustainability impacts. Details of Orora's continued approach to dealing with potential impacts, including in respect of safety and human rights and responsible sourcing, are included from page 11 of this Annual Report. Orora intends to carry out a sustainability materiality assessment process on a periodic basis as part of the normal internal risk assessment cycle, and respond to new risks that emerge as required.

Orora's sustainability activity is overseen by both the Board and the Safety, Sustainability and Environment Committee. Regular management updates were provided to the Safety, Sustainability and Environment Committee and the Board during the reporting period.

1 Recommendation 7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. Source: *Corporate Governance Principles and Recommendations*, Australian Securities Exchange Corporate Governance Council (4th edition), 2019.

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PRINCIPAL RISKS

Orora actively manages a range of principal risks and uncertainties with the potential to have a material impact on the Orora Group and its ability to achieve its strategic and business objectives. While every effort is made to identify and manage material risks, additional risks not currently known or detailed below may also adversely affect future performance. Orora's principal risks are outlined below in no particular order.[1]

Area of Materiality	Risk	Mitigation and Monitoring Strategies
Workplace Safety and Health	Workplace safety and health events may have the potential to adversely affect Orora's team members and operations.	Orora's commitment to keeping people safe and healthy is paramount and is a core value. Orora's senior leadership team and Board regularly review safety performance and improvement strategies and activities across the business. Further information regarding Orora's commitment to safety and health and response to COVID-19 is set out in the Sustainability section of this Report.
Business Interruption and Disruption (including cyber risk)	Orora operates numerous sites across a number of countries. Circumstances such as natural disaster, pandemic, cyber breaches, operational failure or industrial disruption may occur, which may preclude key sites from operating. In these circumstances, operational and financial performance may be negatively impacted.	Orora undertakes business continuity and disaster preparedness planning for strategically important sites and functions. This includes continuously monitoring and, as appropriate, enhancing information security capabilities to keep pace with the evolving nature and sophistication of cyber threats. Orora's Information Security team, established in December 2018, has been enhancing Orora's preparedness for cyber attacks both through implementing new tools and a cyber awareness program to all team members. Orora's business continuity processes including safety, supply chain, talent and customer preferences have proven to be effective in responding to the COVID-19 pandemic. Orora also engages in continuous identification, review and mitigation of property risks, as well as independent loss prevention audits and has a suitable insurance program in place. Insurances are reviewed annually.
Economic Conditions	Orora is susceptible to major changes in macro-economic conditions globally or in a single country, region or market. Sudden and/or prolonged deterioration in the economy may impact the value chain or industries on which Orora is dependent and could have a material negative impact on operational and financial performance.	Orora seeks to mitigate the severity of impact that deterioration in macro-economic conditions may have by: • operating businesses that have a broad spread of geographic locations, raw material inputs and customers servicing a number of end markets • deploying an operating model that focuses on continually improving the value proposition to customers • creating and maintaining a high-performance culture • remaining disciplined in cash and cost management • continuing to invest in manufacturing capabilities and innovation to improve cost positions.
Competition	Orora operates in highly competitive markets with varying barriers to entry, industry structures and competitor motivational patterns. The actions of established, new or potential competitors may have a negative impact on financial performance.	Orora is well placed to leverage both its regional experience and insight, and its international footprint and scale, to deliver new ideas and value propositions to customers to gain competitive advantage. Orora also continuously focuses on quality and innovation as a source of competitive advantage.
Supply Chain	Disruption to Orora's supply chain caused by an interruption to the availability of key components, raw materials, energy supply, or by technology failure may adversely impact sales and/or customer relations, resulting in unexpected costs. Orora's businesses are sensitive to input price risks, specifically energy and other commodities, in various forms and with varying degrees of impact. Although Orora seeks to mitigate these risks through various input pricing strategies and pass-through mechanisms, there is no guarantee that Orora will be able to manage all future energy and commodity price movements. Failure to do so may adversely affect Orora's operations and financial performance.	Orora's approach to supply chain risk management is multi-faceted and includes: • implementing a multi-sourcing strategy for the supply of raw materials • customer contracts that provide for regular and timely pass-through of movements in raw material input costs • input pricing strategies including active monitoring of input prices • supplier due diligence and risk management including a supplier assurance framework and code of conduct • a focus on innovation in sustainable energy sourcing and pricing including entering long-term renewable energy power purchase agreements.

1 Environmental and social sustainability risks that are not currently considered material are referred to in the Sustainability section of this Annual Report.

Corporate Governance Statement

PRINCIPAL RISKS CONTINUED

Area of Materiality	Risk	Mitigation and Monitoring Strategies
Climate Change 	The physical and non-physical impacts of climate change may affect Orora's assets and productivity. Climate change may present risks arising from extreme weather events affecting business operations and certain customer segments, which could impact the future profitability and prospects of Orora.	Orora is mitigating its contribution to climate change through its CO_2e emissions reduction Eco Targets focusing on energy efficiency and its participation in renewable electricity markets and, where appropriate, co-generation investments. Orora's sustainability program noted in the Sustainability section of this Annual Report refers to the Company's focus on climate change, with further initiatives to mitigate Orora's contribution to climate change. In addition, as set out above, Orora continuously reviews operating and capital expenditure plans to mitigate its customer risk, and operating businesses that have a broad geographic spread and customers serving a number of end markets.
Talent 	Orora's operating and financial performance is largely dependent on its ability to attract and retain talent and, in particular, key personnel. Any loss of key personnel could adversely affect operating and financial performance.	Orora's strategic Human Resources (HR) priorities aim to create an inclusive culture that optimises diversity of background and thought, by attracting and retaining the best talent in the market. A high performance culture is encouraged by setting challenging objectives and rewarding high performers, while succession planning is undertaken to develop leadership talent. Orora believes this strategic approach to HR management provides a tangible source of competitive advantage. Remuneration is competitive in the relevant employment markets to attract, motivate and retain talent, and is aligned with business outcomes that deliver value to shareholders.
Customers and Consumer Preferences 	Orora has strong relationships with key customers for the supply of packaging and Point of Purchase products and related services. These relationships are critical to Orora's success. The loss of a key customer may have a negative impact on financial performance. Changes in consumer preferences may result in some of Orora's existing product range becoming obsolete or new products not meeting sales and margin expectations. Consumer preferences may be influenced by regulation change and environmental risk, including climate risk (both of these risks are separately listed in this Principal Risks section).	The key to mitigating customer risk is Orora's commitment to being the industry-leading customer focused sustainable packaging solutions company. This is embedded in Orora's promise to its customers. In addition, no single customer generates revenue greater than 10% of total revenue for the Orora Group. Orora's commitment to innovation, and its strong relationships with its customers, seeks to address evolving consumer preferences. Orora continuously reviews operating and capital expenditure plans to mitigate customer risk or changing consumer preferences.
Mergers and Acquisitions (M&A) 	Orora's growth opportunities are dependent, in part, on disciplined selection and successful integration of acquisition targets that are consistent with the Group's strategy. Failure to be disciplined in selection, effective at integration or focused on capturing value could impact operations and have adverse consequences for the achievement of expected financial benefits.	The Group has an established M&A framework that imposes rigour in target selection, approval, due diligence, integration planning and post-acquisition value capture. In addition, Orora's management team possess experience in undertaking M&A activity and executing the integration process. Where deemed necessary, the Group will utilise the services of external advisors to supplement internal resourcing to successfully execute and integrate acquisitions.
Country and Regulatory Risk 	Orora predominantly operates in Australia, New Zealand and the United States under a broad range of legal, accounting, tax, regulatory (including environmental) and political systems. The profitability of Orora's operations may be adversely impacted by changes in fiscal or regulatory regimes including tax policies, difficulties in interpreting or complying with the local laws of the countries in which Orora operates and reversal of current political, judicial or administrative policies, including as a result of geopolitical tensions. Orora's customers, many of which operate across a broad range of countries, are subject to regulatory risk in various jurisdictions, which may have an impact on their operations and consequently Orora's operations.	Orora continually monitors changes or proposed changes in regulatory regimes that may have an impact on Orora and, where appropriate, engages consultants and advisors to address specific issues. Where possible, Orora appoints local management teams that bring a strong understanding of the local operating environment and strong customer relationships. Orora also has a global compliance training program and its business leaders regularly review country and regulatory risk. Orora's tax affairs are governed by a tax risk framework that is approved, reviewed and reported against by the Audit, Risk & Compliance Committee of the Board. Tax risks are actively monitored and managed.
Litigation 	As is the case with all organisations, Orora is exposed to potential legal and other claims or disputes in the ordinary course of business, including contractual disputes and other claims.	Orora takes legal advice in respect of such claims and, where relevant, makes provisions and disclosure regarding such claims in its financial statements. There are no current undisclosed claims or disputes of a material nature.
Financial and Treasury 	Orora faces a variety of risks arising from the unpredictability of financial markets, including the cost and availability of funds to meet its business needs and movements in interest rates, foreign exchange rates and commodity prices.	Orora's Treasury function adopts financial risk management policies approved by the Board. Appropriate commercial terms are negotiated and derivative financial instruments are used, such as foreign exchange contracts and interest rate swaps, to hedge these risk exposures. In addition, where possible, Orora will proportionally draw down debt in currencies that align with the proportion of assets in those same currencies, thereby creating a natural hedge.

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The Board identifies and prioritises Orora's key stakeholders and has developed a strategy for engagement that supports management in engaging with key stakeholders to understand, consider and respond to issues.

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Attendance of external auditors at Annual General Meeting

The lead audit partner of PricewaterhouseCoopers in charge of the Company's audit attends the Company's Annual General Meeting and is available at the Annual General Meeting to answer any shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

ENGAGEMENT WITH STAKEHOLDERS

Orora has a number of stakeholders including shareholders, employees, customers, suppliers and local communities. The Board identifies and prioritises Orora's key stakeholders, develops a strategy for engagement with stakeholders and supports management to engage with key stakeholders to understand, consider and respond to issues.

Continuous disclosure

Orora is committed to complying with its obligations relating to the disclosure of market sensitive information in a timely manner and providing shareholders and the market with up-to-date information about the Company's activities. Orora's Market Disclosure and Communications Policy is available on Orora's website and details the Company's procedures to ensure compliance with applicable legal and regulatory requirements under the Corporations Act and the ASX Listing Rules, and is reviewed regularly to ensure compliance with the ASX Listing Rules and guidance on continuous disclosure.

The Board has responsibility for compliance with Orora's continuous disclosure obligations to keep the market fully informed of information that may have a material effect on the price or value of the Company's securities. Internal procedures and guidelines for continuous disclosure and communications have been developed.

These procedures align with Orora's Market Disclosure and Communications Policy to ensure the Board and the Continuous Disclosure Committee are made aware of any information that should be considered for release to the market.

Orora's Continuous Disclosure Committee meets as required, and often on very short notice, to ensure compliance with disclosure requirements. The CEO approves all disclosures before they are released. The Board approves all disclosures that are significant and Directors receive a copy of all ASX disclosures promptly following release. The Company Secretary is responsible for communications with the ASX.

Shareholder engagement

Shareholders and other stakeholders are informed of all material matters affecting the Company through ASX announcements, periodic communications and a range of forums and publications, available on the Company's website.

Other shareholder engagement activities include:

- Encouraging its shareholders to participate in its general meetings, including the AGM, by attending, exercising their voting rights and asking questions of the Board. Orora conducts all voting at general meetings by a poll, ensuring that voting outcomes reflect the proportionate holdings of all shareholders who vote (whether in person or by proxy or other representative). The Company's external auditor will attend the AGM and will be available to answer questions from shareholders on the conduct of the audit
- Seeking shareholder approval as required by the Company's Constitution, the Corporations Act and the ASX Listing Rules, or where otherwise considered appropriate by Directors
- Participating in Orora's investor relations program, which includes regularly holding investor roadshows (following its results announcements) in Australia, Asia and North America, as well as additional ad-hoc investor meetings and conference calls with institutional investors, private investors and sell-side analysts
- Regularly releasing information to the ASX market announcements platform, including releasing the Annual Report and full year and half year results
- Providing through the Company's website up-to-date information about the Company and its operations, the Corporate Governance Framework, the Board and management, ASX announcements, the share price, dividend distributions and other relevant information
- Submission of a Modern Slavery Statement in accordance with the Commonwealth Modern Slavery Act 2018, which is publicly available on the Australian Government's Modern Slavery Register and published on the Company's website
- Giving shareholders the option to receive communications from, and send communications to, Orora and its share registry electronically.

All ASX announcements, media releases and financial information are made available on Orora's website within one day of public release.

Board of Directors







ROB SINDEL

(BEng, MBA, GAICD, FIEAust, CPEng)

Independent Non-Executive Director and Chair

Rob Sindel has extensive experience obtained from executive management and leadership positions, principally from his 30 year career in the construction industry both in Australia and the United Kingdom. Rob has particular insights in manufacturing, sales and marketing in B2B environments, strategic management and operating in high-risk industries.

Rob was formerly the Managing Director and Chief Executive Officer of CSR Limited from 2011 until 2019.

Director of Orora Limited since March 2019. Appointed Chair of the Board in February 2020.

Directorships of listed entities and other directorships and offices

Current:

- Director, Boral Limited (since September 2020)
- Director, Mirvac Group (since August 2020)
- Member, Yalari NSW Advisory Committee (since August 2017)

Recent (last 3 years):

- Director, Australian Business and Community Network (October 2013 to November 2019)
- Director, Green Building Council of Australia (September 2013 to November 2019)
- Managing Director and Chief Executive Officer, CSR Limited (January 2011 to September 2019)
- Member, UNSW Australian School of Business Advisory Council (June 2013 to December 2019)

Board Committee membership

BRIAN LOWE

(MBA)

Managing Director and Chief Executive Officer

Prior to Orora, Brian Lowe spent eight years with Delphi Technologies where he was Managing Director of the Asia Pacific Powertrain business, including five years based in Shanghai. This followed a 10 year career at General Electric (GE), where he held various leadership roles in sales and marketing, and supply chain. He was Managing Director of GE Plastics, Australia from 2001 to 2003.

In his 10 years at Orora, Brian has been the Group General Manager of the Beverage (2011-2015) and Fibre (2016-2019) businesses. He was appointed Managing Director and Chief Executive Officer of Orora Limited in October 2019.

Board Committee membership

ABI CLELAND

(BA, BCom, MBA, GAICD)

Independent Non-Executive Director

Abi Cleland has extensive global experience in strategy, M&A, digital and running businesses. This has been gained from senior executive roles in the industrial, retail, agriculture and financial services sectors, including with ANZ, Amcor, Incitec Pivot and as Managing Director of 333 Management, after starting her career at BHP working in Australasia.

From 2012 to 2017, Abi established and operated an advisory and management business, Absolute Partners, focusing on strategy and building businesses leveraging disruptive change, for large corporates and entrepreneurial businesses.

Director of Orora Limited since February 2014.

Directorships of listed entities and other directorships and offices

Current:

- Director, Coles Group Ltd (since November 2018)
- Director, Computershare Limited (since February 2018)
- Director, Methodist Ladies College Victoria (since January 2021)
- Director, Sydney Airport Limited (since April 2018)

Recent (last 3 years):

- Chair, Planwise Australia (June 2016 to March 2020) and Director (January 2016 to March 2020)
- Director, Swimming Australia (Audit Chair) (July 2015 to June 2021)

Board Committee membership

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KEY – **Committee Member** (Chair of each committee indicated by black circle outline)

- Executive Committee
- Human Resources Committee
- Nomination Committee
- Audit, Risk & Compliance Committee
- Safety, Sustainability & Environment Committee



TOM GORMAN

(BA, MA, MBA)

Independent Non-Executive Director

Thomas (Tom) Gorman brings a wealth of experience to Orora, following a 30 year career in executive positions at Ford Motor Company and Brambles Limited, of which he was Chief Executive Officer. Tom has worked in multiple functions including finance, operations, logistics, marketing and business development in England, France, Australia and the United States (of which he is a resident).

Tom graduated, cum laude, from Tufts University with BA degrees in Economics and International Relations, obtained an MA from the Fletcher School of Law and Diplomacy, and an MBA, with distinction, from the Harvard Business School.

Director of Orora Limited since September 2019.

Directorships of listed entities and other directorships and offices

Current:

- Director, Alcoa Corporation (since May 2021)
- Director, Sims Limited (since June 2020)
- Director, Worley Limited (since December 2017)

Board Committee membership





SAM LEWIS

(BA (Hons), CA, ACA, GAICD)

Independent Non-Executive Director

Samantha (Sam) Lewis is a chartered accountant with extensive experience in accounting, finance, auditing, risk management, corporate governance, capital markets and due diligence. Sam has been a non-executive director since 2014. Prior to becoming a non-executive director, she spent 24 years with Deloitte, including 14 years as a Partner. In that role, she led the audit of a number of major Australian listed companies in the retail, FMCG, manufacturing and industrial sectors. In addition, Sam provided accounting and transactional advisory services including due diligence, IPOs and debt/equity raisings.

Sam holds a Bachelor of Arts, Economics from the University of Liverpool in the UK, and is a member of the Institute of Chartered Accountants in Australia and the Institute of Chartered Accountants in England and Wales.

Director of Orora Limited since March 2014.

Directorships of listed entities and other directorships and offices

Current:

- Chair, APRA Audit and Risk Committee (since June 2016)
- Director, Aurizon Holdings Limited (since February 2015)
- Director, Nine Entertainment Co Holdings Limited (since March 2017)

Board Committee membership





JEREMY SUTCLIFFE

(LLB (Hons))

Independent Non-Executive Director and Deputy Chair

Jeremy Sutcliffe has broad international corporate experience as CEO of two ASX Top 100 companies and has extensive experience with businesses operating in North America and Europe with diverse trading relationships in Asia. A qualified lawyer in Australia and the UK, Jeremy previously held positions with Baker McKenzie, London and Sydney, Sims Metal Management Limited and associated companies (including Group CEO), and Interim Managing Director & CEO of CSR Limited.

Director of Orora Limited since December 2013.

Directorships of listed entities and other directorships and offices

Current:

- Director, Amcor Limited (since October 2009)

Recent (last 3 years):

- Member, Advisory Board of Veolia Environmental Services Australia (June 2010 to December 2018)

Board Committee membership



Executive Leadership team









BRIAN LOWE
(MBA)

Managing Director and Chief Executive Officer

Prior to Orora, Brian Lowe spent eight years with Delphi Technologies where he was Managing Director of the Asia Pacific Powertrain business, including five years based in Shanghai. This followed a 10 year career at General Electric (GE), where he held various leadership roles in sales and marketing, and supply chain. He was Managing Director of GE Plastics, Australia from 2001 to 2003.

In his 10 years at Orora, Brian has been the Group General Manager of the Beverage (2011-2015) and Fibre (2016-2019) businesses. He was appointed Managing Director and Chief Executive Officer of Orora Limited in October 2019.

SIMON BROMELL
(BSc, GDip Agribus, GAICD)

Group General Manager, Beverage

Simon Bromell joined Orora in 2014 bringing 25 years' experience in leadership roles across the national food supply chain in consumer goods and agribusiness. Prior to Orora, Simon was General Manager of Gold Coin Asia, and also spent four years as Managing Director of Fonterra's Australian Ingredients business.

Before this, he held senior management roles across a range of businesses and functions at Mars from 1996 to 2009.

BOB FIRENZE
(BA)

President, Orora Visual

Robert (Bob) Firenze was appointed President, Orora Visual in March 2020, bringing over 20 years' experience in sales and management in the North American packaging industry. Bob joined the Company in 2001 as a Division Manager in Orora Packaging Solutions. He was responsible for growing and expanding the business in multiple North American regions and served as Senior Vice President – East Region, Orora Packaging Solutions immediately prior to his appointment as President, Orora Visual.

SHAUN HUGHES
(BComm, BA, GAICD, CA ANZ)

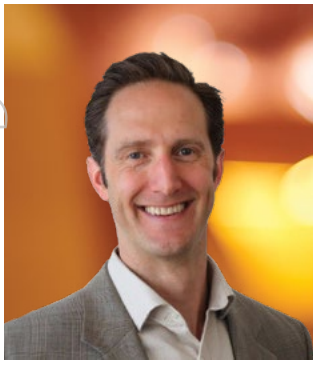
Chief Financial Officer

Shaun Hughes was appointed CFO at Orora in October 2020, having spent more than 20 years leading the finance, procurement and IT teams for a range of ASX-listed and multinational companies operating across diverse industries. Shaun has extensive financial management experience in building and growing organisations having held global leadership roles with Telstra, Elders and IBM.

Shaun was most recently the CFO of ASX-listed EBOS Group Limited. Shaun is a member of the Institute of Chartered Accountants of Australia and New Zealand.

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FRANK PENNISI

(BS Eng, MS Eng)

President, Orora Packaging Solutions

Frank Pennisi was appointed President of Orora Packaging Solutions in November 2020. Prior to joining Orora, Frank was the President of the Industrial Technologies segment for FLIR Systems, based in Goleta, California. In this role Frank accelerated the digital transformation of the business through automation of tools and services. Frank has also held leadership roles including VP Strategy and Marketing with Honeywell where he drove a range of strategic digital and commercial excellence growth programs.

Frank began his career with GE where he held several general management and operational roles.



ANN STUBBINGS

(BA/LLB, GAICD)

Chief People, Sustainability and Governance Officer

Company Secretary and Group General Counsel

Ann Stubbings leads the Legal, Company Secretariat, Sustainability, Human Resources, Corporate Affairs and Corporate Safety teams. Ann was appointed Company Secretary and Group General Counsel upon Orora's listing on the ASX in December 2013. Prior to joining Orora, Ann was Senior Group Legal Counsel at Amcor Limited (2008 to 2013) and Alternate Company Secretary (2009 to 2013).

Ann commenced her career in private practice at Hall and Wilcox, and has held senior in-house roles practising in corporate and commercial law, insurance, dispute resolution, governance and company secretariat across manufacturing and financial services.



MATTHEW WILSON

(LLB, BCom (Hons))

Chief Strategy and Corporate Development Officer

Matthew Wilson joined Orora in January 2020, bringing over 20 years' experience in corporate finance and strategy. Prior to Orora, Matthew was Managing Director at independent corporate advisory firm, Flagstaff Partners, and previously spent 15 years at J.P. Morgan in both Melbourne and Sydney where he led the Australian investment banking division's coverage of healthcare, telecommunications, technology and private equity clients.

Matthew began his professional career in the investment banking division of Macquarie Bank.

Directors' report

The Directors of Orora Limited (Orora or the Company) present their report, together with the Financial Statements of the Company and its controlled entities (collectively referred to as the consolidated entity or the Orora Group), for the financial year ended 30 June 2021.

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Statutory matters

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BOARD OF DIRECTORS

The Directors of the Company in office as at the date of this report are:

A R H (Rob) Sindel

B P (Brian) Lowe

A P (Abi) Cleland

T J (Tom) Gorman

S L (Sam) Lewis

J L (Jeremy) Sutcliffe

All Directors served on the Board for the period from 1 July 2020 to 30 June 2021.

The qualifications, experience and special responsibilities of the current Directors, and other directorships held by them during the previous three years, are set out on pages 38 to 39 of this Annual Report.

COMPANY SECRETARY

A L (Ann) Stubbings is the Company Secretary of the Company, having commenced the position on 25 September 2013. Ms Stubbings' qualifications and experience are set out on page 41 of this Annual Report.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings (including meetings of Board Committees) held during the period from 1 July 2020 to 30 June 2021, and the number of meetings attended by each Director.

	Board		Audit, Risk & Compliance Committee		Executive Committee		Human Resources Committee		Nomination Committee**		Safety, Sustainability & Environment Committee	
Scheduled Meetings	10		4		2		4		-		4	
Unscheduled Meetings	2		-		1		1		-		-	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**		
A P Cleland	12	12	4*	-	-	-	5	5	-	-	4	4
T J Gorman	11	12	4	4	1*	-	5	5	-	-	2*	-
S L Lewis	12	12	4	4	3	3	5*	-	-	-	4	4
B P Lowe	12	12	4*	-	3	3	5*	-	-	-	4*	-
A R H Sindel	12	12	4*	-	3	3	5*	-	-	-	4	4
J L Sutcliffe	12	12	4	4	-	-	5	5	-	-	2*	-

A Number of meetings attended.

B Number of meetings held during the time the Director held office (in the case of Board meetings) or as a member of the committee during the year (in the case of committee meetings).

* Indicates that although the Director is not a member of a specific committee, the Director attended the meeting. All Directors are welcome to attend Committee meetings even though they may not be a member.

** All Nomination Committee matters were dealt with by the full Board during the financial year.

Statutory matters

OPERATING AND FINANCIAL REVIEW

An operating and financial review of the consolidated entity during the financial year and the results of these operations begins at page 18 of this Annual Report.

STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the consolidated entity during the financial year ended 30 June 2021 other than as disclosed in this Annual Report.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity at the date of this report are set out in the "Orora at a Glance" section on page 1 of this Annual Report. There were no significant changes in the nature of the principal activities of the consolidated entity during the financial year ended 30 June 2021.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There have been no matters or circumstances which have arisen between 30 June 2021 and the date of this report that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.

LIKELY DEVELOPMENTS

The Operating and Financial Review section from pages 18 to 23 of this Annual Report contains information on the consolidated entity's business strategies and prospects for future financial years, and refers to likely developments in the consolidated entity's operations and the expected results of these operations in future financial years. Information on likely developments in the consolidated entity's business strategies, prospects and operations for future financial years and the expected results of those operations has not been included in this report where the Directors believe it would likely result in unreasonable prejudice to the consolidated entity. Details that could give rise to material detriment to the consolidated entity, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage, have also not been included.

DIVIDENDS

Dividends paid or declared by the Company to members during the financial year ended 30 June 2021 are set out in note 2.2 to the Financial Statements.

No waiver was sought from the Trustees of the Orora Employee Share Trusts in respect of the entitlement of Treasury Shares held in the Trusts to be paid from the 2021 interim or final dividends, in compliance with Australian Tax Office Tax Determination (TD 2019/13). The Trusts received dividends on unallocated shares and the Employee Share Trusts were subject to tax at the applicable rate on dividends received in respect of the unallocated shares.

ENVIRONMENTAL PERFORMANCE AND REPORTING

The Orora Group is committed to continuous improvement of its environmental performance by finding better ways to manufacture and distribute its products. This is guided by the Orora Group's Environmental Policy, a copy of which is available on Orora's website.

(a) Carbon emissions

The *National Greenhouse and Energy Reporting (Safeguard Mechanism) Rule 2015* (Rule) made under the *National Greenhouse and Energy Reporting Act 2007* (Cth) (NGER Act) applies to facilities with direct CO_2 emissions (Scope 1) of greater than 100,000 tonnes per year. These facilities are required to maintain their direct emissions below their historical peak level. Facilities that exceed their historical peak CO_2 emissions will be required to purchase CO_2 credits to offset their increase in emissions.

The only Orora Group facility that exceeds the 100,000 tonnes per year CO_2 threshold is the glass facility in Gawler, South Australia.

Following the recent capacity expansion at this facility, Orora received approval from the Clean Energy Regulator for a new calculated CO_2 Baseline under section 22 of the Rule. This facility complies with its obligations under the Rule.

(b) Greenhouse gas requirements

In Australia, the Orora Group is subject to reporting obligations under the NGER Act.

The NGER Act requires the Company to report on its annual Australian greenhouse gas emissions and energy use. The Orora Group has data gathering and management systems in place that comply with the NGER Act and the Clean Energy Regulator's audit processes. To comply with this obligation, Orora provides a report to the Clean Energy Regulator each year.

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Statutory matters

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(c) Manufacturing

All of the Orora Group's manufacturing sites are subject to significant environmental regulation, including, where applicable, specific environmental licences. These licences require discharges to air, land and water to be below specified levels of contamination.

Compliance with these regulations and the Orora Group's overall environmental performance is monitored by Orora's internal Sustainability Team, which liaises directly with divisional and site-based health, safety and environment professionals. The Orora Group's environmental performance and material regulatory compliance is also discussed regularly at Executive Leadership Team meetings.

The Directors are not aware of any material breaches of environmental regulations or site-specific licences during or since the financial year ended 30 June 2021.

DIRECTORS' INTERESTS

The relevant interests of each Director in the share capital of the Company as at the date of this report are as follows:

Name	Number of shares
Directors of Orora Limited	
A P Cleland	128,574
T J Gorman	56,000
S L Lewis	91,705
B P Lowe	538,634[1]
A R H Sindel	140,000
J L Sutcliffe	131,355

(1) Details of rights and options over shares in the Company held by B P Lowe are set out in section 6.4 of the Remuneration Report.

UNISSUED SHARES UNDER OPTION

Unissued ordinary shares or interests of the Company under option as at the date of this report are as follows:

Options granted	Expiry date	Issue price	Number under option
30 Oct 2015	30 Sep 2024	2.08	226,567
20 Oct 2017	30 Aug 2026	2.86	3,183,125
22 Oct 2018	31 Aug 2027	3.58	1,226,125

These options do not allow the holder to participate in any share or rights issue of the Company. Refer to the Remuneration Report for further information.

SHARES ISSUED ON EXERCISE OF OPTIONS

There were no ordinary shares of the Company issued during or since the financial year ended 30 June 2021 on the exercise of options granted over unissued shares or interests.

ON-MARKET SHARE PURCHASES TO SATISFY EMPLOYEE SHARE PLANS

During the financial year ended 30 June 2021, 412,275 ordinary shares of the Company were purchased on-market and held on trust to satisfy obligations under the Company's employee incentive plans. The average price per security at which these shares were purchased was $2.29.

INDEMNIFICATION AND INSURANCE OF OFFICERS

In accordance with the Company's Constitution, the Company has entered into agreements with each person who is, or has been, an officer of the Company. This includes the Directors in office at the date of this report, all former Directors and other executive officers of the Company, indemnifying them against any liability to any person other than the Company, or a related body corporate, that may arise from their acting as officers of the Company, notwithstanding that they may have ceased to hold office. There is an exception where the liability arises out of conduct involving a lack of good faith, or is otherwise prohibited by law.

Statutory matters

During and since the end of the financial year ended 30 June 2021, the Company has paid or agreed to pay the premiums for an insurance policy to insure current and previous Directors and other executive officers of the Company against certain liabilities incurred in that capacity.

Due to the confidentiality obligations and undertakings set out in these agreements, no further details in respect of the premiums paid, or the terms of the agreements, can be disclosed.

No indemnity payment has been made under any of the documents referred to above during or since the financial year ended 30 June 2021.

INDEMNIFICATION OF AUDITORS

The Company's auditor is PricewaterhouseCoopers (PwC). During and since the financial year ended 30 June 2021:

- no premium has been paid by the Company in respect of any insurance for PwC
- no indemnity has been paid by the Company in respect of PwC's appointment as auditor
- no officers of the Company were partners or directors of PwC, while PwC undertook an audit of the Company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court, nor has any application for leave been made in respect of the Company, under section 237 of the *Corporations Act 2001*.

NON-AUDIT SERVICES

During the year, PwC, the Company's auditor, performed certain other services in addition to their statutory duties. The Board has considered the non-audit services provided during the financial year ended 30 June 2021 by the auditor and, in accordance with written advice provided by resolution of the Audit, Risk & Compliance Committee, is satisfied that the provision of those non-audit services during the financial year by the auditors is compatible with the general standard of independence for auditors, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit, Risk & Compliance Committee to ensure they do not impact the impartiality and objectivity of the auditor. In particular, all non-audit services are approved in accordance with the non-audit services delegations and approvals framework and reported to the Audit, Risk & Compliance Committee at each meeting.
- 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 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. A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* can be found on page 65 of this Annual Report.
- Details of the amounts paid to PwC and its related practices for audit and non-audit services provided during the financial year are set out in note 7.2 to the Financial Statements. In each case, the engagement of PwC was made on its merits (based on service level, expertise, cost, as well as geographical spread).

ROUNDING OFF

The Company is of a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. In accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and except where otherwise stated, amounts in the Financial Statements and Directors' Report have been rounded off to the nearest $100,000 or to zero where the amount is $50,000 or less.

CORPORATE GOVERNANCE STATEMENT

The key features of the Company's corporate governance framework are set out in the Corporate Governance Statement, which is available on pages 24 to 37 of this Annual Report.

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Remuneration report



Orora's remuneration framework balances short and long-term returns to shareholders as demonstrated by the strong alignment between financial performance and executive remuneration outcomes.

TOM GORMAN
CHAIR, Human Resources Committee

Dear Fellow Shareholder,

On behalf of the Orora Board of Directors, I am pleased to present Orora's Remuneration Report for the financial year ended 30 June 2021. In my role as Chair of the Human Resources Committee, I have continued to work with Committee members, Orora management and the other Directors over the past year to ensure Orora's Human Resources policies and remuneration framework are structured to support Orora's long-term sustainability and continue to attract, retain and motivate our employees. We remain committed to ensuring our reporting is transparent and our communication is clear and concise.

OVERVIEW

This year, the Orora team was faced with another 12 months of challenges presented by the pandemic – particularly in North America where the impacts of COVID-19 have been unrelenting. With all businesses still classified as essential services, Orora forged ahead focusing first and foremost on the safety of our people, meeting the ever-evolving needs of Orora's customers, and responding to fluctuating demands across different segments. These measures helped to drive Orora's solid performance and ensure Orora remains a robust and stable organisation that can withstand these current challenges and, importantly, leverage the opportunities that lie ahead.

COMPANY PERFORMANCE (CONTINUING BUSINESSES ONLY) AND FINANCIAL YEAR 2021 REMUNERATION OUTCOMES

The Company's results for the financial year ended 30 June 2021 reflect Orora's resilience, improved execution of strategy and financial discipline with strong performance in Australasian Beverage, and continued improvement in OPS and Orora Visual in North America despite ongoing challenging conditions. For the financial year ended 30 June 2021, Orora has delivered earnings before significant items, interest and tax (EBIT) of $249.1 million.

Orora's executives are rewarded for annual performance against business plans as well as longer-term returns for shareholders. The short-term incentive (STI) assessment includes financial and non-financial metrics (at a Group and individual level). The STI outcomes for this year reflect the strong alignment between Orora's financial performance, executive remuneration outcomes and the challenging nature of Orora's business objectives. As it is our belief that the organisation and its people must retain the agility to adapt and perform against a wide array of challenging circumstances, the Board did not exclude any COVID-19 impact on the Group's financial performance in the assessment of STI or long-term incentive (LTI) outcomes.

STI payments for the current Executive KMP will be paid at 100% of their maximum STI opportunity.

On 30 June 2021, the LTI grant awarded for the financial year ended 30 June 2018 was tested. Return on Average Funds Employed (RoAFE) and Absolute Total Shareholder Return (ATSR) gateways were met; however the threshold Earnings Per Share (EPS) and Relative Total Shareholder Return (RTSR) were not, which resulted in the grant not vesting.

During FY21, reflecting challenging global economic conditions and in line with market, there were no Executive KMP remuneration increases.

For the new financial year, reflecting the overall performance of the Company, along with total compensation outcomes for this year, the Board has decided that the Executive KMP will receive a fixed remuneration increase of 2.5%, in line with market increases.

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Remuneration report

REMUNERATION CHANGES DURING THE FINANCIAL YEAR

As disclosed in 2019, the Board removed options from the LTI plan to better align the LTI with market practice and meet the goals of Orora's remuneration framework, with performance rights now the only form of grant under the LTI plan. Performance is measured across a three-year period, with an additional one-year employment restriction before vesting. The LTI grant awarded in the financial year ended 30 June 2019 will be the final LTI vesting to include options.

The 2020 Remuneration Report outlined that while the Board had decided to make no change to the performance hurdles under the LTI plans as a result of the sale of the Australasian Fibre business, it was deemed appropriate to update the RoAFE gateway and re-base the EPS calculations for LTI grants prior to FY21 to exclude the discontinued Australasian Fibre business. This change has now been reflected in the LTI plans.

FINAL THOUGHTS

I commend the Orora team for their resilience and commitment to continuing to keep Orora team members safe and deliver positive results in these extraordinarily challenging times. On the following pages you will find the FY21 Remuneration Report for your perusal. I would be happy to hear from shareholders to provide any further clarification you may need in respect of this Report. I would also like to thank shareholders for their ongoing support of Orora.

Warm regards,



TOM GORMAN
CHAIR, Human Resources Committee

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Remuneration report

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INTRODUCTION

The Remuneration Report provides a summary of Orora's remuneration policy and practice for Key Management Personnel (KMP) for the financial year ended 30 June 2021. This report has been prepared as required by the *Corporations Act 2001* (Cth) for the Company and its controlled entities (collectively, the Group or Orora) and has been audited by Orora's external auditor. This Remuneration Report forms part of the Directors' Report.

STRUCTURE OF THIS REPORT

Orora's 2021 Remuneration Report is divided into the following sections:

Section	Page No.
Message from Tom Gorman, Chair Human Resources Committee	47
❶ Key management personnel	49
❷ Overview of FY21 remuneration	50
❸ Remuneration framework	52
❹ Relationship between performance and remuneration outcomes	54
❺ Non-Executive Director remuneration	59
❻ Additional required disclosures	59

1. Key Management Personnel (KMP)

For the purposes of this Remuneration Report, KMP include executive and non-executive directors and nominated senior executives who have authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly. For the year ended 30 June 2021, the KMP were:

Table 1

Name	Position	Term as KMP
Non-Executive Directors		
A R H (Rob) Sindel	Chairman	Full year
A P (Abi) Cleland	Director	Full year
T J (Tom) Gorman	Director	Full year
S L (Sam) Lewis	Director	Full year
J L (Jeremy) Sutcliffe	Director	Full year
Executive Director		
B P (Brian) Lowe	Managing Director and Chief Executive Officer (CEO)	Full year
Executive		
S C (Shaun) Hughes[1]	Chief Financial Officer (CFO)	Partial year
S G (Stuart) Hutton[1]	Chief Financial Officer (CFO)	Partial year

(1) S C Hughes was appointed to the role of Chief Financial Officer on 15 October 2020; replacing S G Hutton, who ceased employment with Orora on 31 December 2020.

Remuneration report

2. Overview of FY21 remuneration

2.1. Summary of remuneration framework

Orora's executive remuneration framework applies to the CEO and all of his direct reports of which the Executive KMP form a subset. This framework was introduced in FY20. Refer to Section 3.1 for a detailed explanation of the current remuneration components. Refer to Section 6.3 for an explanation of performance hurdles used and the vesting schedule.

OUR VISION
TO BE A LEADING SUSTAINABLE PACKAGING SOLUTIONS PROVIDER

Our vision is supported by our remuneration principles and performance framework, overseen by the Board

REMUNERATION PRINCIPLES

Attract, motivate and retain talent	Drive a high-performance culture	Create long-term shareholder value

REMUNERATION COMPONENTS[1]

Fixed remuneration (FR)	Short-Term Incentive (STI)	Long-Term Incentive (LTI)[2]
• A market-based reward for role. • Delivered as cash salary and contribution to retirement benefits.	• Rewards the achievement of Group and individual goals over a 12-month period. • CEO has a target STI of 70% of FR and a maximum opportunity of 100% of FR. The other Executives have a target of 50% and a maximum opportunity of 75% of FR. • 2/3 delivered in cash and 1/3 in Deferred Share Rights (DSR) deferred for 2 years.	• Reinforces focus on creating long-term value for shareholders. • 50% to 70% of FR delivered as an upfront grant of Performance Rights (PR) with a 3-year performance period and an additional 1-year holding lock before vesting.

LINK TO PERFORMANCE

• Any increases in salary will consider the market median remuneration for similar roles and individual performance.	• A scorecard of performance measures at a Group level is used to determine STI award payable. The scorecard represents the key priority areas for the current year and typically includes strategic initiatives and has a strong weighting towards financial growth and returns. A safety and performance overlay also applies. • Deferral of payment in equity aligns reward outcomes with long-term value creation for shareholders.	The following performance hurdles apply to LTI aligning executive and shareholder interests: • Earnings per Share (EPS) growth with a Return on Average Capital Employed (RoAFE) gateway. • Relative Total Shareholder Return (RTSR) with an Absolute Total Shareholder Return (ATSR) gateway.

Supports alignment of Executive and Shareholder interests

Large proportion of remuneration is at risk and delivered as equity	Clawback and malus provisions apply to all equity	Use of EPS, RoAFE, RTSR and ATSR performance hurdles for PR	Minimum shareholding requirements

(1) An award of shares or cash deferred up to five years is occasionally used at the time of recruitment to replace existing entitlements from previous employers or as a specific retention award for existing executives.

(2) FY18 grant which did not vest in 2021 and FY19 grant, which has a vesting date of August 2022, are comprised of performance rights and options. These awards are subject to a four-year performance and vesting period.

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Remuneration report

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2.2. Snapshot of FY21 performance and remuneration outcomes

The Executive KMP remuneration outcomes for the financial year ended 30 June 2021 are summarised below. For more detailed information on remuneration outcomes and link to performance, please refer to Section 4.

Remuneration component	Description
Fixed Remuneration (FR)	• The Fixed Remuneration of the current CFO at the time of commencing his position in October 2020 was competitively positioned against similar roles in listed companies, of similar size and complexity. • Reflecting the challenging global economic conditions and in line with the market, the Board did not increase the CEO's remuneration for the financial year ended 30 June 2021. • For the new financial year, reflecting the overall performance of the Company, the Board has decided that the Executive KMP will receive a fixed remuneration increase of 2.5%, in line with market increases.
Short-Term Incentive (STI)	**FY21 Award** • Orora's STI assessment includes several financial and non-financial metrics (at Group and individual level). • The Earnings before Interest and Tax (EBIT) and Average Working Capital (AWC) as a % of sales exceeded the targets set by the Board for the financial year ended 30 June 2021. • As a result, STI payments for current Executive KMP will be paid out at 100% of their maximum STI opportunity. This amount will be pro-rated for the current CFO for the period he was employed at Orora. 1/3 of the STI award will be delivered in DSR deferred over two years. **Award due to vest in FY21 and FY22** • DSR awarded as part of the STI payment for the financial year ended 30 June 2018 vested in September 2020. The Board did not identify any performance or conduct factors that would warrant lapsing of unvested equity. Accordingly, the Board approved full vesting of the FY18 DSR. • DSR awarded as part of the STI payment for the financial year ended 30 June 2019 are due to vest in September 2021. The Board did not identify any performance or conduct factors that would warrant lapsing of unvested equity. Accordingly, the Board approved full vesting of the FY19 DSR. For this equity to vest, the executive must remain employed till the vesting date (September 2021).
Long-Term Incentive (LTI)	**FY21 Award** • Executive KMP were awarded 70% of their FR as Performance Rights with a 3-year performance period (1 July 2020 to 30 June 2023) and an additional 1-year holding lock before vesting. The grant to the CEO was awarded post shareholder approval at the 2020 AGM. **Award tested in FY21** • The FY18 LTI grant had a 4-year performance period which ended on 30 June 2021 and is due to vest in August 2021. • 50% of the award had an EPS performance hurdle with a RoAFE gateway and 50% had a RTSR performance hurdle with an ATSR gateway. • Although the RoAFE and ATSR gateways were met, the EPS and RTSR performance was below the threshold required for vesting. • Accordingly, the FY18 LTI grant did not vest.

Remuneration report

3. Remuneration framework

3.1. Remuneration components

Remuneration component	Description
Fixed Remuneration (FR)	• Includes Cash salary and contribution to retirement benefits. • The Board sets the fixed remuneration for KMP based on market median remuneration for similar roles in ASX-listed companies of similar size and geographical footprint. The annual review of fixed remuneration takes into consideration market relativity, skills, experience, past performance and impact on total remuneration.
Short-Term Incentive (STI)	• Rewards the achievement of Group, and individual financial and non-financial goals over a 12-month period. • 2/3 of the award is delivered annually in cash following the release of the end of year financial results. • 1/3 of the award is delivered in DSR[1] deferred over two years subject to malus conditions. Vesting after two years is subject to continued service. • The number of units is calculated as 1/3 of the STI award divided by the volume-weighted average share price (VWAP) of Orora shares for the five trading days up to and including the end of the financial year (30 June). • The CEO has a target STI of 70% of FR and a maximum opportunity of 100% of FR. Other executives have a target of 50% and a maximum opportunity of 75% of FR.
Long-Term Incentive (LTI)	• Aligns executive and shareholder interests by reinforcing executive focus on long-term sustainable shareholder returns. • 50% to 70% of FR delivered as PR[1] subject to a three-year vesting period and an additional one-year employment holding lock with the following performance hurdles: – Growth in EPS hurdle with a RoAFE gateway – 50% weight – RTSR hurdle with an ATSR gateway – 50% weight • The combination of EPS and RoAFE represents a strong measure of overall business performance. • The use of RTSR hurdle with an ATSR gateway focuses on growth of the Group and creating above average value for shareholders. Refer to Section 6.3 for a more detailed explanation of the hurdles used. • After considering internal and external benchmarks, the Board set the following performance hurdles for the FY21 LTI grant: – **PR subject to EPS hurdle:** RoAFE gateway of 12.5% must be met for the performance period for vesting to occur. If the RoAFE gateway is met, EPS growth of 4% over the performance period will be required for 50% vesting, with 100% vesting requiring an EPS growth of 8%. – **PR subject to RTSR hurdle:** Orora's Absolute Total Shareholder return (ATSR) over the performance period must not be negative for vesting to occur. If the ATSR gateway is met, RTSR over the performance period must be at the 50th percentile of the comparator group for 50% vesting, with 100% vesting requiring RTSR to be at the 75th percentile. • The number of units granted is calculated as value of the grant (50% to 70% of FR) divided by the VWAP of Orora shares for the five trading days prior to the start of the financial year (1 July). • For LTI grants from FY22, the share price used to calculate the ATSR of the Group and each of the comparator companies for the performance period will use the 20 trading days VWAP for both the starting share price and the closing share price. The previous approach used five trading days VWAP for the starting share price and 20 trading days VWAP for the closing share price. This change has been made to reduce the impact of share price volatility and to improve consistency.

(1) A Right (either DSR or PR) is the right to receive one Orora share (or cash of equivalent value) upon vesting and exercise at no cost, subject to adjustment for certain capital actions. Rights do not carry any dividend entitlements or voting rights prior to exercise. Shares allocated upon exercise carry the same rights as any other Orora share. For DSR and PR, forfeiture and clawback provisions apply for behaviour contrary to Orora's values or any actions that bring the Group or any company within the Group into disrepute. If employment ceases due to resignation or dismissal, any unvested DSR or PR will lapse. If employment ceases due to other reasons, the Board has discretion with respect to unvested Rights, including to lapse any unvested DSR or PR fully or partially.

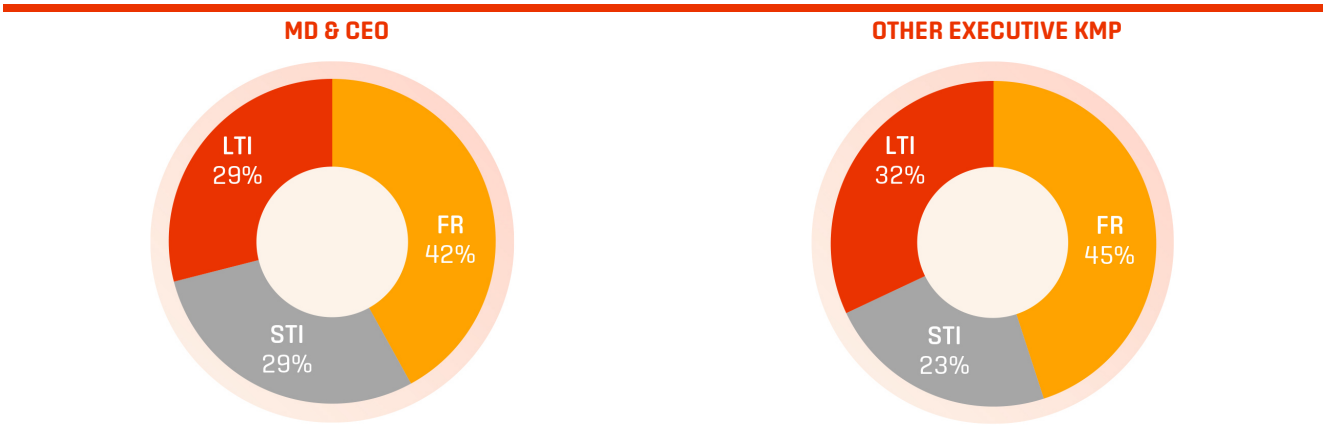
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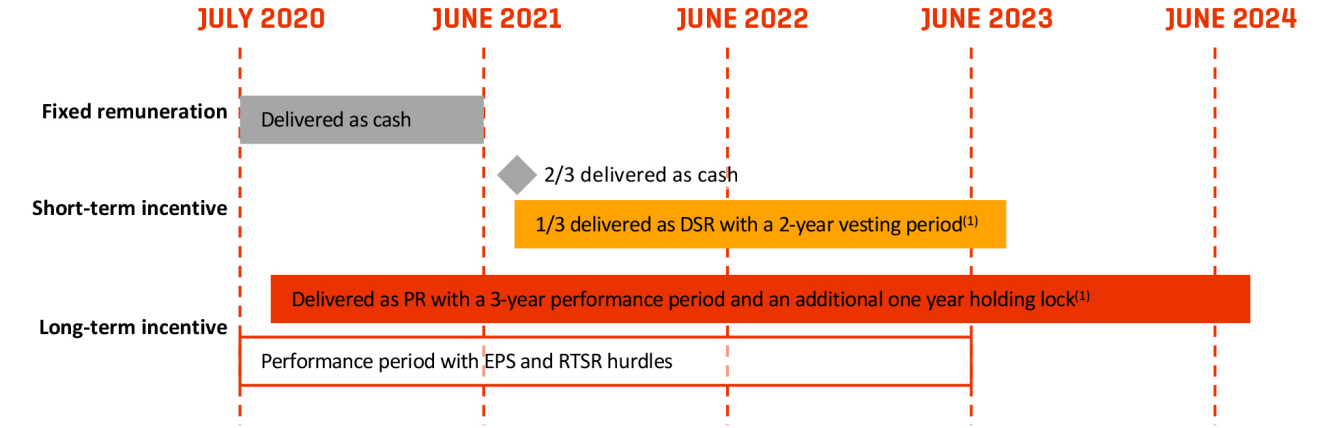
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3.2. Target remuneration mix and delivery

Orora's executive remuneration framework provides an appropriate mix of short, medium and long-term incentives to attract, motivate and retain talent and to drive high performance. Delivering a significant portion of remuneration in equity (1/3 of STI delivered as DSR deferred over two years and LTI delivered as PR subject to a three-year vesting period and an additional one-year employment holding lock) aligns the interests of executives and shareholders.



Delivering a significant portion of remuneration as equity over a four-year period reinforces executive focus on achieving long-term objectives and creating sustainable value for shareholders.



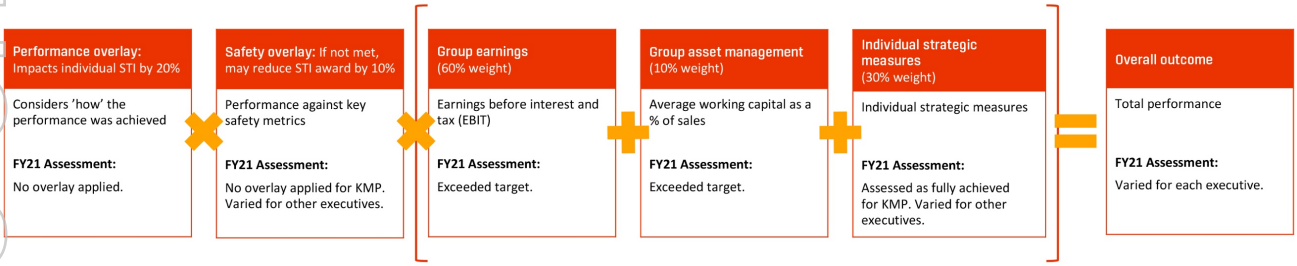
(1) The grants to the CEO are awarded post shareholder approval at the 2020 AGM (for LTI) and 2021 AGM (for STI).

Remuneration report

4. Relationship between performance and remuneration outcomes

4.1. Performance framework

Orora's executives are rewarded for annual performance against challenging business plans as well as longer term returns for shareholders. Financial and non-financial performance measures that align to the key priority areas for the Group are carefully selected at the start of the financial year by the Board. The performance measures selected for FY21 and assessment against these measures is summarised below:



4.2. Performance outcome

Achievement against the performance measures both at a Group and individual level is assessed every six months by the Human Resources Committee (HRC), which provides recommendations to the Board. At the end of the financial year the Board determines the STI outcome for executives based on their performance against the agreed measures.

The STI assessment includes a number of financial and non-financial metrics (at a Group and Individual level).

Significant items (both positive and negative) are assessed each year by the Board to determine whether any significant items should be included in the STI assessment, and in the past have been generally excluded for the purpose of measuring performance for STIs as they are not part of ordinary trading results. The Board has determined that the impact of significant item expenses related to the decommissioning of the Petrie Mill site and gains related to the finalisation of the post-close completion process of the Australasian Fibre divestment will be excluded.

At the end of the financial year, the HRC also reviews Group performance against the LTI performance hurdles to confirm the vesting outcome of any PR that have completed their performance period. The HRC also assesses if there are any significant Group or individual performance factors that require the Board to apply discretion to clawback previously granted equity or reduce the quantum of LTI to be granted.

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4.2 Performance outcome (continued)

An overview of the performance measures for FY21 and achievement against these measures is summarised below.

KPI	Outcome	Performance outcome commentary
Group earnings Earnings before Interest and Tax (EBIT)	Exceeded target.	The focused execution of strategic priorities has led to a 17.3% increase in constant currency underlying EBIT and reported underlying EPS of 16.9 cents—growth of 29% before significant items.
Group asset management Average working capital (AWC) as a % of sales	Exceeded target.	AWC continued to be a priority and the result for the financial year ended 30 June 2021 was better than the medium/long-term goal of being less than 10%.
Individual strategic measures Performance measures vary for each role and support Orora's strategy of expanding and optimising Group outcomes	Assessed as fully achieved for Executive KMP. Performance outcomes varied for other executives.	For Executive KMP, outcomes were assessed as fully achieved. Performance outcomes varied for other executives with assessments ranging from partially achieved to fully achieved.
Safety overlay Performance and leadership against a selection of key safety metrics	No overlay applied for Executive KMP. Safety overlay varied for other executives.	Safety results for the Group were satisfactory despite the extraordinary demands due to COVID safety requirements and remote working. Safety improvement initiatives continue across the business.
Performance overlay The Board also considers: • if performance was aligned to Orora's values; • if the Executive was proactive in overcoming challenges in the delivery of the final outcome • what their individual contribution was to the Group performance.	No overlay was applied.	The Board considered how the executives achieved performance and was satisfied that the STI outcomes were appropriate, and no further performance overlay was necessary.

Remuneration report

4.3. Group financial performance (Total Operations)

The table below summarises the key indicators of Orora's performance and relevant shareholder returns for the five years to 30 June 2021. The table below shows total operations of the Group including the Australasian Fibre business which was divested during the FY20 financial year, and which is presented in the Financial Report as a discontinued operation.

Financial summary for year ended 30 June	2021[A]	2020[B]	2019[B]	2018[B]	2017[B]
EBIT ($m)	249.1	288.2	335.2	323.4	302.3
Dividends per ordinary share (cents)	14.0	12.0	13.0	12.5	11.0
Closing share price (as at 30 June)	$3.33	$2.54	$3.24	$3.57	$2.86
EPS growth (%)	(2.3%)	(22.9%)	3.7%	11.5%	14.6%
NPAT ($m)	156.7	167.3	217.0	214.1	186.2
TSR (%)[C]	32.6%	(13.4%)	(5.6%)	29.0%	5.9%
Operating cash flow ($m)[D]	245.9	57.9	268.9	325.3	331.4
RoAFE (%)[E]	19.9%	12.0%	13.0%	14.0%	13.6%

(A) EBIT, NPAT, EPS growth and RoAFE exclude the impact of the significant item expense of $38.6 million (after tax $27.0 million) in respect of additional costs associated with the decommissioning of the Petrie Mill site and a significant item income of $1.5 million (after tax $6.1 million) relating to the finalisation of the post-close completion process of the Australasian Fibre divestment. Refer to Note 1.2 of the financial statements for further detail.

(B) EBIT, NPAT, EPS growth and RoAFE exclude the impact of the significant item income and expense items. Details of the significant items excluded from these measures, for each year in the table above, can be found in the relevant 2017-2020 Annual Reports.

(C) TSR is calculated as the change in share price for the financial year, plus dividends paid during the financial year, divided by the opening share price for the financial year.

(D) Operating cash flow excludes cash significant items that are considered to be outside the ordinary course of operations and non-recurring in nature but includes net capital expenditure.

(E) RoAFE is calculated as Earnings Before Income and Tax (EBIT) excluding significant items divided by average funds employed.

4.4. Fixed remuneration

Reflecting the challenging global economic conditions, the Board assessed remuneration movements in line with market and determined that there would be no remuneration increase for Executive KMP for the financial year ended 30 June 2021.

A minor adjustment was made in July 2021 for Executive KMP to align their superannuation with the increased Superannuation Guarantee rate effective 1 July 2021.

For the new financial year, reflecting the overall performance of the Company, along with total compensation outcomes for this year, the Board has decided that the Executive KMP will receive a fixed remuneration increase of 2.5%, in line with market increases.

4.5. Short-term incentive outcomes

FY21 STI award

An overview of Orora's performance measures for FY21 and achievement against these measures can be found in Section 4.2. Orora's EBIT and AWC performance for FY21 exceeded the targets set by the Board. The FY21 STI outcomes reflect Orora's resilience, improved execution of strategy and financial discipline despite ongoing challenging conditions. After considering individual and business performance against the financial and non-financial targets set by the Board, STI payments were paid as per the table below.

			STI awarded[1]					
Executive KMP	Target STI as % of FR	Maximum STI as % of FR	$	% of FR	Cash STI ($)	DSR ($)	# of DSR	% of maximum STI forfeited
B P Lowe	70%	100%	1,250,000	100%	833,335	416,665	127,032	-
S C Hughes[2]	50%	75%	358,826	75%	239,218	119,608	36,466	-
S G Hutton[3]	50%	75%	-	-	-	-	-	-

(1) The cash and deferred performance rights will be granted in September 2021. Deferred performance right allocations are determined based on the volume-weighted average price of the Company's shares for the five trading days prior to 30 June 2021 ($3.28 per share).

(2) S C Hughes was appointed Chief Financial Officer effective 15 October 2020 and was designated as a KMP from this date. The STI award for Mr Hughes was pro-rated for the period 15 October 2020 to 30 June 2021.

(3) S G Hutton retired as Chief Financial Officer on 15 October 2020 and ceased to be designated as a KMP from this date. Mr Hutton was not awarded any short-term incentive.

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STI Award due to vest in FY21 and FY22

DSR awarded as part of the STI payment for the financial year ending 30 June 2018 vested in September 2020. The Board did not identify any performance or conduct factors that would warrant lapsing of unvested equity. Accordingly, the Board approved full vesting of the FY18 DSR.

DSR awarded as part of the STI payment for the financial year ended 30 June 2019 are due to vest in September 2021. The Board did not identify any performance or conduct factors that would warrant lapsing of unvested equity. Accordingly, the Board approved full vesting of the FY19 DSR. For this equity to vest, the executive must remain employed till the vesting date (September 2021).

4.6. Long-term incentive outcomes

FY21 LTI award

Details of the Executive KMP LTI opportunity and the actual award for FY21 are provided below:

Executive KMP	LTI as % of FR	# of units granted	Face value of grant[1]	Performance hurdles associated with the grant
B P Lowe	70%	339,147	912,305	50% CAGR EPS with minimum RoAFE gateway of 12.5%. 50% Relative Total Shareholder Return (TSR) with an absolute TSR gateway. A post-vesting holding lock applies until 31 August 2024. Refer to Section 3.1 for further details.
S C Hughes	70%	183,000	488,610	
S G Hutton[2]	70%	188,500	459,940	

(1) Face value of grant reflects the share price at the date the award was granted. The award for Mr Lowe was granted on 28 October 2020 ($2.69 per share), for Mr Hughes the award was granted on 6 November 2020 ($2.67 per share) and for Mr Hutton the award was granted on 7 October ($2.44 per share).

(2) S G Hutton retired as Chief Financial Officer on 15 October 2020 and ceased to be designated as a KMP from this date. The PR granted to Mr Hutton in FY21 were forfeited upon his retirement.

LTI tested in FY21

The FY18 grant was delivered as PR and Share Options (SO) with 100% of SO and 1/3 of PR subject to the EPS hurdle with RoAFE gateway and 2/3 of PR subject to the RTSR hurdle with ATSR gateway. Refer to Section 6.3 for a more detailed explanation of the hurdles used and the vesting schedule. The performance period for the grant commenced on 1 July 2017 and concluded on 30 June 2021 and this grant is due to vest in August 2021. The results are outlined below:

Performance hurdles and gateways	Result	Proportion vested	Proportion lapsed
RoAFE gateway	Achieved	N/A	
EPS hurdle	Not achieved	0%	100%
ATSR gateway	Achieved	N/A	
RTSR hurdle	Not achieved	0%	100%

As the performance hurdles were not met, the FY18 LTI grant did not vest.

During the end of the year review, the Board did not identify any individual or company performance or conduct factors that would warrant lapsing of any unvested LTI.

Remuneration report

4.7. Total remuneration realised by Executive KMP during FY21

The table below summarises the remuneration realised by Executive KMP during the performance periods ended 30 June 2020 and 30 June 2021. This table has been included to increase transparency and provide shareholders greater clarity around remuneration outcomes. This table differs from the statutory remuneration table in Section 6.2, which presents remuneration in accordance with accounting standards.

Remuneration realised by Executive KMP for FY20 and FY21 is explained below.

Remuneration component	Description
Fixed Remuneration (FR)	• Comprises cash salary and contribution to retirement benefits for the relevant year.
Other benefits	• Comprises payments for notice period and annual and long service leave entitlements paid out on retirement.
Cash Short-Term Incentive (STI)	• Comprises the cash component of the STI earned in the relevant year which is paid after the issuance of the relevant financial year's annual report.
Deferred Share Rights (DSR)	• Represents the value of DSR that were awarded as part of STI in previous years and vested in the relevant year. For 2021, this comprises the value of DSR awarded as part of the STI payment for the financial year ended 30 June 2018 that vested in September 2020. For 2020, this comprises the value of DSR awarded as part of the STI payment for the financial year ended 30 June 2017 that vested in September 2019.
Performance Rights (PR)	• Represents the value of equity tested at the end of the performance period to 30 June and vesting is approved by the Board. The value is based on the VWAP on the ASX for the five trading days up to and including 30 June of the relevant year. The actual value realised will depend on the share price at exercise. For this equity to vest, the executive must remain employed until the vesting date (and to the end of any applicable holding lock periods). For 2021, this comprises the value of FY18 LTI that did not vest. For 2020, this comprises the value of FY17 LTI that did not vest.

Executive KMP	Year	Fixed Remuneration	Other benefits[1]	Cash STI	Incentives realised		Total remuneration
					DSR[2]	PR[3]	
B P Lowe[4]	2021	1,250,000	-	833,335	64,465	-	2,147,800
	2020	937,500	-	341,667	-	-	1,279,167
S C Hughes[5]	2021	480,683	-	239,217	-	-	719,900
	2020	-	-	-	-	-	-
S G Hutton[6]	2021	358,347	596,392	-	191,137	-	1,145,876
	2020	695,247	-	176,646	34,372	-	906,265

(1) Other benefits include costs associated with employment (inclusive of any fringe benefits tax) and include payments for notice period and annual and long service leave entitlements paid out on retirement for Mr S G Hutton.

(2) The value of DSR was calculated using the VWAP on the ASX for the five trading days up to and including the vesting date. The VWAP for the DSR award that vested during the period was $2.27 per share (2020: $2.73 per share). In addition to the current period DSR vesting, two additional DSR grants for Mr S G Hutton early vested upon his retirement with a VWAP of $2.71 per share.

(3) The value of PR was calculated using the VWAP on the ASX for the five trading days up to and including the end of the performance period. The VWAP for 30 June 2021 was $3.28 per share (2020: $2.58 per share)

(4) B P Lowe was appointed Managing Director and Chief Executive Officer effective 1 October 2019 and was designated a KMP from this date. The employee benefits for Mr Lowe in the comparative period therefore represent the period 1 October 2019 to 30 June 2020.

(5) S C Hughes was appointed Chief Financial Officer effective 15 October 2020 and was designated as a KMP from this date. The employee benefits for Mr Hughes therefore represent the period 15 October 2020 to 30 June 2021.

(6) S G Hutton retired as Chief Financial Officer on 15 October 2020 and ceased to be designated as a KMP from this date. The employee benefits above for Mr Hutton represent the period 1 July 2020 to 31 December 2020 which includes his notice period and include annual and long service leave entitlements paid out on retirement. Mr Hutton remained an employee during his notice period to assist with the transition of the new Chief Financial Officer but he was not a KMP.

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Remuneration report

5. Non-executive director remuneration

The NED fee policy enables the Company to attract and retain high-quality Directors with relevant experience. The fee policy is reviewed annually by the HRC. In setting and reviewing NED fees, the HRC considers fees paid by comparable companies and the qualifications and experience necessary for the role, and provides recommendations to the Board.

NED receive a base fee for being a Director of the Board, and additional annual fees for either chairing the Audit, Risk and Compliance Committee (ARCC) ($25,000), HRC or Safety, Sustainability or Environment Committee (SSEC) ($20,000). Where a NED is not a Chair of a Committee, an additional $20,000 is paid for membership of two Committees, being membership of the ACC, HRC and/or SSEC. No additional fees are payable to the Chairman of the Board for membership of Committees or other NEDs if they are already remunerated for Chairing the ARCC, HRC or SSEC. No additional fees are paid for Chairing or membership of the Executive or Nomination Committees.

The current NED aggregate fee limit is $1,900,000 as approved by shareholders at the 2015 Annual General Meeting. Apart from slight Committee fee adjustments disclosed above, no increase was made to fixed base fees or committee fees, during the financial year ended 30 June 2021.

A minor adjustment was made in July 2021 to superannuation for all NED located in Australia to align with the increased Superannuation Guarantee rate effective 1 July 2021.

NED do not receive performance-based remuneration and are not granted equity instruments by Orora as part of their remuneration.

6. Additional required disclosures

6.1. Remuneration governance

The Board maintains overall accountability for the oversight of Orora's remuneration approach for all Orora executives and NED, having regard to the recommendations made by the HRC. The HRC reviews and makes recommendations to the Board on NED and executive remuneration and at-risk remuneration policies for all Orora executives taking into account business strategy, corporate governance principles, market practice and stakeholder interests. More information on the Board's role and Orora's corporate governance policies for KMP (including minimum shareholding, share trading, and the prohibition of hedging or margin lending in respect of Orora securities) can be found on Orora's website at: https://www.ororagroup.com/investors/policies-and-standards.

During the reporting period, the HRC did not receive any remuneration recommendations (as defined by the *Corporations Act 2001*) from external consultants.

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Remuneration report

6.2. Statutory remuneration disclosures

Executive KMP remuneration

Details of the Executive KMP remuneration prepared in accordance with statutory requirements and accounting standards during the reporting period are given in the table below.

Executive KMP	Year	Base salary	Other benefits[1]	Superannuation	Cash STI	Long service leave	Share-based payments (DSR/PR/SO)[2]	Total remuneration	Performance related remuneration
B P Lowe[3]	2021	1,228,306	-	21,694	833,335	25,300	229,340	2,337,974	45.5%
	2020	921,748	-	15,752	341,667	91,000	314,574	1,684,741	39.0%
S C Hughes[4]	2021	465,234	-	15,449	239,217	8,908	99,847	828,655	40.9%
	2020	-	-	-	-	-	-	-	-
S G Hutton[5]	2021	336,653	342,612	21,694	-	6,872	(415,498)	292,333	-
	2020	670,247	-	25,000	176,646	16,565	348,461	1,236,919	42.5%

(1) Other benefits include costs associated with employment (inclusive of any fringe benefits tax) and include notice period payments.

(2) The value of the share-based payments represents the accounting fair value of restricted shares, options, rights and performance rights granted, collectively referred to as the "grants". In accordance with the Accounting Standards the accounting fair value of the grants is recognised proportionally over the grant's performance period. The amounts above represent management's best estimate, at the date of this report, of the likelihood that the performance conditions of the grants being met and will therefore vest, at which point the Executive KMP will be entitled to receive the share-based payment. If the performance conditions are not met, the Executive KMP will not be entitled to the share-based payment. The current period value of share-based payments includes negative amounts relating to options and rights that did not vest during the period as non-market conditions were not met and for rights that were forfeited on retirement.

(3) B P Lowe was appointed Managing Director and Chief Executive Officer effective 1 October 2019 and was designated a KMP from this date. The employee benefits for Mr Lowe in the comparative period therefore represent the period 1 October 2019 to 30 June 2020.

(4) S C Hughes was appointed Chief Financial Officer effective 15 October 2020 and was designated as a KMP from this date. The employee benefits for Mr Hughes therefore represent the period 15 October 2020 to 30 June 2021.

(5) S G Hutton retired as Chief Financial Officer on 15 October 2020 and ceased to be designated as a KMP from this date. The employee benefits above for Mr Hutton represent the period 1 July 2020 to 31 December 2020 which includes his notice period. Mr Hutton remained an employee during his notice period to assist the transition of the new Chief Financial Officer but he was not a KMP.

NED remuneration

Details of the NED remuneration during the reporting period are given in the table below.

NED	Year	Base and Committee fees	Superannuation benefits	Total remuneration
A R H Sindel[1]	2021	396,606	21,694	418,300
	2020	277,180	19,900	297,080
A P Cleland	2021	210,868	20,032	230,900
	2020	210,868	20,032	230,900
T J Gorman[2]	2021	230,900	-	230,900
	2020	184,417	-	184,417
S L Lewis	2021	215,434	20,466	235,900
	2020	215,708	20,492	236,200
J L Sutcliffe	2021	210,868	20,032	230,900
	2020	210,868	20,032	230,900

(1) A R H Sindel was appointed Chairman effective 12 February 2020.

(2) T J Gorman joined the Board on 2 September 2019.

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Remuneration report

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6.3. Terms of equity grants

FY20 and FY21 Performance Rights

The FY20 and FY21 PR were granted consistent with the terms described in Section 3.1.

PR subject to an EPS hurdle must first meet a minimum RoAFE gateway to vest. RoAFE is calculated as earnings before interest and tax excluding significant items divided by the average funds employed in each financial year at the 30 June testing date. EPS measures the earnings generated by the Group attributable to each Orora share. EPS is calculated based on the net profit after tax (NPAT) excluding significant items calculated on a constant currency basis for the relevant financial year divided by the weighted average number of Orora shares on issue.

The growth in the Group's EPS over the relevant performance period will be calculated as the increase in audited EPS over the base EPS (the normalised EPS outcome for the previous financial year). The compound growth in EPS will be expressed as a cumulative percentage.

If the RoAFE gateway is not met in the relevant performance period, all PR subject to the EPS hurdle will lapse. If the RoAFE gateway is met, the PR subject to the EPS hurdle will vest in accordance with the vesting schedule below.

RTSR measures the growth in the Group's share price together with the value of dividends declared and paid or any other returns of capital during the performance period against companies ranked 50 to 150 on the S&P/ASX index as at the start of the performance period.

The share price used to calculate the TSR of the Group and each of the comparator companies for the performance period will be measured as follows:

- the opening share price is the VWAP on the ASX for the final five trading days of the previous financial year
- the closing share price is the VWAP on the ASX for the final 20 trading days of the performance period.

PR subject to the RTSR hurdle must first meet a minimum ATSR gateway to vest. The ATSR gateway is a condition that Orora's TSR over the performance period must not be negative. If the ATSR gateway is not met in the relevant performance period, all PR subject to the RTSR hurdle will lapse. If the ATSR gateway is met, the PR subject to the RTSR hurdle will vest in accordance with the vesting schedule below.

% CAGR in EPS over performance period	% of PR subject to EPS hurdle that will vest	RTSR over performance period	% of PR subject to RTSR hurdle that will vest
Below 4%	0%	Below 50th percentile	0%
4%	50%	50th percentile	50%
Between 4% and 8%	Pro-rata straight line vesting will occur between 50% and 100%	Between 50th and 75th percentile	Pro-rata straight line vesting will occur between 50% and 100%
8% or higher	100%	75th percentile or higher	100%

Orora engages the services of an independent external provider to calculate TSR performance.

Performance Rights and Share Options granted prior to FY20

PR granted prior to FY20 had similar terms to the FY20 grant. The main differences between the grants are:

- Grants prior to FY20 had a 4-year performance period
- Grants were delivered as PR and SO with 100% of SO and 1/3 of PR subject to the EPS hurdle with RoAFE gateway and 2/3rd of PR subject to the RTSR hurdle with an ATSR gateway
- The comparator group used for the RTSR hurdle are companies ranked 30 to 130 on the S&P/ASX index as at the start of the performance period

Rebasing Long-Term Incentive performance hurdles and gateways for grants on foot

On 30 April 2020, Orora completed the sale of its Australasian Fibre business to a wholly owned subsidiary of Nippon Paper Industries Co., Limited. The subsequent capital return and share consolidation approved by shareholders, required the Orora Board to consider any potential impact on Orora's employee equity incentive plans, under the rules governing those plans, to minimise or eliminate any material advantage or disadvantage to employees resulting from this. The Board determined there would be no change to PR, but the options on foot would be restructured. The restructure did not result in a material change to the quantum or exercise price of options awarded.

As indicated in the 2020 Remuneration Report, to ensure fair and equitable treatment to employees aligned to shareholders' interests, the Board exercised its discretion to re-base the EPS calculation for LTI grants with a vesting date of August 2021 and beyond to exclude the divested Australasian Fibre business. In October 2020, the Board reviewed the performance hurdles and gateways associated with the LTI plan and reset the RoAFE gateway and base EPS to an appropriate level for continuing businesses. The RoAFE gateway was reset from 12.5% to 15% for grants prior to FY21 to balance performance targets for the continuing businesses with the need to find new growth opportunities. The base EPS was reset to 15.2 cents (from 15.6 cents), 16.5 cents (from 17.4 cents) and 17.2 cents (from 18.0 cents) for the FY18, FY19 and FY20 grants respectively to reflect the size of Orora's continuing businesses. There was no change made to the vesting schedule or the performance thresholds required for vesting.

Remuneration report

There was no change made to the ATSR gateway and RTSR hurdle.

6.4. Options and Rights over equity instruments

The table below shows the DSR, PR and SO held by Executive KMP during the reporting period. Any rights that vest will automatically be exercised at no cost on or around the time that Orora notifies the participant of vesting. During the period no share options vested nor were any exercised by the Executive KMP.

					Vested		Lapsed		Unvested		
Type of equity	Grant date	Number granted	First date exercisable	Expiry date	Number	%	Number	%	Number	Fair value at grant	Exercise price
B P Lowe[1]											
DSR	15/09/2020	70,640	01/09/2022	01/09/2022	-	-	-	-	70,640	$2.14	-
DSR	13/09/2019	3,022	01/09/2021	01/09/2021	-	-	-	-	3,022	$2.65	-
DSR	14/09/2018	28,443	01/09/2020	01/09/2020	28,443	100%	-	-	-	$3.15	-
PR	28/10/2020	339,147	30/08/2024	01/09/2024	-	-	-	-	339,147	$1.81	-
PR	22/11/2019	270,900	31/08/2023	01/09/2023	-	-	-	-	270,900	$2.23	-
PR	22/10/2018	100,500	31/08/2022	30/08/2022	-	-	-	-	100,500	$1.91	-
PR	20/10/2017	122,000	30/08/2021	30/08/2021	-	-	-	-	122,000	$2.36	-
PR	20/10/2016	127,000	15/09/2020	15/09/2020	-	-	127,000	100%	-	$2.03	-
SO	22/10/2018	244,500	30/8/2022	30/08/2027	-	-	-	-	244,500	$0.38	$3.58
SO	20/10/2017	465,500	30/08/2021	30/08/2026	-	-	-	-	465,500	$0.63	$2.86
SO	20/10/2016	541,500	15/09/2020	30/08/2025	-	-	541,500	100%	-	$0.55	$2.08
S C Hughes											
PR	06/11/2020	183,000	30/06/2024	01/09/2024	-	-	-	-	183,000	$1.78	-
S G Hutton											
DSR	15/09/2020	34,234	01/09/2022	01/09/2022	34,234	100%	-	-	-	$2.14	-
DSR	13/09/2019	12,350	01/09/2021	01/09/2021	12,350	100%	-	-	-	$2.65	-
DSR	14/09/2018	28,559	01/09/2020	01/09/2020	28,559	100%	-	-	-	$3.15	-
PR	07/10/2020	188,500	30/06/2024	01/09/2024	-	-	188,500	100%	-	$1.54	-
PR	04/10/2019	150,600	31/08/2023	01/09/2023	-	-	150,600	100%	-	$1.69	-
PR	22/10/2018	99,500	30/08/2022	30/08/2022	-	-	49,750	50%	49,750	$1.91	-
PR	20/10/2017	122,000	30/08/2021	30/08/2021	-	-	30,500	25%	91,500	$2.36	-
PR	20/10/2016	127,000	15/09/2020	15/09/2020	-	-	127,000	100%	-	$2.03	-
SO	22/10/2018	243,000	30/08/2022	30/08/2027	-	-	121,500	50%	121,500	$0.38	$3.58
SO	20/10/2017	465,500	30/08/2021	30/08/2026	-	-	116,375	25%	349,125	$0.63	$2.86
SO	20/10/2016	541,500	15/09/2020	30/09/2025	-	-	541,500	100%	-	$0.55	$2.69

(1) B P Lowe was appointed Managing Director and Chief Executive Officer effective 1 October 2019 and was designated a KMP from this date. Grants prior to this date relate to his previous roles.

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Remuneration report

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6.5. Shareholdings

To strengthen alignment of the interests of Orora's executives and NED with shareholders, there is a minimum shareholding requirement (MSR).

Executive KMP shareholdings

The CEO and other executives are required to build and maintain a shareholding equivalent to 100% and 50% of FR respectively within six years of their appointment. Once the relevant MSR has been attained, executives must not dispose of Orora equity granted as incentive on or after 1 January 2014, where it will result in them holding less than the MSR.

Executive	Balance on 1 July 2020	Received on exercise of grant	Shares acquired during reporting period	Shares disposed of during reporting period	Closing balance on 30 June 2021	Value of total holdings as a % of FR
B P Lowe	670,191	28,443	-	(160,000)	538,634	141.6%
S C Hughes	-	-	55,000	-	55,000	37.6%
S G Hutton[1]	519,062	75,143	-	(512,515)	81,690	N/A

(1) S G Hutton retired as Chief Financial Officer effective 15 October 2020 and ceased to be designated as a KMP from this date. The closing balance of Mr Hutton's ordinary share holding in the above table represents the number of shares held at the date he ceased to be KMP.

Non-executive director shareholdings

The Board resolved in August 2020 to adopt an updated Board Charter that, amongst other things, specifies that Non-Executive directors will be expected to purchase Orora shares (at times when they are permitted to trade) to achieve a shareholding equivalent in value to one year's base fee remuneration within 5 years of joining the Board, or going forward, for existing NED, and thereafter to maintain at least that level of shareholding throughout their tenure.

NED	Balance on 1 July 2020	Shares acquired during reporting period	Shares disposed of during reporting period	Closing balance on 30 June 2021	Value of total holdings as a % of base fees
A R H Sindel	88,000	52,000	-	140,000	116.0%
A P Cleland	128,574	-	-	128,574	200.3%
T J Gorman	56,000	-	-	56,000	79.7%
S L Lewis	91,705	-	-	91,705	139.8%
J L Sutcliffe	131,355	-	-	131,355	204.6%

6.6. Executive KMP service agreements

The details of the contract terms for the executive KMP are disclosed below:

Type of contract	Permanent ongoing
Notice period	6 months
Termination payment	Greater of amount payable required by law and payments in lieu of notice (total termination payment must not exceed 12 months' FR)

6.7. Transactions with KMP

No other transactions occurred between KMP and the Group during the reporting period.

6.8. Loans to KMP or related parties

No loans to KMP or related parties were provided during the reporting period.

Directors' Declaration

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



A R SINDEL
CHAIR

19 August 2021

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Auditor's Independence Declaration

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Orora Limited for the year ended 30 June 2021, I declare that 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; and

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

This declaration is in respect of Orora Limited and the entities it controlled during the period.



ANTON LINSCHOTEN
PARTNER
PricewaterhouseCoopers

Melbourne
19 August 2021

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Financial Report

This is the financial report of Orora Limited (the Company) and its subsidiaries (collectively referred to as the Group).

The financial report has been prepared in a style that attempts to make the report less complex and more relevant to shareholders. The note disclosures have been grouped into a number of sections with each section also including details of the accounting policies applied in producing the relevant note, along with details of any key judgements and estimates used.

Notes to the financial statements provide information required by statute, accounting standards or Listing Rules to explain a particular feature of the financial statements. The notes which follow also provide explanation and additional disclosures to assist readers in their understanding and the interpretation of the Annual Report and the financial statements.

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Income Statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

$ million	Note	2021	2020[1]
Continuing Operations			
Sales revenue	1.1	**3,538.0**	3,566.2
Cost of sales		**(2,863.8)**	(2,912.7)
Gross profit		**674.2**	653.5
Other income	1.4	**3.6**	4.8
Sales and marketing expenses		**(201.5)**	(213.9)
General and administration expenses		**(265.8)**	(358.3)
Profit from operations[2]		**210.5**	86.1
Finance income	1.4	**0.2**	0.6
Finance expenses	1.5	**(33.0)**	(51.1)
Net finance costs		**(32.8)**	(50.5)
Profit before related income tax expense		**177.7**	35.6
Income tax expense	4.1	**(48.0)**	(9.0)
Profit from continuing operations		**129.7**	26.6
Discontinued Operations[3]			
Profit from discontinued operations, net of tax	6.2	**6.1**	212.3
Profit for the financial period attributable to the owners of Orora Limited		**135.8**	238.9
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of Orora Limited			
Basic earnings per share	1.3	**14.0**	2.8
Diluted earnings per share	1.3	**13.9**	2.7
Earnings per share for profit attributable to the ordinary equity holders of Orora Limited[3]			
Basic earnings per share	1.3	**14.6**	24.8
Diluted earnings per share	1.3	**14.5**	24.6

(1) In response to the International Financial Reporting Interpretation Committee (IFRIC) agenda decision regarding the accounting of upfront configuration and customisation costs incurred in implementing Systems-as-a-Service (SaaS) arrangements the Group has revised its accounting policy in respect of the treatment of these costs. The change in accounting policy has been applied retrospectively and the historical information restated to account for the impact of the change, refer note 7.8.1 for further information.

(2) Profit from continuing operations for the current period includes a significant item expense of $38.6 million (after tax $27.0 million) relating to additional expected costs associated with the decommissioning of the Petrie site. In the comparative period the profit from continuing operations, includes a significant item expense of $137.2 million (after tax $100.1 million) relating to restructuring activities and recoverable asset impairment charges in North America. Refer note 1.2 for further details of the significant items.

(3) On 30 April 2020, the Group completed the sale of its Australasian Fibre business, refer note 6.2. Accordingly, the financial results of this business are presented separately as a discontinued operation within this income statement. The earnings per share includes the after tax net gain on sale of $6.1 million (2020: $171.7 million) recognised in respect of the sale of the Australasian Fibre business.

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

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Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

$ million	Note	2021	2020
Profit for the financial period		**135.8**	238.9
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss:			
Cash flow hedge reserve			
Unrealised gain/(losses) on cash flow hedges	2.4.2	**2.9**	(5.0)
Realised loss/(gain) transferred to profit or loss	2.4.2	**5.7**	(0.9)
Realised gains transferred to non-financial assets	2.4.2	**-**	(0.1)
Income tax relating to these items		**(2.4)**	1.8
Exchange fluctuation reserve			
Exchange differences on translation of foreign operations		**(42.9)**	10.4
Net investment hedge of foreign operations		**7.5**	(35.6)
Net investment hedge reclassified to profit or loss on disposal of foreign operation		**-**	12.1
Tax effect		**-**	(3.8)
Other comprehensive expense for the financial period, net of tax		**(29.2)**	(21.1)
Total comprehensive income for the financial period attributable to the owners of Orora Limited		**106.6**	217.8
Total comprehensive income for the financial period attributable to the owners of Orora Limited arises from:			
Continuing operations		**100.5**	(2.2)
Discontinued operations	6.2	**6.1**	220.0
		106.6	217.8

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

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Statement of Financial Position

AS AT 30 JUNE 2021

$ million	Note	2021	2020[1]
Current assets			
Cash and cash equivalents	2.3	**50.6**	107.3
Trade and other receivables	3.1	**498.4**	460.5
Inventories	3.2	**399.1**	412.9
Derivatives	5.4	**4.2**	1.0
Other current assets	3.4	**28.5**	36.2
Current tax receivable		**-**	37.5
Total current assets		**980.8**	1,055.4
Non-current assets			
Property, plant and equipment	3.5	**627.5**	671.7
Right-of-use assets	3.6	**200.5**	217.3
Deferred tax assets	4.2	**26.2**	13.9
Goodwill and intangible assets	3.7	**411.2**	434.0
Derivatives	5.4	**0.5**	0.9
Other non-current assets	3.4	**77.9**	105.0
Total non-current assets		**1,343.8**	1,442.8
Total assets		**2,324.6**	2,498.2
Current liabilities			
Trade and other payables	3.3	**650.8**	663.5
Lease liabilities	2.3, 3.6	**48.0**	50.8
Derivatives	5.4	**2.3**	7.0
Current tax liabilities		**16.9**	-
Provisions	3.9	**88.3**	95.8
Total current liabilities		**806.3**	817.1
Non-current liabilities			
Other payables	3.3	**1.8**	-
Borrowings	2.3	**503.5**	399.4
Lease liabilities	2.3, 3.6	**204.8**	228.6
Derivatives	5.4	**0.4**	1.9
Deferred tax liabilities	4.2	**6.8**	-
Provisions	3.9	**32.4**	21.0
Total non-current liabilities		**749.7**	650.9
Total liabilities		**1,556.0**	1,468.0
NET ASSETS		**768.6**	1,030.2
Equity			
Contributed equity	2.4.1	**127.4**	335.2
Treasury shares	2.4.1	**(46.6)**	(1.6)
Reserves	2.4.2	**107.6**	139.2
Retained earnings	2.4.3	**580.2**	557.4
TOTAL EQUITY		**768.6**	1,030.2

(1) In response to the International Financial Reporting Interpretation Committee (IFRIC) agenda decision regarding the accounting of upfront configuration and customisation costs incurred in implementing Systems-as-a-Service (SaaS) arrangements the Group has revised its accounting policy in respect of the treatment of these costs. The change in accounting policy has been applied retrospectively and the historical information restated to account for the impact of the change, refer note 7.8.1 for further information.

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		Attributable to owners of Orora Limited						
$ million	Note	Contributed equity	Cash flow hedge reserve	Share-based payment reserve	Demerger reserve	Exchange fluctuation reserve	Retained earnings	Total equity
Balance at 1 July 2019		484.1	(0.2)	15.5	132.9	16.5	995.7	1,644.5
Impact of change in intangible asset policy[1]	7.8.1	-	-	-	-	-	(0.8)	(0.8)
Impact of change in lease accounting policy[2]	7.8.2	-	-	-	-	-	(69.8)	(69.8)
Restated balance at 1 July 2019		484.1	(0.2)	15.5	132.9	16.5	925.1	1,573.9
Net profit for the financial period	2.4.3	-	-	-	-	-	238.9	238.9
Other comprehensive income/(expense):								
Unrealised loss on cash flow hedges	2.4.2	-	(5.0)	-	-	-	-	(5.0)
Realised gains transferred to profit or loss	2.4.2	-	(0.9)	-	-	-	-	(0.9)
Realised gains transferred to non-financial assets	2.4.2	-	(0.1)	-	-	-	-	(0.1)
Exchange differences on translation of foreign operations		-	-	-	-	(13.1)	-	(13.1)
Deferred tax		-	1.8	-	-	(3.8)	-	(2.0)
Total other comprehensive expense		-	(4.2)	-	-	(16.9)	-	(21.1)
Transactions with owners in their capacity as owners:								
Capital return	2.4.1	(149.6)	-	-	-	-	-	(149.6)
Purchase of treasury shares	2.4.1	(18.6)	-	-	-	-	-	(18.6)
Proceeds received from employees on exercise of options	2.4.1	8.0	-	-	-	-	-	8.0
Shares used to settle Team Member Share Plan issue	2.4.1	0.7	-	-	-	-	-	0.7
Settlement of options and performance rights	2.4.1	9.0	-	(9.0)	-	-	-	-
Share-based payment expense	7.1	-	-	4.6	-	-	-	4.6
Dividends paid	2.2	-	-	-	-	-	(606.6)	(606.6)
Balance at 30 June 2020		**333.6**	**(4.4)**	**11.1**	**132.9**	**(0.4)**	**557.4**	**1,030.2**
Net profit for the financial period	2.4.3	**-**	**-**	**-**	**-**	**-**	**135.8**	**135.8**
Other comprehensive income/(expense):								
Unrealised gain on cash flow hedges	2.4.2	**-**	**2.9**	**-**	**-**	**-**	**-**	**2.9**
Realised losses transferred to profit or loss	2.4.2	**-**	**5.7**	**-**	**-**	**-**	**-**	**5.7**
Exchange differences on translation of foreign operations		**-**	**-**	**-**	**-**	**(35.4)**	**-**	**(35.4)**
Deferred tax		**-**	**(2.4)**	**-**	**-**	**-**	**-**	**(2.4)**
Total other comprehensive income/(expense)		**-**	**6.2**	**-**	**-**	**(35.4)**	**-**	**(29.2)**
Transactions with owners in their capacity as owners:								
Share buy-back	2.4.1	**(256.2)**	**-**	**-**	**-**	**-**	**-**	**(256.2)**
Purchase of treasury shares	2.4.1	**(0.9)**	**-**	**-**	**-**	**-**	**-**	**(0.9)**
Proceeds received from employees on exercise of options	2.4.1	**1.0**	**-**	**-**	**-**	**-**	**-**	**1.0**
Settlement of options and performance rights	2.4.1	**3.3**	**-**	**(3.3)**	**-**	**-**	**-**	**-**
Share-based payment expense	7.1	**-**	**-**	**0.9**	**-**	**-**	**-**	**0.9**
Dividends paid	2.2	**-**	**-**	**-**	**-**	**-**	**(113.0)**	**(113.0)**
Balance at 30 June 2021		**80.8**	**1.8**	**8.7**	**132.9**	**(35.8)**	**580.2**	**768.6**

(1) In response to the International Financial Reporting Interpretation Committee (IFRIC) agenda decision regarding the accounting of upfront configuration and customisation costs incurred in implementing Systems-as-a-Service (SaaS) arrangements the Group has revised its accounting policy in respect of the treatment of these costs. The change in accounting policy has been applied retrospectively and the historical information restated to account for the impact of the change, refer note 7.8.1 for further information.

(2) In the comparative period the Group initially applied AASB 16 *Leases* using the modified retrospective approach from 1 July 2019. Refer note 7.8.2 for further information.

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

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Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

$ million	Note	2021	2020[1]
Cash flows from/(used in) operating activities			
Profit for the financial period from continuing operations		**129.7**	26.6
Depreciation	1.5	**112.3**	113.8
Amortisation of intangible assets	1.5	**7.9**	11.5
Net finance costs		**32.8**	50.5
Net gain on disposal of non-current assets		**1.9**	1.0
Fair value (gain)/loss on financial instruments at fair value through income statement		**(0.2)**	0.2
Share-based payment expense	7.1	**0.9**	4.6
Net impairment losses and other sundry items		**24.4**	30.3
Restructuring and decommissioning expense	1.2	**38.6**	137.2
Income tax expense		**48.0**	9.0
Operating cash inflow before changes in working capital and provisions		**396.3**	384.7
- (Increase)/Decrease in prepayments and other operating assets		**17.1**	(0.7)
- (Decrease)/Increase in provisions		**(24.4)**	(2.4)
- (Increase)/Decrease in trade and other receivables		**(81.5)**	20.9
- (Increase)/Decrease in inventories		**(17.9)**	(23.1)
- Increase/(Decrease) in trade and other payables		**12.0**	(139.4)
		301.6	240.0
Interest received		**0.2**	0.6
Interest and borrowing costs paid		**(32.7)**	(51.9)
Income tax received/(paid)		**1.5**	(49.1)
Net cash inflow from continuing operating activities		**270.6**	139.6
Net cash used in discontinued operating activities	6.2	**-**	(121.9)
Net cash inflow from operating activities		**270.6**	17.7
Cash flows from/(used in) investing activities			
(Granting)/repayment of loans to associated companies and other persons		**(0.1)**	0.2
Payments for acquisition of controlled entities and businesses, net of cash acquired		**(1.9)**	(8.0)
Payments for property, plant and equipment and intangible assets		**(57.1)**	(116.2)
Proceeds on disposal of non-current assets		**1.9**	10.0
Net cash flows used in continuing investing activities		**(57.2)**	(114.0)
Net cash flows from discontinued investing activities	6.2	**20.7**	1,589.7
Net cash flows (used in)/from investing activities		**(36.5)**	1,475.7
Cash flows from/(used in) financing activities			
Capital return	2.4.1	**-**	(149.6)
Proceeds from exercise of employee share options	2.4.1	**1.0**	8.0
Share buyback	2.4.1	**(256.2)**	-
Payments for treasury shares	2.4.1	**(0.9)**	(18.6)
Proceeds from borrowings		**1,165.6**	1,826.4
Repayment of borrowings		**(1,033.8)**	(2,538.6)
Principal lease repayments		**(48.9)**	(52.1)
Dividends paid and other equity distributions	2.2	**(113.0)**	(606.6)
Net cash flows used in continuing financing activities		**(286.2)**	(1,531.1)
Net cash from discontinued financing activities	6.2	**-**	77.5
Net cash flows used in financing activities		**(286.2)**	(1,453.6)
Net (decrease)/increase in cash held		**(52.1)**	39.8
Cash and cash equivalents at the beginning of the financial period		**107.3**	70.3
Effects of exchange rate changes on cash and cash equivalents		**(4.6)**	(2.8)
Cash and cash equivalents at the end of the financial period[2]	2.3	**50.6**	107.3

(1) In response to the International Financial Reporting Interpretation Committee (IFRIC) agenda decision regarding the accounting of upfront configuration and customisation costs incurred in implementing Systems-as-a-Service (SaaS) arrangements the Group has revised its accounting policy in respect of the treatment of these costs. The change in accounting policy has been applied retrospectively and the historical information restated to account for the impact of the change, refer note 7.8.1 for further information.

(2) For the purpose of the Cash Flow Statement, cash and cash equivalents includes cash on hand and at bank and short-term money market investments, net of outstanding bank overdrafts. Refer note 2.3 for details of the financing arrangements of the Group.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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ABOUT THIS REPORT

Orora Limited (the Company) is a for-profit entity for the purposes of preparing this financial report and is domiciled in Australia. The Company and its subsidiaries (collectively referred to as the Group) are primarily involved in the manufacture and supply of packaging products and services to grocery, fast moving consumer goods and industrial markets.

This financial report is a general purpose financial report which:

- has been prepared in accordance with Australian Accounting Standards (AASBs), including Australian Accounting Interpretations adopted by the AASB, and the *Corporations Act 2001*. The financial report of the Group also complies with International Financial Reporting Standards (IFRSs) and Interpretations as issued by the International Accounting Standards Board (IASB);
- has been prepared under the historical cost basis except for financial instruments which have been measured at fair value. Non-derivative financial instruments are measured at fair value through the income statement;
- is presented in Australian dollars with values rounded to the nearest $100,000 unless otherwise stated, in accordance with the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191;
- presents reclassified comparative information where required for consistency with the current period presentation;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2020 (refer note 7.8);
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective; and
- has applied Group accounting policies consistently to all periods presented.

This general purpose financial report for the Group for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 19 August 2021. The Directors have the power to amend and reissue the financial report.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its controlled entities. Details of the controlled entities (subsidiaries) of the Company are contained in note 6.1.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that the Group obtains control until the date that control ceases. The subsidiary financial statements are prepared for the same reporting period as the parent company, using consistent accounting policies and all balances and transactions between entities included within the Group are eliminated.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting when control is obtained by the Group.

FOREIGN CURRENCY

Items included in the financial statements of each of the entities included within the Group are measured using the currency of the economic environment in which the entity primarily generates and expends cash (the 'functional currency'). These financial statements are presented in Australian dollars, which is the functional and reporting currency of the Company, Orora Limited.

Transactions in foreign currencies are initially recorded in the functional currency of the entity using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Foreign exchange gains and losses arising from the translation of the monetary assets and liabilities, or from the settlement of foreign currency transactions, are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges or net investment hedges. The amounts deferred in equity in respect of cash flow hedges are recognised in the income statement when the hedged item affects profit or loss and for net investment hedges when the investment is disposed of.

As at the reporting date, the assets and liabilities of entities within the Group that have a functional currency different from the presentation currency, are translated into Australian dollars at the rate of exchange at the balance sheet date and the income statements are translated at the average exchange rate for the year. The exchange differences arising on the balance sheet translation are taken directly to a separate component of equity in the Exchange Fluctuation Reserve.

JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

The areas involving a higher degree of judgement or complexity are set out below and in more detail in the related notes:

Page		
95	Note 3.6	Leases
100	Note 3.8	Impairment of non-financial assets
102	Note 3.9	Provisions
105	Note 4	Income tax
115	Note 5.4	Hedging instruments
125	Note 7.3	Commitments and contingent liabilities

OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarise the measurement basis used, and are relevant to an understanding of the financial statements, are provided throughout the notes to the financial statements.

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CURRENT PERIOD SIGNIFICANT EVENTS

Dividend

During the financial year the Group paid an unfranked FY20 final dividend of $53.1 million at 5.5 cents per ordinary share and an unfranked FY21 interim dividend of $59.9 million at 6.5 cents per ordinary share.

Since 30 June 2021 the Directors have determined a final dividend for FY21 of $65.7 million, unfranked, of 7.5 cents per ordinary share. Refer note 2.2 for further details.

Share buyback

On 20 August 2020, the Group announced an on-market buyback of up to 10.0% of issued share capital. This represented approximately 96.5 million shares. The buyback commenced in September 2020.

The share buyback ceased on 30 June 2021. During the period ordinary shares totalling 89,337,073 were purchased on-market through the share buyback for a total value of $256.2 million, representing 9.3% of the share capital at the date the share buyback was announced. Refer note 2.4. The Dividend Reinvestment Plan was suspended while the on-market buyback was undertaken.

Coronavirus (COVID-19) pandemic

The Group's response to the COVID-19 pandemic continues to be guided by local government and health advice across each jurisdiction in which Orora operates. The Group has implemented a number of measures to mitigate the effects of COVID-19. The business continues to prioritise key focus areas including: safety, health and wellbeing of our people; ensuring continuity and quality of supply with customers and preserving ongoing supply chains, and active financial management.

Refinancing

During the year ended 30 June 2021, the Group successfully refinanced its $350.0 million Global Syndicated Facility, that was due to mature in April 2022. The refinanced facility will mature in November 2024. There were no material changes to the banking syndicate counterparties or commercial terms.

Reflecting the strength of the Group's liquidity position, a $25.0 million bilateral facility that had been established during the year ended 30 June 2020, was allowed to lapse upon its maturity in March 2021. In addition, a separate $35.0 million bilateral facility that was due to mature in July 2021 has been converted to a $50.0 million uncommitted credit line that will mature in May 2022.

Decommissioning costs

The Group has recognised a significant item expense of $38.6 million (after tax $27.0 million) relating to additional costs associated with the decommissioning of the former Petrie Mill site. This significant item expense is presented in 'general and administration' expense. The decommissioning of the Petrie site is progressing, but continues to be a significant and complex exercise involving multiple government agencies. Recent significant developments associated with the unprecedented rainfall levels in Queensland and unforeseen complexities related to the remediation of the remaining and most technically complex areas of the site, have resulted in delays and caused estimated costs to complete the remaining decommissioning to be higher than previously contemplated. The Group continues to engage a specialist environmental consulting firm to manage the completion of the remaining remediation works. The provision at 30 June 2021 (refer note 3.9), represents management's best estimate in respect of the anticipated costs to complete the remediation, using all currently available information and considering applicable legislative and environmental regulations.

Change in accounting policy

In response to the International Financial Reporting Interpretation Committee (IFRIC) agenda decision regarding the accounting of upfront configuration and customisation costs incurred in implementing Systems-as-a-Service (SaaS) arrangements, the Group has revised its accounting policy in respect of the treatment of these costs.

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period.

The change in accounting policy has been applied retrospectively and historical financial information restated. The restatement resulted in a reduction to intangible assets and retained earnings of $0.8 million as at 1 July 2019; the net impact of the accounting policy change on the comparative period income statement was a reduction of $1.0 million, for the current reporting period a reduction of $0.7 million. Refer note 7.8.1 for further information regarding the accounting policy change.

THE NOTES TO THE FINANCIAL STATEMENTS

The following notes include information which is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant due to its size or nature or the information:

- is important for understanding the Group's current period results;
- provides an explanation of significant changes in the Group's business – for example, business acquisitions; or
- relates to an aspect of the Group's operations that are important to its future performance.

The notes are organised into the following sections:

- *Results for the year* – provides details on the results and performance of the Group for the year;
- *Capital structure and financing* – outlines how the Group manages its capital structure and related financing activities;
- *Assets and liabilities* – provides details of the assets used to generate the Group's trading performance and the liabilities incurred as a result;
- *Income tax* – provides information on the Group's tax position and the current and deferred tax charges or credits in the year;
- *Financial risk management* – provides information on how the Group manages financial risk exposures associated with holding financial instruments;
- *Group structure* – explains the characteristics of and changes within the Group structure during the year;
- *Other notes to the financial statements* – provides additional financial information required by accounting standards and the *Corporations Act 2001*, including details of the Group's employee reward and recognition programs and unrecognised items.

Section 1: Results for the year

IN THIS SECTION

This section focuses on the results and performance of the Group. On the following pages you will find disclosures explaining the Group's results for the year, segment information, significant items and earnings per share.

This section also analyses the Group's profit before tax by reference to the activities performed by the Group and an analysis of key operating costs. Earnings before significant items, interest and related income tax expense (EBIT) is a key profit indicator for the Group. This measure excludes discontinued operations and the effects of individual significant non-recurring gains/losses that may have an impact on the quality of earnings, and reflects the way the business is managed and how the Directors assess the performance of the Group.

1.1. Segment results

The Group's operating segments are organised and managed according to their geographical location. Each segment represents a strategic business that offers different products and operates in different industries and markets. The Corporate Executive Team, the chief operating decision makers (CODM), monitor the operating results of the business separately for the purpose of making decisions about resource allocation and performance assessment.

The following segment information has been presented for continuing operations only. Refer note 6.2 for the financial results and position of the divested Australasian Fibre business.

The following summary describes the operations of each reportable segment.

Orora Australasia

This segment focuses on the manufacture of beverage packaging products within Australia and New Zealand. The products manufactured by this segment include glass bottles, beverage cans and wine closures.

Orora North America

This segment, predominately located in North America, purchases, warehouses, sells and delivers a wide range of packaging and other related materials. The business also includes integrated corrugated sheet and box manufacturing and equipment sales capabilities and point of purchase retail display solutions and other visual communication services.

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The results of the reportable segments for the year ended 30 June 2021 and 30 June 2020 are set out below:

	Australasia		North America		Total Reported	
$ million	2021	2020	2021	2020	2021	2020
Reportable segment revenue						
Total reportable segment revenue from continuing operations[1]	**834.1**	785.9	**2,703.9**	2,780.3	**3,538.0**	3,566.2
Reportable segment earnings						
Earnings before significant items, interest, tax, depreciation and amortisation	**197.8**	191.5	**171.5**	157.1	**369.3**	348.6
Depreciation and amortisation	**(47.5)**	(44.9)	**(72.7)**	(80.4)	**(120.2)**	(125.3)
Earnings before significant items, interest and tax	**150.3**	146.6	**98.8**	76.7	**249.1**	223.3
Allocated finance expense - lease liabilities interest	**(0.7)**	(0.9)	**(9.8)**	(12.5)	**(10.5)**	(13.4)
Earnings before significant items, unallocated interest and tax	**149.6**	145.7	**89.0**	64.2	**238.6**	209.9
Capital spend on the acquisition of property, plant and equipment and intangibles	**34.2**	93.4	**22.9**	22.8	**57.1**	116.2
Receivables	**150.3**	100.7	**338.9**	343.4	**489.2**	444.1
Inventory	**195.4**	193.4	**203.7**	219.5	**399.1**	412.9
Payables	**(262.7)**	(237.8)	**(380.7)**	(393.4)	**(643.4)**	(631.2)
Total reportable segment working capital	**83.0**	56.3	**161.9**	169.5	**244.9**	225.8
Average funds employed[2]	**590.8**	543.8	**659.7**	858.7	**1,250.5**	1,402.5
Operating free cash flow[3]	**129.5**	99.4	**82.7**	28.3	**212.2**	127.7

(1) Represents total revenue from external customers. Across all segments, in accordance with AASB 15 *Revenue from Contracts with Customers*, the timing of revenue recognition materially occurs at a point in time.

(2) Average funds employed excludes intersegment balances and represents net assets less net debt and assets under construction, at the beginning and end of the reporting period.

(3) Operating free cash flow represents the cash flow generated from the Group's operating and investing activities, including lease payments but before interest, tax and dividends. In the current period the operating free cash flow of the Australasia segment includes an outflow of $28.4 million (2020: $20.6 million) representing expenditure on the decommissioning of the Petrie site, refer note 1.2.

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Section 1: Results for the year (continued)

1.1 Segment results (continued)

Accounting policies

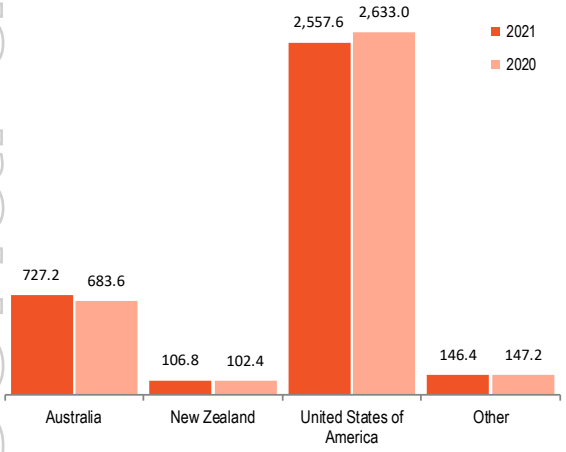
Segment performance is evaluated based on earnings before significant items, interest and related income tax expense (EBIT). This measure excludes the effects of significant items which are typically gains or losses arising from events that are not considered part of the core operations of the business whilst including items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

Interest income and expenditure and other finance costs, other than interest on lease liabilities, are not allocated to the segments, as this type of activity is managed at the Group level. Transfer prices between segments are priced on an 'arm's-length' basis, in a manner similar to transactions with third parties, and are eliminated on consolidation.

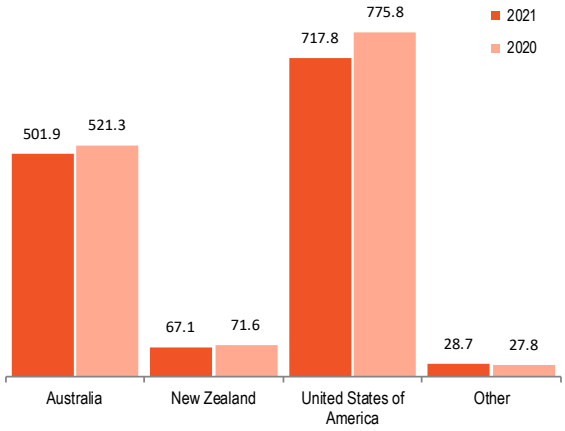
Geographical segments

In presenting information on the basis of geographical location both segment revenue and non-current assets are based on the location of the Orora business. This information has been presented for continuing operations only.

Revenue
$m



Non-current assets(1)
$m



(1) Non-current assets exclude deferred tax assets and non-current financial instruments.

Revenue by product

$ million	2021	2020
Fibre and paper-based packaging	**749.5**	672.0
Beverage packaging	**834.0**	785.9
Traded packaging products	**1,954.5**	2,108.3
Total sales revenue	**3,538.0**	3,566.2

No single customer, within an operating segment, generates revenue greater than 10% of the Group's total revenues.

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Reconciliation of segmental measures

The following segmental measurements reconcile to the financial statements as follows:

Profit before related income tax expense

$ million	2021	2020
Reported segment earnings	**238.6**	209.9
Significant items before related income tax (refer note 1.2)	**(38.6)**	(137.2)
Unallocated net finance costs	**(22.3)**	(37.1)
Profit before related income tax expense	**177.7**	35.6

Capital spend on the acquisition of property, plant and equipment and intangibles

$ million	2021	2020
Reported segment capital spend	**57.1**	116.2
Capital spend of discontinued operations	**-**	50.2
Total group capital spend	**57.1**	166.4
Movement in capital creditors	**1.9**	-
Movement in prepaid capital items	**1.8**	(0.7)
Other non-cash adjustments	**(3.5)**	0.9
Acquisition of property, plant and equipment and intangibles for total operations[1]	**57.3**	166.6

(1) Refer notes 3.5 and 3.7, excludes balances acquired through business combinations.

Operating free cash flow

$ million	2021	2020
Reported segment operating free cash flow	**212.2**	127.7
Add back capital expenditure activities included in segment operating free cash flow	**30.0**	46.8
Add back principal lease repayments included in segment operating free cash flow	**48.9**	52.1
Less operating activities excluded from operating free cash flow:		
Interest received	**0.2**	0.6
Interest and borrowing costs paid	**(22.2)**	(38.5)
Income tax received/(paid)	**1.5**	(49.1)
Net cash flows from operating activities	**270.6**	139.6

Section 1: Results for the year (continued)

1.1 Segment results (continued)

Working capital

$ million	2021	2020
Reported segment working capital	**244.9**	225.8
Add/(less) amounts included in working capital for management reporting purposes:		
Derivatives	**(1.9)**	6.0
Add/(less) amounts excluded from working capital for management reporting purposes:		
Net capital receivables and payables	**30.3**	11.5
Loan receivables and other assets	**0.1**	-
Other payables	**(7.5)**	(6.3)
	265.9	237.0
Reconciles to the financial statements as follows:		
Trade and other receivables (note 3.1)	**498.4**	460.5
Inventories (note 3.2)	**399.1**	412.9
Trade and other payables (note 3.3)	**(650.8)**	(663.5)
Current prepayments (note 3.4)	**19.2**	27.1
	265.9	237.0

1.2. Significant items

Significant items are typically gains or losses arising from events that are not considered part of the core operations of the business.

	2021			2020		
$ million	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Continuing operations						
Restructuring and asset impairment	-	-	-	(31.0)	8.4	(22.6)
Recoverable amount impairment	-	-	-	(106.2)	28.7	(77.5)
Decommissioning costs	**(38.6)**	**11.6**	**(27.0)**	-	-	-
	(38.6)	**11.6**	**(27.0)**	(137.2)	37.1	(100.1)
Discontinuing operations						
Net profit on sale of Australasian Fibre businesses	**1.5**	**4.6**	**6.1**	164.0	7.7	171.7
	1.5	**4.6**	**6.1**	164.0	7.7	171.7
Total significant item (expense)/income	**(37.1)**	**16.2**	**(20.9)**	26.8	44.8	71.6

2021

Decommissioning costs

Following ongoing project review and reassessment of remediation requirements, additional costs associated with the decommissioning of the former Petrie Mill site of $38.6 million ($27.0 million after tax) have been recognised in respect of estimated costs to complete. This expense has been recognised as a significant item and is presented in 'general and administration' expense. The decommissioning of the Petrie site is progressing, but continues to be a significant and complex exercise involving multiple government agencies. Recent significant developments associated with the unprecedented rainfall levels in Queensland and unforeseen complexities related to the remediation of the remaining and most technically complex areas of the site have resulted in delays and caused estimated costs to complete the remaining decommissioning to be higher than previously contemplated. The Group continues to engage a specialist environmental consulting firm to manage the completion of the remaining remediation works. The provision at 30 June 2021 (refer note 3.9) represents management's best estimate in respect of the anticipated costs to complete the remediation, using all currently available information and considering applicable legislative and environmental regulations.

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Net profit on sale of Australasian Fibre business

On 29 September 2020, the Group finalised the post-close completion accounts process with regards to the divestment of the Australasian Fibre business including finalisation of the tax position of the sale, resulting in the recognition of an incremental net gain on disposal of $11.3 million (after tax $12.8 million). This gain has been offset by the recognition of additional costs and obligations associated with the sale totalling $9.8 million (after tax $6.7 million).

2020

Restructuring and asset impairment

In the comparative period, the majority of the restructuring and asset impairment expense ($20.7 million before tax) was the result of the decision to close the Orora Visual Los Angeles site as part of a rationalisation of the California footprint in response to the business' performance being below expectations. This included impairments of property, plant and equipment of $9.4 million and provisions for redundancy, restructuring and relocation costs of $11.3 million. The remainder of the restructuring and asset impairment charge related to the write-off of investments no longer considered recoverable as a result of the impacts of COVID-19 and restructuring charges incurred to improve business performance. The significant item has been presented in 'general and administration expenses' in the income statement.

Recoverable amount impairments

In the comparative period, the Group recognised an impairment to the carrying value of the Orora Visual cash generating unit (CGU) of $106.2 million ($77.5 million after tax). The decrease in the estimated recoverable amount compared to prior years reflected the difficulty of management turnaround initiatives, implemented to address the below expectations business performance, to gain traction which was materially compounded by the impact of COVID-19. Whilst the majority of Orora's businesses were resilient during COVID-19, many of the end market segments serviced by Orora Visual were more significantly impacted and uncertainty remained over the timing of recovery of these markets. These factors contributed to a lower estimation of future cash flows attributable to this business resulting in the impairment charge. The impairment was recognised in respect of Orora Visual goodwill ($89.4 million), other intangible assets ($7.3 million) and property, plant and equipment ($9.5 million). The significant item has been presented in 'general and administration expenses' in the income statement, refer note 3.8.

Net profit on sale of Australasian Fibre business

On 30 April 2020, the Group completed the sale of its Australasian Fibre business to a wholly owned subsidiary of Nippon Paper Industries Co., Limited, with net proceeds of $1,637.0 million received in the period to 30 June 2020. The net gain on disposal, before tax, of $164.0 million ($171.7 million after tax) was presented net of transaction costs, exchange fluctuation reserve reclassified on disposal, write-off of Group assets relating to the Fibre business, allowances for post-close completion accounts adjustments and provisions for indemnities. The net gain on disposal was recognised and presented in the 'profit from discontinued operations, net of tax' in the income statement. Refer note 6.2 for further details of the divestment.

1.3. Earnings per share (EPS)

Earnings per share (EPS) is the amount of post-tax profit attributable to each share.

Basic EPS is calculated on the Group profit for the year attributable to ordinary shareholders of the Company of $135.8 million (2020: $238.9 million) divided by the weighted average number of shares on issue during the reporting period, excluding ordinary shares purchased by the Company and held as Treasury Shares, being 928.3 million (2020: 964.1 million).

Diluted EPS reflects any commitments made by the Group to issue shares in the future and so it includes the effect of the potential conversion of share options and rights granted to employees. To calculate the impact it is assumed that all share options and rights are exercised and new shares are issued.

Basic and Diluted EPS, before significant items, is presented below in order to show the business performance of the Group in a consistent manner and reflect how the business is managed and measured on a day-to-day basis. It is also a measure that is considered by the Board in determination of dividend payments.

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Section 1: Results for the year (continued)

1.3 Earnings per share (EPS) (continued)

Calculation of EPS

Calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

EPS attributable to the ordinary equity holders of Orora Limited

million	2021	2020
Continuing operations		
Profit for the financial period from continuing operations before significant items	**$156.7**	$126.7
Significant items (refer note 1.2)	**($27.0)**	($100.1)
	$129.7	$26.6
Discontinued operations		
Profit for the financial period from discontinued operations before significant items (refer note 6.2)	**-**	$40.6
Significant items (refer note 1.2)	**$6.1**	$171.7
	$6.1	$212.3
Profit for the financial period	**$135.8**	$238.9
Weighted average number of ordinary shares for basic earnings per share	**928.3**	964.1
Dilution due to share options and rights	**5.3**	6.9
Weighted average number of ordinary shares for diluted earnings per share	**933.6**	971.0
Earnings per share for continuing operations		
Basic earnings per share	**14.0c**	2.8c
Diluted earnings per share	**13.9c**	2.7c
Basic earnings per share, before significant items	**16.9c**	13.1c
Diluted earnings per share, before significant items	**16.8c**	13.1c
Earnings per share		
Basic earnings per share[(1)]	**14.6c**	24.8c
Diluted earnings per share[(1)]	**14.5c**	24.6c
Basic earnings per share, before significant items	**16.9c**	17.4c
Diluted earnings per share, before significant items	**16.8c**	17.2c

(1) Earnings per share includes the after-tax net gain on sale of $6.1 million (2020: $171.7 million) recognised in respect of the sale of the Australasian Fibre business, refer note 6.2.

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1.4. Income

The information presented in this note is for continuing operations only.

$ million	2021	2020
Revenue from sale of goods	**3,538.0**	3,566.2
Sub-lease income	**0.6**	1.3
Other	**3.0**	3.5
Total other income	**3.6**	4.8
External interest income	**0.2**	0.6
Total finance income	**0.2**	0.6

Accounting policies

The Group generates revenue primarily from the sale of packaging materials and products providing customers with an extensive range of tailored packaging and visual communication solutions.

The Group provides standard packaging materials to its customers as well as customer specific (made-to-order) packaging products. The Group also sources and provides packaging equipment/solutions to customers who enter into long-term agreements under bundled contract arrangements.

Revenue is recognised when control of the goods or services are transferred to the customer and the Group's right to payment arises. Revenue is measured on the consideration to which the Group expects to be entitled to in a contract with a customer.

For certain customers the Group provides retrospective rebates once the quantity of product purchased during the period exceeds a threshold specified in the contract. For contracts that include rebates the amount of revenue recognised is adjusted to the anticipated rebates payable, which is based on the purchase history of the customer.

Standard packaging products

Customers obtain control of standard packaging products when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time with payment terms varying depending on the customer, ranging from 30 to 90 days.

Some contracts allow for volume discounts/rebates.

Made-to-order packaging products

Made-to-order packaging products are usually long-term contracts which contain several elements. In the vast majority of cases these elements represent only one performance obligation to the customer.

In some cases the Group produces these products in advance of delivery. Typically control over these goods remain with the Group until shipment or when the customer takes physical possession of the goods. The right to payment arises only at the point in time when control over the good is transferred to the customer.

The Group has determined that for made-to-order products the customer obtains control of the products when the goods are delivered to and have been accepted at their premises. This represents the point in time when invoices are generated as the right to payment arises. Payment terms varying depending on the customer, ranging from 30 to 90 days.

Some contracts allow for volume discounts/rebates.

Bundled packaging solutions

The Group sources and provides packaging equipment/solutions to customers who enter into long-term product supply arrangements.

The customer obtains control of the equipment and product when the goods are delivered to and have been accepted at their premises. Invoices are generated at that point in time with payment terms varying depending on the customer, ranging from 30 to 60 days.

Section 1: Results for the year (continued)

1.5. Operating costs

The information presented in this note is for continuing operations only.

Employee benefit expense

$ million	2021	2020
Wages and salaries	**529.5**	540.2
Workers compensation and other on-costs	**25.7**	31.3
Superannuation costs on accumulation funds	**6.6**	7.7
Other employment benefits expense	**0.1**	-
Share-based payments expense		
- Options	**0.2**	0.8
- Performance rights and other plans	**3.3**	3.8
- Grants forfeited and failing to vest	**(2.6)**	-
Total employee benefits expense	**562.8**	583.8

The Group's accounting policy for liabilities associated with employee benefits is contained in note 3.9, whilst the policy for share-based payments is set out in note 7.1.

Depreciation and amortisation

$ million	2021	2020
Depreciation	**68.0**	66.9
Amortisation of right-of-use assets	**44.2**	46.4
Amortisation of finance leased assets	**0.1**	0.5
Amortisation of intangibles	**7.9**	11.5
Total depreciation and amortisation	**120.2**	125.3

Finance expenses

$ million	2021	2020
Interest paid/payable:		
- Finance charges on right-of-use assets	**10.5**	13.4
- Unwinding of discount	**-**	0.3
- External interest expense	**18.6**	35.7
Amount capitalised	**-**	(1.3)
Total interest paid/payable	**29.1**	48.1
Borrowing costs	**3.9**	3.0
Total finance expenses	**33.0**	51.1

Refer note 3.6 for the Group's accounting policy and details on right-of-use assets and note 2.3 regarding the Group's external borrowings.

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Section 2: Capital structure and financing

IN THIS SECTION

This section outlines how the Group manages its capital structure and related financing, including its balance sheet liquidity and access to capital markets.

The Directors determine the appropriate capital structure of the Group, specifically how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the Group's activities both now and in the future. Maintaining capital discipline and balance sheet efficiency remains important to the Group, as seen through the refinancing activities undertaken during the year. Any potential courses of action in respect of the Group's structure take into account the Group's liquidity needs, flexibility to invest in the business and impact on credit ratings.

In order to optimise the capital structure, the Group may:

- **adjust the amount of ordinary dividends paid to shareholders;**
- **maintain a dividend investment plan;**
- **raise or return capital to shareholders; and**
- **repay debt or raise debt for working capital and capital expenditure requirements, or to facilitate acquisitions in line with the strategic objectives and operating plans of the Group.**

The Directors consider the Group's capital structure and dividend policy at least twice a year ahead of announcing results, and do so in the context of its ability to continue as a going concern, to execute the strategy and to invest in opportunities to grow the business and enhance shareholder value.

2.1. Capital management

Capital is defined as the combination of shareholders' equity, reserves and net debt. The key objective of the Group when managing its capital is to safeguard its ability to continue as a going concern, so that the Group can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital and funding structure.

The aim of the Group's capital management framework is to maintain an investment grade credit profile, and the requisite financial metrics, to secure access to alternate funding sources with a spread of maturity dates and sufficient undrawn committed facility capacity. The Group's capital management framework also aims to optimise, over the long term and to the extent practicable, the weighted average cost of capital to reduce the cost of capital to the Group while maintaining financial flexibility.

The Group uses a range of financial metrics to monitor the efficiency of its capital structure, including on-balance sheet gearing and leverage ratios, and to ensure that its capital structure provides sufficient financial strength to allow it to secure access to debt finance at reasonable cost. At 30 June 2021, the Group's on-balance sheet gearing and leverage ratios, excluding lease liabilities, were 37.1% (2020: 22.1%) and 1.5 times (2020: 0.9 times), respectively.

On-market Share Buyback

On 20 August 2020, the Group announced an on-market buyback of up to 10.0% of issued share capital. This represented approximately 96.5 million shares. The buyback commenced in September 2020. The Dividend Reinvestment Plan was suspended whilst the on-market buyback was undertaken.

The share buyback ceased on 30 June 2021. During the period ordinary shares totalling 89,337,073 were purchased on-market through the share buyback for a total value of $256.2 million, representing 9.3% of the share capital at the date the share buyback was announced.

Australasian Fibre divestment

In the comparative period, the Group completed the sale of its Australasian Fibre business to a wholly owned subsidiary of Nippon Paper Industries Co., Limited, with net proceeds of $1,637.0 million received in the period to 30 June 2020 (refer note 6.2).

In determining the timing and quantity of funds to return to shareholders in respect of the funds received from the Fibre divestment, the Directors considered a variety of factors, including: COVID-19 pandemic related uncertainty; tightening liquidity in debt markets and the terms of the Group's debt facilities; retaining the Group's strong balance sheet; and preserving flexibility to pursue potential growth opportunities. In light of these factors, in the comparative period, the Directors determined to return $600.0 million to shareholders. This return included a special dividend of $450.0 million (37.3 cents per share) and a capital return of $150.0 million (12.4 cents per share).

Section 2: Capital structure and financing (continued)

2.1 Capital management (continued)

$ million	Note	2021	2020
Financial borrowings			
Total borrowings	2.3	**503.5**	399.4
Less: Cash and cash equivalents	2.3	**(50.6)**	(107.3)
Net debt		**452.9**	292.1
Lease liabilities	2.3	**252.8**	279.4
Net debt including lease liabilities		**705.7**	571.5
Equity and reserves			
Contributed equity	2.4.1	**127.4**	335.2
Treasury shares	2.4.1	**(46.6)**	(1.6)
Reserves	2.4.2	**107.6**	139.2
Retained earnings	2.4.3	**580.2**	557.4
		768.6	1,030.2
Net Capital		**1,474.3**	1,601.7

2.2. Dividends

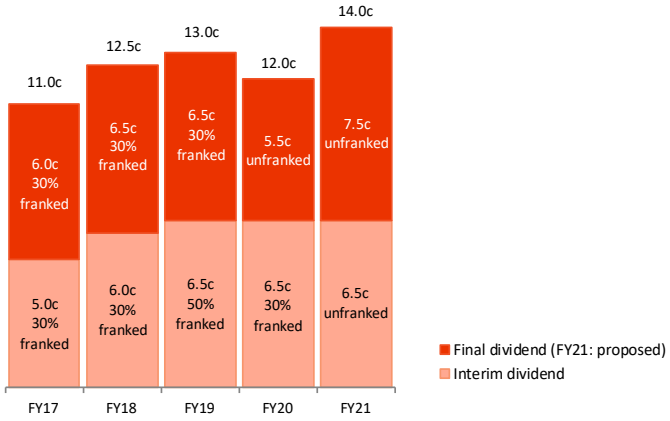
	Cents per share	Total $ million
Declared and paid during the period		
For the year ended 30 June 2021		
Final dividend for 2020 (unfranked)	**5.5**	**53.1**
Interim dividend for 2021 (unfranked)	**6.5**	**59.9**
		113.0
For the year ended 30 June 2020		
Final dividend for 2019 (30% franked)	**6.5**	**78.2**
Interim dividend for 2020 (30% franked)	**6.5**	**78.4**
Special dividend for 2020 (50% franked)	**37.3**	**450.0**
		606.6
Proposed and unrecognised at period end(1)		
For the year ended 30 June 2021		
Final dividend for 2021 (unfranked)	**7.5**	**65.7**
For the year ended 30 June 2020		
Final dividend for 2020 (unfranked)	5.5	53.1

(1) Estimated final dividend payable, subject to variations in the number of shares up to record date.

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Shareholder distributions – cents per share (excludes special dividends)



2020 Special Dividend

On 30 April 2020, the Group completed the sale of its Australasian Fibre business, refer note 6.2, with net proceeds of $1,637.0 million received in the period to 30 June 2020. The Directors determined to return $600.0 million to shareholders upon the completion of this transaction which included the payment of a special dividend of $450.0 million. The dividend was paid on 29 June 2020 and represented a return of 37.3 cents per share and was partially franked at 50%. The dividend reinvestment plan was suspended and did not apply to the special dividend.

Dividend reinvestment plan

The Group operates a dividend reinvestment plan which allows eligible shareholders to elect to invest dividends in ordinary shares. All holders of Orora Limited ordinary shares with Australian or New Zealand addresses registered with the share registry are eligible to participate in the plan. The allocation price for shares is based on the average of the daily volume weighted average share price of Orora Limited ordinary shares sold on the Australian Securities Exchange, calculated with reference to a period of not less than ten consecutive trading days as determined by the Directors.

On 20 August 2020, the Group announced an on-market share buyback of up to 10.0% of issued share capital. The buyback ceased on 30 June 2021 with 9.3% of issued share capital having been purchased. The Dividend Reinvestment Plan was suspended whilst the on-market buyback was undertaken.

Franking Account

Franking credits for shareholders of the Company apply at corporate tax rate of 30% (2020: 30%). The interim dividend for 2021 was unfranked (2020 Interim: 30% franked, and the special dividend paid on 29 June 2020 was 50% franked), the proposed final dividend for 2021 is unfranked (2020 Final: unfranked). The balance of franking credits available as at 30 June 2021 is nil (2020: nil).

Conduit Foreign Income Account

For Australian tax purposes, non-resident shareholder dividends will not be subject to Australian withholding tax to the extent that they are franked or sourced from the Company's Conduit Foreign Income (CFI) Account. For the 2021 dividends, 100% of the interim dividend and 100% of the 2021 final dividend is to be sourced from the CFI account (2020: 70% of the interim dividend, 50% of the special dividend and 100% of the 2020 final dividend were sourced from the Company's CFI account). As a result, none of the 2021 dividends paid to a non-resident will be subject to Australian withholding tax. The balance of the conduit foreign income account as at 30 June 2021 is $103.5 million (2020: $69.4 million), and it is estimated that this will reduce by $65.7 million (2020: $53.1 million) after payment of the estimated final dividend on 11 October 2021.

2.3. Net Debt

During the period the Group successfully refinanced the Global Syndicated Facility. In addition to the US Private Placement of notes of USD243.0 million, of which USD100.0 million matures in July 2023 and USD143.0 million in July 2025, the Group has access to the following committed facilities as at 30 June 2021:

- a $350.0 million revolving multicurrency facility through a syndicate of domestic and international financial institutions, maturing in November 2024;
- a USD150.0 million five-year USD revolving facility, through a syndicate of domestic and international financial institutions, maturing in April 2024; and
- a $35.0 million bilateral agreement with a domestic institution, maturing in January 2022.

These facilities are unsecured. During both the current and comparative reporting period Orora Limited has complied with the financial covenants of its borrowing facilities.

Section 2: Capital structure and financing (continued)

2.3 Net Debt (continued)

$ million	2021	2020
Cash on hand and at bank	**44.3**	98.3
Deposits at call	**6.3**	9.0
Total cash and cash equivalents	**50.6**	107.3
Lease liabilities		
Due within one year	**48.0**	50.8
Due after one year	**204.8**	228.6
Total lease liability	**252.8**	279.4
Borrowings		
Finance lease liabilities due after one year	**0.1**	0.2
Bank loans due after one year	**180.0**	48.0
US Private Placement due after one year	**323.4**	351.2
Non-current borrowings	**503.5**	399.4
Total borrowings	**503.5**	399.4
Total debt	**756.3**	678.8
Net debt	**705.7**	571.5

Accounting policies

Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand and short-term money market investments with an original maturity of three months or less and are classified as financial assets held at amortised cost. Cash at bank earns interest at floating rates based on daily bank deposits. Short-term deposits are made for varying periods, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The carrying value of cash and cash equivalents is considered to approximate fair value due to the assets' liquid nature.

Bank loans

All loans and borrowings are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are measured at amortised cost using the effective interest rate method.

Interest-bearing liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid is recognised in profit or loss.

Interest-bearing liabilities are classified as current liabilities, except for those liabilities where the Group has an unconditional right to defer settlement for at least 12 months after the reporting period, which are classified as non-current liabilities.

The US Private Placement notes have a carrying value of $324.1 million (excluding borrowing costs) while the fair value of the notes is $347.6 million. For all other borrowings, the fair values are not materially different to their carrying amounts since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

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2.3.1. Net debt reconciliation

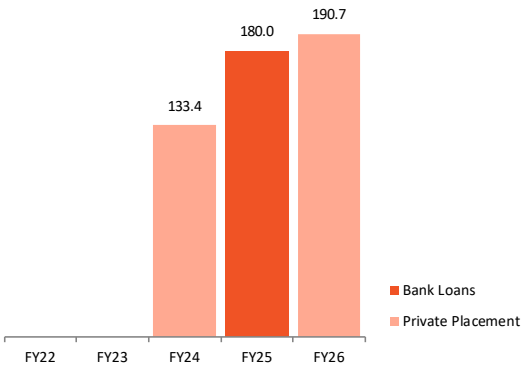
The following table illustrates the cash and non-cash movements of net debt:

	Assets	Liabilities from financing activities			
$ million	Cash and cash equivalents	Lease liabilities	Bank loans	US Private Placement	Total
Net debt at 1 July 2019	70.3	(1.3)	(604.1)	(354.9)	(890.0)
Impact of change in lease accounting policy (refer note 7.8.2)	-	(595.3)	-	-	(595.3)
Restated net debt at 1 July 2019	70.3	(596.6)	(604.1)	(354.9)	(1,485.3)
Cash flows	39.8	101.3	595.8	10.4	747.3
Disposal of businesses and controlled entities	-	245.6	-	-	245.6
Change in lease arrangements	-	(9.3)	-	-	(9.3)
Unwinding of discounting	-	(20.6)	-	-	(20.6)
Other non-cash movements	-	0.9	(2.9)	(0.3)	(2.3)
Effect of movements in foreign exchange rates	(2.8)	(0.9)	(36.8)	(6.4)	(46.9)
Net debt at 30 June 2020	**107.3**	**(279.6)**	**(48.0)**	**(351.2)**	**(571.5)**
Cash flows	**(52.1)**	**59.4**	**(131.8)**	-	**(124.5)**
Change in lease arrangements	-	**(42.1)**	-	-	**(42.1)**
Unwinding of discounting	-	**(10.5)**	-	-	**(10.5)**
Other non-cash movements	-	**(0.2)**	**(0.1)**	**(0.2)**	**(0.5)**
Effect of movements in foreign exchange rates	**(4.6)**	**20.1**	**(0.1)**	**28.0**	**43.4**
Net debt at 30 June 2021	**50.6**	**(252.9)**	**(180.0)**	**(323.4)**	**(705.7)**

2.3.2. Borrowings

The maturity profile of the Group's external borrowings drawn down, excluding the impact of capitalised borrowing costs, as at 30 June 2021 is illustrated in the following chart:

Maturity profile of drawn debt by facility



Loans due after one year

At 30 June 2021, bank loans due after one year include:

- $180.0 million drawn under a $350.0 million committed global syndicated multicurrency facility maturing in November 2024 (2020: $20.0 million and NZD30.0 million drawn under a $350.0 million committed global syndicated multicurrency facility maturing in April 2022);
- nil drawings under the USD150.0 million committed syndicated facility maturing in April 2024 (2020: nil);
- nil drawings under the $35.0 million bilateral agreement, maturing in January 2022 (2020: nil drawings under three bilateral agreements, one for $25.0 million maturing in March 2021, and two for $35.0 million each, one maturing in April 2021 and the other in January 2022).

All drawings as at 30 June 2021 were denominated in Australian dollars and bore interest at the applicable BBSY plus an applicable credit margin. Any drawings in US or New Zealand dollars would bear interest at the applicable LIBOR and BKBM rate plus an applicable credit margin.

The US Private Placement of notes of USD243.0 million consists of USD100.0 million which matures in July 2023 and USD143.0 million which matures in July 2025.

Section 2: Capital structure and financing (continued)

2.4. Equity

This section explains material movements in shareholders' equity that are not explained elsewhere in the financial statements. The movements in equity and the balance at 30 June 2021 are presented in the statement of changes in equity.

2.4.1. Contributed equity

	Ordinary shares		Treasury shares	
	No. '000	$ million	No. '000	$ million
At 1 July 2019	1,206,685	488.0	(1,127)	(3.9)
Capital return and share consolidation[1]	(241,322)	(150.0)	164	0.4
Acquisition of shares by the Orora Employee Share Trust (note 6.3)	-	-	(6,920)	(18.6)
Proceeds received from employes on exercise of options	-	8.0	-	-
Treasury shares used to settle Team Member Share Plan	-	-	234	0.7
Treasury shares used to satisfy issue of CEO Grant (note 7.1)	-	(0.7)	209	0.7
Exercise of vested grants under Employee Share Plans	6,785	9.0	-	-
Treasury shares used to satisfy exercise of vested grants under Employee Share Plans	(6,785)	(19.1)	6,785	19.1
At 30 June 2020	**965,363**	**335.2**	**(655)**	**(1.6)**
Share buyback	**(75,123)**	**(210.1)**	-	-
Acquisition of shares by the Orora Employee Share Trust (note 6.3)	-	-	**(412)**	**(0.9)**
Acquisition of shares under share buyback program[2]	-	-	**(14,214)**	**(46.1)**
Proceeds received from employes on exercise of options	-	**1.0**	-	-
Restriction lifted on shares issued under the CEO Grant (note 7.1)	-	**0.2**	-	-
Exercise of vested grants under Employee Share Plans	**841**	**3.1**	-	-
Treasury shares used to satisfy exercise of vested grants under Employee Share Plans	**(841)**	**(2.0)**	**841**	**2.0**
At 30 June 2021	**890,240**	**127.4**	**(14,440)**	**(46.6)**

(1) On 16 June 2020, the shareholders approved a capital return of 12.4 cents per share payable to each individual holding shares in Orora as at the record date of 22 June 2020. The payment of the capital return of $150.0 million return occurred on 29 June 2020. At the same time of approving the capital return the shareholders also approved the share consolidation. Under the share consolidation every ordinary share was converted into 0.80 ordinary shares (5 shares became 4)

(2) As at 30 June 2021, 14,214,228 ordinary shares purchased on-market under the Share Buyback program announced by the Group had not been cancelled, these shares have been presented as Treasury Shares. Subsequent to the end of the financial year the shares were cancelled.

Ordinary shares

Ordinary shares are classified as equity. The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid, all shares rank equally with regard to the Company's residual assets. Ordinary shares entitle the holder to participate in dividends, as declared from time to time, and are entitled to one vote per share at meetings of the Company. Incremental costs directly attributable to the issue of new shares or the exercise of options are recognised as a deduction from equity, net of any related income tax benefit effects.

Treasury shares

Where the Orora Employee Share Trust purchases equity instruments in the Company that have been identified as treasury shares, the consideration paid, including any directly attributable costs is deducted from equity, net of any related income tax effects. When the treasury shares are subsequently sold or reissued, any consideration received, net of any directly attributable costs and the related income tax effects, is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in retained earnings. Refer note 6.3.

As at 30 June 2021, 14,214,228 ordinary shares purchased on-market under the Share Buyback program announced by the Group had not been cancelled, these shares have been presented as Treasury Shares. Subsequent to the end of the financial year the shares were cancelled.

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2.4.2. Reserves

$ million	2021	2020
Cash flow hedge reserve	**1.8**	(4.4)
Share-based payment reserve	**8.7**	11.1
Demerger reserve	**132.9**	132.9
Exchange fluctuation reserve	**(35.8)**	(0.4)
Total reserves	**107.6**	139.2

Details of movements in each of the reserves is presented in the statement of changes in equity.

Accounting policies

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

During the 12 months to 30 June 2021 the following movements were recognised in the cash flow hedge reserve:

$ million	2021	2020
Unrealised gains/(losses) on cash flow hedges		
Forward exchange contract gain/(loss)	**2.9**	(5.0)
Realised losses/(gains) transferred to profit or loss		
Forward exchange contract loss/(gain)	**5.7**	(0.9)
Realised (gains)/losses transferred to non-financial assets		
Forward exchange contract gain	**-**	(0.1)

Refer note 5.4 for further information on these derivative instruments.

Share-based payment reserve

The share-based payment reserve is used to recognise the fair value of options and rights recognised as an expense. The Company provides benefits to employees of the Group in the form of share-based payments, whereby employees render services in exchange for options or rights over shares. Refer note 7.1 for further details of the Group's share-based payment plans.

The fair value of options and rights granted is recognised as an employee benefit expense in the income statement with a corresponding increase in the share-based payments reserve in equity and is spread over the vesting period during which the employees become unconditionally entitled to the option or right. Upon exercise of the options or rights, the balance of the share-based payments reserve, relating to the option or right, is transferred to share capital.

Demerger reserve

The demerger reserve represents the difference between the consideration paid by Orora under an internal corporate restructure and the assets and liabilities acquired, which were recognised at their carrying value under a common control transaction.

Exchange fluctuation reserve

For controlled entities with a functional currency that is not Australian dollars, their assets and liabilities are translated at the closing exchange rate at reporting date, while income and expenses are translated at year to date average exchange rates.

On consolidation all exchange differences arising from translation are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

In addition, foreign exchange gains or losses are deferred in equity if they relate to qualifying cash flow hedges, qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. When a foreign operation is disposed of, the cumulative amount recognised within the reserve relating to that foreign operation is transferred to the income statement as an adjustment to the profit or loss on disposal.

Section 2: Capital structure and financing (continued)

2.4 Equity (continued)

2.4.3. Retained earnings

Retained earnings comprises profit for the year attributable to owners of the Company and other items recognised directly in equity as presented on the statement of changes in equity.

$ million	2021	2020
Retained earnings at the beginning of the period	**557.4**	995.7
Impact of change in intangible asset policy (refer note 7.8.1)	-	(0.8)
Impact of change in lease accounting policy (refer note 7.8.2)	-	(69.8)
Restated retained earnings at the beginning of the period	**557.4**	925.1
Net profit attributable to the owners of Orora Limited	**135.8**	238.9
	693.2	1,164.0
Ordinary dividends:		
Final paid (refer note 2.2)[1]	**(53.1)**	(78.2)
Interim paid (refer note 2.2)[2]	**(59.9)**	(78.4)
Special dividend (refer note 2.2)[3]	-	(450.0)
	(113.0)	(606.6)
Retained earnings at the end of the period	**580.2**	557.4

(1) 2020 Final dividend paid on 12 October 2020 (2019: 2019 Final dividend paid on 21 October 2019).

(2) 2021 Interim dividend paid on 1 April 2021 (2020: 2020 Interim dividend paid on 9 April 2020).

(3) Special dividend was paid on 29 June 2020 representing 37.3 cents per ordinary share. Refer note 2.2 for further information.

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Section 3: Assets and liabilities

IN THIS SECTION

This section details the assets used to generate the Group's trading performance and the liabilities incurred as a result. On the following pages there are notes covering working capital, other assets, non-current assets and provisions.

Liabilities relating to the Group's financing activities are set out in Section 2, whilst the assets and liabilities recognised in respect of derivative instruments, used to hedge financial risks, are contained in Section 5. Information pertaining to deferred tax assets and liabilities is provided in Section 4.

3.1. Trade and other receivables

$ million	2021	2020
Trade receivables	**435.9**	360.4
Less loss allowance provision	**(3.2)**	(3.3)
	432.7	357.1
Other receivables[1]	**65.7**	103.4
Total current trade and other receivables	**498.4**	460.5

(1) These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

Accounting policies

Trade receivables and other receivables are all classified as financial assets held at amortised cost.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method, less a loss allowance provision. The Group, from time to time, enters into trade financing instruments in respect of trade receivables.

The carrying value of trade and other receivables, less impairment provisions, is considered to approximate fair value, due to the short-term nature of the receivables.

Impairment of trade receivables

The collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectable are written off when identified.

The Group recognises an impairment provision based upon anticipated lifetime losses of trade receivables. The anticipated losses are determined with reference to historical loss experience and is regularly reviewed and updated.

The amount of the impairment loss is recognised in the income statement within 'general and administration' expense.

Credit risks related to receivables

In assessing an appropriate provision for impairments of receivables consideration is given to historical experience of bad debts, the ageing of receivables, knowledge of debtor insolvency or other credit risk and individual account assessment.

Customer credit risk is managed by each business group in accordance with the procedures and controls set out in the Group's credit risk management policy. Credit limits are established for all customers based on external and internal credit rating criteria and letters of credit or other forms of credit insurance cover are obtained where appropriate. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry and existence of previous financial difficulties.

For some trade receivables the Group may also obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. The Group does not otherwise require collateral in respect of trade and other receivables.

Section 3: Assets and liabilities (continued)

3.1 Trade and other receivables (continued)

The following tables sets out the ageing of trade receivables, according to their due date:

	Loss allowance provision		Gross carrying amount	
$ million	2021	2020	2021	2020
Not past due	-	-	**373.2**	297.5
Past due 0-30 days	-	-	**48.3**	40.1
Past due 31-120 days	**0.7**	-	**11.9**	18.4
More than 121 days past due	**2.5**	3.3	**2.5**	4.4
	3.2	3.3	**435.9**	360.4

The Group has recognised a net loss of $2.4 million (2020: $7.6 million) in respect of the trade receivables written off in the financial year. The loss has been included in 'general and administration' expense in the income statement.

3.2. Inventories

$ million	2021	2020
At cost		
Raw materials and stores	**85.8**	95.2
Work in progress	**7.5**	6.0
Finished goods	**260.6**	271.7
Total inventory carried at cost	**353.9**	372.9
At net realisable value		
Raw materials and stores	**36.6**	33.7
Finished goods	**8.6**	6.3
Total inventory carried at net realisable value	**45.2**	40.0
Total inventories	**399.1**	412.9

Accounting policies

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Costs incurred in bringing each product to its existing location and condition are accounted for as follows:

- Raw materials – purchase cost on a weighted average cost formula;
- Manufactured finished goods and work in progress – cost of direct material and labour and an appropriate proportion of production and variable overheads incurred in the normal course of business.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventory.

During the period the Group recognised a net write-down of $30.5 million (2020: $9.4 million) with regard to the net realisable value of inventories which has been recognised in 'cost of sales' expense in the income statement.

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3.3. Trade and other payables

$ million	2021	2020
Current		
Trade creditors	**364.7**	436.3
Other creditors and accruals	**286.1**	227.2
Total current trade and other payables	**650.8**	663.5
Non-current		
Other creditors	**1.8**	-
Total non-current other payables	**1.8**	-

Accounting policies

Trade and other payables are all classified as financial liabilities held at amortised cost. Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which were unpaid at the end of the financial year and these amounts are unsecured. The Group, from time to time, enters into trade financing instruments in respect of trade payables.

The carrying value of trade and other payables is considered to approximate fair value due to the short-term nature of the payables.

Trade and other payables are included in current liabilities, except for those liabilities where payment is not due within 12 months from reporting date, which are classified as non-current liabilities.

3.4. Other assets

$ million	2021	2020
Current		
Contract incentive payments[(1)]	**9.3**	9.1
Prepayments and other current assets	**19.2**	27.1
Total other current assets	**28.5**	36.2
Non-current		
Contract incentive payments[(1)]	**17.7**	22.0
Other non-current assets	**60.2**	83.0
Total other non-current assets	**77.9**	105.0

(1) Contract incentives are provided to customers to secure long-term sale agreements and are amortised over the period of the contractual arrangement.

Section 3: Assets and liabilities (continued)

3.5. Property, plant and equipment

The following note details the physical assets used by the Group to operate the business to generate revenues and profits.

The cost of these assets is the amount initially paid for them with a depreciation charge recognised in the income statement to reflect the wear and tear of the assets as they are used which reduces the value of the asset over time.

$ million	Land	Land improvements	Buildings	Plant and equipment	Finance leased assets	Total
Cost						
At 1 July 2019	52.1	13.2	512.5	3,022.2	4.6	3,604.6
Additions for the period	-	-	0.5	161.5	-	162.0
Disposals during the period	(0.2)	-	(15.2)	(39.9)	(0.1)	(55.4)
Disposal of businesses and controlled entities	(38.0)	(5.5)	(281.5)	(1,875.1)	-	(2,200.1)
Other transfers	-	0.7	31.1	(31.8)	-	-
Effect of movements in foreign exchange rates	-	(0.1)	-	(1.7)	0.1	(1.7)
At 30 June 2020	**13.9**	**8.3**	**247.4**	**1,235.2**	**4.6**	**1,509.4**
Additions for the period	-	-	0.4	50.9	-	51.3
Disposals during the period	(0.6)	(0.1)	(6.5)	(24.0)	(0.6)	(31.8)
Additions through business acquisitions	-	-	-	1.0	-	1.0
Other transfers	-	-	1.5	(15.3)	-	(13.8)
Effect of movements in foreign exchange rates	-	-	(4.5)	(27.2)	(0.4)	(32.1)
At 30 June 2021	**13.3**	**8.2**	**238.3**	**1,220.6**	**3.6**	**1,484.0**
Accumulated depreciation and impairment						
At 1 July 2019	(0.4)	(4.4)	(161.6)	(1,670.5)	(2.2)	(1,839.1)
Depreciation charge	-	(0.2)	(10.9)	(70.6)	(0.6)	(82.3)
Disposals during the period	-	-	15.3	34.5	-	49.8
Disposal of businesses and controlled entities	0.4	1.9	79.2	973.2	-	1,054.7
Impairment loss[1]	-	-	-	(20.6)	(1.5)	(22.1)
Other transfers	-	-	(0.9)	0.9	-	-
Effect of movements in foreign exchange rates	-	-	(0.1)	1.4	-	1.3
At 30 June 2020	**-**	**(2.7)**	**(79.0)**	**(751.7)**	**(4.3)**	**(837.7)**
Depreciation charge	-	(0.1)	(8.1)	(59.8)	(0.1)	(68.1)
Disposals during the period	-	-	3.6	23.8	0.6	28.0
Effect of movements in foreign exchange rates	-	-	2.8	18.2	0.3	21.3
At 30 June 2021	**-**	**(2.8)**	**(80.7)**	**(769.5)**	**(3.5)**	**(856.5)**
Net book value						
At 30 June 2020	13.9	5.6	168.4	483.5	0.3	671.7
At 30 June 2021	**13.3**	**5.4**	**157.6**	**451.1**	**0.1**	**627.5**

(1) The impairment loss recognised in the comparative period includes $9.5 million included in significant items relating to restructuring in North America, $9.4 million recoverable amount impairments, and $3.1 million write-off of Group assets relating to the Fibre business refer note 1.2.

At 30 June 2021, no property, plant and equipment was provided as security for any interest-bearing borrowings (2020: nil).

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Accounting policies

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item including borrowing costs that are related to the acquisition, construction or production of an asset. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group.

All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated at rates based upon the expected useful lives, or in the case of leasehold improvements and certain leased plant and equipment the lease term, using the straight-line method. Land is not depreciated. Depreciation rates used for each class of asset for the current and comparative periods are as follows:

- Buildings 1% - 5%
- Land improvements 1% - 3%
- Plant and equipment 2.5% - 25%

Depreciation is calculated by estimating the number of years the Group expects an asset to be used over. At each reporting date depreciation methods, residual values and useful lives are reassessed and adjusted if necessary. In addition, assets subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that an asset carrying amount may not be recoverable. If an asset's value falls below its depreciated value an additional one-off impairment charge is made against profit. Refer note 3.8 for further details.

3.6. Leases

The following note details leased right-of-use assets utilised used by the Group as a lessee to operate the business to generate revenues and profits. This includes the lease of warehouse, office and factory facilities, vehicles and other items of plant and equipment.

The cost of these assets represents the net present value of the future lease payments with an amortisation charge recognised in the income statement to reflect the utilisation of the right-of-use asset over the term of the lease arrangement.

Other than minor sub-lease arrangements, the Group is not a lessor of assets.

Leases for premises typically run for a period of 10 to 15 years with an option to renew the lease after that date. Lease payments for premises are adjusted annually either through a fixed rental increase, typically 3.0% per annum, or are linked to changes in the consumer price index or as a result of a market rent review process.

The leases for items of plant and equipment, which includes vehicles, typically run for periods of three to five years. In the majority of instances when these lease contracts expire they are replaced by new leases for similar underlying assets.

Section 3: Assets and liabilities (continued)

3.6. Leases (continued)

Right-of-use assets

$ million	Property	Plant and Equipment	Total
Cost			
At 1 July 2019	-	-	-
Impact of change in accounting policy (note 7.8.2)	470.0	34.7	504.7
Restated balance at 1 July 2019	470.0	34.7	504.7
Additions	2.7	5.0	7.7
Derecognition of right-of-use assets	(0.1)	(0.6)	(0.7)
Disposal of businesses and controlled entities	(222.4)	(12.5)	(234.9)
Effect of movements in foreign exchange rates	(1.5)	1.1	(0.4)
At 30 June 2020	**248.7**	**27.7**	**276.4**
Additions	**31.3**	**10.8**	**42.1**
Derecognition of right-of-use assets	**(5.2)**	**(1.4)**	**(6.6)**
Effect of movements in foreign exchange rates	**(17.6)**	**(2.2)**	**(19.8)**
At 30 June 2021	**257.2**	**34.9**	**292.1**
Accumulated amortisation and impairment			
At 1 July 2019	-	-	-
Impact of change in accounting policy (note 7.8.2)	(16.6)	-	(16.6)
Restated balance at 1 July 2019	(16.6)	-	(16.6)
Depreciation charge for the period	(46.2)	(8.8)	(55.0)
Derecognition of right-of-use assets	0.1	0.5	0.6
Reversal of impairment loss	2.1	-	2.1
Disposal of businesses and controlled entities	7.4	1.1	8.5
Effect of movements in foreign exchange rates	1.1	0.2	1.3
At 30 June 2020	**(52.1)**	**(7.0)**	**(59.1)**
Depreciation charge for the period	**(36.8)**	**(7.4)**	**(44.2)**
Derecognition of right-of-use assets	**5.2**	**1.4**	**6.6**
Impairment loss	**(3.6)**	**-**	**(3.6)**
Reversal of impairment loss	**4.4**	**-**	**4.4**
Effect of movements in foreign exchange rates	**3.8**	**0.5**	**4.3**
At 30 June 2021	**(79.1)**	**(12.5)**	**(91.6)**
Net book value			
At 1 July 2020	196.6	20.7	217.3
At 30 June 2021	**178.1**	**22.4**	**200.5**

Amounts recognised in the income statement

The following amounts, for continuing operations, were recognised in the income statement:

$ million	2021	2020
Amortisation of right-of-use assets	**44.2**	46.4
Expenses relating to short-term leases	**12.4**	15.8
Expenses relating to low-value assets	**1.2**	1.2
Income from sub-leasing right-of-use assets	**(0.6)**	(1.3)
Interest on lease liabilities	**10.5**	13.4

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Lease liabilities

$ million	2021	2020
Current lease liabilities	**48.0**	50.8
Non-current lease liabilities	**204.8**	228.6
	252.8	279.4

The following table sets out the undiscounted maturity analysis of future lease payments.

$ million	2021	2020
Within one year	**56.9**	62.4
Between one and five years	**190.1**	180.5
More than five years	**49.4**	92.3
	296.3	335.2
Less sub-lease rental income	**(8.2)**	-
	288.2	335.2

Accounting policies

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liability

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

- fixed payments (including in-substance fixed payments), less any lease incentive receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Payments associated with short-term leases of equipment and vehicles and all low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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 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.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use Asset

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs; and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is deprecated over the underlying asset's useful life.

Section 3: Assets and liabilities (continued)

3.6. Leases (continued)

Lease term

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not the respective lessor.

Deferred tax

A lease transaction is considered a single transaction in which the recognition of the right-of-use asset and the lease liability are integrally linked. As a result, differences that arise between the settlement of the lease liability and the amortisation of the leased asset result in a net temporary difference on which deferred tax is recognised in accordance with the Group's deferred tax accounting policy.

JUDGEMENTS AND ESTIMATES

In determining the lease term, management considers all facts and circumstances 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).

For leases of properties and equipment, the following factors are normally the most relevant:

- if there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate)
- if any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate)
- otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

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3.7. Intangible assets

The following note details the non-physical assets used by the Group to generate revenue and profits.

These assets include computer software and licences, customer relationships and goodwill. The cost of these assets is the amount that the Group has paid or, where there has been a business combination, the fair value of the specific intangible assets identified. In the case of goodwill, its cost is the amount the Group has paid for acquiring a business over and above the fair value of the individual assets and liabilities acquired. The value of goodwill is 'intangible' value that comes from, for example, synergies available with the integration of the acquired business into the Group, a skilled and knowledgeable assembled workforce, proprietary technologies and processes and uniquely strong market positions.

	Other intangible assets			
$ million	Computer software	Other	Goodwill	Total
Cost				
At 1 July 2019	211.8	29.4	541.1	782.3
Impact of change in accounting policy (note 7.8.1)	(0.8)	-	-	(0.8)
Restated balance at 1 July 2019	211.0	29.4	541.1	781.5
Additions for the period	4.6	-	-	4.6
Disposals during the period	(1.1)	-	-	(1.1)
Disposal of business and controlled entities	(69.6)	(1.0)	(80.3)	(150.9)
Effect of movements in foreign exchange rates	0.8	0.6	7.4	8.8
At 30 June 2020	**145.7**	**29.0**	**468.2**	**642.9**
Additions for the period	**6.0**	**-**	**-**	**6.0**
Disposals during the period	**(30.2)**	**(0.3)**	**-**	**(30.5)**
Other transfers	**13.8**	**-**	**-**	**13.8**
Effect of movements in foreign exchange rates	**(7.1)**	**(2.1)**	**(33.2)**	**(42.4)**
At 30 June 2021	**128.2**	**26.6**	**435.0**	**589.8**
Accumulated amortisation and impairment				
At 1 July 2019	(146.3)	(13.1)	(8.2)	(167.6)
Impact of change in accounting policy (note 7.8.1)	-	-	-	-
Restated balance at 1 July 2019	(146.3)	(13.1)	(8.2)	(167.6)
Amortisation charge	(9.3)	(2.6)	-	(11.9)
Disposals during the period	1.1	-	-	1.1
Disposal of business and controlled entities	63.9	0.4	7.9	72.2
Impairment loss[(1)]	(9.7)	(7.3)	(89.4)	(106.4)
Effect of movements in foreign exchange rates	1.0	0.2	2.5	3.7
At 30 June 2020	**(99.3)**	**(22.4)**	**(87.2)**	**(208.9)**
Amortisation charge	**(7.3)**	**(0.6)**	**-**	**(7.9)**
Disposals during the period	**28.7**	**0.1**	**-**	**28.8**
Impairment loss	**(3.0)**	**-**	**-**	**(3.0)**
Effect of movements in foreign exchange rates	**3.6**	**1.9**	**6.9**	**12.4**
At 30 June 2021	**(77.3)**	**(21.0)**	**(80.3)**	**(178.6)**
Net book value				
At 30 June 2020	46.4	6.6	381.0	434.0
At 30 June 2021	**50.9**	**5.6**	**354.7**	**411.2**

(1) The impairment loss recognised in the comparative period includes $96.7 million recoverable amount impairments, and $9.7 million write-off of Group assets relating to the Fibre business refer note 1.2.

Section 3: Assets and liabilities (continued)

3.7 Intangible assets (continued)

Accounting policies

Other intangible assets

Other intangible assets include computer software, customer relationships and software licences. The cost of these assets is the amount that the Group has paid or, where there has been a business combination, their fair value at the date of acquisition.

Internal spend on computer software is only capitalised within the development phase, when the asset is separate and it is probable that future economic benefits attributable to the asset will flow to the Group. Costs incurred in the customisation and configuration in the implementation of a Software-as-a-Service arrangements are only capitalised when a unique customised software product controlled by the Group is identified.

Following initial recognition, other intangible assets are carried at cost less amortisation and any impairment losses.

Other intangible assets are amortised on a straight-line basis over their useful life, and tested for impairment whenever there is an indication that they may be impaired. Refer note 3.8 for further details on impairment.

Computer software and licences are amortised over a period of between three to 10 years whilst customer relationships are amortised over a period of up to 20 years. The amortisation period and method is reviewed each financial year.

Goodwill

The goodwill recognised by the Group has arisen as a result of business combinations and represents the future economic benefits that arise from assets that are not capable of being individually identified and separately recognised.

Goodwill is initially measured as the amount the Group has paid in acquiring a business over and above the fair value of the individual assets and liabilities acquired.

Goodwill is not amortised but is instead tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less any accumulated impairment losses.

Where there has been a change in the Group's circumstances such as, technological changes or a decline in business performance, a review of the value of the intangible assets, including goodwill, is undertaken to ensure the assets' value has not fallen below its amortised value. Should an assets' value fall below its amortised value an additional impairment charge is made against profit and the carrying value of the asset. Refer note 3.8.

3.8. Impairment of non-financial assets

Testing for impairment

The Group tests property, plant and equipment, intangibles and goodwill for impairment:

- where there is an indication that an asset may be impaired (which is assessed each reporting date);
- where there is an indication that previously recognised impairments (on assets other than goodwill) have changed; and
- at least annually for goodwill.

In testing for impairment, the recoverable amount is estimated for an individual asset or, if it is not possible to estimate the recoverable amount for the individual asset, the recoverable amount of the cash generating unit (CGU) to which the asset belongs. CGUs are the smallest identifiable group of assets that generate cash inflows that are largely independent from the cash flows of other assets or group of assets. Each CGU is no larger than an operating segment.

Assets are impaired if their carrying value exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal or value in use.

An impairment loss is recognised in the income statement if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then, to reduce the carrying amount of the other assets in the CGU (group of CGUs).

Impairment calculations

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the risks specific to the asset or CGU and the market's current assessment of the time value of money.

Value in use is assessed using cash flow projections for five years using data from the Group's latest internal forecasts and is management's best estimate of income, expenses, capital expenditure and cash flows for each CGU. Changes in selling prices and direct costs are based on past experience and management's expectation of future changes in the markets in which the Group operates.

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Cash flows beyond the five-year period are extrapolated using estimated growth rates which are determined with regard to the long-term performance of each CGU in their respective markets and are not expected to exceed the long-term average growth rates for the industry in which each CGU operates.

The discount rate used in performing the value in use calculations reflects the Group's weighted average cost of capital, as adjusted for specific risks relating to each geographical region in which the CGUs operate.

Reversal of impairment

Where there is an indication that previously recognised impairment losses may no longer exist or may have decreased, the asset is tested for impairment. The impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset and is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. Impairments recognised for goodwill are not reversed.

Goodwill impairment tests

For the purpose of impairment testing, goodwill is allocated to CGUs or groups of CGUs according to the level at which management monitors goodwill. Goodwill is tested annually or more regularly if there are indicators of impairment.

The recoverable amounts of the CGUs were based on the present value of the future cash flows expected to be derived from the CGU (value in use calculation). Value in use is calculated from cash flow projections for five years using data from the Group's latest internal forecasts. The key assumptions for the value in use calculations are those regarding the expected changes in earnings during the initial five-year period, discount rates and growth rates applied to the extrapolated periods of the value in use calculation.

The following table presents a summary of the goodwill allocation and the key assumptions used in determining the recoverable amount of each CGU:

	Australasia	Orora Packaging Solutions	Orora Visual
2021			
Goodwill allocation ($ million)	**32.7**	**260.4**	**61.6**
Pre-tax discount rate (%)	**8.8**	**9.2**	**9.1**
Terminal growth rate (%)	**2.0**	**2.0**	**2.0**
2020			
Goodwill allocation ($ million)	32.7	281.4	66.9
Pre-tax discount rate (%)	9.1	9.0	9.0
Terminal growth rate (%)	1.5	1.5	1.5

Whilst the outlook for the Group remains subject to the future potential impacts of the ongoing COVID pandemic, based on current economic conditions and performance of the CGUs, no reasonable possible change in any of the key assumptions would be expected to result in a material impairment to the Group using the value-in-use methodology.

JUDGEMENTS AND ESTIMATES

The determination of impairment involves the use of judgements and estimates that include, but are not limited to, the cause, timing and measurement of the impairment. Management is required to make significant judgements concerning the identification of impairment indicators, such as changes in competitive positions, expectations of growth, increased cost of capital, and other factors that may indicate impairment, such as a business restructuring.

Management is also required to make significant estimates regarding future cash flows and the determination of fair values when assessing the recoverable amount of assets (or groups of assets). Inputs into these valuations require assumptions and estimates to be made about forecast earnings and related future cash flows, growth rates, applicable discount rates, useful lives and residual values.

The judgements, estimates and assumptions used in assessing impairment are management's best estimates based on current and forecast market conditions. Changes in economic and operating conditions impacting these assumptions could result in changes in the recognition of impairment charges in future periods.

Section 3: Assets and liabilities (continued)

3.9. Provisions

$ million	Employee entitlements	Workers' compensation, insurance and other claims	Asset restoration, restructuring and decommissioning	Total
2021				
Opening balance	**26.9**	**6.9**	**83.0**	**116.8**
Provisions made during the period[1]	**15.1**	**10.0**	**48.6**	**73.7**
Payments made during the period	**(12.7)**	**(0.2)**	**(51.6)**	**(64.5)**
Released during the period	**(3.1)**	**-**	**(0.4)**	**(3.5)**
Additions through business acquisitions	**0.1**	**-**	**-**	**0.1**
Effect of movement in foreign exchange rate	**(0.5)**	**(0.2)**	**(1.2)**	**(1.9)**
Closing balance	**25.8**	**16.5**	**78.4**	**120.7**
Current	**23.7**	**14.2**	**50.4**	**88.3**
Non-current	**2.1**	**2.3**	**28.0**	**32.4**
2020				
Opening balance	90.5	6.2	106.3	203.0
Provisions made during the period[1]	34.9	3.3	28.0	66.2
Payments made during the period	(35.6)	(2.1)	(38.3)	(76.0)
Released during the period	(1.2)	(0.5)	(12.2)	(13.9)
Disposal of businesses and controlled entities	(61.8)	-	(1.2)	(63.0)
Unwinding of discount	-	-	0.2	0.2
Effect of movement in foreign exchange rate	0.1	-	0.2	0.3
Closing balance	26.9	6.9	83.0	116.8
Current	24.9	6.9	64.0	95.8
Non-current	2.0	-	19.0	21.0

(1) In respect of the asset restoration, restructuring and decommissioning provision during the period, following ongoing project review and reassessment of remediation requirements, additional costs associated with the decommissioning of the former Petrie mill site of $38.6 million were recognised in respect of estimated costs to complete. In addition, further costs and obligations associated with the sale of the Australasia Fibre business totalling $9.8 million were also recognised. (2020: a significant item expense of $7.6 million was recognised in respect of restructuring charges in North America, of which the majority ($7.2 million) was a result of the decision to close the Orora Visual Los Angeles site. Also included within the significant item profit on sale of the Australasian Fibre business were provisions of $19.9 million regarding remaining transaction charges, transition costs and indemnities).

Accounting policies

A provision is recognised when: the Group has a present legal or constructive obligation arising from past events; it is probable that cash will be paid to settle it; and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost in the income statement.

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Employee entitlements

The provision for employee entitlements represents the obligation for annual leave, long service leave entitlements and incentives accrued by employees.

Liabilities for employee benefits such as wages, salaries and other current employee entitlements represent present obligations arising from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates, including related on-costs, such as workers compensation insurance and payroll tax, and are presented in other payables.

The liability for annual leave and long service leave is measured as the present value of estimated future cash outflows to be made in respect of services provided by the employee up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service. Expected future payments that are not expected to be settled within 12 months are discounted using market yields at the reporting date of high-quality corporate bonds. The rates used reflect the terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Workers' compensation, insurance and other claims

The Group self-insures for various risks, including risks associated with workers' compensation. Provisions are recognised for claims received and expected to be received in relation to incidents occurring prior to reporting date and are measured based upon historical claim rates.

Estimated net future cash flows are based on the assumption that all claims will be settled and the weighted average cost of historical claims adjusted for inflation will continue to approximate future costs.

Asset restoration, restructuring and decommissioning

Asset restoration and decommissioning

Where the Group has a legal or constructive obligation to restore a site on which an asset is located, either through make-good provisions included in lease agreements or decommissioning of environmental risks, the present value of the estimated costs of dismantling and removing the asset and restoring the site is recognised as a provision with a corresponding increase in the related item of property, plant and equipment.

At each reporting date, the liability is remeasured in line with changes in discount rates, estimated cash flows and the timing of those cash flows. Any changes in the liability are added to or deducted from the related asset, other than the unwinding of the discount, which is recognised as a financing cost in the income statement. If there is no related asset in respect of the restoration or decommissioning activity changes in the liability are recognised in the income statement.

The asset restoration provision includes amounts that have been recognised in respect of certain environmental contamination indemnities provided under the Australian Fibre sale and purchase agreement. The indemnity relates to certain pre-existing contamination that may exist at the Australasian Fibre sites as at 30 April 2020, where after this date the contamination is either a) required to be remediated by a regulatory agency or b) the site is subject to regulatory enforcement action that is directly related to pre-existing contamination.

Restructuring

A provision for restructuring is recognised when the Group has a detailed formal restructuring plan and the restructuring has either commenced or has been publicly announced, including discussions with affected personnel. Future operating costs in relation to the restructuring are not provided for. Payments falling due greater than 12 months after reporting date are discounted to present value.

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Section 3: Assets and liabilities (continued)

3.9 Provisions (continued)

JUDGEMENTS AND ESTIMATES

A provision is recognised by the Group where an obligation exists relating to a past event, it is probable that a cash payment will be required to settle it, and the Group is not certain how much cash will be required to settle the liability. The value of that provision is based upon estimates and assumptions with regards to the amount and timing of cash flows required to settle the obligation, which are dependent on future events. The key assumptions applicable to the determination of the provisions are as follows:

Employee entitlements

The provision for employee entitlements is based on a number of management estimates, which include:

- future increase in salaries, wages and on-cost rates
- future probability of employee departures
- future probability of years of service (long service leave provision)

Workers' compensation

The self-insured workers' compensation provision is based on a number of management estimates including, but not limited to:

- future inflation
- claim administration expenses
- historical weighted average size of claims
- claim development

Asset restoration and decommissioning

Asset restoration and decommissioning provisions require assessments to be made of lease make-good conditions and decommissioning and environmental risks. The provisions require estimates to be made of costs to dismantle and remove equipment and to restore the site to the condition required under the terms of the lease or contract and as required by environmental laws and regulations.

The recognition and measurement of asset restoration and decommissioning provisions is a complex area and requires significant judgement and estimates. The measurement of the provision can vary as a result of many factors, including, but not limited to:

- changes in the relevant legal or local/national government requirements and any other commitments made to stakeholders;
- review of remediation and restoration options
- identification of additional remediation requirements identified during the restorative process
- the emergence of new restoration techniques

In determining an appropriate provision management gives consideration to the results of the most recently completed surveying data in respect of the remediation process, current cost estimates and appropriate inclusion of contingency in cost estimates to allow for both known and unknown residual risks.

Estimates can be impacted by the emergence of new restoration techniques and experience at other operations. This is compounded by the fact that there has been limited restoration activity and historical precedent within the Group against which to benchmark estimates of the costs to remediate.

The decommissioning of the Petrie site is a significant and complex exercise involving multiple government agencies. The Group continues to use a specialist environmental consulting firm to manage the completion of the remaining remediation works. At the date of this Report, decommissioning work continues on site with the estimated costs to complete the decommissioning contingent on final remediation requirements which require significant judgement in respect of determining a reliable estimate.

Management have measured the Petrie decommissioning provision as at 30 June 2021 using all currently available information and considering applicable legislative and environmental regulations. However, given the complexity and multiple stakeholders involved in the decommissioning of the Petrie site, there remains a risk of further currently unidentified costs in the future.

All the uncertainties discussed above may result in future actual expenditure differing from the amounts currently provided for in the balance sheet.

Restructuring

Restructuring provisions require assessments to be made regarding the timing of recognition, specifically are plans sufficiently detailed, approved and communicated to support recognition at a point in time. The provisions also require estimates to be made of the cost of restructuring and the timing of these cash outflows.

The judgements, estimates and assumptions used in the recognition of all provisions are evaluated on an ongoing basis and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstance and are management's best estimates based on currently available information, legislation and environmental laws and regulations. The actual result may differ from these accounting estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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Section 4: Income tax

IN THIS SECTION

This section sets out the Group's tax accounting policies, the current and deferred tax charges or credits in the year (which together make up the total tax charge or credit in the income statement), a reconciliation of profit before tax to the tax charge for the period and the movements in the deferred tax assets and liabilities.

4.1. Income tax expense

The total taxation charge in the income statement for continuing operations is analysed as follows:

$ million	2021	2020
Current tax expense		
Current period	**(50.8)**	(32.5)
Adjustments relating to prior periods	**3.0**	1.7
Total current tax expense	**(47.8)**	(30.8)
Deferred tax expense		
Origination and reversal of temporary differences	**(0.2)**	21.8
Total income tax expense	**(48.0)**	(9.0)
Deferred income tax expense included in income tax expense comprises:		
Increase in deferred tax assets	**10.2**	32.1
Increase in deferred tax liabilities	**(10.4)**	(10.3)
Deferred income tax (benefit)/expense included in total income tax expense	**(0.2)**	21.8

The following table provides a numerical reconciliation of income tax expense for continuing operations to prima facie tax payable:

$ million	2021	2020
Profit before related income tax (expense)/benefit	**177.7**	35.6
Tax at the Australian tax rate of 30% (2020: 30%)	**(53.3)**	(10.7)
Net tax effect of amounts which are non-deductible/non-assessable for tax	**(0.8)**	2.0
	(54.1)	(8.7)
Over provision in prior period	**3.0**	1.7
Foreign tax rate differential	**3.1**	(2.0)
Total income tax expense[(1)]	**(48.0)**	(9.0)

(1) Total income tax expense in the current period includes an income tax benefit of $11.6 million (2020: $37.1 million) in respect of significant items recognised during the period, refer note 1.2.

Section 4: Income tax (continued)

4.2. Deferred tax balances

Deferred income tax in the balance sheet relates to the following:

$ million	2021	2020
Deferred tax assets		
Net right-of-use lease accounting	**15.6**	16.9
Trade receivable loss allowance provision	**0.5**	0.4
Valuation of inventories	**16.7**	14.7
Employee benefits	**32.6**	27.3
Provisions	**25.2**	22.9
Financial instruments at fair value	**-**	2.7
	90.6	84.9
Tax set-off	**(64.4)**	(71.0)
Deferred tax asset	**26.2**	13.9
Deferred tax liabilities		
Property, plant and equipment	**60.1**	57.4
Intangible assets	**8.5**	4.6
Financial instruments at fair value	**0.4**	-
Other items	**2.2**	9.0
	71.2	71.0
Tax set-off	**(64.4)**	(71.0)
Deferred tax liability	**6.8**	-

Deferred income tax in the income statement from continuing operations relates to the following:

$ million	2021	2020
Property, plant and equipment	**5.4**	(3.9)
Net right-of-use lease accounting	**0.7**	1.7
Trade receivable loss allowance provision	**(0.1)**	0.1
Intangible assets	**4.2**	(19.7)
Valuation of inventories	**(2.4)**	(4.2)
Employee benefits	**(6.4)**	(1.4)
Provisions	**(0.4)**	8.5
Financial instruments at fair value	**0.7**	0.1
Accruals and other items	**(1.5)**	(3.0)
Deferred tax benefit/(expense)	**0.2**	(21.8)

Accounting policies

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised directly in equity or in other comprehensive income respectively.

Current tax

Current tax is the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax is also adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and by the availability of unused tax losses.

Current tax assets and liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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Deferred tax

Deferred tax is recognised using the balance sheet method in which temporary differences are calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- taxable temporary differences arising on the initial recognition of goodwill;
- taxable differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied when the temporary difference reverses, that is, when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Offsetting deferred tax balances

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred tax balances relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but the Group intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Unrecognised deferred tax assets and liabilities

Deferred tax liabilities have not been recognised in respect of temporary differences arising as a result of the translation of the financial statements of the Group investments in subsidiaries. The deferred tax liability will only arise in the event of disposal of the subsidiary, and no such disposal is expected in the foreseeable future.

Unremitted earnings of the Group's international operations are considered to be reinvested indefinitely and relate to the ongoing operations. Upon distribution of any earnings in the form of dividends or otherwise, the Group may be subject to withholding taxes payable to various foreign countries, however, such amounts are not considered to be significant. As the Group controls when the deferred tax liability will be incurred and is satisfied that it will not be incurred in the foreseeable future, the deferred tax liability has not been recognised. There are no unrecognised deferred tax assets.

JUDGEMENTS AND ESTIMATES

The Group is subject to income taxes in Australia and foreign jurisdictions and as a result the calculation of the Group's tax charge involves a degree of estimation and judgement in respect of certain items, including assumptions made in respect of the application of tax legislation. There are many transactions and calculations relating to the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for uncertain tax positions based on management's best estimate of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, these differences impact the current and deferred tax provisions in the period in which such determinations are made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits are available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment. The assumptions regarding the future realisation, and therefore the recognition of deferred tax assets, may change due to future operating performance and other factors.

The assumptions made in respect of the recognised tax balances are subject to risk and uncertainty and there is a possibility that changes in circumstances or differences in opinion will alter outcomes which may impact the amount of deferred tax assets and deferred tax liabilities recognised and the amount of tax losses and timing differences not yet recognised.

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Section 5: Financial risk management

IN THIS SECTION

The following section outlines how the Group manages the financial risks it is exposed to associated with holding financial instruments that arise from the Group's need to access financing (bank loans and overdrafts and unsecured notes), from the Group's operational activities (cash, trade receivables and payables) and instruments held as part of the Group's risk management activities (derivative financial instruments).

Financial risk management is carried out by Orora Group Treasury under policies that have been approved by the Board for managing each of the below risks including principles and procedures with respect to risk tolerance, delegated levels of authority on the type and use of derivative financial instruments and the reporting of these exposures. The Treasury function reports regularly to the Audit, Risk & Compliance Committee and treasury procedures are subject to periodic reviews.

In accordance with Board approved policies the Group typically uses derivative financial instruments to hedge underlying exposures arising from the Group's operational activities relating to: changes in foreign exchange rates on foreign currency commercial transactions (transaction risk), exposure to changes in commodity prices, changes in interest rates on net borrowings and changes in the Company's share price.

The Group's overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance as set out in the table below:

Risk	Exposure	Management
Market risks		
• Interest rate risk	The Group is exposed to interest rate risk in respect of short and long-term borrowings where interest is charged at variable rates.	The Group mitigates interest rate risk primarily by maintaining an appropriate mix of fixed and floating rate borrowing arrangements. Where necessary the Group hedges interest rate risk using derivative instruments – eg interest rate swaps. Refer notes 5.1.1 and 5.4.
• Foreign exchange risk	The Group is exposed to foreign exchange risk because of its international operations. These risks relate to future commercial transactions (mainly relating to export sales, the purchase of inventory and capital expenditure), financial assets and liabilities not denominated in A$ and net investments in foreign operations.	Where possible, loans are drawn in foreign currency by foreign entities to create a natural hedge of foreign currency assets and liabilities. Where this is not possible, the Group's policy is to hedge contractual commitments denominated in a foreign currency by entering into forward exchange contracts. Refer notes 5.1.2 and 5.4.
• Commodity price risk	The Group is exposed to changes in commodity prices in respect of the purchase of aluminium raw materials and the price of electricity.	Where possible, the Group mitigates raw material commodity price risk by contractually passing rise and fall adjustments through to customers. To mitigate the variability of wholesale electricity prices in Australia, the Group utilises Power Purchase Arrangements (PPAs). Refer notes 5.1.3 and 5.4.
• Employee share plan risk	The Group's employee share plans require the delivery of shares to employees in the future when rights vest or options are exercised. The Group currently acquires shares on market to deliver these shares exposing the Group to cash flow risk – ie as the share price increases it costs more to acquire the shares on-market.	The Group has established the Orora Employee Share Trust which manages and administers the Group's responsibilities under the employee share plans through acquiring, holding and transferring shares or rights to shares in the Company to participating employees. Refer note 5.1.4, 6.3 and 7.1.
Credit risk	The Group is exposed to credit risk from financial instrument contracts and trade and other receivables. The maximum exposure to credit risk at reporting date is the carrying amount, net of any provision for impairment, of each financial asset in the balance sheet.	The Group manages credit risk through a robust system of counterparty approval, granting and renewal of credit limits, regular monitoring of exposures against such credit limits and assessing the overall financial stability and competitive strength of the counterparty on an ongoing basis. Refer to notes 5.2 and 3.1 for credit risk exposures relating to trade and other receivables. The Group only enters into financial instrument contracts with high credit quality financial institutions with a minimum long-term credit rating of A- or better by Standard & Poor's.

Risk	Exposure	Management
Liquidity and funding risk	The Group is exposed to liquidity and funding risk from operations and from external borrowings, where the risk is that the Group may not be able to refinance debt obligations or meet other cash outflow obligations when required.	The Group mitigates funding and liquidity risks by ensuring that: • a sufficient range of funds are available to meet working capital and investment objectives; • adequate flexibility within the funding structure is maintained through the use of bank overdrafts, bank loans and unsecured notes; • through regular monitoring of rolling forecast of cash inflows and outflows, the cost of funding is minimised and that the return on any surplus funds is maximised through efficient cash management; and • there is a focus on improving operational cash flow and maintaining a strong balance sheet. Refer note 5.3.

5.1. Market risks

5.1.1. Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group's Treasury risk management policy is to maintain an appropriate mix between fixed and floating rate borrowings, monitoring global interest rates, and where appropriate, hedging floating interest rate exposures or borrowings at fixed interest rates through the use of interest rate swaps and forward interest rate contracts.

The Group's policy is to hold up to 85.0% fixed rate debt. At 30 June 2021, approximately 64.3% of the Group's debt is fixed rate. In the comparative period approximately 88.0% of the Group's debt was fixed rate. The movement in fixed rate debt was a result of the sale of the Australasian Fibre business which extinguished almost all bank debt, while the fixed US Private Placement notes remained outstanding.

Exposure

The Group had the following variable rate borrowings, there were no interest rate swap contracts outstanding at 30 June:

	Weighted average interest rate	Balance $million
2021		
Bank loans	**1.4%**	**180.0**
Interest rate swaps (notional principal amount)	**-**	**-**
Net exposure to cash flow interest rate risk		**180.0**
2020		
Bank loans	1.6%	48.0
Interest rate swaps (notional principal amount)	-	-
Net exposure to cash flow interest rate risk		48.0

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Section 5: Financial risk management (continued)

5.1. Market risks (continued)

5.1.1. Interest rate risk (continued)

Interest rate derivatives used for hedging

The Group did not hold any derivative instruments as at 30 June 2021 (2020: nil) in respect of hedging interest rate risk.

The Group's interest rate swaps are predominantly classified as cash flow hedges so any movement in the fair value is recognised directly in equity. The amounts accumulated in equity are transferred to the income statement in the period in which the hedged item affects profit or loss. During the period no amounts were recognised directly in equity in relation to interest rate swaps (2020: nil).

Sensitivity

At 30 June 2021, if Australian and US interest rates had increased by 1.0% (100 bps), post-tax profit for the year would have been $1.3 million lower (2020: $0.3 million lower), net of derivatives. If interest rates on Australian and US dollar denominated borrowings had decreased by 1.0% (100 bps), post-tax profit for the year would have been $1.3 million higher (2020: $0.3 million higher), net of derivatives.

Amounts recognised in profit or loss and other comprehensive income

During the year no amounts, relating to cash flow hedges on interest rate swaps were recognised in other comprehensive income (2020: nil) and no amounts were recognised in the income statement in respect of hedge ineffectiveness on interest rate swaps (2020: nil). In addition, during the period there were no amounts relating to cash flow hedges on interest rate swaps that were transferred from equity to operating profit (2020: nil).

5.1.2. Foreign exchange risk

The Group operates internationally and is therefore exposed to currency risk arising from movements in foreign currency rates, primarily with respect to the US Dollar and NZ Dollar. The foreign exchange risk arises from:

- recognised monetary assets and liabilities held in a non-functional currency and net investments in foreign operations (translation risk); and
- differences in the dates foreign currency commercial transactions are entered into and the date they are settled (transaction risk).

The Group's exposure to foreign currency risk at the end of the reporting period in respect of foreign denominated monetary items, expressed in Australian dollars, was as follows:

$ million	USD	NZD	EUR
2021			
Trade receivables	**10.1**	**0.6**	**-**
Trade payables	**(5.3)**	**(0.2)**	**(1.5)**
Foreign currency forwards			
Cash flow hedges			
Buy foreign currency	**140.2**	**-**	**-**
Sell foreign currency	**-**	**2.8**	**3.9**
Held for trading			
Buy foreign currency	**4.1**	**0.4**	**0.3**

$ million	USD	NZD	CAD
2020			
Trade receivables	25.4	0.2	12.2
Trade payables	(11.0)	(0.4)	-
Foreign currency forwards			
Cash flow hedges			
Buy foreign currency	88.2	-	-
Sell foreign currency	-	0.3	-
Held for trading			
Buy foreign currency	1.6	0.1	-

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The following sensitivity illustrates how a reasonably possible change in the US dollar and NZ dollar would impact post-tax profit as at 30 June:

- if the Australian dollar had weakened by 10% against the US dollar with all other variables held constant, post tax profit would have been $0.4 million higher (2020: post-tax profit $1.2 million higher).
- if the Australian dollar had weakened by 10% against the NZ dollar with all other variables held constant, there would have been no material impact upon post-tax profit (2020: no impact upon post-tax profit)

Further details regarding foreign currency translation and transaction risk are set out below.

Translation risk

To limit translation risk exposure the Group's borrowings are generally denominated in currencies that match the cash flows generated by the underlying operations of the Group, which are primarily Australian and US dollars. Interest payable on those borrowings is denominated in the currency of the borrowing. In respect of the US operations this provides a natural economic hedge without requiring derivatives to be entered into.

Exposure

The summary quantitative data about the Group's exposure to translation currency risk, as reported to the management of the Group, is as follows:

	2021		2020	
$ million	**USD**	**NZD**	USD	NZD
Funds employed	**663.0**	**63.8**	791.8	119.5
Net Debt	**(300.8)**	**17.0**	(269.3)	(23.3)
	45.4%	**(26.6%)**	34.0%	19.5%

Transaction risk

To manage foreign currency transaction risk the Group's policy is to hedge material foreign currency denominated expenditure at the time of commitment and to hedge a proportion of foreign currency denominated forecasted exposures on a rolling 18-month basis (mainly relating to export sales, the purchase of inventory and capital expenditure), using either a natural hedge where one exists, or through the use of forward foreign exchange contracts or foreign currency options taken out for up to two years from the forecast date.

Forward exchange derivatives used for hedging

The below carrying values represent the fair value of instruments used to hedge foreign exchange risk together with the associated nominal volume:

	Notional	Weighted	$ million	
	Item	**Average**	**Asset**	**Liability**
2021				
Cash flow hedges				
AUD/USD	**USD118.5**	**0.7619**	**3.0**	**(0.6)**
AUD/EUR	**EUR4.2**	**0.6339**	**0.1**	**-**
AUD/GBP	**GBP4.4**	**0.5448**	**-**	**-**
NZD/USD	**USD27.2**	**0.7055**	**0.8**	**(0.4)**
NZD/AUD	**NZD3.2**	**0.9293**	**-**	**-**
Total derivatives in an asset/(liability) position			**3.9**	**(1.0)**
2020				
Cash flow hedges				
AUD/USD	USD69.3	0.6600	0.5	(5.1)
NZD/USD	USD20.5	0.6279	0.2	(1.0)
NZD/AUD	AUD0.4	0.9555	-	-
Total derivatives in an asset/(liability) position			0.7	(6.1)

Sensitivity

The following sensitivity illustrates how a reasonably possible change in the US dollar and NZ dollar would impact the fair value of the derivative financial instruments (refer note 5.4) held for future commercial transactions as at 30 June:

- if the Australian dollar had weakened by 10% against the US dollar with all other variables held constant, equity would have been $20.2 million higher (2020: $6.5 million higher).
- if the Australian dollar had weakened by 10% against the NZ dollar with all other variables held constant, equity would have been $0.8 million lower (2020: no impact upon equity).

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Section 5: Financial risk management (continued)

5.1. Market risks (continued)

5.1.2. Foreign exchange risk (continued)

Amounts recognised in profit or loss and other comprehensive income

Within general and administrative expense in the income statement the Group recognised a net foreign exchange loss of $0.3 million (2020: $1.2 million gain) and, in respect of foreign currency derivatives designated at fair value through profit or loss, a gain of $0.2 million (2020 $0.2 million loss).

In addition, a gain of $2.9 million (2020: $5.0 million loss) relating to cash flow hedges and a $35.4 million loss (2020: $25.2 million loss) on the translation of foreign operations was recognised in other comprehensive income. Losses of $5.7 million (2020: $0.9 million gain) relating to cash flow hedges were transferred from equity to operating profit. In the comparative period a $0.1 million gain was transferred from equity to non-financial assets.

In the comparative period, upon the divestment of the Australasian Fibre business a foreign currency loss of $12.1 million ($8.3 million after tax) relating to the net investment hedge of the foreign operations of this disposed business was reclassified to profit on disposal. Refer note 6.2.

5.1.3. Commodity price risk

The Group is exposed to commodity price risk arising from the purchase of aluminium and the price of electricity.

Electricity prices

To manage the risk associated with the variability of wholesale electricity prices in Australia the Group utilises Power Purchase Arrangements (PPAs). These contracts are entered into in order to economically hedge exposure to fluctuations in electricity prices by purchasing electricity at predetermined prices.

These derivative instruments meet the requirements for hedge accounting. Settlement of the contracts require exchange of cash for the difference between the contracted and spot market price. The contracts are measured at fair value and the resultant gains or losses that effectively hedge designated risk exposures are deferred within the cash flow hedge reserve.

At 30 June 2021 the net carrying value, and fair value, of the instruments used to hedge commodity price risk in respect of electricity prices is a net liability of $0.9 million (2020: $1.5 million net liability).

Aluminium purchases

In managing commodity price risk associated with aluminium purchases the Group is able to pass on the price risk contractually to customers through rise and fall adjustments. In the case of aluminium some hedging is undertaken using fixed price swaps on behalf of certain customers. Hedging undertaken is upon customer instruction and all related benefits and costs are passed through to the customer on maturity of the transaction.

The movements in commodity hedges are recognised in equity and the cumulative amount of the hedge is recognised in the income statement when the forecast transaction is realised. There is no impact on profit as a result of movements in commodity prices where hedges have been put in place as the Group passes the price risk contractually through to customers. As the Group ultimately passes on the movement risk associated with commodity prices to customers, no sensitivity has been performed.

5.1.4. Employee Share Plan risk

The Group is exposed to movements in the value of ordinary shares of the Company in respect of the obligations under the Group's Employee Share Plans (refer note 7.1). To mitigate this risk the Group has established the Orora Employee Share Trust (the Trust) to manage and administer the Group's responsibilities under the Employee Share Plans through the acquiring, holding and transferring of shares, or rights to shares, in the Company to participating employees.

As at 30 June 2021, the Trust holds 306,567 treasury shares in the Company (2020: 655,046), 80,000 allocated shares in respect of the CEO Grant (2020: 168,000). In the comparative period the Trust also held 180,600 allocated shares in respect of vested shares held on trust that contain a post-vesting holding lock. Refer note 6.3 for further details.

5.2. 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 its contractual obligations. It arises principally from the Group's receivables from customers, cash and cash equivalents and in-the-money derivatives. There is also credit risk relating to the Group's own credit rating as this impacts the availability and cost of future finance.

The Group manages credit risk through the maintenance of procedures such as the utilisation of systems of approval, granting and renewal of credit limits, regular monitoring of exposures against such credit limits and assessing the overall financial stability and competitive strength of the counterparty on an ongoing basis.

Trade and other receivables

Credit risk exposures related to trade and other receivables are discussed in note 3.1.

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Cash and cash equivalents and derivatives

Credit risk related to balances with banks and financial institutions is managed by Orora Group Treasury in accordance with Group policy. The policy only allows financial derivative instruments to be entered into with high credit quality financial institutions with a minimum long-term credit rating of A- or better by Standard & Poor's. In addition, the Board has approved the use of these financial institutions, and specific internal guidelines have been established with regards to limits, dealing and settlement procedures.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any security held, is equivalent to the carrying amount and classification of the financial assets (net of any provisions) as presented in the statement of financial position.

Guarantees

The Group's policy is to provide financial guarantees only to certain parties securing the liabilities of subsidiaries. These are only provided in exceptional circumstances (refer note 7.3).

5.3. Liquidity and funding 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 financing policy is to fund itself for the long term by using debt instruments with a range of maturities and to ensure access to appropriate short-term facilities. Orora Group Treasury aims to maintain flexibility within the funding structure through the use of bank overdrafts and bank loans.

Management manages liquidity risk through maintaining minimum undrawn committed liquidity of at least $175.0 million that can be drawn upon at short notice and regularly monitoring rolling forecasts of cash inflows and outflows in relation to the Group's activities. This monitoring includes financial ratios to assess possible future credit ratings and headroom and takes into account the accessibility of cash and cash equivalents.

Financing arrangements

In addition to a range of short-term uncommitted credit lines, as at 30 June 2021 the Group had access to the following committed facilities:

- $350.0 million through a revolving multicurrency facility, provided by a syndicate of domestic and international financial institutions maturing in November 2024.
- USD243.0 million via a US Private Placement of notes of which USD100.0 million matures in July 2023 and USD143.0 million matures in July 2025.
- USD150.0 million through a USD revolving facility, provided by a syndicate of domestic and international financial institutions, maturing in April 2024.
- $35.0 million through a bilateral agreement which matures in January 2022.

These facilities are unsecured.

The committed and uncommitted standby arrangements and unused facilities of the Group are set out below:

	2021			2020		
$ million	**Committed**	**Uncommitted**	**Total**	Committed	Uncommitted	Total
Financing facilities available:						
Bank overdrafts	-	**6.3**	**6.3**	-	6.3	6.3
US Private placement	**324.1**	-	**324.1**	352.2	-	352.2
Loan facilities and term debt	**585.1**	**127.7**	**712.8**	662.3	73.0	735.3
	909.2	**134.0**	**1,043.2**	1,014.5	79.3	1,093.8
Facilities utilised:						
Bank overdrafts	-	-	-	-	-	-
US Private placement	**324.1**	-	**324.1**	352.2	-	352.2
Loan facilities and term debt	**180.0**	-	**180.0**	48.0	-	48.0
	504.1	-	**504.1**	400.2	-	400.2
Facilities not utilised:						
Bank overdrafts	-	**6.3**	**6.3**	-	6.3	6.3
US Private placement	-	-	-	-	-	-
Loan facilities and term debt	**405.1**	**127.7**	**532.8**	614.3	73.0	687.3
	405.1	**134.0**	**539.1**	614.3	79.3	693.6

Section 5: Financial risk management (continued)

5.3 Liquidity and funding risk (continued)

Maturity of financial liabilities

The table below analyses the Group's financial liabilities, including derivatives, into relevant maturity groupings based on the period remaining until the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest), so will not always reconcile with the amounts disclosed in the statement of financial position:

$ million	1 year or less	1-2 years	2-5 years	More than 5 years	Total contractual cash flows	Carrying amount (assets)/ liabilities
2021						
Non-derivative financial instruments						
Trade and other payables	**650.8**	**0.3**	**1.5**	**-**	**652.6**	**652.6**
Lease liabilities	**66.6**	**61.7**	**142.2**	**52.6**	**323.1**	**252.8**
Borrowings	**14.8**	**14.5**	**522.2**	**0.3**	**551.8**	**503.5**
Total non-derivatives	**732.2**	**76.5**	**665.9**	**52.9**	**1,527.5**	**1,408.9**
Derivatives						
Net settled (interest rate swaps and commodity contracts)	**(0.8)**	**(0.1)**	**-**	**-**	**(0.9)**	**(0.9)**
Gross settled forward exchange contracts						
Inflow	**195.4**	**16.0**	**-**	**-**	**211.4**	
Outflow	**(192.7)**	**(15.8)**	**-**	**-**	**(208.5)**	
Total gross settled forward exchange contracts	**2.7**	**0.2**	**-**	**-**	**2.9**	**2.9**
Total derivatives	**1.9**	**0.1**	**-**	**-**	**2.0**	**2.0**
2020						
Non-derivative financial instruments						
Trade and other payables	663.5	-	-	-	663.5	663.5
Lease liabilities	62.7	53.4	128.0	93.3	337.4	279.4
Borrowings	14.2	61.6	171.8	207.5	455.1	399.4
Total non-derivatives	740.4	115.0	299.8	300.8	1,456.0	1,342.3
Derivatives						
Net settled (interest rate swaps and commodity contracts)	(0.7)	(0.6)	(0.2)	-	(1.5)	(1.5)
Gross settled forward exchange contracts						
Inflow	130.2	6.8	0.2	-	137.2	
Outflow	(135.5)	(7.0)	(0.2)	-	(142.7)	
Total gross settled forward exchange contracts	(5.3)	(0.2)	-	-	(5.5)	(5.5)
Total derivatives	(6.0)	(0.8)	(0.2)	-	(7.0)	(7.0)

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5.4. Hedging instruments

Hedging activities and the use of derivatives

What is a derivative?

A derivative is a type of financial instrument typically used to manage risk. A derivative's value changes over time in response to underlying variables, such as exchange rates or interest rates, and is entered into for a fixed period of time. A hedge is where a derivative is used to manage exposure in an underlying variable.

The Group is exposed to certain market risks which include foreign exchange risk, interest rate risk and commodity price risk. In accordance with Board approved policies the Group manages these risks by using derivative financial instruments to hedge the underlying exposures.

Why do we need them?

The key market risks facing the Group:

- Foreign currency transaction risk is the risk that currency fluctuations will have a negative effect on the value of the Group's future cash flows due to changes in foreign currency between the date a commercial transaction is entered into and the date at which the transaction is settled.
- Interest rate risk arises from fluctuations in variable market interest rates impacting the fair value or future cash flows on long-term borrowings.
- Commodity price risk arises from significant changes in the price of electricity and key raw material inputs, in particular the purchase of aluminium.

How do we use them?

The Group employs the following derivative financial instruments when managing its foreign currency, interest rate and commodity price risk:

- Forward exchange contracts and options are derivative instruments used to hedge transaction risk. They enable the sale or purchase of foreign currency at a known fixed rate on an agreed future date. The Group holds forward exchange contracts and options denominated in US Dollars, Euros, British Pounds and NZ Dollars to hedge highly probable forecast sale and purchase transactions (cash flow hedges).
- Interest rate swaps are derivative instruments used to manage interest rate risk. They enable the exchange of a fixed rate of interest for a floating rate, or vice versa, or one type of floating rate for another. These derivatives are entered into to manage the Group's exposure to fixed and floating interest rates arising from borrowings. These hedges may incorporate cash flow hedges, which fix future interest payments, and fair value hedges, which reduce the Group's exposure to changes in the value of its assets and liabilities arising from interest rate movements.
- Power Purchase Arrangements are derivative instruments that are used to hedge transaction risk associated with the variability of wholesale electricity prices in Australia. These forward commodity contracts exchange a variable wholesale price of electricity for a fixed electricity price.

In respect of managing commodity price risk associated with aluminium purchases the Group uses forward commodity contracts. Forward commodity contracts are derivative instruments used to hedge price risk so they enable the purchase of aluminium raw materials at a known fixed rate on an agreed future date. On behalf of customers, aluminium hedging is undertaken using fixed price swaps. The Group passes on the price risk of commodities contractually through to customers, including any benefits and costs relating to swaps upon their maturity (fair value hedge).

All derivative financial instruments utilised by the Group are hedges of highly probable forecast transactions with a hedge ratio of 1:1, therefore the change in the hedging instrument is equal to the change in the value of the underlying hedged item.

Derivative financial instruments are only undertaken if they relate to underlying exposures, the Group does not use derivatives to speculate.

Analysis of the derivatives used by the Group to hedge its exposure and the various methods used to calculate their respective fair values are detailed in this section.

Accounting policies

Derivative financial instruments are recognised initially at fair value on the date the instrument is entered into and are subsequently remeasured at fair value or 'marked to market' at each reporting date. The gain or loss on remeasurement is recognised immediately in the income statement unless the derivative is designated as a hedging instrument in which case the remeasurement is recognised in equity.

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Section 5: Financial risk management (continued)

5.4 Hedging instruments (continued)

Hedge accounting

At the inception of the hedge relationship, the Group formally designates the relationship between hedging instruments and hedged items, as well as its risk management objective for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, as to whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items. Where option contracts are used to hedge forecast transactions, only the intrinsic value of the option contract is designated as the hedging instrument.

Rebalancing

If the hedging ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

For the purposes of hedge accounting, hedges are classified as fair value hedges, cash flow hedges or net investment hedges and are accounted for as set out in the table below.

Hedges that meet the criteria for hedge accounting are accounted for as follows:

	Fair value hedge	Cash flow hedge	Net investment hedge
What is it?	A derivative or financial instrument designated as hedging the change in fair value of a recognised asset or liability or firm commitment.	A derivative or financial instrument hedging the exposure to variability in cash flow attributable to a particular risk associated with an asset, liability or forecasted transaction.	Financial instruments hedging changes in foreign currency when the net assets of a foreign operation are translated from their functional currency into Australian dollars.
Movement in fair value	Changes in the fair value of the derivative are recognised in the income statement, together with the changes in fair value of the hedged asset or liability attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps, hedging fixed rate borrowings, is recognised in the income statement within 'finance costs', together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other income' or 'general and administration expenses'.	The effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated in equity in the hedging reserve. The change in the fair value that is identified as ineffective is recognised immediately in the income statement within 'other income' or 'general and administration expenses'. Amounts accumulated in equity are transferred to the income statement in the periods when the hedged item affects profit or loss (for instance, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory), the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset. Where options are used, changes in the fair value of the option are recognised in other comprehensive income depending on whether it is designated as the hedging instrument in its entirety, or it's intrinsic value only. If only the intrinsic value is designated, the option's time value that matches the terms of the hedged item is be recognised in equity and released to profit or loss over the term of the hedged item.	On consolidation, foreign currency differences arising on the translation of financial assets and liabilities designated as net investment hedges of a foreign operation are recognised in other comprehensive income and accumulated in the foreign exchange reserve, to the extent that the hedge is effective. Any ineffective portion is recognised in the income statement.
Discontinuation of hedge accounting	If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is amortised to the income statement over the period to maturity using a recalculated effective interest rate.	When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.	Upon disposal of the foreign operation, which is subject to the net investment hedge, the cumulative amount that has been recognised in equity in relation to the hedged net investment is transferred to the income statement and recognised as part of the gain or loss on disposal.

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Fair value measurement

The following table sets out the fair value of derivative financial instruments utilised by the Group, analysed by type of contract. There were no transfers between level 1 and 2 for recurring fair value measurements during the year. The Group does not hold any material level 3 financial instruments.

		Level 2 Fair Value Hierarchy			
		2021		2020	
$ million	Note	Asset	Liability	Asset	Liability
Cash flow hedges					
Interest rate swap contracts	5.1.1	-	-	-	-
Foreign exchange derivative contracts	5.1.2	**3.9**	**(1.0)**	0.6	(6.1)
Electricity and commodity derivatives	5.1.3	**0.8**	**(1.7)**	1.3	(2.8)
Total derivatives in an asset/(liability) position		**4.7**	**(2.7)**	1.9	(8.9)
Current asset/(liability)		**4.2**	**(2.3)**	1.0	(7.0)
Non-current asset/(liability)		**0.5**	**(0.4)**	0.9	(1.9)

JUDGEMENTS AND ESTIMATES

The Orora Group Treasury team performs the financial instrument valuations and reports directly to the Chief Financial Officer (CFO) and the Audit, Risk & Compliance Committee. Discussions of valuation processes and results are held with the CFO and Orora Group Treasury at least once every six months, in line with the Group's half-yearly reporting requirements. Significant valuation issues are reported to the Audit, Risk & Compliance Committee.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into three levels as prescribed under accounting standards, with each of these levels indicating the reliability of the inputs used in determining fair value. The levels in the fair value hierarchy are:

Level 1: Financial instruments traded in an active market (such as publicly traded derivatives, and trading and available-for-sale securities). Fair value is from a quoted price, for an identical asset or liability at the end of the reporting period, traded in an active market. The quoted market price used for assets is the last bid price.

Level 2: Financial instruments that are not traded in an active market (for example over-the-counter derivatives). Fair value is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. All significant inputs used in the valuation method are observable.

Level 3: Financial instruments for which no market exists in which the instrument can be traded. Where one or more of the significant inputs in determining fair value for the asset or liability is not based on observable market data (unobservable input), the instrument is included in level 3.

Determining fair value

The specific valuation techniques used to value derivative financial instruments are as follows:

- the fair value of forward exchange contracts and currency options is determined by using the difference between the contract exchange rate and the quoted exchange rate at the reporting date;
- the fair value of interest rate swaps is determined by calculating the present value of the estimated future cash flows—ie the amounts that the Group would receive or pay to terminate the swap at the reporting date, based on observable yield curves; and
- the fair value of electricity and aluminium commodity forward contracts is determined by using the difference between the contract commodity price and the quoted commodity price at the reporting date.

Section 6: Group structure

IN THIS SECTION

This section provides information on those subsidiaries whose results principally affect the financial results of the Group, including details of the divestments and acquisitions that occurred during the period.

Details of the Orora Employee Share Trust are also discussed below.

6.1. Principal subsidiary undertakings and investments

The ultimate parent of the Group is Orora Limited, a company incorporated in Australia. The companies listed below are those whose results, in addition to the parent Company, principally affect the figures shown within the Annual Report:

Controlled entities	Country of incorporation	Ownership interest 2021	Ownership interest 2020
Orora Packaging Australia Pty Ltd	Australia	**100%**	100%
Orora Packaging New Zealand Ltd	New Zealand	**100%**	100%
Orora Packaging Solutions	United States	**100%**	100%
Landsberg Orora	United States	**100%**	100%
Orora Visual TX LLC	United States	**100%**	100%
Orora Visual LLC	United States	**100%**	100%
Pollock Investments Incorporated	United States	**100%**	100%

6.2. Business divestment

On 30 April 2020, the Group completed the sale of its Australasian Fibre business (Fibre) to a wholly owned subsidiary of Nippon Paper Industries Co., Limited for an enterprise value of $1,720.0 million, with net proceeds of $1,637.0 million received in the period to 30 June 2020.

In the comparative period, the Group recognised a gain on disposal, before tax, of $164.0 million. This gain is net of transaction costs, exchange fluctuation reserve reclassified on disposal, write-off of Group assets relating to the Fibre business, allowances for post-close completion accounts adjustments and provisions for indemnities.

On 29 September 2020, the Group finalised the post-close completion process with regards to the divestment including finalisation of the tax position of the sale, resulting in the recognition of an incremental net gain on disposal of $11.3 million (after tax $12.8 million). During the period, this gain has been offset by the recognition of additional costs and obligations associated with the sale totalling $9.8 million (after tax $6.7 million). Deferred consideration of $32.2 million, relating to the disposal of land is anticipated to be received in the early part of calendar 2022. The deferred consideration is presented as a current other receivable in note 3.1.

Included within the sale and purchase agreement is an indemnity with regards to potential environmental contamination. The indemnity relates to certain pre-existing contamination that may exist at the Australasian Fibre sites as at 30 April 2020, where, after this date, the contamination is either a) required to be remediated by a regulatory agency or b) the site is subject to regulatory enforcement action that is directly related to pre-existing contamination. The provision recognised as at 30 June 2021 represents management's best estimate of the potential liability under the indemnity, using all currently available information and considering the scope of the indemnity.

The Fibre business is classified as a discontinued operation, accordingly the financial statements have been presented in the following manner:

- the consolidated income statement and consolidate cash flow statement present the Fibre business, and the profit on disposal of this business, as a discontinued operation. As a consequence, the financial results of the Fibre business are presented separately within these statements;
- the consolidated statement of comprehensive income and the consolidated statement of changes in equity have been presented on a total Group basis.

Financial information relating to the discontinued operation is set out below.

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Results of discontinued operation

The table below reflects the amounts that have been recognised in the current period in respect of the completion of the sale of the Fibre business. The comparative period reflects the results of the Fibre operations and the gain on sale recognised upon disposal of the business.

$ million	2021	2020
External revenue	-	1,092.9
External expenses	-	(1,035.3)
Profit from operations	-	57.6
Income tax expense	-	(17.0)
Profit from operations, net of tax	-	40.6
Gain on sale of discontinued operation[1]	**1.5**	164.0
Income tax benefit on gain on sale of discontinued operation	**4.6**	7.7
Profit from discontinued operations, net of tax[2]	**6.1**	212.3
Total comprehensive income from discontinued operations[2]	**6.1**	220.0
Basic earnings per share	**0.6c**	22.0c
Diluted earnings per share	**0.6c**	21.9c

(1) The net gain on disposal in the comparative period, before tax, of $164.0 million is presented net of transaction costs, exchange fluctuation reserve reclassified on disposal, write-off of Group assets relating to the Fibre business, allowances for post-closed completion accounts adjustments and provisions for indemnities.

(2) The profit from discontinued operations, net of tax, and total comprehensive income from discontinued operations is entirely attributable to the owners of Orora Limited.

Cash flows from/(used in) discontinued operations

$ million	2021	2020
Net cash flows used in operating activities	-	(121.9)
Net cash flows from investing activities[1]	**20.7**	1,589.7
Net cash flows from financing activities	-	77.5
Net cash inflow for the period	**20.7**	1,545.3

(1) During the period net cash flows of $20.7 million were received in relation to the finalisation of the post-close completion process. In the comparative period the cash inflows from investing activities includes a net inflow of $1,637.0 million from the sale of the Fibre business.

Effect of disposal on the financial position of the Group

The following table sets out the carrying amounts of assets, liabilities and equity disposed of at 30 April 2020:

$ million	April 2020
Property, plant and equipment	1,145.4
Right-of-use assets	226.4
Intangible assets	78.7
Inventories	245.3
Trade and other receivables	243.0
Other assets	26.5
Assets disposed	1,965.3
Trade and other payables	177.2
Lease liabilities	245.6
Provisions	63.0
Liabilities disposed	485.8
Exchange fluctuation reserve, net of tax	(8.3)
Reserve recycled to income statement on disposal	(8.3)

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Section 6: Group structure (continued)

6.3. Orora Employee Share Trust

The Group holds shares in itself as a result of shares purchased by the Orora Employee Share Trust (the Trust). The Trust was established to manage and administer the Company's responsibilities under the Group's Employee Share Plans (refer note 7.1) through the acquiring, holding and transferring of shares, or rights to shares, in the Company to participating employees. In respect of these transactions, at any point in time the Trust may hold 'allocated' and 'unallocated' shares.

As at 30 June 2021, the Trust held 306,567 treasury shares in the Company (2020: 655,046) and 80,000 allocated shares in respect of the CEO Grant (2020: 168,000). In the comparative period, the Trust also held 180,600 shares held on trust in respect of vested grants that contain a post-vesting holding lock.

Allocated shares

Allocated shares represent those shares that have been purchased and awarded to employees under the CEO Grant (refer note 7.1). In the comparative period the allocated shares also included those shares held on trust in respect of vested grants that contain a post-vesting holding lock.

Shares granted to an employee under the CEO Grant, and vested shares that contain a post-vesting holding lock, are restricted in that the employee is unable to dispose of the shares for a period of up to five years (or as otherwise determined by the Board). The Trust holds these shares on behalf of the employee until the restriction period is lifted at which time the Trust releases the shares to the employee. Allocated shares are not identified or accounted for as treasury shares.

Where the Orora Employee Share Trust purchases equity instruments in the Company, as a result of managing the Company's responsibilities under the Group's CEO Grant Employee Share Plan award and for those vested shares with a post-vesting holding lock, the consideration paid, including any directly attributable costs is deducted from equity, net of any related income tax effects.

Unallocated shares

Unallocated shares represent those shares that have been purchased by the Trustee on-market to satisfy the potential future vesting of awards granted under the Groups Employee Shares Plans, other than the CEO Grant. As the shares are unallocated they are identified and accounted for as treasury shares (Treasury Shares) refer note 2.4.1.

Accounting policies

Transactions with the Group-sponsored Trust are included in these financial statements. In particular, the Trust's purchases of shares in Orora Limited are debited directly to equity. The shares are held in the Trust until such time as they may be transferred to participants of the various Group share schemes.

In accordance with the Trust Deed, the Trustees have the power to exercise all voting rights in relation to any investment (including shares) held within the Trust.

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Section 7: Other notes to the financial statements

IN THIS SECTION

This section includes additional financial information that is required by the accounting standards and the *Corporations Act 2001*, including details about the Group's employee reward and recognition programs.

7.1. Share-based compensation

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based incentives. The Orora employee incentive plans have been established to ensure employees are motivated and incentivised to develop and successfully execute against both short and long-term strategies that grow the business and generate shareholder returns. The plans provide an appropriate level and mix of short and long-term incentives to appropriately recognise and reward employees creating a high performance culture and Orora's ability to attract and retain talent. Orora's remuneration strategy is competitive in the relevant markets to support the attraction and retention of talent.

The following information provides details of Orora's employee incentive plans. During the period the Group recognised a share-based payment expense of $0.9 million (2020: $4.6 million). Employee expenses and employee provisions are shown in note 1.5 and 3.9 respectively.

This note should be read in conjunction with the Remuneration Report, as set out in the Directors' Report, which contains detailed information regarding the setting of remuneration for Key Management Personnel.

The following table details the total movement in the CEO Grant, Share Options, Performance Rights or Performance Shares issued by the Group:

			Long-Term Incentive Plans				Short-Term Incentive Plan	
	CEO Grant		Share Options		Performance Rights and Performance Shares		Deferred Equity[1]	
	No.	$[2]	No.	$[2]	No.	$[2]	No.	$[2]
2021								
Outstanding at beginning of period	**168,000**	**3.23**	**9,438,208**	**0.54**	**4,890,338**	**2.14**	**581,689**	**2.94**
Granted during the period	**-**	**-**	**-**	**-**	**2,199,647**	**1.68**	**441,007**	**2.14**
Exercised during the period	**(88,000)**	**3.23**	**(470,061)**	**0.44**	**(5,000)**	**1.69**	**(376,970)**	**3.03**
Forfeited during the period	**-**	**-**	**(4,332,330)**	**0.54**	**(2,291,813)**	**1.99**	**(35,019)**	**2.94**
Outstanding at end of period	**80,000**	**3.22**	**4,635,817**	**0.55**	**4,793,172**	**2.00**	**610,707**	**2.31**
Exercisable at end of period	**-**	**-**	**487,128**	**0.43**	**-**	**-**	**-**	**-**
2020								
Outstanding at beginning of period	264,040	2.96	14,431,770	0.50	5,773,391	2.06	1,318,936	3.05
Granted during the period	210,000	3.23	-	-	1,839,400	2.06	293,893	2.65
Exercised during the period	(306,040)	2.99	(3,937,062)	0.42	(1,882,916)	1.85	(977,671)	2.99
Forfeited during the period	-	-	(1,056,500)	0.47	(839,537)	2.14	(53,469)	3.06
Outstanding at end of period	168,000	3.23	9,438,208	0.54	4,890,338	2.14	581,689	2.94
Exercisable at end of period	-	-	696,628	0.44	-	-	-	-

(1) The equity outcomes for the 2021 financial year short-term incentive will be determined and allocated in September 2021 and are therefore not included in the above table.

(2) The above weighted average fair value is determined in accordance with AASB 2 *Share-based Payment* in respect of recognising the share-based payment expense of the award granted.

Section 7: Other notes to the financial statements (continued)

7.1 Share-based compensation (continued)

The exercise price of the CEO Grant, Performance Rights and Performance Shares and Deferred Equity Awards are nil. The exercise price of Share Options outstanding at the end of the year are set out below:

				Number	
Grant date	Vesting Date	Expiry date	Exercise price	2021	2020
19 Feb 2014	30 Sept 2016	30 Sept 2021	1.22	-	179,561
30 Oct 2015	30 Sept 2019	30 Sept 2024	2.08	**226,567**	307,567
20 Oct 2016	29 Aug 2020	29 Aug 2025	2.69	-	4,024,580
20 Oct 2017	30 Aug 2021	30 Aug 2026	2.86	**3,183,125**	3,509,000
22 Oct 2018	31 Aug 2022	31 Aug 2027	3.58	**1,226,125**	1,417,500
Share options outstanding at end of period				**4,635,817**	9,438,208
Weighted average contractual life of options oustanding at end of period				**5.3 years**	5.8 years

Accounting policies

The cost of the share-based compensation provided to employees is measured using the fair value at the date at which the option or right is granted and is recognised as an employee benefit expense in the income statement with a corresponding increase in the share-based payment reserve in equity. The expense is spread over the vesting period during which the employees become unconditionally entitled to the option or right granted. Upon exercise of the option or right, the balance of the share-based payment reserve, relating to the option or right, is transferred to share capital.

At each reporting period the Group revises the estimate of the number of options that are expected to vest based on the non-market vesting conditions. Any impact to the revision of an original estimate is recognised in the income statement with a corresponding adjustment to the share-based payment reserve. The employee expense, recognised each period, reflects the most recent estimate. The fair value of options is measured at grant date taking into account market performance conditions, but excludes the impact of any non-market conditions (eg profitability and earnings growth targets). Non-market vesting conditions are included in the assumptions about the number of options that are expected to be exercisable.

The fair value of each option granted is measured on the date of grant using the Black Scholes option pricing model that takes into account the exercise price, the vesting and performance criteria, and where applicable the market condition criteria, term of the option, impact of dilution, the non-tradeable nature of the option, 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 option.

The fair value of rights is measured at grant date using a Monte-Carlo valuation model which simulates the date of vesting, the percentage vesting, the share price and total shareholder return. Once the simulated date of vesting is determined a Black-Scholes methodology is utilised to determine the fair value of the rights granted.

The following weighted average assumptions were used in determining the fair value of options and rights granted during the period:

	2021	2020
Expected dividend yield (%)	**4.30**	4.10
Expected price volatility of the Company's shares (%)	**29.19**	23.00
Share price at grant date ($)	**2.56**	2.98
Risk-free interest rate - rights (%)	**0.13**	0.62
Expected life of rights (years)	**3.67**	3.31

No options were granted during the current period (2020: nil).

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated changes. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected price volatility, of the Company's shares, reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

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A description of the equity plans in place during the year ended 30 June 2021 is described below:

	Retention/Share Payment plan	Long-term incentives		Short-term incentive
	CEO Grant	Share Options	Performance Rights and Performance Shares	Deferred Equity
Overview	The Board endorses certain employees as eligible to receive ordinary shares in part satisfaction of their remuneration for the relevant financial year. The number of shares issued is at the discretion of the Board. The restrictions on these shares do not allow the employee to dispose of the shares within the vesting/restriction period. The shares subject to the CEO Grant carry full dividend entitlements and voting rights.	Under the long-term incentive plan, share options or performance rights over ordinary shares in the Company, or performance shares, may be issued to employees. The exact terms and conditions of each award are determined by the Directors of the Company at the time of grant. The Group has ceased offering share options under the long-term incentive plan. The last share option grant was issued in FY19, with a vesting date of 30 June 2022. Give the employee the right to acquire a share at a future point in time upon meeting specified vesting conditions, described below, and require payment of an exercise price. The share options are granted at no consideration and carry no dividend entitlement or voting rights until they vest and are exercised to ordinary shares on a one-for-one basis.	Give the employee the right to receive a share at a future point in time upon meeting specified vesting conditions, as described below; no exercise price is payable. The rights are granted at no consideration and carry no dividend entitlement or voting rights until they vest and convert to ordinary shares on a one-for-one basis.	Provides an additional short-term incentive opportunity to selected employees, in the form of rights to ordinary shares. The number of rights that are allocated to each eligible employee is based on: • 33.3% of the value of the cash bonus payable under the Short-Term Incentive Plan, following the end of the performance period; • the volume weighted average price of Orora Limited ordinary shares for the five trading days up to and including 30 June, being the end of the performance period; and • where cash bonuses are determined in currencies other than Australian dollars, the average foreign exchange rate for the same five-day period.
Vesting conditions	Subject to alignment of performance with Orora's Values as assessed by the Board and the employee remaining in employment of the Group at the vesting date.	Subject to meeting an Earnings per Share (EPS) hurdle, the satisfaction of a Return on Average Funds Employed (RoAFE) gateway test, and the employee remaining in employment of the Group at the vesting date.	For grants issued FY20 onwards, 50% are subject to meeting a relative Total Shareholder Return (TSR) and the satisfaction of an absolute TSR gateway test, and 50% are subject to meeting an EPS hurdle and the satisfaction of a RoAFE gateway test. For grants issued prior to FY20, two-thirds are subject to meeting a relative Total Shareholder Return test, the remaining one-third is subject to meeting an EPS hurdle and the satisfaction of a RoAFE gateway test. Vesting of the rights is subject to the employee remaining in employment of the Group at vesting date.	Remain in employment of the Group at vesting date.
Vesting period	Up to 5 years	4 years	4 years	2 years
Vested awards	Restriction lifted upon vesting.	Vested share options will remain exercisable until the expiry date. On expiry, any vested but unexercised share options will lapse.	Shares are issued upon vesting.	Shares issued upon vesting.
Unvested awards	Unvested awards are forfeited if the employee voluntarily ceases employment or is dismissed for cause or poor performance.			

Section 7: Other notes to the financial statements (continued)

7.2. Auditors' remuneration

$ thousand	2021	2020
Auditors of the Company PwC Australia		
Audit and other assurance services		
Audit and review of financial reports	**848.2**	1,027.0
Other assurance services	**-**	30.5
Other services		
Taxation services and advice	**154.8**	232.5
Fibre divestment advisory services[1]	**178.0**	796.8
Total PwC Australia	**1,181.0**	2,086.8
Network firms of PwC Australia		
Audit and other assurance services		
Audit and review of financial reports	**15.0**	5.0
Other services		
Taxation services and advice	**46.3**	61.0
Fibre divestment advisory services[1]	**-**	25.0
Total Network firms of PwC Australia	**61.3**	91.0
Total Auditors remuneration	**1,242.3**	2,177.8

(1) Taxation and other related services provided in respect of the sale of the Australasian Fibre business (refer note 6.2).

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7.3. Commitments and contingent liabilities

Capital expenditure commitments

At 30 June 2021, the Group has capital commitments contracted but not provided for in respect of the acquisition of property, plant and equipment of $20.7 million (2020: $8.5 million).

Other expenditure commitments

At 30 June 2021, the Group had other expenditure commitments of $37.1 million (2020: $38.8 million) in respect of other supplies and services yet to be provided.

Contingent liabilities

A contingent liability is a liability that is not sufficiently certain to qualify for recognition as a provision where uncertainty may exist regarding the outcome of future events.

Guarantees

The Group has issued a number of bank guarantees to third parties for various operational and legal purposes. In addition, Orora Limited has guaranteed senior notes issued by Landsberg Orora in the US private placement market, the notes have maturities between 2023 and 2025 (see note 2.3). It is not expected that these guarantees will be called on.

Other

Certain entities in the Group are party to various legal actions and exposures that have arisen in the ordinary course of business. The actions are being defended and the Directors are of the opinion that provisions are not required as no material losses are expected to arise.

JUDGEMENTS AND ESTIMATES

Legal proceedings

The outcome of currently pending and future legal, judicial, regulatory and other proceedings of a litigious nature cannot be predicted with certainty. Legal proceedings can raise difficult and complex issues and are subject to many uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each proceeding is brought and differences in applicable law.

An adverse decision in a legal proceeding could result in additional costs that are not covered, either wholly or partially, under insurance policies, which could significantly impact the business and the results of operations of the Group.

Each legal proceeding is evaluated on a case-by-case basis considering all available information, including that from legal counsel, to assess potential outcomes. Where it is considered probable that a future obligation will result in an outflow of resources, a provision is recognised in the amount of the present value of the expected cash outflows, if these are deemed to be reliably measurable.

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Section 7: Other notes to the financial statements (continued)

7.4. Orora Limited

Orora Limited financial information

The financial information for the parent entity Orora Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

In the Company's financial statements, investments in subsidiaries are carried at cost less, where applicable, accumulated impairment losses.

Nature of tax sharing agreement

Upon tax consolidation, the entities within the tax-consolidated group entered into a tax sharing agreement. The terms of this agreement specify the methods of allocating any tax liability in the event of default by the Company on its group payment obligations and the treatment where a subsidiary member exits the group. The tax liability otherwise remains with the Company for tax purposes.

Orora Limited and its wholly owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is Orora Limited.

The Company, and the members of the tax-consolidated group, recognise their own current tax expense/income and deferred tax assets and liabilities arising from temporary differences using the 'stand-alone taxpayer' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

In addition to its current and deferred tax balances, the Company also recognises the current tax liabilities (or assets), and the deferred tax assets arising from unused tax losses and unused tax credits assumed from members of the tax-consolidated group, as part of the tax-consolidation arrangement. Assets or liabilities arising as part of the tax consolidation arrangement are recognised as current amounts receivable or payable from the other entities within the tax-consolidated group.

Summarised income statement and comprehensive income

	Orora Limited	
$ million	**2021**	2020
Continuing Operations		
Profit before related income tax expense	**209.9**	474.2
Income tax expense	**(24.9)**	(28.9)
Profit for the financial period from continuing operations	**185.0**	445.3
Discontinued Operations		
Profit from discontinued operations, net of tax	**6.1**	8.8
Profit for the financial period	**191.1**	454.1
Comprehensive income for the financial period		
Continuing operations	**190.5**	440.6
Discontinuing operations	**6.1**	9.3
Total comprehensive income	**196.6**	449.9

On 30 April 2020, the Group completed the sale of its Australasian Fibre business. On 29 September 2020, the Group finalised the post-close completion accounts process, refer note 6.2. Accordingly, the financial results of this business are presented separately as a discontinued operation in both the current and comparative period.

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Summarised balance sheet

$ million	Orora Limited 2021	2020
Total current assets	**338.4**	237.0
Total non-current assets	**1,190.9**	1,245.1
Total assets	**1,529.3**	1,482.1
Total current liabilities	**524.1**	472.7
Total non-current liabilities	**225.2**	57.8
Total liabilities	**749.3**	530.5
Net assets	**780.0**	951.6
Equity		
Contributed equity	**80.8**	333.6
Reserves:		
Share-based payment reserve	**8.7**	11.1
Cash flow hedge reserve	**1.8**	(3.7)
Retained profits[(1)]	**688.7**	610.6
Total equity	**780.0**	951.6

(1) In the comparative period the opening position for retained profits was reduced by $25.5 million as a result impact of the adoption of AASB 16 *Leases* and a reduction of $0.8 million in respect of the change in accounting policy in response to the International Financial Reporting Interpretation Committee (IFRIC) agenda decision regarding upfront configuration and customisation costs incurred in implementing Systems-as-a-Service (SaaS) arrangements. Refer note 7.8 for more information.

Contingent liabilities of Orora Limited

Deed of Cross Guarantee

Pursuant to the terms of the ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785, which relieved certain wholly owned subsidiaries from specific accounting and financial reporting requirements, Orora Limited and all of the Company's Australian wholly-owned subsidiaries entered into an approved deed for the cross guarantee of liabilities. No liabilities subject to the Deed of Cross Guarantee at 30 June 2021 are expected to arise to Orora Limited and subsidiaries, as all such subsidiaries were financially sound and solvent at that date.

Details of the deed and the consolidated financial position of the Company and the subsidiaries party to the Deed are set out in note 7.5.

Other guarantees

Orora Limited has guaranteed senior notes issued by Landsberg Orora in the US private placement market, the notes have maturities between 2023 and 2025 (see note 2.3). It is not expected that these guarantees will be called on.

7.5. Deed of Cross Guarantee

The Company, Orora Limited, and the subsidiaries listed below are subject to a Deed of Cross Guarantee (Deed) under which each company guarantees the debts of the others:

Orora Packaging Australia Pty Ltd	Chapview Pty Ltd	PP New Pty Ltd[(1)]
Pak Pacific Corporation Pty Ltd	AGAL Holdings Pty Ltd	AP Chase Pty Ltd[(1)]
Fibre Containers (Queensland) Pty Ltd	Rota Die Pty Ltd	Speciality Packaging Group Pty Ltd[(1)]
Orora Closure Systems Pty Ltd	Envirocrates Pty Ltd	Rota Die International Pty Ltd[(1)]
ACN 002693843 Box Pty Ltd	ACN 089523919 CCC Pty Ltd	
Lynyork Pty Ltd		

(1) These subsidiaries were disposed of on 30 April 2020 as part of the Australasian Fibre business divestment, refer note 6.2. The financial results of these businesses are included within the comparative period and are presented as a discontinued operation within this note.

Under the terms of ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785, those wholly-owned subsidiaries that have entered into the Deed are granted relief from the *Corporations Act 2001* requirement to prepare and lodge audited Financial Reports and Directors' Reports.

Section 7: Other notes to the financial statements (continued)

7.5 Deed of Cross Guarantee (continued)

Financial statements for the Orora Limited Deed of Cross Guarantee

The consolidated income statement, statement of comprehensive income and statement of financial position of the entities party to the Deed for the year ended and as at 30 June, are set out below.

Consolidated income statement, statement of comprehensive income and retained earnings.

$ million	2021	2020
Continuing Operations		
Sales revenue	**727.2**	683.6
Profit from operations	**229.8**	337.8
Net finance costs	**(9.8)**	(22.4)
Profit before related income tax expense	**220.0**	315.4
Income tax expense	**(20.9)**	(35.1)
Profit from continuing operations	**199.1**	280.3
Discontinued Operations		
Profit/(loss) from discontinued operations, net of tax[1]	**6.1**	(8.2)
Profit for the financial period	**205.2**	272.1
Other comprehensive income/(expense)		
Items that may be reclassified to profit or loss:		
Cash flow hedge reserve		
Unrealised gains/(losses) on cash flow hedges, net of tax	**2.0**	(3.4)
Realised losses/(gains) transferred to profit or loss, net of tax	**3.7**	(0.6)
Realised gains transferred to non-financial assets, net of tax	**-**	(0.1)
Other comprehensive income/(expense), net of tax	**5.7**	(4.1)
Total comprehensive income for the financial period	**210.9**	268.0
Total comprehensive income/(expense) for the financial period attributable to:		
Continuing operations	**204.8**	275.6
Discontinuing operations	**6.1**	(7.6)
Total comprehensive income for the financial period	**210.9**	268.0
Retained profits at beginning of financial period	**679.6**	1,042.4
Impact of change in accounting policy (refer note 7.8)[2]	**-**	(28.3)
Restated retained profits at beginning of financial period	**679.6**	1,014.1
Profit for the financial period	**205.2**	272.1
Dividends recognised during the financial period	**(113.0)**	(606.6)
Retained profits at end of the financial period	**771.8**	679.6

(1) On 30 April 2020, the Group completed the sale of its Australasian Fibre business. On 29 September 2020, the Group finalised the post-close completion accounts process, refer note 6.2. Accordingly, the financial results of this business are presented separately as a discontinued operation in both the current and comparative period.

(2) In the comparative period the opening position for retained profits was reduced by $27.5 million as a result impact of the adoption of AASB 16 *Leases* and a reduction of $0.8 million in respect of the change in accounting policy in response to the International Financial Reporting Interpretation Committee (IFRIC) agenda decision regarding upfront configuration and customisation costs incurred in implementing Systems-as-a-Service (SaaS) arrangements. Refer note 7.8 for more information.

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Consolidated balance sheet

$ million	2021	2020
Current assets		
Cash and cash equivalents	**10.6**	19.4
Trade and other receivables	**139.6**	45.0
Inventories	**176.6**	174.3
Derivatives	**4.2**	1.0
Other current assets	**12.7**	11.8
Current tax receivable	**-**	32.4
Total current assets	**343.7**	283.9
Non-current assets		
Investments in controlled entities	**567.7**	567.7
Property, plant and equipment	**456.6**	469.9
Right-of-use assets	**13.1**	20.3
Deferred tax assets	**11.6**	13.6
Goodwill and intangible assets	**22.4**	18.6
Derivatives	**0.5**	0.9
Other non-current assets	**11.1**	46.1
Total non-current assets	**1,083.0**	1,137.1
Total assets	**1,426.7**	1,421.0
Current liabilities		
Trade and other payables	**223.8**	212.4
Borrowings	**0.1**	4.2
Lease liabilities	**4.4**	5.6
Derivatives	**2.3**	7.0
Current tax liabilities	**4.2**	-
Provisions	**61.6**	71.2
Total current liabilities	**296.4**	300.4
Non-current liabilities		
Other payables	**1.5**	-
Borrowings	**180.0**	19.0
Lease liabilities	**17.3**	20.2
Derivatives	**0.4**	1.9
Provisions	**28.3**	19.4
Total non-current liabilities	**227.5**	60.5
Total liabilities	**523.9**	360.9
NET ASSETS	**902.8**	1,060.1
Equity		
Contributed equity	**127.4**	335.2
Treasury shares	**(46.6)**	(1.6)
Reserves	**50.2**	46.9
Retained earnings	**771.8**	679.6
TOTAL EQUITY	**902.8**	1,060.1

Section 7: Other notes to the financial statements (continued)

7.6. Related party transactions

The related parties identified by the Directors include investments and key management personnel.

Details of investment in subsidiaries are disclosed in note 6.1 and details of the Orora Employee Share Trust are provided in note 6.3. The Group does not hold any interests in associates or joint ventures.

7.6.1. Parent entity

The ultimate parent entity within the Orora Group is Orora Limited, which is domiciled and incorporated in Australia. Transactions with entities in the wholly owned Orora Group are made on normal commercial terms and conditions and during the year included:

- purchases and sales of goods and services;
- advancement and repayment of loans;
- interest expense paid by Orora Limited for money borrowed;
- transfer of tax related balances for tax consolidation purposes;
- provision of transactional banking facilities on behalf of subsidiaries; and
- provision of payroll, superannuation, share-based remuneration and managerial assistance.

7.6.2. Other related parties

Contributions to superannuation funds on behalf of employees are disclosed in note 1.5.

7.7. Key Management Personnel

Key Management Personnel (KMP) consists of Orora Limited Executive and Non-Executive Directors and the Chief Financial Officer.
Key management personnel compensation is as follows:

$ thousand	2021	2020
Short-term employee benefits	**4,373**	4,613
Long-term employee benefits	**41**	127
Post employment benefits	**141**	170
Payments on retirement	**337**	520
Share-based payment expense[(1)]	**(86)**	1,340
	4,806	6,770

(1) The current period value of share-based payment expense includes negative amounts relating to options and rights that did not vest during the period as non-market conditions were not met and for rights that were forfeited upon retirement.

Detailed remuneration disclosures are provided in the Remuneration Report section of the Directors' Report. Apart from the information disclosed in this note, no Director has entered into a material contract with the Group this financial year and there were no material contracts involving Directors' interests existing at year end (2020: nil).

At 30 June 2021, no individual KMP or related party holds a loan with the Group (2020: nil).

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7.8. New and amended accounting standards and interpretations

7.8.1. Adopted from 1 July 2020

All new and amended Australian Accounting Standards and Interpretations mandatory as at 1 July 2020 to the Group have been adopted, including implementation of IFRIC Agenda decisions.

Implementation of IFRIC Agenda Decision - Configuration or Customisation Costs in a Cloud Computing Arrangement

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. During the year, the Group revised its accounting in relation to upfront configuration and customisation costs incurred in implementing Service-as-a Service (SaaS) arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The new accounting policy is presented below and historical financial information has been restated to account for the impact of the change.

Capitalisation of configuration and customisation costs in SaaS arrangements

Customisation and configuration activities undertaken in implementing a SaaS arrangement may entail the development of software code that enhances, modifies, or creates additional capability to existing software to enable it to connect with the cloud-based software applications—referred to as bridging modules or Application Programming Interfaces (API's). Judgement is required when determining whether the cost incurred to create the additional code meet the definition and recognition requirements of an intangible asset. Where an intangible asset is identified the costs are capitalised and amortised over the useful life of the asset on a straight-line basis, otherwise the costs are expensed. The useful lives of these assets are reviewed at least at the end of each financial year.

Configuration and customisation services distinct from SaaS service

Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received. In a contract where the cloud provider provides both the SaaS configuration and customisation, and access to the SaaS over the contract term, judgement is applied to determine whether these services are distinct from each other or not. Where the services are distinct from each other the configuration and customisation costs incurred are expensed as the software is configured and customised – i.e. recognised as operating expenses when the service is received, where the costs are not distinct they are recognised over the term of the SaaS contract – i.e. capitalised and amortised over the life of the SaaS contract term.

Financial statement restatement for the impact of the change in accounting policy

The change in accounting policy has been applied retrospectively and comparative information has been restated. This had the following impact on the amounts recognised in the financial statements.

		Increase/(decrease)	
$ million	30 June 2021	30 June 2020	1 July 2019
Statement of financial position (extract)			
Goodwill and intangible assets	(0.7)	(1.0)	(0.8)
Net deferred tax liability	-	(0.2)	-
Current tax payable	-	0.2	-
Retained earnings	(0.7)	(1.0)	(0.8)
Statement of comprehensive income (extract)			
General and administrative expenses	0.7	1.0	0.8
Profit after tax	(0.7)	(1.0)	(0.8)
Cash flow statement (extract)			
Profit for the financial period from continuing operations	(0.7)	(1.0)	(0.8)
Amortisation of intangible assets	-	(0.2)	-
Cash flow from operating activities	(0.7)	(1.2)	(0.8)
Payments for property, plant and equipment and intangible assets	0.7	1.2	0.8
Cash flows from investing activities	0.7	1.2	0.8

Basic and diluted earnings per share for the comparative period have also been restated. The amount of the adjustment for both basic and diluted per share was a decrease of $0.1 cents.

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7.8 New and amended accounting standards and interpretations (continued)

7.8.2. Adopted from 1 July 2019

AASB 16 *Leases*

AASB 16 replaced the dual operating/finance lease accounting model for leases under AASB 117 *Leases* and the guidance contained in Interpretation 4 *Determining whether an Arrangement Contains a Lease*. The new standard introduced a single, on-balance sheet accounting model, similar to the finance lease accounting under AASB 117. Under the new standard the Group recognises a 'right-of-use' asset and a lease liability for all identified leases, unless the lease term is 12 months or less or the underlying asset has a low value. The Group has had to change its accounting policies as a result of adopting AASB 16. Refer note 3.6 for the Group's accounting policies on lease accounting.

Under AASB 16 the operating lease expense recognised in the income statement, in accordance with AASB 117, is replaced with a depreciation charge in respect of the right-of-use assets recognised and an interest charge on the recognised lease liability. Short-term leasing costs will continue to be recognised in the income statement. In addition, under AASB 16 lease payments are allocated between principal and finance costs. The principal component of the lease payment is classified as a financing cash flow rather than the operating cash flow presentation under AASB 117.

The new lease standard impacts leases held by the Group that were classified under AASB 117 as operating leases, these are represented mainly by leases over properties, equipment and vehicles.

Impact on the adoption of AASB 16

The Group elected to use the modified retrospective approach with respect to the adoption of AASB 16. As permitted under the specific transition provisions within the standard, under the modified retrospective approach the cumulative effect of adoption of AASB 16 is recognised as an adjustment to the opening balance of retained earnings at 1 July 2019. There was no restatement of comparative information.

In applying AASB 16 for the first time, the Group used the following practical expedients permitted by the standard:

- accounting for operating leases with a remaining lease term of less than 12 months at 1 July 2019 as short-term leases;
- excluding initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On transition to the new lease accounting standard the Group has applied the practical expedient to grandfather the definition of a lease. This means that on transition the Group has retained the lease classifications of existing contracts under AASB 117 and Interpretation 4 and has not reassessed whether existing contracts are or contain a lease.

Adjustments recognised in the statement of financial position on 1 July 2019

The impact upon the financial position of the Group of transition to AASB 16 is summarised as follows:

$ million	1 July 2019
Right-of use asset	
Property	453.4
Plant and Equipment	34.7
Deferred tax asset	29.6
Total assets	517.7
Onerous lease provision	0.8
Other payables	7.0
Lease liabilities	(595.3)
Total liabilities	(587.5)
Retained earnings	69.8

7.8.3. Issued but not yet effective

There are a number of new and amending accounting standard issued by the AASB that are effective for annual reporting periods beginning after 1 January 2021, with early adoption permitted. These standards have not been early adopted and have therefore not been applied in preparing this financial report. The following amending standards are not expected to have a significant impact upon the Groups' consolidated financial statements:

- AASB 2020-1 and AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*
- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Account Estimates*
- AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021*
- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Directors' Declaration

1. In the opinion of the Directors of Orora Limited (the Company):

   (a) the financial statements and notes, and the Remuneration Report within the Directors' Report, are in accordance with the *Corporations Act 2001* including:

      i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

      ii. giving a true and fair view of the Orora Group's financial position as at 30 June 2021 and its performance for the year ended on that date; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. Within the notes to the financial statements it is confirmed that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

3. At the date of this declaration, there are reasonable grounds to believe that the Company and the consolidated entities identified in note 7.5 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between the Company and those consolidated entities pursuant to *ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785*.

4. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* by the Managing Director and Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2021.

Signed in accordance with a resolution of the Directors.



A R SINDEL
CHAIR

19 August 2021

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Independent Auditor's Report to the Members of Orora Limited

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REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Our opinion

In our opinion:

The accompanying financial report of Orora Limited (the Company) and its controlled entities (together the Group) is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended

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

What we have audited

The Group financial report comprises:

- the statement of financial position as at 30 June 2021
- the income statement for the year then ended
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the cash flow statement for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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

Independence

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 & 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.

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Independent auditor's report to the members of Orora Limited

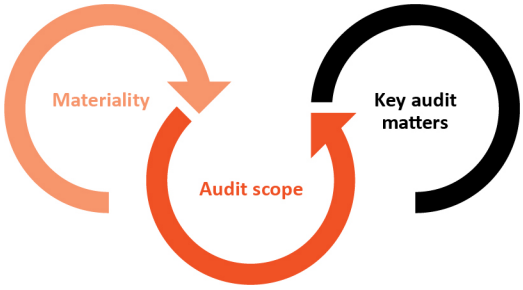
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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Orora Limited is an Australian company listed on the Australian Stock Exchange. Orora manufactures and distributes a wide range of tailored packaging solutions. The Group also offers end-to-end packaging solutions, including global product sourcing, distribution, design, printing and warehousing optimisation.



Materiality

- For the purpose of our audit we used overall Group materiality of $12.4 million, which represents approximately 5% of the Group's profit from operations (being profit before net finance costs and income tax expense), excluding significant items.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit from operations because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We also adjusted for significant items as they are unusual or infrequently occurring items impacting profit and loss.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- Orora operates across two operating segments, being Orora Australasia and Orora North America, with its head office functions based in Melbourne, Australia.
- We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Independent auditor's report to the members of Orora Limited

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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 for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit, Risk and Compliance Committee.

Key audit matter	How our audit addressed the key audit matter
Impairment of non-current assets including property, plant and equipment, intangible assets and goodwill (Refer to note 3.5 Property, plant and equipment, note 3.7 Intangible assets and note 3.8 Impairment of non-financial assets) At 30 June 2021, Orora had property, plant and equipment assets of $627.5 million and goodwill and intangible assets of $411.2 million. These assets are tested for impairment using a discounted cash flow model in accordance with Note 3.8, whereby goodwill is tested at least annually, and property, plant and equipment is tested where there is an indication that an asset may be impaired. Recoverable amounts are estimated for an individual asset, or if it is not possible to estimate for an individual asset, the recoverable amount of the cash generating unit (CGU) to which the asset belongs. CGUs are the smallest identifiable group of assets that generate cash inflows that are largely independent from the cash flows of other assets or group of assets. We considered this to be a key audit matter because of the level of judgement involved by the Group in determining the assumptions used to perform impairment testing. In undertaking impairment testing, the following assumptions were judgemental: • cash flow projections for five years using the Group's latest internal forecasts, with cash flows beyond the five-year period extrapolated using estimated growth rates which are determined with regard to the long term performance of each CGU in their respective markets ("long term growth rates") • discount rates used to discount the estimated cash flows.	We evaluated Orora's cash flow forecasts used to assess the carrying value of cash generating units. This included updating our understanding of how the budgets and forecasts were compiled and comparing those used in the cash flow forecasts to the latest Board approved FY22 budget and FY23 – FY25 strategic plan. We also tested, on a sample basis, the calculations in the cash flow forecast model for mathematical accuracy. We assessed whether the division of the Group's property, plant and equipment, goodwill and intangible assets into CGUs was consistent with our knowledge of the Group's operations and internal Group reporting. We assessed whether the CGUs included assets, liabilities and cash flows directly attributable to each CGU and a reasonable allocation of corporate assets and overheads. We compared actual historical results to budget to assess the level of the Group's accuracy in forecasting cash flows. With the assistance of PwC valuation experts, we evaluated the appropriateness of Orora's discount rate assumptions used in the cash flow forecasts. We evaluated the long term growth rates based on relevant external market factors. We compared recoverable amount calculations to the Group's market capitalisation and considered the Group's sensitivity calculations over a selection of the forecast cash flows. We also considered the reasonableness of disclosures in light of the requirements of Australian Accounting Standards.
Decommissioning Costs (Refer to note 1.2 Significant Items) Orora recognised a significant item expense of $38.6 million ($27.0 million after tax) during the year for decommissioning costs. These relate to additional costs associated with the decommissioning of the former Petrie Mill site in Queensland. Recent significant developments associated with the unprecedented rainfall levels in Queensland and unforeseen complexities related to the remediation of the remaining most technical complex areas of the site, have resulted in delays and increased estimated costs to complete. We considered this to be a key audit matter because of the financial significance of the expense and the judgement and complexity required by the Group in calculating the costs to complete.	We obtained Orora's calculation of the estimated costs to complete the Petrie site decommissioning work and performed the following audit procedures, amongst others, for the year ended 30 June 2021: • we tested the mathematical accuracy of the calculations; • we considered the progression of decommissioning activities completed, through discussions with senior management and inspection of land packages agreed between the Group and the customer, where applicable; • we made inquiries of the specialist environmental consulting firm engaged by the Group; • we compared, on a sample basis, costs incurred during the year to budgets; • we compared a selection of cost estimates, where possible, to third party quotes; and • we considered the appropriateness of Group's significant assumptions and tested, on a sample basis, the data used in the Group's calculations by reference to supporting documentation, including invoices and third party quotes. We also considered the reasonableness of disclosures in light of the requirements of Australian Accounting Standards.

Independent auditor's report to the members of Orora Limited

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Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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 that we 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 ability of the Group to continue as a going concern, disclosing, as applicable, matters related 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Independent auditor's report to the members of Orora Limited

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REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Our opinion on the remuneration report

We have audited the remuneration report included in pages 47 to 63 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Orora Limited for the year ended 30 June 2021 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.

PricewaterhouseCoopers

ANTON LINSCHOTEN
PARTNER
PricewaterhouseCoopers

Melbourne
19 August 2021

Statement of shareholdings

Statement pursuant to Australian Securities Exchange official list requirements.

TOP 20 SHAREHOLDERS AS AT 27 JULY 2021

Rank	Name	Shares held	% of issued capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	335,409,387	38.29
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	124,278,517	14.19
3	CITICORP NOMINEES PTY LIMITED	103,617,231	11.83
4	NATIONAL NOMINEES LIMITED	43,986,259	5.02
5	BNP PARIBAS NOMS PTY LTD	22,184,054	2.53
6	BNP PARIBAS NOMINEES PTY LTD	11,091,025	1.27
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,366,612	0.96
8	NETWEALTH INVESTMENTS LIMITED	4,667,336	0.53
9	CITICORP NOMINEES PTY LIMITED	3,879,287	0.44
10	PACIFIC CUSTODIANS PTY LIMITED	3,562,454	0.41
11	NAVIGATOR AUSTRALIA LTD	2,584,706	0.30
12	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	2,475,323	0.28
13	BKI INVESTMENT COMPANY LIMITED	1,600,000	0.18
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,599,326	0.18
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	1,487,964	0.17
16	INVIA CUSTODIAN PTY LIMITED	1,410,176	0.16
17	BUTTONWOOD NOMINEES PTY LTD	1,259,940	0.14
18	THE MANLY HOTELS PTY LTD	1,258,507	0.14
19	UBS NOMINEES PTY LTD	1,187,076	0.14
20	BNP PARIBAS NOMINEES PTY LTD BARCLAYS	1,140,633	0.13
Total		**677,045,813**	**77.29**

SUBSTANTIAL SHAREHOLDERS AS AT 27 JULY 2021

Holder	Last Notice of Substantial Shareholding	No. of Shares
Yarra Management Nominees Pty Ltd	24 June 2021	49,513,780
Greencape Capital Pty Ltd	2 December 2020	67,295,855
Challenger Limited	30 November 2020	66,595,055
The Vanguard Group, Inc.	18 December 2018	48,284,772(1)

(1) Calculated based on number of shareholding reported in the latest notice to ASX, on a basis of each five shares to be consolidated to four shares, fractions rounded up to the next whole number.

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Statement of shareholdings

DISTRIBUTION OF SHAREHOLDINGS

Fully paid ordinary shares as at 27 July 2021

Range	No. of holders.	No. of shares	% of issued capital
100,001 and Over	124	703,503,185	80.31
10,001 to 100,000	3,765	78,506,393	8.96
5,001 to 10,000	5,452	38,549,558	4.40
1,001 to 5,000	19,531	47,880,102	5.47
1 to 1,000	15,350	7,586,545	0.87
Total	44,222	876,025,783	100.00
Unmarketable Parcels	1,757	86,915	0.01

VOTING RIGHTS

Votes of shareholders are governed by Rules 17 and 18 of the Company's Constitution. In broad summary, but without prejudice to the provisions of these rules, on a show of hands every shareholder present in person shall have one vote and upon a poll every shareholder present in person, or by proxy or attorney, shall have one vote for every fully paid share held.

UNQUOTED EQUITY SECURITIES – ISSUED PURSUANT TO VARIOUS ORORA LIMITED EMPLOYEE INCENTIVE PLANS AS AT 27 JULY 2021

Unquoted equity securities	No. of employees participating	No. of securities
Options over ordinary shares – exercise price $2.08	1	226,567
Options over ordinary shares – exercise price $2.86	6	3,183,125
Options over ordinary shares – exercise price $3.58	6	1,226,125
Rights	44	5,372,462

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Five year historical financial information

Results shown for all operations before significant items except where indicated[1]
$ million (except where indicated)

For the years ended 30 June	2021	2020	2019	2018	2017
Orora Consolidated Results					
Net sales	3,538.0	4,659.1	4,761.5	4,248.0	4,039.1
Operating profit before interest and tax pre significant items	249.1	288.2	335.2	323.4	302.3
Operating profit before tax pre significant items	216.3	230.4	295.8	288.9	264.7
Net operating profit pre significant items	156.7	167.3	217.0	214.1	186.2
Net operating profit after significant items	135.8	238.9	161.2	212.2	171.1
Basic earnings per share (cents) pre significant items	16.9	17.4	18.0	17.8	15.6
Basic earnings per share (cents) after significant items	14.6	24.8	13.4	17.7	14.3
Dividend and distribution	113.0	606.6[2]	156.7	144.2	119.6
Dividend per ordinary share (cents)	14.0	49.3[2]	13.0	12.5	11.0
Dividend franking (% p.a)	-	30%/50%[3]	30%[4]	30%	30%
Dividend cover (times)	9.7	4.8	12.4	17.0	15.6
Financial Ratios					
Net tangible asset backing per share ($)	0.37[5]	0.60[6]	0.85	0.94	0.91
Net PBITDA interest cover pre significant items (times)	11.2	7.6	11.9	12.9	11.1
Gearing (net debt/net debt and shareholders' equity) (%)	37%	22%	29%	29%	30%
Return on average funds employed (%)[7]	19.9%	12.0%	13.0%	14.0%	13.6%
Financial Statistics					
Income from dividends and interest	0.2	0.6	0.4	0.3	0.2
Depreciation and amortisation provided during the year	120.2	149.2	132.9	121.9	116.1
Net finance costs	32.8	57.8	39.4	34.5	37.6
Cash flow from operations	270.6	17.7	297.9	329.0	351.2
Capital expenditure and acquisition	59.0	174.3	334.3	204.3	292.0
Balance Sheet Data as at 30 June					
Current assets	980.8	1,055.4	1,446.2	1,318.1	1,170.1
Non-current assets	1,343.8	1,442.8	2,471.2	2,299.0	2,193.1
Total assets	**2,324.6**	**2,498.2**	**3,917.4**	**3,617.1**	**3,363.2**
Current liabilities	806.3	817.1	1,160.6	1,098.7	985.4
Non-current liabilities	749.7	650.9	1,113.1	887.9	831.0
Total liabilities	**1,556.0**	**1,468.0**	**2,273.7**	**1,986.6**	**1,816.4**
Net assets	**768.6**	**1,030.2**	**1,643.7**	**1,630.5**	**1,546.8**
Shareholders' equity					
Share capital	80.8	333.6	484.1	479.9	472.3
Reserves	107.6	139.2	164.7	152.1	144.0
Retained profits	580.2	557.4	994.9	998.5	930.5
Total shareholders' equity	**768.6**	**1,030.2**	**1,643.7**	**1,630.5**	**1,546.8**
Other data as at 30 June:					
Fully paid shares (000's)	890,240	965,363	1,206,685	1,206,685	1,206,685
Orora share price					
– year's high ($)	3.33	3.45	3.69	3.60	3.16
– year's low ($)	2.23	2.54	2.89	2.73	2.66
– close ($)	3.33	2.54	3.24	3.57	2.86
Market capitalisation	2,694.8	2,452.0	3,909.7	4,307.9	3,451.1
Employee numbers	3,768	3,776	7,221	7,014	7,038
Number of shareholders	44,653	52,694	55,087	54,164	54,002

(1) The financial information in the above table is presented on a total operations basis and therefore the period FY17-FY20 includes the financial results of the Australasian Fibre business that was divested in April 2020.
(2) A Special Dividend of 37.3 cents, 50% franked, was paid on 29 June 2020 (refer note 2.2).
(3) The FY20 final dividend was unfranked, FY20 special dividend was 50% franked, FY20 interim dividend was 30% franked.
(4) The FY19 final dividend was 30% franked, FY19 interim dividend was 50% franked.
(5) The net tangible asset backing per ordinary share is inclusive of right-of-use assets and liabilities. This measure would reduce to $0.15 if right-of-use assets were excluded and right-of-use liabilities were included in the calculation.
(6) The net tangible asset backing per ordinary share is inclusive of right-of-use assets and liabilities. This measure would reduce to $0.38 if right-of-use assets were excluded and right-of-use liabilities were included in the calculation.
(7) Return on average funds employed is calculated as EBIT divided by average funds employed.

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Shareholder information

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SHAREHOLDER ENQUIRIES

Shareholders seeking information about their shareholding or dividends should contact Orora's Share Registry, Link Market Services Limited (Link). Contact details can be found on the back cover of this report. For security and privacy reasons, before contacting the Share Registry, shareholders should have their Securityholder Reference Number (SRN) or Holder Identification Number (HIN) available.

Shareholders can also access a wide variety of holding information via Link's website: www.linkmarketservices.com.au and make changes either online or by downloading a form.

These changes include:

- choosing the preferred method of receiving the Annual Report, Notice of Meeting and payment statements
- checking holding balances
- updating address details
- providing an email address
- updating or providing bank details
- electing to participate in the DRP.

STOCK EXCHANGE LISTING

Orora Limited shares are listed on the Australian Securities Exchange (ASX) and are traded under the code ORA.

ANNUAL GENERAL MEETING

The Annual General Meeting of Orora Limited will be held at 10.30am (Melbourne time) on 21 October 2021.

Formal notice of the meeting is sent to each shareholder.

ORORA PUBLICATIONS AND COMMUNICATIONS

The Annual Report is mailed in mid-September only to those shareholders who have previously requested to receive hard copies of the document.

If you have previously requested a printed copy of the Annual Report, but no longer require it in printed form, please update your preference online with Link Market Services or advise Link in writing. To view this report online, or to download a copy, visit Orora's website: www.ororagroup.com.

Orora's website, www.ororagroup.com, offers shareholders details of the latest share price, announcements made to the ASX, including half-year and full-year results, investor and analyst presentations and many other publications that may be of interest.

DIVIDEND REINVESTMENT PLAN (DRP)

The DRP provides shareholders in Australia and New Zealand with the opportunity to reinvest their dividends to acquire additional Orora shares. Shares acquired under the DRP rank equally with existing fully paid ordinary shares.

Full details of the DRP and a DRP election form are available from Orora's Share Registry or from Orora's website.

DIVIDENDS

The Company normally pays dividends around April and October each year. Shareholders should retain all remittance advice relating to dividend payments for tax purposes.

1. Direct deposit to a bank, building society or credit union account

Shareholders can receive their dividends directly into a nominated bank, building society or credit union account held in Australia, the United States of America or New Zealand.

The currency selected must match the location of the financial institution. For example, NZD can only be paid into an account held with a financial institution located in New Zealand.

Shareholders can provide or update banking details online at Orora's Share Registry at www.linkmarketservices.com.au.

2. Cheque payable to international shareholders (other than New Zealand)

International shareholders (other than shareholders domiciled in New Zealand) who do not have an account with an Australian or United States financial institution will receive their dividends by Australian dollar cheque.

Lost or stolen cheques should be reported immediately in writing to Orora's Share Registry to enable a "stop payment" and replacement.

In addition, eligible shareholders can choose to have their dividend earnings reinvested in Orora shares.

Financial calendar 2021–2022

Financial year 2021 (FY21) ends	30 June 2021
Announcement of full-year results for FY21	19 August 2021
Ex-dividend date for final dividend FY21	6 September 2021
Record date for final dividend FY21	7 September 2021
Dividend payment date for FY21 final dividend	11 October 2021
Annual General Meeting	21 October 2021
Financial half year 2022 ends	31 December 2021
Announcement of interim results for financial year 2022 (FY22)	February 2022
Ex-dividend date for interim dividend FY22	March 2022
Record date for interim dividend FY22	March 2022
Dividend payment date for FY22 interim dividend	April 2022
Financial year 2022 (FY22) ends	30 June 2022

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Corporate directory

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ORORA LIMITED

Registered office and principal administrative office:

109-133 Burwood Road
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Australia

Telephone: +61 3 9116 1711
Website: www.ororagroup.com

ABN: 55 004 275 165

Chair
Mr A R Sindel

Managing Director and Chief Executive Officer
Mr B P Lowe

Chief Financial Officer
Mr S C Hughes

Company Secretary
Ms A L Stubbings

AUDITORS

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2 Riverside Quay
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Facsimile: +61 3 8603 1999
Website: www.pwc.com.au

ORORA SHARE REGISTRY

Link Market Services Limited

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If any amendments are required to be made to this Annual Report, they will be disclosed to the ASX and posted on the Company's website under the Investor section at ororagroup.com/investors

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