



18 August 2022

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

Orora Limited (ORA) Appendix 4E and 2022 Annual Report

Orora Limited announces to the market its financial results for the year ended 30 June 2022.

The following documents are attached:

- Appendix 4E – Preliminary Final Report given under Listing Rule 4.3A; and
- Orora 2022 Annual Report including its financial statements and Corporate Governance Statement, for the year ended 30 June 2022.

Yours faithfully

A handwritten signature in black ink that reads "a Stubbings". The signature is written in a cursive, flowing style.

Ann Stubbings
Company Secretary

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

Appendix 4E Rule 4.3A**Annual 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 2022
Previous Corresponding Period:	Year Ended 30 June 2021

2. Results for announcement to the market

Key information	30 June 2022				30 June 2021
	A\$ million				A\$ million
Statutory results					
2.1 Revenue from ordinary activities					
• From Continuing Operations	4,090.8	Up	15.6%	from	3,538.0
• From Discontinued Operations	-				-
2.2 Net profit/(loss) from ordinary activities after tax but before significant items, attributable to members					
• From Continuing Operations	187.1	Up	19.4%	from	156.7
• From Discontinued Operations	-				-
2.3 Net profit/(loss) for the period, after significant items, attributable to members					
• From Continuing Operations	187.1	Up	44.3%	from	129.7
• From Discontinued Operations	(2.4)	Down	139.3%	from	6.1

Dividends	Amount per security	Franked amount per security
<i>Current period</i>		
2.4 Final dividend payable 10 October 2022	8.5 cents	unfranked
2.4 Interim dividend	8.0 cents	unfranked
<i>Previous corresponding period</i>		
2.4 Final dividend	7.5 cents	unfranked
2.4 Interim dividend	6.5 cents	unfranked

2.5 Record date for determining entitlements to the dividend	Final dividend – 6 September 2022
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2.6 Brief explanation of figures in 2.1 to 2.4:

- The current period final dividend and interim dividend are unfranked.
- 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.
- Refer to attached Annual Report and the Investor Results Release for further details relating to 2.1 to 2.4.

3. Income Statement and Statement of Comprehensive Income

Refer to the attached Annual Report.

4. Statement of Financial Position

Refer to the attached Annual Report.

5. Statement of Cash Flows

Refer to the attached Annual Report.

6. Statement of Retained Earnings

Refer to the attached Annual Report, Note 2.4.3 Retained Earnings.

7. Details of individual dividends and payment dates

Refer to the attached Annual Report, Note 2.2 Dividends and Note 2.4.3 Retained Earnings.

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 FY22 final dividend. The issue price for the FY22 final dividend will be calculated based on the arithmetic average of the weighted average market price for the ten ASX trading days from 12 September to 23 September 2022, inclusive. The last date for receipt of election notices for the DRP is 7 September 2022. Shares allotted under the DRP rank equally with existing fully paid ordinary shares of Orora Limited.

9. Net tangible assets

	Current period	30 June 2021
Net tangible asset backing per ordinary security	\$0.33 ⁽¹⁾	\$0.37

⁽¹⁾ The net tangible asset backing per ordinary share of \$0.33 presented above is inclusive of right-of-use assets and lease liabilities. The net tangible asset backing per ordinary share, as at 30 June 2022 would reduce to \$0.13 (2021: \$0.15) 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 attached Annual Report, no entities were acquired or disposed of during the period having a material effect.
Refer to Note 6 for details of the Group Structure.

11. Details of associates and joint venture entities

Not applicable.

12. Significant information

Refer to the attached 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 the attached Annual Report, Note 1.3 Earnings per Share and the attached Investor Results Release.

15. This report is based on accounts which have been audited

Refer to the attached Annual Report.



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Ann Stubbings
Company Secretary
Dated: 18 August 2022

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Orora Annual Report 2022



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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, 20 October 2022. To access more information, visit www.ororagroup.com/agm

Orora at a glance

We are manufacturers and distributors of sustainable and innovative packaging and visual solutions to customers all over the world.

An ASX-listed public company headquartered in Melbourne, Australia with over A\$4 billion in sales in FY22, Orora's purpose is to be a leading sustainable packaging solutions provider, designing and delivering products and services that enable our customers' brands to thrive.

Our portfolio

We operate a portfolio of three businesses across two key geographic segments.

Beverage Australasia

Across Australia and New Zealand Orora Beverage provides innovative, state-of-the-art packaging design and manufacturing solutions to customers in the beverage industry. Working within three specialist business units in Glass, Cans and Closures, we craft and produce the glass bottles, aluminium cans, tabs and ends, closures and caps that keep consumers' favourite beverages safe for transportation and consumption.

OPS North America

Orora Packaging Solutions (OPS) leads the US market in custom packaging design and solutions, and supply chain optimisation. From corrugate manufacturing to equipment and automation, we create sustainable packaging solutions to serve a range of sectors including food and beverage, industrial, warehouse and shipping, healthcare and beauty, technology and automotive, offering complementary services in global product sourcing, testing, printing and distribution.

Orora Visual North America

Orora Visual delivers cutting-edge visual and product marketing solutions including Point-of-Purchase (PoP) displays, promotional signage, retail-ready and consumer packaging, and labels and tags for packaging, horticulture and retail customers across segments such as food, beauty, home and apparel, hospitality and entertainment. We provide design and creative services, print, finishing, fulfilment and distribution plus a range of value-add services.

Our values

4.8k

Team members



41k

Shareholders



22

Manufacturing plants



77

Distribution sites



FY22 financial overview and highlights

Our financial year 2022 results reflect the benefits of Orora's diversified packaging assets, underpinned by strong pricing discipline and the continued execution of our strategy. We delivered strong earnings growth against the backdrop of a higher inflationary operating environment and supply chain disruptions.

Financial overview^[1]

- Strong increase in both Group Earnings Before Interest and Tax (EBIT) and Net Profit After Tax (NPAT), up 14.6% and 19.4% respectively.
- Disciplined working capital management, robust cash generation and a strong balance sheet supports further investment and growth.
- Earnings Per Share (EPS) of 21.7 cps, representing growth of 28.2%.
- Final ordinary dividend of 8.5 cps (unfranked), taking the full-year dividend to 16.5 cps, representing 76.2% of Group NPAT^[2] – the top end of the target payout range.
- North American EBIT up 32.6% in local currency terms, on the back of revenue growth and continued margin improvement.
- \$109.0 million of capital returned to shareholders with 30.7 million shares acquired via the on-market share buyback announced in October 2021.
- Robust earnings performance in Australasia supported by growth in the Beverage Cans business.

NOTE REGARDING NON-IFRS FINANCIAL INFORMATION: Throughout this report, certain non-IFRS financial information has been included. This information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. Orora 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 (EPS), 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. The financial periods presented in this report represent underlying earnings from continuing operations of the Group excluding the impact of significant items.

Group sales revenue
\$4,090.8m

↑ 15.6%

Australasia (AUD million)

> **\$909.1m**

↑ 9.0%

North America (USD million)

> **\$2,308.3m**

↑ 14.3%

Group EBIT
\$285.5m

↑ 14.6%

Australasia (AUD million)

> **\$150.6m**

↑ 0.2%

North America (USD million)

> **\$97.9m**

↑ 32.6%

RoAF^[2]

22.4%

↑ 250bps

Net Profit After Tax
 [NPAT] ^[2]

\$187.1m

↑ 19.4%

EPS

21.7cps

↑ 28.2%

Underlying
 operating cash flow

\$272.6m

↑ 10.8%

Dividend
 per share

16.5cps

↑ 17.9%

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

[2] The financial periods presented above represent underlying earnings from continuing operations of the Group 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. Further details can be found in the 2021 Annual Report.

A message from the Chair



“ Results for the financial year ended 30 June 2022 reflect disciplined execution of strategy and the Group’s robust and defensive earnings profile.

This year we continued to build on the positive momentum of the last few years. We made a number of strategic investments to further develop Orora’s competitiveness and ensure we are well positioned for ongoing growth.

While COVID-19 continued to add complexity and challenge to our operating environment, we have maintained our clear commitment to the safety of our people and successfully managed COVID-19 during FY22.

Additional safety measures were introduced to protect our people, mitigating the risk of transmission at our sites and maintaining the high safety and health standards set by Orora teams throughout the pandemic.

Pleasingly, this enabled some site visits to safely resume. In April, the Board met in California, USA, spending time with both our team members and our Executive leaders. Members of the Safety, Sustainability & Environment Committee (SSEC) attended site tours to observe safety and sustainability initiatives in action at OPS and Orora Visual in Fullerton, Orange County.

While this is certainly a step towards ‘COVID-normal’, there is still much work to do with our customers and procurement partners to ensure continuity of operations and quality of supply as we navigate the ongoing impacts on supply chain and workforce availability.

Group financial performance

I am pleased to report that the financial results for year ended 30 June 2022 continued to demonstrate Orora’s diversified strength.

Group revenue increased by 15.6% on the prior corresponding period (pcp) to \$4,090.8 million.

In North America revenue was up 14.3% on the prior year in US dollar terms, reflecting significant improvement in operating performance with a year-on-year increase achieved by both OPS and Orora Visual.

In Australasia we increased revenue by 9.0% driven by higher aluminium costs passed through to customers, slight growth in Cans and Glass volumes, partially offset by Glass product sales mix.

Earnings Before Interest and Tax (EBIT) increased to \$285.5 million up 14.6% on the prior year and 12.7% on a constant currency basis.

Our ongoing focus on profit improvement, driven by operating efficiency and cost to serve initiatives saw margins increase 80bps to 5.2% at OPS in North America.

Despite changes in glass product mix to lower margin categories and inflationary pressures related to freight, energy and material costs, robust earnings also continued in Australasia, with EBIT in line with the prior year, up \$0.3 million.

Net Profit After Tax (NPAT) before significant items was \$187.1 million, increasing 19.4% or 17.6% on a constant currency basis from FY21. Statutory NPAT was \$184.7 million.

Robust cash generation continued in FY22. Underlying operating cash flow was \$272.6 million, exceeding the prior year by \$26.6 million driven by earnings growth and working capital management, partially offset by higher base capex. In FY22 cash conversion slightly increased to 73.5% from 72.9% in FY21.

Earnings Per Share (EPS) was 21.7 cents, representing outstanding growth of 28.2%, driven by an increase in NPAT and the impact of our on-market share buyback.

The Board has declared a final dividend for the year of 8.5 cents, a 1.0 cent or 13.3% increase on the pcp. Total dividends declared for FY22 of 16.5 cents, represent a 2.5 cent or 17.9% increase on FY21 and a payout ratio of 76.2%.

The FY22 dividend will be unfranked, due to near-term capital investment programs and the tax benefits associated with Australia’s instant asset write-off legislation for capital expenditure, plus other timing differences.

Creating value through disciplined capital management

Orora's disciplined approach to capital allocation remains focused on an appropriate balance between capital deployment and cash returns to shareholders. This approach has driven strong shareholder returns to date and ensures the balance sheet retains the flexibility to pursue organic and inorganic investment opportunities.

Australasia is a more capital-intensive segment due to the greater number of manufacturing assets. The Beverage business is currently undertaking significant capex projects with delivery ranging between FY23 and FY25.

Orora will continue to invest in business improvement and growth capex to support strong end-market customer demand such as capacity and line expansions in Cans. To drive sustainability we are targeting increased use of recycled content at our new ~\$25.0 million cullet beneficiation plant from FY23.

Total capex is up \$30.1 million this year to \$87.2 million with growth capex up \$25.6 million to \$50.8 million.

In October 2021 we announced an on-market share buyback^[1], purchasing 30.7 million shares and returning a further \$109.0 million to shareholders. The buyback closed on 30 June 2022. RoAFE was 22.4% up from 19.9% in the pcp, reflecting higher North American earnings, partially offset by higher Australasian average working capital.

Leverage was 1.8 times EBITDA, up from 1.5 times at 30 June 2021, and remains below the Board's long-term targeted level of 2.0 to 2.5 times. Leverage is expected to increase in FY23 and FY24 due to the growth capex program with earnings to flow in FY24.

Net debt increased from FY21 by \$176.1 million to \$629.0 million, due to the on-market share buyback, higher capex spend and the FX increase on US dollar denominated borrowing, partially offset by higher earnings.

At the end of FY22, Orora had committed undrawn debt facilities of \$372.4 million with an average committed debt maturity of 2.4 years.

Working towards a low carbon future

Orora are favourably positioned in sustainability, having made significant progress on our goals over the past few years. In FY22 we outlined 'Our Promise to the Future' and redefined the pillars of our sustainability framework to Circular Economy, Climate Change and Community.

We continue to be a proven leader in the Circular Economy, taking great strides to increase recycled content in our manufactured packaging and to ensure it can be recycled. Putting Circular Economy at the heart of what we do lays strong foundations to improve sustainability outcomes, minimising waste and pollution to reduce our greenhouse gas emissions.

As we elevated our sustainability focus, we committed to achieving Net Zero Scope 1 and 2 greenhouse gas emissions by 2050, with an interim goal of 40% reduction by 2035 (from a FY19 baseline).

As an energy-intensive manufacturer, this is not an easy challenge. However, transitioning to a low carbon future is a strategic driver for Orora as a leading global packaging and visual solutions provider, and your Board is committed to the investment and action required to drive this outcome.

Board of Directors update

In April 2022 we welcomed Michael Fraser to the Orora Board as a Non-Executive Director. Michael's appointment follows a successful 30-year executive career at AGL Energy, where he held various senior management positions including leading AGL as Managing Director and Chief Executive Officer.

Michael's wide-ranging skills as a public company CEO, combined with his experience in finance and consumer marketing, complement the diverse skills and experience of our Board.

His extensive knowledge of the energy sector will also be valuable to support Orora's sustainability agenda.

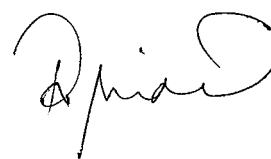
Jeremy Sutcliffe will retire from his role as Independent Non-Executive Director and Deputy Chair of the Orora Board on 31 August 2022. I would like to personally thank Jeremy for his significant contribution to the business during this time and for helping steer Orora through demerger to be the successful company it is today.

Outlook and acknowledgements

Whilst difficult to predict in an uncertain global economic environment, positive operating and earnings momentum is expected to continue in FY23 despite ongoing headwinds and persistent inflationary and energy cost pressures.

We will continue to lay the foundations for sustainable growth, and capital expenditure will remain elevated as we invest in the capacity and capabilities to support customer demand, combined with a balanced focus on business optimisation and growth.

My sincere thanks to the Orora Executive and Leadership teams, and all Orora team members across the globe for their dedication and contributions that led to this year's strong result. I would also like to thank our Orora shareholders for their ongoing support.



ROB SINDEL
CHAIR

[1] An Appendix 3C was released on 21 October 2021. The buyback commenced on 5 November 2021.

A message from the Managing Director and CEO



“Orora’s FY22 performance was characterised by strong *revenue growth* in North America and continued *robust earnings* in Australasia.”

I would like to thank and recognise the entire Orora team for their focused and disciplined execution of our strategy this year, which has culminated in such a strong result.

Across the Group we achieved strong earnings growth in FY22, with a 14.6% increase in EBIT and a 19.4% increase in NPAT from the prior year, supported by sound pricing discipline to mitigate inflationary pressures.

EPS increased 28.2% and shareholders will receive a full-year dividend of 16.5 cents, up 17.9% or 2.5 cents from FY21.

The continued positive sustainable growth in earnings we have achieved, despite rising costs and supply chain challenges, again demonstrates the benefits of Orora’s diversified portfolio and the commitment within our businesses to deliver for our customers.

Orora is building a growing defensive earnings profile, underpinned by the strong leadership positions we hold in attractive markets, the diversified nature of our operations and our broad customer base. Resilient consumer staples and industrial manufacturing categories represent our largest end-markets and continue to provide Orora some safeguard from the economic volatility and challenges brought about by the pandemic.

Operating highlights – North America

Orora’s North American segment achieved a year-on-year sales revenue increase in FY22, with total revenue up 14.3% to US\$2,308.3 million.

Local currency EBIT increased 32.6% on the prior year to US\$97.9 million driven by strong earnings growth in both manufacturing and distribution, reflecting continued business optimisation and active account profitability management.

North American EBIT margins expanded 50bps to 4.2%, with OPS margins increasing by 80bps to 5.2%, a credit to the team’s ongoing focus on sales force alignment for profit improvement, operating efficiencies and cost to serve initiatives.

Inflation and wage cost increases continued throughout the second half with stringent cost and pricing discipline in place to ensure impacts were passed on to customers.

During the year we realised operational and financial benefits in OPS from the integration of Pollock and Bronco operations into a single central operating region.

We continued our work on business model enhancements in OPS and Orora Visual to improve digital platforms and customer interaction, a focus that will continue into FY23 as we also look to refresh eCommerce platforms, extend our product and service offering, further broaden our customer base and expand OPS custom packaging capabilities.

Operating highlights – Australasia

Revenue in our Australasian Beverage business increased 9.0% in FY22, attributable to higher aluminium costs which we passed through to customers and slight volume growth in Cans and Glass, partially offset by changes to product sales mix in our Glass business.

EBIT was in line with forecast and FY21, up \$0.3 million to \$150.6 million. Following significant Cans volume growth in FY21, Cans volumes have remained strong with a slight improvement in both growth and product mix. This was partially offset by changes in Glass product sales mix as we successfully redeployed capacity impacted by Chinese wine tariffs to lower margin categories, inflationary pressures and supply chain impacts at key customer sites. EBIT margin was down 140bps to 16.6%, largely due to aluminium costs passed through to customers.

Inflationary cost pressures experienced in Australasia were well managed but presented challenges to FY22 financial performance due to timing of contracted pass-through mechanisms.

We continue to invest actively to drive growth, with capital committed to a number of key projects that expand capacity to support strong end-market customer demand and sustainability initiatives.

Orora made \$65.0 million in capex investments in Australasia in FY22, including \$49.8 million of growth capex for our new Cans line and ends capacity expansions, and construction of the new cullet beneficiation plant, now complete with commissioning underway. We also announced a new ~\$85.0 million multi-size cans line at Revesby in New South Wales, with construction to commence in FY23.

The coming year will see a continued focus on executing these investment initiatives, volume growth and product mix optimisation, driving and enhancing eCommerce capability and supply chain excellence, and cost reduction initiatives and active pass-through of cost increases to subdue the impacts of inflationary pressures.

Our progress in sustainability

This year we worked towards our sustainability goals announced early in FY22, under the redefined pillars of Circular Economy, Climate Change and Community.

We are committed to addressing climate change and achieving cpas: Net Zero greenhouse gas emissions by 2050 for Scope 1 and 2, and we are making significant investments to support this goal.

We are currently working towards a reduction goal of 40% by 2035, with a well defined plan of targeted activity.

Our plan includes increasing the use of recycled glass cullet as we commission our new ~\$25.0 million cullet beneficiation plant in early FY23 as a key priority under our Circular Economy pillar.

The advanced plant will enable us to significantly increase the recycled content in our glass beverage packaging, along with cullet we continue to source from Container Deposit Schemes. This motivation to increase our use of recycled content extends across Orora with some great outcomes achieved in FY22 – an average of 57% recycled content in aluminium Beverage Cans, and 54% in the corrugated board manufactured by OPS, with Orora Visual making use of an innovative printable fabric comprising 100% recycled content.

Orora also plans to implement less greenhouse gas intensive furnace technologies, such as the Australian-first introduction of oxyfuel technology in the upgrade of our G3 furnace at Gawler in South Australia, and we will continue to procure greenhouse gas free electricity. Our pathway beyond 2035 requires advances in technology and will develop over time.

We continue to prioritise action for our people and our communities, focused on protecting safety, health and human rights, and championing diversity, equity and inclusion. Simply put, we are stronger together with our many views, perspectives and experiences.

The safety and health of our people remains of paramount importance. Thankfully no serious injuries or fatalities were recorded at Orora this year, however there were some workplace injuries that could have been avoided and we have seen a slight increase in injury rates.

Our Global Integrated Safety Improvement Plan (GISIP) is progressing as intended, focused on managing high risk activities and improving effectiveness of critical controls. I'm confident that this focus, coupled with additional measures to improve our response to COVID-19 and the ongoing global adoption of our Stay Safe rules, already being embraced by our teams, will drive improvements over the coming year.

We are One Orora

While our Group and business strategies remain consistent, aligning our focus and outlining what we will deliver, the way we express who we are, what we do and how we do it, has evolved.

In June 2022 we shared One Orora across our businesses. One Orora evolves and resets how we define what it means to be part of Orora today and captures the essence of who we are – it signifies the great diversity across our portfolio, what we have in common that unites us including our promise, our purpose and identity, and the principles that guide us, all underpinned by the Orora values.

Driving innovation

Innovation continues to be one of Orora's core principles and enables us to unlock growth. The pandemic has provided ample opportunity for unconventional thinking, to reflect on the impetus for innovation and the agility needed to grow and stay competitive. It's clear that harnessing and empowering the talent, ideas and ingenuity present within Orora is more important than ever.

In FY22 we gave innovation a renewed focus. In September 2021 we announced the Think Orange Fund, which represents a substantial investment to support ideas that will make Orora a better business. Teams or individuals can submit ideas via a portal to be considered by the Think Orange Review Group (TORG).

Looking ahead

Each Orora business has a clear set of strategic priorities aligned to our group strategy and collectively these position Orora to deliver shareholders consistent above-market, long-term growth.

We are well positioned to explore strategic acquisitions in the near term with a strong balance sheet and positive operating and earnings momentum, reflecting the resilience of the business in what is expected to be a challenging year of economic conditions.

I am incredibly proud of what the Orora team has achieved this financial year and I would like to thank the Board and my Executive team for their support and commitment. I also extend my thanks to all Orora customers across the world for their partnership and ongoing support.



BRIAN LOWE

MANAGING DIRECTOR AND CEO

We are One Orora

Orora has always been a business defined by our team.

Back in 2014 we began shaping what we believe, what we value and what we deliver – but how we express the essence of Orora, what we do and how we do it, has evolved over time.

This year we reviewed the ways we've defined Orora since inception – to consolidate and take the best of who we are and our past into the future.

One Orora is the outcome of this review. It's a culmination of the artefacts that make up our DNA, originating from our team, our culture and our strategy.

One Orora evolves and resets our *shared definition* and understanding of what it means to be Orora today.

Through One Orora, we recognise what unites us across our business portfolio – our promise, our purpose and our drive to deliver on our strategy – guided by our principles and always underpinned by our values. We also celebrate what sets us apart and how we leverage these differences as a source of strength – our identity and the unique nature of each of our businesses, the diversity of our operations and our talented team.

One Orora embeds our ambition into our purpose, reflecting our desire to lead, and our resolve to do and be better.

One Orora

Every day, across our businesses, we deliver sustainable and innovative packaging and visual solutions that lead the industry and bring our customers' brands to life.

Together we deliver on the promise of what's inside.

Our Purpose

To be a leading **sustainable** packaging solutions provider, designing and delivering products and services that enable our customers' brands to thrive

Our Identity

We operate a portfolio of **customer-focused** packaging businesses aligned by our **common** purpose and unifying principles

Our Strategy

Optimise
to grow

Enhance and
expand

Enter new
segments

Our Principles

Customer value-add
Digitally-enabled
Diverse talent
End-to-end capabilities

Innovation
Operating excellence
Staying safe
Sustainability

Our Values



TEAMWORK



PASSION



RESPECT



INTEGRITY

Orora Group strategy update

Orora's steadfast pursuit of our strategy has resulted in substantive progress this year, as we continue to strengthen our platform for growth.

In FY22 we saw a number of operational efficiency programs undertaken over the past two years generate positive business momentum in North America, while we continued our investment in Australasia to improve capacity and enhance the sustainability of our operations in the Beverage business.

Orora's strategic pillars

1. Optimise to grow
2. Enhance and expand
3. Enter new segments

Established in FY20, the three core pillars of Orora's strategy are well embedded as our basis for strategic planning, driving focused business activity across our portfolio and enabling us to capitalise on growth opportunities as they emerge.

We maintain our disciplined focus on creating value for customers and shareholders and continue to leverage our Group's core capabilities, refining and maximising the effectiveness of our businesses. Investment is supplemented by our ongoing focus on generating further operational efficiencies and is supported by increasing innovation.

The leadership positions held by Orora in attractive markets, the diversified nature of our operations and our broad customer base, underpin our growing and defensive earnings profile.

Strong cash flows are expected to continue. They will be deployed via a prudent combination of distributions to shareholders (as dividends), strategic investments and/or acquisitions to enhance Orora's offering and deliver growth. Further ad hoc returns of capital, such as the recent on-market buyback, may be undertaken in the future as the Board deems appropriate.

We continue to target end-market segments with appealing growth and financial return characteristics. Any growth initiatives are assessed as part of our rigorous approach to capital allocation to ensure only value-add investments that meet our stringent return criteria are pursued.

Our strategic principles

Our three strategic pillars are supported by our One Orora principles, which help ensure our business decisions, strategic initiatives and everyday actions are purposeful and focused on making real progress towards delivering our strategy.

As a fundamental tenet of how we operate at Orora, financial discipline has now been built into our principle of operating excellence.



Principle in focus Digitally-enabled

Digitally-enabled is one of our eight Orora principles. We invest in digital capabilities to unlock sustainable advantage as a key enabler of our growth strategy.

As the digital landscape becomes more sophisticated, so does the way consumers browse and transact, and the way in which we fulfil those transactions.

Orora's customers and suppliers are increasingly looking to interact with us via digital platforms, and we are working on making it easier and more efficient for them to do business with us, through continued investment and focus on our digital capabilities.

FY22 has seen us progress our digital transformation, launching a new website and inaugural eCommerce site for Orora Beverage, and a refreshed website for Orora Visual. We also renovated our corporate website to enhance user experience, security and performance. In OPS, we launched an

exciting digital customer experience platform, and we continued to refine Orora Visual's print procurement and campaign platform.

This pivotal work on our digital channels and eCommerce platforms will further streamline and simplify processes, drive increased volumes and support lower costs.

ECCommerce will undoubtedly continue to escalate as a global megatrend. All Orora businesses will continue to pursue a range of initiatives to take advantage of these tailwinds as part of our digital transformation journey. This will differentiate Orora across our markets, solidify our digital footprint and deliver our customers from the homepage to the shopfront.

Orora Group strategy update

Shareholder value blueprint

Our three strategic pillars are also fundamental to Orora's blueprint for shareholder value creation, first released in FY20.

Our target, to achieve top quartile Total Shareholder Return (TSR) performance for our shareholders, remains unchanged and we continue to pursue it by executing on our strategy.

Orora's TSR performance is driven by three key components, outlined in the blueprint. These include applying a returns-focused, risk-weighted investment approach (for capital projects and acquisitions) across each of our strategic pillars.

The blueprint 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 balanced and disciplined approach to capital allocation, enabling us to make appropriate investment decisions across each pillar.

To support strong end-market customer demand, Orora will continue to invest in base and growth capex to generate sustainable dividends and ultimately maximise shareholder returns.

Ongoing financial discipline underpins the deployment of capital for any strategic initiatives.

TSR COMPONENT	ORGANIC GROWTH		RETURNS-FOCUSED INVESTMENT			CAPITAL MANAGEMENT		
	Optimise to grow			Enhance and expand	Enter new segments	Disciplined approach to capital allocation		
	Australasia	North America	Capital investment	Acquisitions		Sustainable dividend	Potential additional capital returns	Sensible leverage
STRATEGIC PILLAR	- GDP sales growth - Enhanced by innovation and customer wins	- GDP sales growth - Supplemented by market share gains and increased share of wallet	- Enhance digital capabilities, particularly in North America - Enhance sustainability, capacity and product capabilities across portfolio - Customer-backed growth projects	- Beverage footprint expansion in ANZ and offshore - Expand aluminium and glass product capability in ANZ - Expand product and service capabilities in North America	Complementary adjacencies – near-term focus in ANZ	- Payout ratio of 60%–80% - Franked to the extent possible	- Assessed when appropriate - On- or off-market buybacks - Special dividends/ capital returns	Target leverage at 2.0–2.5x EBITDA [excluding AASB 16]
	RETURN TARGETS		Lower Premium to WACC Higher					

Progress against strategic priorities

At Orora, each business has a clear set of strategic priorities aligned to our strategic pillars. Collectively these strengthen and position Orora to deliver shareholders with consistent above-market, long-term growth. In FY22 solid progress was achieved across a number of our priorities.

	Optimise to grow	Enhance and expand	Enter new segments	FY22 progress
AUSTRALASIA – Beverage	• 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 • Drive further development of digital printing capabilities • Enhance eCommerce capability	• Expand current substrates into new categories • Explore potential ANZ adjacencies • Explore potential offshore entry points (Asia, North America)	• Construction commenced for installation of new Beverage Cans line at Dandenong, Victoria and expansion of can ends multi-size capacity at Ballarat, Victoria • Announced plans to construct a new multi-size can line at Revesby, New South Wales, expected to come online in FY25 • Construction of cullet beneficiation plant at Gawler, South Australia to help drive increased recycled content in glass bottles is now complete with commissioning underway • New glass products launched for the ANZ market (spirits, olive oil) • Will welcome a government grant to progress Australian-first upgrade of our G3 furnace to oxyfuel technology at Gawler • Continued assessment of M&A opportunities in ANZ adjacencies and offshore expansion
NORTH AMERICA – OPS	• Drive account profitability • Enhance sales force effectiveness • Integration of previous M&A	• Digitisation of business model (including refreshed eCommerce platform) • Expand custom packaging capabilities • Assess manufacturing footprint expansion opportunities	• Extend product and service offering • Consider scale expansion opportunities (including M&A)	• Continued material improvement in financial performance and operating discipline, with corresponding lift in EBIT margin • Significant development work on ongoing business model enhancement
NORTH AMERICA – Orora Visual	• Refine core business processes • Harmonise estimation procedures • Enhance sales force effectiveness	• Consolidate digital client platforms • Extend positions in fabric printing and horticulture		• Strategic review completed during FY22 • Critical business model enhancements introduced, including improved digital and customer interaction

Our Promise to the Future

At Orora we care about making a difference. As a leading packaging and visual solutions provider, sustainability is *Our Promise to the Future*.

Our sustainability approach

Since Orora's inception, sustainability has been integral to our journey. In FY21 we conducted a comprehensive review of our sustainability approach and objectives, informed by an assessment of our risks and opportunities. Using these insights, we redefined the pillars that form our sustainability program to Circular Economy, Climate Change and Community and set new goals in FY22.

Many of the activities that underpin our pillars have been part of our way of operating for many years, driven by

our obligations as a signatory to the United Nations Global Compact (UNGC), but our program now represents a broader and more aspirational approach to sustainability, more closely aligned with the expectations of our people, customers, investors, regulators and the communities in which we operate.

Our diversified portfolio sees us take a broad approach to managing sustainability risk and maximising opportunities. We work across a wide range of focus areas, with some being location or business specific.

Circular Economy

- Recycled content
- Recyclable packaging
- Recyclable substrates
- Certification

Climate Change

- GHG reduction
- Energy efficiency
- Renewable energy
- Climate risk analysis

Community

- Safety and health
- Diversity, equity & inclusion
- Human rights and supply chain
- Responsible sourcing



Our performance highlights



Circular Economy



Climate Change



Community

Our Promise

60% recycled content* for Orora glass beverage containers by 2025.

This target exceeds the 2025 50% recycled content target for glass packaging supported by the Australian Packaging Covenant organisation.

*pre and post-consumer

Net Zero emissions by 2050. 40% reduction in emissions by 2035.

Orora are committed to achieving Net Zero greenhouse gas emissions by 2050 for Scope 1 and 2 and achieving a 40% reduction in greenhouse gas emissions by 2035 for Scope 1 and 2 from FY19.

Our pathway between 2035 and 2050 will be developed over time and will require advances in technology.

Prioritising action for our people and our community.

We're focused on initiatives that benefit our teams and our communities through:

- Protecting safety, health and human rights
- Championing diversity, equity and inclusion.

Our FY22 progress

- ✓ We set our goal of achieving 60% recycled glass content (cullet) by 2025, which exceeds the target for glass packaging supported by the Australian Packaging Covenant.
- ✓ Achieved 38% recycled content in Glass this year, an increase on the 31% achieved in the prior corresponding period.
- ✓ Construction of our ~\$25.0 million Gawler cullet beneficiation plant is complete with commissioning underway. The plant will significantly increase the recycled content in our glass packaging, avoid more cullet going to landfill, reduce our need to use virgin materials in production and reduce our greenhouse gas emissions.

- ✓ Announced a further significant investment to be made in Australasia with the support of a \$12.5 million government grant to help rebuild our G3 furnace using oxyfuel technology. The G3 furnace will move into the top 10% of energy efficient furnaces worldwide and Orora will deliver a step change reduction in fossil fuel use, and reduce nitrogen oxide and carbon dioxide emissions.
- ✓ Total Scope 1 and 2 greenhouse gas emissions decreased by 4.11% (utilising market-based factors for Scope 2) and by 8.33% (utilising location-based factors for Scope 2) from the FY19 baseline year*.
- ✓ Ongoing implementation of renewable energy initiatives as part of procuring greenhouse gas-free electricity for Orora globally.
- ✓ Procuring warehouse-based Electric Vehicles as leases arise for renewal in OPS.

*As per the Greenhouse Gas Protocol Scope 2 guidance.

- ✓ Launched Stay Safe rules globally to help our team make better decisions about working safely.
- ✓ Conducted a global Assurance Audit to establish a baseline for safety systems and processes.
- ✓ Continued progressing our Serious Injuries or Fatalities (SIF) Prevention program.
- ✓ Implemented our safety incident investigation training program to set a new standard for incident investigation.
- ✓ The Diversity, Equity & Inclusion (DE&I) Council in North America received Orora's highest recognition Hero award for their initiatives creating awareness around DE&I described in this Annual Report.
- ✓ Our Orora culture shaping workshops were launched as we aim to move our culture from 'good' to 'great'.
- ✓ Orora's Women in Leadership Program (WILQ) continued in FY22, now in its sixth year.
- ✓ Unconscious Bias training was conducted for all senior leaders in North America.
- ✓ Submitted our second Modern Slavery Statement (FY21).

We're a proven leader in the circular economy

We're committed to addressing climate change

We're working to enrich our communities



Circular Economy

Our participation in the circular economy is about examining and implementing ways to maximise the recycled content of our products to ensure they can be continually recycled, to minimise waste and pollution and reduce greenhouse gas emissions.

Laying the foundations for strong sustainability outcomes

The circular economy seeks to maximise the life of resources by recycling them. At Orora we work towards our manufactured packaging and visual solutions products containing as much recycled content as possible.

This means innovating to increase the waste glass, known as cullet, used in our bottles, emphasising recycled content in our cans and finding new ways to ensure our visual solutions are produced from recycled materials.

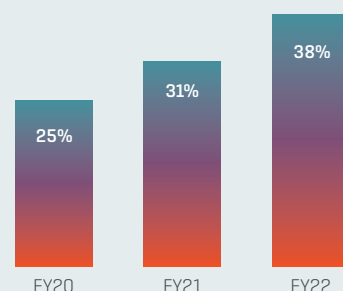
This year we again increased our use of recycled glass cullet derived from state government Container Deposit Schemes [CDS] in Australia. Since FY21 we've imported recycled glass cullet from Western Australia's CDS to use in our furnaces and manufacture new glass beverage containers. This initiative, along with ongoing glass cullet use from other State schemes, has further increased the recycled content^[1] of the glass containers we produce to an average of 38% in FY22 contributing to our target of reaching 60% recycled content by 2025.

Orora will continue to use approximately 80% of the recycled glass cullet derived from the South Australian CDS plus the vast majority from the Western Australian CDS. We continue to pursue ways to maximise recycled glass cullet use through interstate sourcing, working with our customers and CDS partners.

Orora has made a significant ~\$25.0 million investment in our new cullet beneficiation plant at Gawler in South Australia (supported by an \$8.0 million grant from the Commonwealth and South Australian governments through the Recycling Modernisation Fund), which will be a powerful contributor to increasing recycled content in our glass packaging,

Recycled content [cullet %] progress in manufactured glass products

Target: 60% recycled content



by avoiding cullet going to landfill and reducing the need for virgin material to be used in production.

In Beverage Cans we worked to emphasise the recycled content of aluminium coils and flat sheets, achieving an average of 57% recycled content, a reduction on FY21 due to a constrained international aluminium market. We also achieved further light-weighting of can bodies and ends, reducing waste and greenhouse gas emissions.

In North America, Orora Visual continued to increase utilisation of an eco-friendly printable fabric comprising 100% recycled content, converted from recycled PET bottles, reducing waste to landfill by taking used plastic out of our ecosystem and minimising use of new raw materials. The revolutionary process grinds plastic into ultra-fine particles, which are turned into polyester yarn and woven into fabric rolls used to print a range of visual marketing graphics, from light-weight sheers to heavier Point-of-Purchase [PoP] displays.

Our significant investment at Gawler is matched by our drive to increase the recycled content of the packaging we produce.

[1] Pre and post-consumer.

Our Promise to the Future

Partnering with our customer AT&T, the Orora Visual team also recently ran a campaign that returns the fabric from AT&T retail outlets to prevent it going to landfill.

At OPS we averaged 54% recycled content in the manufacture of our corrugated board and continue to pursue new opportunities to utilise and maximise recycled content.

Building resource recovery into design

We place a strong emphasis on ensuring our manufactured packaging is recyclable, pro-actively building resource recovery into our packaging design.

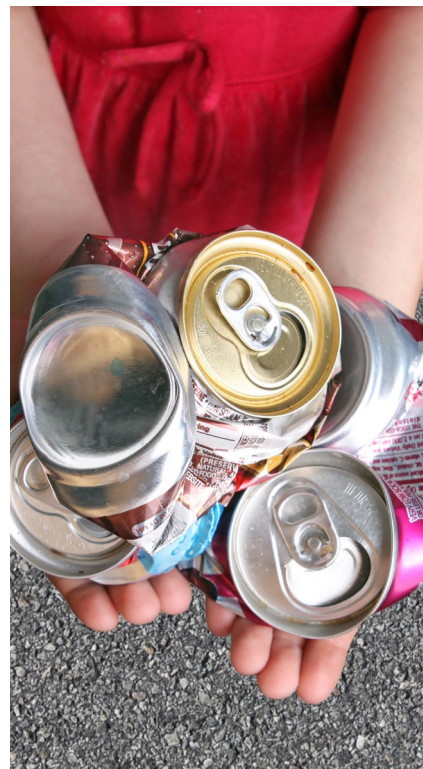
Many of our products are made to be infinitely recyclable, which means they can be transformed and re-created, time and time again. For example, the aluminium we use to create cans is infinitely recyclable and our scrap aluminum is returned to manufacturers for recycling – in fact, 75% of aluminum produced globally is still in use today.

So, when you enjoy a drink from one of our aluminium cans and put it in the recycling bin, it can be back in your hands as a new can in 180 days.

All our primary manufactured substrates are recyclable, and we continue to work on increasing the sustainability of our packaging substrates with a focus on fit-for-purpose applications and reducing waste of end products.

In OPS we have developed a fully recyclable curbside cooler box made from corrugated fibre boxes with corn starch-based insulation pads as an alternative to cooler boxes made from expanded polystyrene.

In November 2021 our teams celebrated National Recycling Week in Australia and America Recycles Day, affirming our commitment to large-scale recycling and the ways we can contribute to recycling as individuals.



Glass beneficiation plant to drive advances in Circular Economy

Our advanced glass beneficiation plant being built at Gawler, South Australia will be fully commissioned in early FY23.

Representing a significant investment of \$25 million, supported by \$8 million secured as a grant from the Commonwealth and South Australian governments through the Recycling Modernisation Fund, the new plant will significantly increase the recycled content in Orora glass beverage packaging and progress us towards our Circular Economy sustainability goals.

This state-of-the-art facility will have the annual capacity to process up to 150,000 tonnes of cullet.

Utilising more cullet will also assist Orora to achieve our Climate Change goals, as we leverage the benefits of energy and greenhouse gas reductions.



Climate Change

We are addressing the risk of climate change by reducing gross greenhouse gas emissions across our business and making smart and renewable choices on energy use to minimise waste.

Addressing risks presented by climate change

At Orora, we continually re-examine the sustainability landscape to identify current and emerging physical and transition risks and opportunities.

This determines how we best approach those material risks and opportunities as part of our climate change strategy.

In FY22 we concluded the review and implementation of findings from the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations with the support of independent external consultants. The TCFD analysis, which explored the impact of climate change on Orora under different scenarios, did not identify any material risks to Orora and confirmed that our climate change strategy is currently fit-for-purpose and supports Orora's long-term sustainable growth. Outcomes of this analysis, including actions we have taken to address or capitalise on identified climate-related risks and opportunities, will be made publicly available on Orora's website.

Our work towards gross/absolute greenhouse gas emissions reduction over the past seven years and our ongoing efforts to develop our understanding of the potential impacts of climate change on our operations and investments, reinforce our commitment to minimising Orora's impact on climate change and

recognising our obligations under Principle 7 of the UNGC, which requires businesses to support a precautionary approach to environmental challenges.

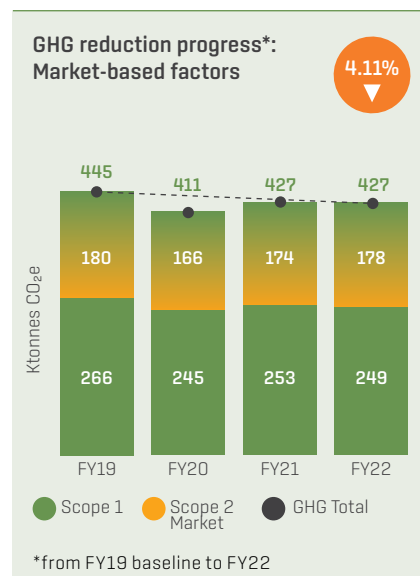
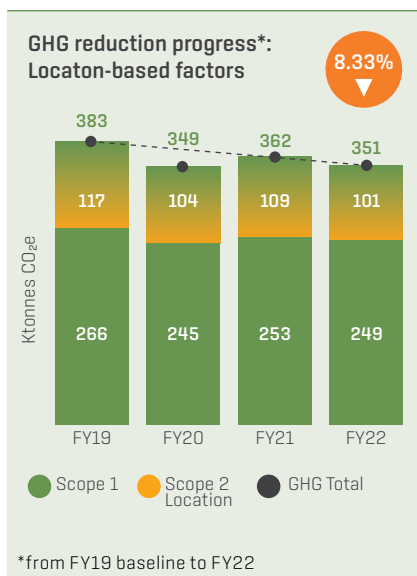
It also reflects our ongoing commitment to assessing and measuring our exposure to material risks in accordance with the ASX Corporate Governance Council's Recommendation 7.4^[1] and other regulatory expectations.

Making meaningful investments to reduce our environmental impact

Reducing greenhouse gas emissions across our business has always been core to our sustainability approach. We are prioritising investment in technology and process to reduce our gross/absolute greenhouse gas emissions.

The refresh of our sustainability program has elevated this focus as we work towards achieving Net Zero Scope 1 and 2 emissions by 2050 and a 40% reduction in these emissions by 2035, both from a FY19 baseline. We will achieve this through a combination of applying new technology, utilising higher recycled content in our manufactured products and deploying renewable electricity sources.

When we innovate to increase and maximise the recycled content in our bottles and cans, contributing to the circular economy, we not only create less waste, but we also reduce greenhouse gas emissions.



[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.

Orora remains on track to achieve a 40% reduction in greenhouse gas emissions for Scope 1 and 2 by 2035.

In May 2022 we committed to further investment in the Beverage business to progress an Australian-first upgrade of our G3 furnace to oxyfuel technology at our Gawler glass manufacturing plant in South Australia.

To support Orora's ~\$40 million investment in building our new oxygen plant, we will welcome a Federal Government grant of \$12.5 million under the Modern Manufacturing Initiative – Manufacturing Translation Stream of the Recycling and Clean Energy program to accelerate development and commercialisation of low emissions technologies.

The upgrade will move the G3 furnace into the top 10% of energy efficient furnaces worldwide and deliver a step-change reduction in fossil fuel use plus reductions in nitrogen oxide and carbon dioxide emissions, providing our customers and end-consumers with a sustainable option.

Since FY19 Orora has reduced emissions by 8.33% (location-based factors Scope 1 and 2) and 4.11% (location-based factors Scope 1 and market-based factors Scope 2), as demonstrated in the graph^[2].

During FY23 Orora will examine Scope 3 emissions and the potential to set targets which aim to reduce them, in collaboration with our customers and supply chain partners.

Energy efficiency and smart use of energy sources contribute to decarbonisation

We are committed to driving energy efficiency in our daily operations, working closely with our teams to identify opportunities to improve resource efficiency.

In FY22 we focused on efficiency in gas and electricity use to further reduce our greenhouse gas emissions. In Beverage Closures we continued to reduce gas usage and installed new lighting and air conditioning upgrades to drive down electricity use, while we made productivity improvements in Beverage Cans to reduce energy consumption and installed power and air meters to measure usage.

We are also making smart use of renewable energy sources by finding alternate ways to purchase, produce and use electricity.

Our long-term power purchase agreements with renewable energy providers continue to supply wind-generated electricity to Beverage operations on Australia's east coast, and secure renewable energy supply for volumes equivalent to approximately 80% of our total electricity requirements in Australia.

We have operational solar systems installed at our sites in New Jersey, USA, and Gawler, Dudley Park, Ballarat and Rocklea in Australia and will investigate further installations.

We continue to explore further transitioning to lower emissions furnace technology, working with global technical partners and local industry groups with common goals, including the South Australian hub-to-hub Hydrogen Technology Cluster, which is evaluating development of a hydrogen industry in Australia.

Eco Targets drive focused improvements

In FY22 we worked towards achieving our Eco Targets for the second year, which focused on reducing CO₂ emissions, waste to landfill and water use over a five-year period through to 30 June 2024. Since the FY20 base year we have made strong progress towards our FY24 goals, except for the water Eco Target for the distribution business. Initiatives have already commenced to address this concern, caused by increased water consumption in North America.

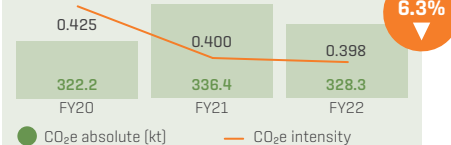
Water use will be reduced further through an innovative program sponsored by our Think Orange Innovation Fund. The project will migrate Orora Visual's lithography operations to a revolutionary water and chemistry-free plate making process delivering significant production and sustainability benefits.

Performance against Eco Targets

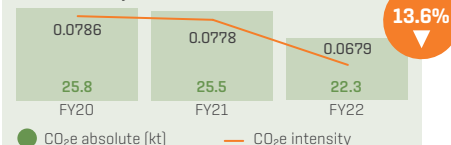
CO₂e Emissions

Target: 5% reduction in emissions ratio intensity

CO₂e intensity: Production



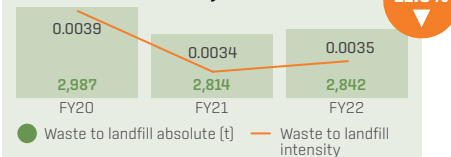
CO₂e intensity: Distribution



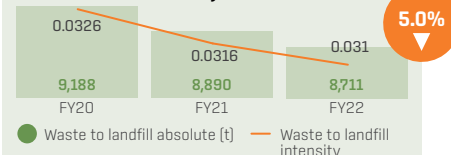
Waste to Landfill

Target: 5% reduction in waste to landfill ratio intensity

Waste to landfill intensity: Production



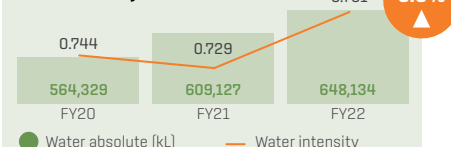
Waste to landfill intensity: Distribution



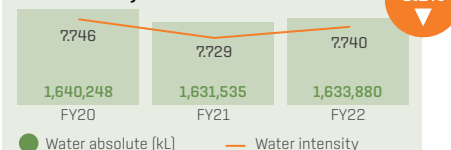
Water Use

Target: 5% reduction in water use ratio intensity

Water intensity: Production



Water intensity: Distribution



Measured as ratios against metrics that reflect the primary activities of our businesses, Eco Targets are divided into metrics for production of packaging (measured against tonnes produced), and distribution of packaging (measured against floor space square metres).

[2] As per the Greenhouse Gas Protocol Scope 2 guidance.



Community

We are enriching the lives of our teams and our communities by protecting safety, health and human rights, and championing diversity, equity and inclusion.

The safety, health and wellbeing of our people will always be of paramount importance.

Our Safety & Health framework, which aligns with applicable international safety standards^[1] provides a strong foundation to ensure we operate safely and to benchmark and improve our safety performance.

Now in its third year, Orora's Global Integrated Safety Improvement Plan (GISIP) is progressing as intended, focused on managing high risk activities and improving effectiveness of critical controls, through several initiatives undertaken in FY22.

In FY22 we completed an internal assurance audit against our Safety & Health framework, to educate teams, establish a baseline for safety systems and processes across Orora globally, and identify and manage safety and health risks and opportunities as part of an ongoing assurance program.

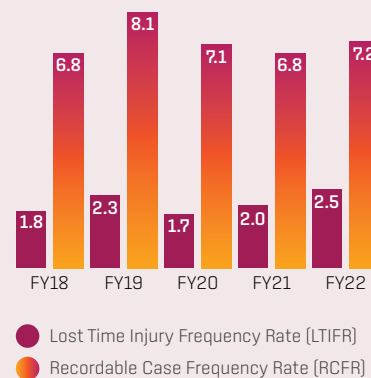
We also continued to develop and implement our high-risk safety procedures including energy isolation/ LOTO, traffic management and incident reporting and investigation. ICAM incident investigation training was held for our Safety & Health team to set a new standard in incident investigation and establish the root cause of incidents.

We proudly introduced the Orora Stay Safe rules this year. Our Stay Safe rules target 10 high-risk activities that have the potential to cause the greatest harm to our people. They are specific to the risks we know are present in the work we do and how we need to manage them.

The Stay Safe rules reinforce that we empower our team members to STOP WORK if they feel unsafe and to TAKE 5 before starting work to ensure pre-work checks and safe practices are in place.

While we did not achieve our desired improvement in the number of injuries at Orora this year, we did achieve continuous improvement in incident reporting through increased rigour in governance processes and driving greater awareness of requirements.

Orora Group safety performance^[2]



On balance, our Lost Time Injury Frequency Rate (LTIFR) and our Recordable Case Frequency Rate (RCFR) reflect a similar trend or a small increase compared with FY21, and this was somewhat more evident in North America.

Thankfully no Serious Injuries or Fatalities (SIFs) were recorded. Some potential SIFs were brought to our attention and refinements to the SIF Prevention program were progressed during the year.

In FY23 we will continue to evolve and embed all elements of the GISIP into Orora's Safety & Health strategy. We are focused on continuing to improve the quality of reporting and investigation through training, setting procedure and minimum standard expectations, and risk awareness. Our Stay Safe rules will be implemented across all Orora operations in FY23, through focused communication and education sessions on the requirements for each individual rule.

Throughout FY23 we will also further progress our SIF prevention program – with the global rollout of our hazard identification and risk management procedure and aligned risk assessment process, and the development of Critical Control checklists.

[1] ISO 45001:2018.

[2] 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.

Our Promise to the Future

Continuing to mitigate the risk of COVID-19

Operating during COVID-19 has continued to add complexity and challenge to our operating environment.

We introduced additional safety and health measures to continually improve our response, targeted at mitigating the risk of transmission into and at Orora's sites. These measures included:

- Vaccination incentive programs across North America and Australasia, to encourage vaccination through raffle prizes, meal vouchers and charity donations, in compliance with applicable laws.
- Innovative wearable devices to ensure that people maintain a 1.5 metre social distance while working onsite and give Orora the ability to rapidly quarantine people if there is a workplace exposure.
- Rapid Antigen Testing for self-testing on arrival at Orora's Australasian sites.
- Risk-based assessment tools developed to account for factors such as vaccination rates, case numbers and local regulations, to assess when to ease or tighten COVID control measures at Orora workplaces. The tools play a key role in determining when and how to allow team members to return to Orora workplaces.

Caring for team wellbeing

Our FY22 health and wellbeing initiatives demonstrate our ongoing commitment to taking a holistic approach to individual wellbeing – encompassing emotional, physical, social and financial aspects.

In FY22 they included:

- R U OK Day in September 2021 as a reminder to regularly check in with colleagues, friends and family. This year our Australasian team focused on asking 'R U OK?' as part of every day.
- Mental health awareness was propelled forward by the DE&I Council throughout North America and more widely through the Mental Health Community group on Orora's internal social network.
- Put Yourself First is an Orora Beverage health and wellbeing program developed by our people and run by passionate volunteer site ambassadors. Activities throughout the year covered health, finance, wellbeing, community and mental health.

Our Orora culture program

Throughout FY22 all Orora senior leaders attended Our Orora culture shaping workshops, a global program supported by specialised external consultants.

The effectiveness of these workshops is assessed by culture impact surveys before and two months after each workshop to determine how our leaders are embedding key learnings. A follow-up check will be undertaken one year after the workshops.

As we aim to move our culture from 'good' to 'great', our leaders will share workshop learnings with their teams via culture conversations in early FY23.

This program will foster culturally-aligned leadership language, approaches and ways of thinking as we work to create an environment where our team members can continue to thrive.

A global engagement survey will also be undertaken in FY23.

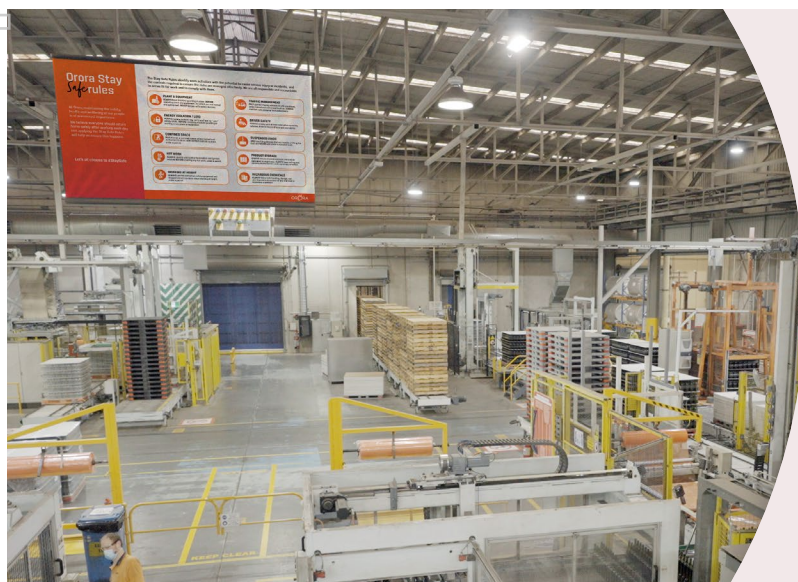
Diversity as a powerful source of competitive advantage

We are creating vibrant Orora workplaces that reflect the richness of the communities in which we operate.

We see diversity as a powerful source of competitive advantage, driving better decision making, innovation and growth. With a strong focus on equity and inclusion we're creating workplaces where team members from different backgrounds, with different ways of thinking and abilities, can bring their best selves to work and collaborate with respect and openness.

Throughout the year we continued our focus on Diversity, Equity & Inclusion (DE&I) activities in accordance with our Diversity, Equity & Inclusion Policy and measurable objectives approved by the Board. In FY22 females represented 37% of all external new hires exceeding our 30% target, with an increase of 5% on FY21.

Refer to our Corporate Governance Statement for information on our diversity measurable objectives and gender statistics.



Stay Safe rules are designed to help our team make better decisions about working safely.



Two of our award-winning DE&I council members from OPS North America, Marisa Brambila (left) and Matthew Cheng (right).

Our Diversity, Equity & Inclusion Heroes

In December 2021 we announced the winners of our annual Hero Awards, our highest level of recognition which celebrates individuals and teams that have excelled across Orora.

The overall FY22 winner was our DE&I Council, a group of volunteer team members from across North America. The DE&I Council has led the way to increase participation, awareness and education in important areas that align with our Community pillar, culture and values. In FY22 the DE&I Council focused on initiatives including celebrating Pride, creating a Council of 24 members who consider themselves allies, increasing Orora's team mental health initiatives, and building readiness for FY23 initiatives including developing tools that continue to support these initiatives ongoing.

In Australasia, the I Belong @Orora Diversity and Inclusion program used insights from team members to define and deliver an action plan focused on the priorities of an inclusive culture, diversity, flexible working and inclusive leadership. One component of I Belong is the Call it Out program, designed to promote a psychologically safe workplace free from bullying, harassment, discrimination and negative behaviours.

Our culture at Orora is founded on being courageous and innovative, on saying what we mean and standing by our word. This starts with our leaders.

Women in Leadership at Orora

Now in its sixth year and with 104 Women in Leadership at Orora (WILO) graduates to date, our latest WILQ program sees a group of 25 talented women from Australia, New Zealand, the USA and Mexico participate in the 10-month program to elevate their skills and expertise, expand their professional networks, and build their careers as Orora's future leaders. This specialised development program aims to cultivate a diverse, global pipeline of leadership talent for Orora by harnessing the potential of our female leadership cohort, as we continue to foster a culture that enables women to thrive and succeed in leadership positions. The people leaders of WILQ participants are supported by a comprehensive coaching program.

Previous WILQ graduates also act as coaches for our participants, which reinforces connections amongst our WILQ network.

Celebrating Pride, Orora Proud

Each year we celebrate Pride month and the diversity of the LGBTIQ+ community. In FY22 we explored key community topics in a six-part Ask me Anything video series to raise awareness and educate our wider workforce. This Orora Proud initiative was developed by our DE&I Council in North America and is shared amongst our global team.

Protecting human rights and supply chain integrity

We are committed to protecting and respecting human rights and oppose all forms of slavery in both our operations and the operations of our suppliers.

We understand our responsibilities to provide transparency on any modern slavery risks that exist in our operations and supply chain, and how they are being addressed.

In FY22 we published our second Board-approved Modern Slavery Statement, which amongst other things described the modern slavery risks associated with our business activities, actions taken

to address those risks and priorities for the coming year to ensure continuous improvement. Our Modern Slavery Statements are available on our website.

Supplier Conduct and Assurance

Orora continued to apply our Supplier Code of Conduct and Ethics Policy, which sets minimum standards for our suppliers' conduct and their supply chains in line with our values, our commitment to the Ten Principles of the UNGC and other legislative requirements. Orora's Supplier Code of Conduct and Ethics Policy complements Orora's Code of Conduct and Ethics Policy and is supported by our Supplier Assurance Framework (SAF), which was improved during the reporting period. The SAF helps our procurement team identify and mitigate potential human rights and environmental issues with suppliers.

A risk assessment tool is applied to identify high risks, which in some cases are further assessed through Sedex (the Supplier Ethical Data Exchange) or EcoVadis. Suppliers must successfully mitigate any risks via an agreed plan and if unsuccessful, may no longer be able to partner with Orora.

Responsible fibre sourcing

We remain committed to the use of fibre from traceable, transparent, socially and environmentally responsible sources in our North American businesses.

Forest Chain of Custody certification ensures our raw materials and finished fibre-based products meet this standard.

We hold Forest Stewardship Council® (FSC) Chain of Custody certification status across a number of our OPS recycled corrugated sheet and carton board manufacturing operations^[1].

Our responsible fibre sourcing approach 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.

[1] FSC Chain of Custody Certification Standard Ref: FSC-STD-40-004V3c. FSC COC Certification of Multiple Sites Standard Ref: FSC-Std-40-003V2.1. FSC Certification Code: VS013968/12.

Our Promise to the Future



We believe good governance and transparency is fundamental.

This belief and our values underpin Our Promise to the Future.

Our sustainability governance

In FY22 we began our new chapter in sustainability, underpinned by the same sound governance and transparency of reporting.

Orora's sustainability approach continues to be framed by our obligations as a signatory to the UNGC, which ensures compliance with applicable requirements (including the ASX Corporate Governance Council's Recommendation 7.4^[1]), and considers emerging landscapes and expectations where appropriate.

Our Board oversees and approves Orora's strategic direction and the effectiveness of Orora's corporate governance policies. The Board retains ultimate oversight of material environmental and sustainability risks and opportunities and operates through the Board Safety, Sustainability & Environment Committee (SSEC). Orora's CEO and Executive Leadership team, supported by working groups, have ultimate responsibility for sustainability at Orora. Regular updates and recommendations are provided to the Board on sustainability activities across Orora.

Our sustainability reporting

We report on sustainability activity annually through Communication on Progress (CoP) to the UNGC, which outlines the action we've taken 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 achieved a score of C for Climate, B- for Water and B- for Forest Risk.

As a signatory to the Australian Packaging Covenant (APC), we provided a FY21 annual report and were again assessed as being in the 'Leader' category^[3]. We also received a 'Comprehensive' 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 2022^[4].

[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.

[3] APCO 2021 Annual Report and Action Plan for Orora Packaging Pty Ltd, https://www.ororagroup.com/ckeditor_assets/attachments/533/2021_ActionPlan_OroraPackaging.pdf.

[4] ACSI ESG reporting trends in the ASX200: June 2022, <https://acsi.org.au/wp-content/uploads/2022/07/1ACSI-ESG-Reporting-Trends-in-the-ASX200-JUN22-.pdf>.

Group financial review summary

Income statement^[1]

AUD million	2022	2021
Sales revenue	4,090.8	3,538.0
Earnings before depreciation, amortisation, interest, related income tax expense and significant items	403.4	369.3
Depreciation and amortisation	(117.9)	(120.2)
Earnings before interest, related income tax expense and significant items	285.5	249.1
Significant items	-	(38.6)
Earnings before interest and related income tax expense	285.5	210.5
Net financing costs	(26.7)	(32.8)
Income tax expense	(71.7)	(48.0)
Profit for the financial period from continuing operations	187.1	129.7

Balance sheet^[2]

AUD million	2022	2021
Cash	52.6	50.6
Other current assets	1,255.1	930.2
Property, plant and equipment	685.2	627.5
Right-of-use lease assets	173.7	200.5
Goodwill and intangible assets	433.2	411.2
Other non-current assets	109.0	104.6
Total assets	2,708.8	2,324.6
Borrowings	681.6	503.5
Lease liabilities	224.5	252.8
Payables and provisions	1,071.0	799.7
Total equity	731.7	768.6
Total liabilities and equity	2,708.8	2,324.6

Cash flow^[3]

AUD million	2022	2021
Earnings before depreciation, amortisation, interest, related income tax expense and significant items	403.4	369.3
Right-of-use asset lease payments	(59.1)	(59.4)
Non-cash items	26.8	27.7
Movement in total working capital	(62.6)	(61.6)
Net base capital expenditure	(35.9)	(30.0)
Underlying operating cash flow	272.6	246.0
Cash significant items	(27.0)	(33.8)
Operating free cash flow	245.6	212.2

- [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 (ROU) assets as reported per the segment note in the financial statements (refer note 1).

Revenue

Sales revenue was \$4,090.8 million, up 15.6% on FY21 or 13.0% on a constant currency basis.

In Australasia revenue increased 9.0% to \$909.1 million, driven by higher aluminium costs which have been passed on to customers, slight growth in Cans and Glass volumes, partially offset by Glass product sales mix.

In North America, revenue was up 17.7% to \$3,181.7 million (up 14.3% to US\$2,308.3 million in local currency terms) with year-on-year revenue growth for both OPS and Orora Visual. The increase in revenue was primarily attributable to price increases reflecting disciplined management of inflationary pressures.

Earnings before interest and tax

Earnings Before Interest and Tax (EBIT) was \$285.5 million, up 14.6% on the prior year (up 12.7% on a constant currency basis).

Earnings in Australasia were robust, with EBIT growth in line with prior year, up \$0.3 million. Following significant Cans volume growth in FY21, can volumes were maintained in the current year with a slight improvement in both growth and product mix. This was offset by a change in Glass product sales mix to lower profit margin categories, inflationary pressures relating to freight, energy and materials, and supply chain disruptions at key customer sites.

North America continued to deliver a strong financial performance, with reported EBIT increasing 36.6% on the prior year to \$134.9 million (up 32.6% on a constant currency basis). This was a result of strong revenue growth across both manufacturing and distribution, with an ongoing focus on business optimisation, account profitability management and cost to serve, with OPS margins improving by 80bps to 5.2%.

US dollar earnings were translated at AUD/USD ~72.6 cents in FY22, compared to ~74.7 cents in the prior year.

Significant item expense

During the period Orora recorded a significant item tax expense of \$2.4 million relating to finalisation of the tax position of the Australasian Fibre business ('Fibre') and the filing of associated tax returns with tax authorities.

Balance sheet

Total assets increased by \$384.2 million or 16.5% in FY22.

Our centralised approach to cash management ensured cash balances were tightly managed with a 30 June cash balance of \$52.6 million.

Other current assets increased by \$324.9 million, with trade and other receivables increasing \$63.4 million and inventory increasing \$251.7 million, inclusive of a foreign currency increase of \$50.7 million.

Trade and other receivables increased reflecting sales revenue growth. Inventory levels were also higher due to the increased volume and value of raw materials [aluminium] and the return to normal stock levels for both the Australasian and North American businesses.

Net property, plant and equipment (PP&E) increased by \$57.7 million. This includes a foreign currency translation impact (increase) of \$10.8 million. Capex spend for FY22 was \$87.2 million and included spend on Beverage Cans expansion projects (new cans line at Dandenong and ends capacity at Ballarat, Victoria), construction of the new Glass cullet beneficiation plant at Gawler, South Australia and leasehold improvements at OPS in North America. Depreciation for the period was \$64.4 million (excluding ROU assets). An increase in intangible assets was largely driven by foreign currency impacts (\$29.2 million). Investments of \$5.5 million were made in digital platforms and software upgrades, and amortisation for the period was \$8.9 million.

Net debt increased by \$176.1 million during the year, attributable to the \$109.0 million spent on the share buyback and capital expenditure invested in the business of \$87.2 million. This was partially offset by increased operating cash flow attributable to earnings growth.

We remain well within all debt covenant requirements.

The \$271.3 million increase in payables and provisions was driven primarily by an increase in trade and other payables of \$280.4 million, including a \$39.8 million foreign currency impact. This was mainly due to the increased volume and price of aluminium for the Australasian business, reflecting the cost of raw materials and increased levels of inventory. Trade and other payables were also higher for the North American businesses reflecting higher volumes and the value of inventory.

The net lease liability position remained broadly in line with the prior year, declining \$1.5 million. ROU leases relate predominantly to the North American businesses, with very few leases in Australasia.

Cash flow

Orora sustained robust cash generation in FY22, with increased earnings converted into cash. Operating cash flow of \$272.6 million was up by \$26.6 million or 10.8% on the prior year, whilst cash conversion of 73.5% was marginally above the prior year of 72.9%.

Base capex of \$36.4 million was slightly above the prior year. Growth capex of \$50.8 million was up \$25.6 million as a result of the investment in the new Beverage Cans line and can ends capacity as well as the Glass cullet beneficiation plant.

FY22 income tax payments of \$55.4 million reflect a return to normal company tax payments following Fibre Australasia related impacts in FY21.

Working capital

During FY22 average total working capital to sales increased to 6.6% (6.4% in FY21), attributable to higher average working capital balances driven by a replenishment of inventories depleted in FY21 and the increased price of aluminium.

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

Capital management

During FY22 Orora purchased 30.7 million shares (representing 3.5% of issued capital) as part of an on-market buyback, which was announced in October 2021. Shares were bought back for a total outlay of \$109.0 million and a volume weighted average price of \$3.55 per share.

When combined with the FY21 share buyback, special dividend and capital return, Orora have now returned \$965.2 million to shareholders following the disposal of Fibre, 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 to support further investment and growth.

Corporate

Corporate costs have been allocated directly to the business segments.

In December 2021 Orora refinanced a \$35.0 million bilateral facility. The refinanced facility will mature in April 2023. In June 2022 a \$50.0 million uncommitted bilateral facility was amended to a \$100.0 million committed facility and extended to July 2027. Commercial terms and composition of both facilities were not materially changed.

Orora have substantial headroom under our existing debt facilities, with committed undrawn facilities of \$372.4 million as at 30 June 2022 and no material maturities until July 2023.

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 \$26.5 million was spent on decommissioning the site during the year (\$28.4 million in the prior year). Impacts of the unprecedented rainfall levels in Queensland are being managed within the existing provisions. Orora continues to engage a specialist environmental consulting firm to manage the completion of the remaining remediation works. The provision at 30 June 2022 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.

Operational review Australasia

The Australasian^[1] Beverage business delivered a robust earnings performance against the backdrop of inflationary pressures and supply chain disruptions, demonstrating the diversified strength and resilience as a leading supplier of Cans, Glass and Wine Closures in Australia and New Zealand.

Key points

- Sales revenue was up by 9.0% to \$909.1 million in Australasia.
- EBIT of \$150.6 million was broadly in line with the prior year – a solid earnings performance during a period of inflationary cost pressures, supply chain disruptions and changes in product sales mix.
- Australasia's earnings performance reflects slight volume gains in Cans across most formats, with all sites operating 24/7 to meet demand, partially offset by a change in Glass product sales mix to lower profit margin categories, as the business cycled the impacts of lower wine exports to China.
- EBIT margin declined to 16.6%, primarily reflecting the impact of higher aluminium costs which are directly passed through to customers.
- Our Australasian operations are in a period of growth in capital expenditure, reflecting a strong customer-led outlook for Cans volume growth, underpinned by long-term customer contracts and a commitment to sustainability.
- Return on Average Funds Employed (RoAFE) was down 80bps to 24.6%, driven primarily by higher average working capital.
- Cash conversion increased slightly on the prior year to 72.9%.

Earnings^[2]

AUD million	FY22	FY21	Change
Sales revenue	909.1	834.1	9.0%
EBIT ^[3]	150.6	150.3	0.2%
EBIT margin %	16.6%	18.0%	
RoAFE ^[4]	24.6%	25.4%	

Segment cash flow

AUD million	FY22	FY21	Change
EBITDA ^[5]	195.6	197.8	[1.1]%
Lease repayments	[3.7]	[6.0]	
Non-cash items	21.9	27.1	
Cash EBITDA	213.8	218.9	[2.3%]
Movement in total working capital	[43.0]	[41.7]	
Base capex	[15.2]	[18.9]	
Sale proceeds	0.4	[0.3]	
Operating cash flow	156.0	158.0	[1.3%]
Cash significant items	[26.6]	[28.5]	
Operating free cash flow	129.4	129.5	
Cash conversion	72.9%	72.2%	

[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.

Performance highlights

Sales revenue [AUD]

\$909.1m

↑9.0%

EBIT [AUD]

\$150.6m

↑0.2%

Beverage Cans

Earnings were marginally above the prior year, reflecting the impact of supply chain challenges, COVID-related customer site disruptions on production volumes and capacity constraints.

Despite these challenges, can volumes have remained strong in the current year, following significant growth in FY21. FY22 can volumes were slightly ahead of the prior year, underpinned by ongoing strong demand in craft and mainstream beer and carbonated soft drinks. Both segments benefited from a continuation of the preference shift from glass and plastics to can formats. Slim can and Sleek can volumes also increased from the prior year, reflecting improved activity in the off-premises and convenience channels.

Inflationary pressures were well managed during the year. Cost increases relating to freight, energy and non-aluminium materials were mostly offset by cost recoveries and ongoing improvements in operating efficiencies.

Revenue growth was driven by an increase in the cost of aluminium, which was passed through to customers. When adjusted for the price increase of aluminium, revenue growth was 1.5%, reflecting the existing capacity constraints.

The capital investment in Cans capacity and capability, supported by strong end-market customer demand, will deliver further earnings growth. A ~\$110 million investment in a new cans line in Dandenong, Victoria, and expansion of can ends capacity at Ballarat, Victoria, are scheduled to be commissioned in FY23. A further ~\$85 million investment in a second cans line at Revesby, New South Wales, was also announced in the second half of FY22 and is scheduled to be completed in FY25.

Beverage Glass

Earnings were slightly below the prior year as the business cycled the impact of lower wine bottle volumes resulting from Chinese tariffs on Australian wine exports. The Beverage Glass business successfully redeployed these lost volumes in the first half of FY22 to new lower margin products in the olive oil and spirit segments.

Second half revenue and earnings improved year-on-year with growth in volumes driven by the successful expansion into the new segments as we diversified our glass portfolio mix.

The increase in new product volumes also helped curtail the impact of a packaging mix shift in beer, higher supply chain costs and commodity prices, combined with a lag in passing cost increases through to customers attributable to the timing of contractual price adjustment mechanisms.

The Beverage Glass business completed construction on the ~\$25 million cullet beneficiation plant in late FY22, which will be fully commissioned in early FY23. This advanced plant will enable Orora to increase recycled glass content towards our sustainability target of ~60%. Orora's commitment to sustainability was further highlighted with the announcement to upgrade the G3 furnace at our manufacturing site in Gawler, South Australia, to oxyfuel technology with the construction of an oxygen plant at a gross cost of ~\$40 million. This investment is scheduled to be complete in 2024 and supports Orora's goal of a 40% reduction in Scope 1 and 2 greenhouse gas emissions by 2035.

Beverage Closures

Earnings performance was slightly below the prior year, reflecting lower wine bottle volumes as well as international supply and shipping challenges for aluminium. The shortfall in volumes was partially offset by a favourable product mix with a shift to premium closures. Second half earnings in FY22 improved on the first half, attributable to new customer wins.

Operational review North America

Our businesses in North America delivered significant earnings growth with continued margin improvement, reflecting continued business optimisation, effective pricing pass-through and disciplined execution of strategy.

Key points

- Local currency sales revenue grew by 14.3% to US\$2,308.3 million, with year-on-year growth achieved by both OPS and Orora Visual.
- Significant increase in EBIT of 32.6% in local currency terms, with earnings growth in both manufacturing and distribution driven by improvements in customer account profitability, operating efficiency and cost to serve.
- A relentless focus on managing inflationary inputs aided by embedded pricing discipline.
- OPS EBIT margin improved by 80bps to 5.2%.
- Operating cash flow increased by 28.7% to US\$84.6 million on the back of further earnings growth, with cash conversion remaining strong at 74.1%.
- RoAFE increased by 530bps to 20.3%, reflecting the higher earnings.

Earnings^[1]

AUD million	FY22	FY21	Change
Sales revenue	3,181.7	2,703.9	17.7%
EBIT ^[2]	134.9	98.8	36.6%
EBIT margin %	4.2%	3.7%	
RoAFE ^[3]	20.3%	15.0%	

USD million	FY22	FY21	Change
Sales revenue	2,308.3	2,019.8	14.3%
EBIT	97.9	73.8	32.6%

Segment cash flow

USD million	FY22	FY21	Change
EBITDA ^[4]	150.8	128.1	17.7%
Lease repayments	(40.2)	(39.9)	
Non-cash items	3.5	0.5	
Cash EBITDA	114.1	88.7	28.7%
Movement in total working capital	(14.2)	(14.9)	
Base capex	(15.4)	(9.7)	
Sale proceeds	0.1	1.6	
Operating cash flow	84.6	65.7	28.7%
Cash significant items	(0.3)	(4.0)	
Operating free cash flow	84.3	61.7	
Cash conversion	74.1%	74.1%	

[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.

Performance highlights

Sales revenue (USD)

\$2,308.3m

↑ 14.3%

EBIT (USD)

\$97.9m

↑ 32.6%

Orora Packaging Solutions

OPS delivered another significant earnings performance in FY22. Revenue growth of 15.1% was primarily driven by price increases.

This embedded pricing discipline, combined with the customer account profitability initiative, a focus on operating efficiency improvements and cost to serve, translated to a further 80bps increase in OPS EBIT margin during the year. Since FY20 OPS' EBIT margin has improved by 160bps to 5.2%.

The OPS customer account profitability program, focused on margin recovery and efficiency programs, has continued to deliver earnings growth benefits and will remain an integral part of the business' ongoing initiatives.

The strong growth in earnings in both manufacturing and distribution also mitigated normal second half seasonality softness. This reflected the additional operation and final benefits from the integration of Pollock and Bronco operations into a singular OPS central region.

We continue to benefit from OPS' vertically integrated corrugate manufacturing capability and will continue to build on the earnings momentum to drive further cost efficiencies and margin expansion.

Orora Visual

Orora Visual delivered another year of revenue growth with an increase in sales revenue driven by an improvement in retail activity and stronger packaging sales.

Following a positive full year EBIT result in FY21, Orora Visual's contribution margin remained broadly in line with the prior year.

Business integration actions, including improvements to drive further earnings growth, are in progress across the four Orora Visual sites. These initiatives are yielding improvements in operational performance as operations are streamlined.

Corporate Governance Statement

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, regulators and other stakeholders.

The Board has adopted Charters and key corporate governance documents which articulate the policies and procedures followed by Orora. These documents, together with Orora's 2022 Annual Report referred to in this Corporate Governance Statement, are available on Orora's website at www.ororagroup.com under the 'Investors' section.

This Corporate Governance Statement summarises Orora's main corporate governance practices for the reporting period, being the year that ended 30 June 2022, which comply with the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition (ASX Principles).

This Statement is current as at 18 August 2022 and has been approved by the Board.

The Board of Directors

The Board

The Directors of the Company as at the date of this Statement are set out below, all of whom (except Orora's Managing Director and Chief Executive Officer (CEO), Brian Lowe), are independent Non-Executive Directors. Details of each Director's tenure, experience, expertise and qualifications are set out in the Board of Directors section of the 2022 Annual Report and on Orora's website.

- **A R H (Rob) Sindel (Chair)**
- **B P (Brian) Lowe (CEO)**
- **A P (Abi) Cleland**
- **M A (Michael) Fraser**
- appointed 1 April 2022
- **T J (Tom) Gorman**
- **S L (Sam) Lewis**
- **J L (Jeremy) Sutcliffe**

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

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 Charter, available on Orora's website, sets out how the Board's 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 principles set out in its Board Charter, the Company's Constitution, relevant laws and ASX listing rules.

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 Company'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, 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 Company, and to guide and monitor management
- re-election of Directors at least every three years (except for the CEO).

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.

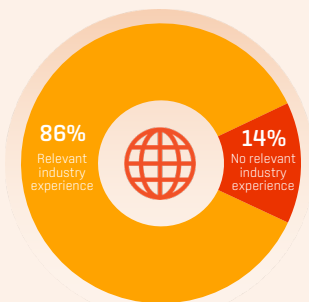
The Company has established a Board skills matrix relevant to the Company. A summary of the main skills and experience of the Board as applicable to its strategic objectives is set out in the skills matrix below. A regular assessment of the optimum mix of these skills and experience is computed and takes into account the strategic positioning of the Company.

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. 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.

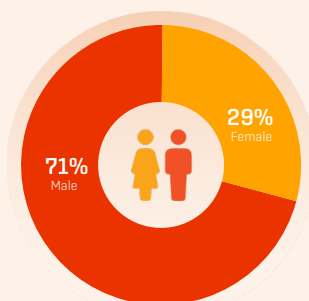
Skill/Experience	Directors with Skill/Experience
 Strategic thinking Experience in developing and implementing enterprise-wide successful strategies, and an effective capital management framework, including appropriately questioning and challenging management on the delivery of agreed strategic planning objectives.	 7/7
 Workplace safety and health Senior executive or substantial board experience in key workplace safety and health risk, including management, performance and governance of workplace safety and health.	 7/7
 Financial acumen Experience in financial accounting and reporting, corporate finance and/or restructuring, corporate transactions, including ability to evaluate the adequacies of financial and risk controls and understand key financial drivers of the business.	 7/7
 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 and cyber risk management.	 6/7
 People, culture and remuneration 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 diversity, equity and inclusion.	 6/7
 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.	 7/7
 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.	 7/7
 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.	 6/7
 Risk management Understanding of and senior executive or substantial board experience in identifying and monitoring key existing and emerging risks to an organisation and implementing appropriate risk management frameworks, procedures and controls.	 7/7

Board experience

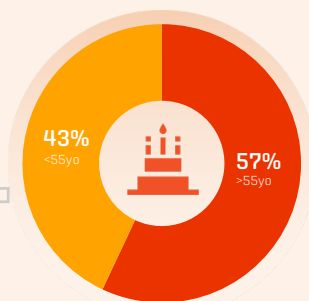
Relevant industry experience



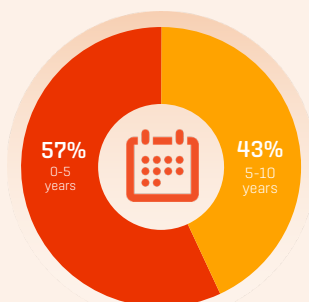
Board gender diversity



Board age



Board tenure



The Company aims to have a diverse skill set and an appropriate mix of gender, thought, age and cultural background represented on the Board. Further details of the Company's diversity objectives and Diversity, Equity and Inclusion Policy are set out in the Sustainability section of the 2022 Annual Report. The relevant industry experience, gender diversity, age and tenure of the Board are shown in the charts on this page.

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
- 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
- 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 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. 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 is independent.

Conflicts 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.

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.

The Company Secretary

The Board has appointed Ann Stubbings as Company Secretary. Details of the Company Secretary's skills, experience and expertise are set out on Orora's website. The role of the Company Secretary is set out in the Board Charter. 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.

Checks and information on Directors

Before appointing or proposing a person for election as a Director, Orora conducts all appropriate background checks, 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 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 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, values, 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. This induction process was recently undertaken for Michael Fraser.

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. 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 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 and Committee performance (including the performance of the Chair and Committee Chairs), 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 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 advice received by the Director will be made available for all other Directors.

Corporate Governance Statement

Senior management

Delegations to management

Day-to-day management of Orora is 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 which is available on Orora's website. 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's and Chief Financial Officer's (CFO) employment contracts are set out in the Remuneration Report in the 2022 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, values, strategy, financial position, operations and risk management policies.

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 2022. 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 in the 2022 Annual Report.

Board Committees

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

- **Audit, Risk & Compliance**
- **Executive**
- **Human Resources**
- **Nomination**
- **Safety, Sustainability & 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 in the Board of Directors section of the 2022 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, and 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	●	●		●	●	
Michael Fraser	●	●		●	●	

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



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 this Statement and in the Board of Directors section of the 2022 Annual Report. Michael Fraser was appointed as a member of the Committee on 1 April 2022.

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 Company, the Company's compliance with legal and regulatory requirements and operations, effectiveness of the enterprise risk framework, including monitoring risk parameters, of the Company, the Company'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 its independence, 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 this Statement and in the Board of Directors section of the 2022 Annual Report.



Human Resources Committee

The Human Resources Committee assists the Board in fulfilling its responsibilities to shareholders and regulators in relation to the Company'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 advisors where appropriate. No individual is directly involved in deciding their own remuneration.

Current members of the Committee, including the Chair, are shown in this Statement and in the Board of Directors section of the 2022 Annual Report. Michael Fraser was appointed as a member of the Committee on 1 April 2022. 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 as otherwise required.



Nomination Committee

The Nomination Committee oversees the nomination and succession planning processes for Directors, 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 this Statement and in the Board of Directors section of the 2022 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 & Environment Committee

The Safety, Sustainability and Environment Committee provides 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 of the Committee, including the Chair, are shown in this Statement and in the Board of Directors section of the 2022 Annual Report.

The Committee meets at least quarterly and as otherwise 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 in the Directors' report.

Corporate Governance Statement

Sustainability

Orora's sustainability approach is framed by its obligations as a signatory to the UNGC, matters of utmost importance to key stakeholders and legal requirements.

The pillars that form Orora's redefined sustainability program are **Circular Economy, Climate Change** and **Community**.

The Sustainability section of the 2022 Annual Report explains Orora's sustainability governance and reporting, how business-wide processes support Orora's sustainability objectives, how the most important sustainability issues are managed, and the progress made during FY22. The Principal Risks section of the 2022 Annual Report lists Orora's current strategic risks, including exposure to social and environmental risks, and outlines strategies to respond to identified exposures.

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 lawfully and with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Orora continually assesses and upgrades its policies and procedures to ensure compliance with corporate governance requirements.

Code of Conduct and Ethics, Anti-Bribery and Anti-Corruption and Whistleblower policies and procedures

Orora's Code of Conduct and Ethics Policy [Code] and values set the standards we expect of our people. It represents Orora's commitment to act ethically, lawfully and responsibly.

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 the Audit, Risk & Compliance, or the Human Resources Committee, and the program is periodically reviewed for its effectiveness and promoted to team members across Orora.

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.

Trading in Company securities

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 are required to certify their compliance with the policy at the end of each financial year. The policy 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.

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 Orora's website.

Human Rights due diligence

Orora is committed to our people, and the protection of human rights. All forms of slavery in our operations and the operations of our suppliers are opposed. Orora's human rights commitments and initiatives can be found in the Sustainability section of the 2022 Annual Report, in our FY21 Modern Slavery Statement and on Orora's website under the 'Sustainability' section.

Compliance training

Orora has a compliance training program in place which is completed by team members. 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.

There are also numerous activities and compliance programs across the Company designed to promote and encourage the responsibility and accountability of individuals for reporting inappropriate or unethical practices.

Diversity, equity & inclusion

Orora's major centres of operation, in Australia, New Zealand and North America, are in some of the most demographically diverse countries. Orora is 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.

Orora's Diversity, Equity 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.

Each year Orora reports Gender Equality Indicators in accordance with the *Workplace Gender Equality Act 2012* [Cth]. Our FY22 submission can be viewed at the website of the Workplace Gender Equality Agency.

During the reporting period, the proportion of Orora's workforce currently represented by women in leadership roles is set out in the chart on this page.

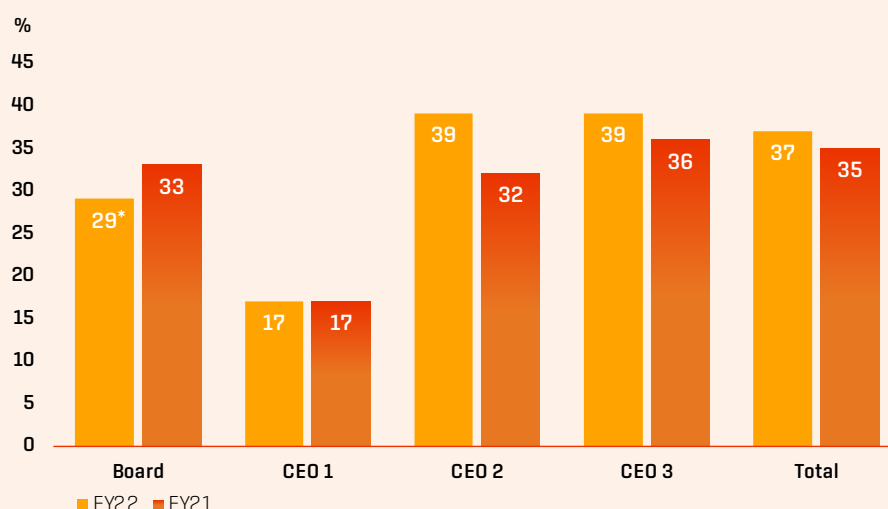
Further information relating to Orora's Diversity, Equity and Inclusion focus and initiatives is included in the Sustainability section of the 2022 Annual Report.

Measurable objectives and progress

Each year the Board approves measurable objectives for diversity, equity and inclusion and monitors progress towards achieving them. The measurable objectives for FY22 remain unchanged from FY21. The FY22 progress towards achieving these objectives is outlined on this page.

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

Female representation at each executive level



*In April 2022 the number of Directors increased from six to seven as a temporary measure to facilitate Board transition.

FY22 measurable objectives approved by the Board

FY22 measurable objective	Progress [as at 30 June 2022]
Maintaining not less than 30% of each gender in the composition of Orora's Board	29% female and 71% male Directors, which reflects the temporary increased number of Directors from six to seven on Michael Fraser's appointment in April 2022. The retirement of Jeremy Sutcliffe as a Non-Executive Director effective 31 August 2022 will once again result in female Directors representing 33% of the Board's composition.
Ensuring that Orora continues to employ greater than 30% female of all external new hires	37% (234 new females have been recruited across all of Orora in the past 12 months).
Ensuring 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.
Supported by:	
The development of women into leadership roles, including through the Women in Leadership at Orora (WILQ) program	Orora continues to support development of women into leadership roles and invest in female talent with the WILQ program running for the sixth consecutive year in 2022. Ongoing talent reviews for the WILQ graduates have been introduced to support continuous development.
Using an objective process in valuing roles and setting comparative male and female remuneration for salaried positions	A role-based remuneration structure is being established to reduce unconscious bias during remuneration decision making. Gender pay equity reviews have been introduced at various stages of the remuneration cycle, including during annual remuneration review and incentive outcome assessments.
Promoting holistic working practices, including, but not limited to, continuing to offer the employee assistance program and supporting flexible working arrangements, where practicable	Orora continues to prioritise employee health and wellbeing. An ongoing flexible working approach has been introduced at Orora where team members are able to choose between a full five days in the office or, alternately, adopt a hybrid working model between the office and remote working subject to business, team and individual needs.

Corporate Governance Statement

Remuneration

Details of Orora's remuneration policies, practices and performance reviews and outcomes, and the remuneration paid to Directors (Executive and Non-Executive) and key management personnel are set out in the Remuneration Report section of the 2022 Annual Report. Non-Executive Directors receive no incentive payments and there are no retirement benefit schemes in place.

Shareholders will be invited to consider and adopt the Remuneration Report at the 2022 Annual General Meeting.

Risk management and assurance

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.

Risk management

The Board is responsible for overseeing the risk management framework, internal controls and systems for monitoring legal and ethical compliance. The Board sets the risk appetite and considers Orora's risk profile on a regular basis to ensure it supports the achievement of Orora's strategic and business goals.

The Principal Risks section of the 2022 Annual Report lists the current strategic risks, including Orora's exposure to social and environmental risks, and outlines our strategies to respond to identified exposures.

Orora's approach to managing the sustainability aspects of strategic and operational risks is set out in further detail in the Sustainability section of the 2022 Annual Report.

The Company has implemented an enterprise risk management (ERM) framework that 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.

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.

Several layers 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.

Assurance

The Board is responsible 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 and external 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.

Financial reporting

The Audit, Risk & Compliance Committee assists the Board in fulfilling its responsibilities in overseeing Orora'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 Orora's policies and practices.

Before approving the financial statements for each half year and full year, the Board receives a declaration from the CEO and CFO stating that:

- in their opinion, the Company's financial records have been properly maintained and that they comply with the relevant accounting standards and give a true and fair view in all material respects of the Company's financial position and performance; and
- the opinion has been formed based on a sound system of risk management and internal control which is operating effectively.

Verification of corporate reports

The Company completes a documented internal verification process of corporate reports that the Company releases to the market, including those that are not audited or reviewed by the external auditor.

The Company's annual and half-year financial statements are underpinned by a Group-wide certification process where each executive and chief financial officer for each business responds to set questionnaires and signs a certification. This process provides verification and approval for the CEO and CFO to then provide a signed representation letter to the external auditor and a signed declaration to the Board that supports that the accounts provide a true and fair view, that there is integrity in the statements, and that the financial statements comply with the Corporations Act 2001 and relevant accounting standards. The CEO and CFO are both present for Board discussions relating to financial statements, and the Audit, Risk & Compliance Committee has private sessions with the external auditor to discuss any issues or concerns without management before recommending the Board approves the release of financial statements to the market. The certification process is reviewed annually having regard to any changes in the Corporations Act 2001, accounting standards or governance.

For other types of periodic corporate reports (including the annual Directors' Report, annual Modern Slavery Statement and this Statement), the Company conducts an internal review and verification process to ensure that such reports are materially accurate, balanced and provide investors with appropriate information before approval by the Board and release to the market. External advice is obtained as required.

Engagement with shareholders and other 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.

Orora is committed to keeping the market informed in a timely manner and complying with its continuous disclosure obligations.

Continuous disclosure and communications

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. The Policy is approved by the Board and is reviewed regularly to ensure compliance with the ASX Listing Rules and guidance on continuous disclosure. It applies to all Directors and Orora team members. Its purpose is to ensure:

- Compliance with legal obligations to identify and keep the market fully informed of material information.
- That access to this material information is protected and controlled until such material information is announced to the market.
- Orora meets its disclosure obligations.
- That investors are provided with equal and timely access to material information.

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

Orora is committed to providing shareholders and other financial market participants with consistent and transparent corporate reporting, as well as timely and accurate disclosures.

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 shareholders to participate in general meetings, including the AGM, by attending exercising 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.
- Participating in Orora's investor relations program, which includes investor roadshows and ad-hoc investor meetings and conference calls with institutional investors, private investors and sell-side analysts.
- Engagement with proxy advisors, investor representative organisations and the Australian Shareholders Association.
- 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. Information about Orora is also communicated through a range of other channels, such as Twitter and LinkedIn.
- Giving shareholders the option to receive communications from, and send communications to, Orora and its share registry electronically.

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.

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 are focused on enhancing Orora's safety culture and performance, and regularly review safety performance and improvement strategies and activities across the business, including training. 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, continues to enhance Orora's ability to prevent, detect and respond to cyber attacks both through implementing new tools and a cyber awareness program to all team members. Orora has suitable cyber insurance coverage in place. 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 cost-effective transportation may adversely impact delivery timelines for capex projects, sales and/or customer relations, resulting in unexpected delays or increased 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.
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. Orora continues to invest in 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.

Principal risks

Area of Materiality	Risk	Mitigation and Monitoring Strategies
Sustainability, including climate change 	The physical and non-physical impacts of environmental, social and governance (ESG) risks, including climate change, may affect Orora's licence to operate, 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 viability of Orora. Climate change may also present transition risks which may include but are not limited to changes in the market, regulatory environment, technology, and customer preferences, which could also impact the future profitability and viability of Orora.	Orora is committed to achieving its goals under the redefined pillars that form its sustainability program - Circular Economy, Climate Change and Community. The Sustainability section of this Annual Report summarises the Company's focus, goals and initiatives for these three pillars to deliver Orora's 'Promise to the Future'. Further sustainability activities and disclosures are, and will progressively be made available, on Orora's website under the 'Sustainability' section. ESG risks to and opportunities for Orora are continually assessed, and 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. In addition, Orora continuously reviews operating and capital expenditure plans to mitigate its ESG and customer risk, and operating businesses that have a broad geographic spread and customers serving a number of end markets.
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, or a significant quality issue, could 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 responsible capital investment linked to contracted customer demand, 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.
Capital investments 	Orora is increasing expenditure on capital works in response to increasing customer demands for our products, and an ongoing commitment to invest in the upgrade of our plant and equipment. There is a risk that the returns on these investments may vary if customer requirements materially change or there is substantial delay in the delivery of plant or equipment.	Orora seek to mitigate these risks through a variety of measures including: • linking capital investments to contracted demand • due diligence throughout procurement and tender processes • project oversight through steering and governance committees • an ongoing focus on supply chain issues • management of project risk in accordance with our Enterprise Risk Management Framework.
Mergers & 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 market risks, such as interest rates, foreign exchange rates and commodity prices.	Orora's Treasury function adopts a financial risk management policy approved by the Board. Appropriate commercial terms are negotiated and derivative financial instruments are used, such as foreign exchange contracts, commodity contracts and interest rate swaps, to hedge these risk exposures. In addition, liquidity requirements are managed by, where possible, proportionally drawing down debt in currencies that align with the proportion of assets in those same currencies, thereby creating a natural hedge.

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 and manufacturing industries both in Australia and the United Kingdom. Rob has particular insights in sales and marketing, in B2B environments, process improvement, 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.

Rob has been a Director of Orora Limited since March 2019 and was 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 11 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 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.

Abi has been a 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)

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)
- Director, Sydney Airport Limited (April 2018 to March 2022)

Board Committee membership



Michael Fraser

(BCom FCPA MAICD)

Independent Non-Executive Director

Michael Fraser has a wealth of experience, following a 30-year career at AGL Energy where he held various senior management positions in sales and marketing, distribution, corporate services and regulatory management. Michael was formerly the Managing Director and Chief Executive Officer of AGL Energy Limited. Michael is currently Independent Chairman of APA Group and was until recently, a non-executive director of Aurizon Holdings Ltd.

Directorships of listed entities and other directorships and offices

Current:

- Independent Chair, APA Group (since October 2017; Independent Director since September 2015)

Recent (last 3 years):

- Director, Aurizon Holdings Ltd (February 2016 to February 2022)

Board Committee membership





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 (where 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.

Tom has been a 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.

Sam has been a 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 in London and Sydney, Sims Metal Management Limited and associated companies (including Group CEO), and Interim Managing Director & CEO of CSR Limited.

Jeremy has been a 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



KEY – Committee Member

(Chair of each Committee indicated by black circle outline)



Executive Committee



Nomination Committee



Safety, Sustainability & Environment Committee



Human Resources Committee



Audit, Risk & Compliance Committee

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 11 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, and has over 30 years of experience in leadership roles across the national food and beverage supply chain in consumer goods, agribusiness and packaging. 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 of experience in sales and management in the North American packaging industry. Bob joined Orora 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.



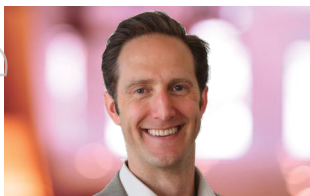
Shaun Hughes

(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, IBM and EBOS.

Shaun is a member of the Institute of Chartered Accountants of Australia and New Zealand.



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 Santa Barbara, California. In this role Frank accelerated the digital transformation and growth of the business through automation of tools and services, as well as focusing commercial and operational resources. 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 in three countries.



Ann Stubbings

(BA/LLB, GAICD)

Chief People, Sustainability and Governance Officer, Company Secretary and Group General Counsel

Ann Stubbings leads the Human Resources, Sustainability, Corporate Safety, Legal, Company Secretariat and Corporate Affairs/Communications teams. Ann was appointed to the Orora Executive Leadership Team upon Orora's listing on the ASX in December 2013.

Prior to joining Orora, Ann held various senior in-house legal roles in corporate and commercial law, dispute resolution, governance and company secretariat across manufacturing and financial services, and commenced her career in private legal practice at Hall and Wilcox.



Matthew Wilson

(LLB, BCom (Hons))

Chief Strategy and Corporate Development Officer

Matthew Wilson joined Orora in January 2020, bringing over 20 years of 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 2022.

In this section

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Statutory matters

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
M A (Michael) Fraser
T J (Tom) Gorman
S L (Sam) Lewis
J L (Jeremy) Sutcliffe

All Directors, except Michael Fraser, served on the Board for the period from 1 July 2021 to 30 June 2022. Michael Fraser was appointed Director on 1 April 2022.

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 40 to 41 of this Annual Report.

Company Secretary

A L (Ann) Stubbings is the Company Secretary of the Company, having commenced the position on listing of the Company on the ASX in December 2013. Ms Stubbings' qualifications and experience are set out on page 43 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 2021 to 30 June 2022, 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	8		4		2		4		-		4	
Unscheduled Meetings	4		-		1		-		-		-	
	A	B	A	B	A	B	A	B	A	B	A	B
A P Cleland	12	12	4*	-	1*	-	4	4	-	-	4	4
M A Fraser ^[1]	5	5	1	1	-	-	1	1	-	-	2*	-
T J Gorman	11	12	4	4	1*	-	4	4	-	-	3*	-
S L Lewis	11	12	4	4	2	3	4*	-	-	-	4	4
B P Lowe	12	12	4*	-	3	3	4*	-	-	-	4*	-
A R H Sindel	12	12	4*	-	3	3	4*	-	-	-	4	4
J L Sutcliffe	11	12	3	4	-	-	4	4	-	-	3*	-

[1] Mr Fraser was appointed as Director on 1 April 2022. He attended all Directors' meetings from his date of appointment to 30 June 2022.

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 22 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 2022 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 2022.

Events subsequent to the end of the financial year

There have been no matters or circumstances which have arisen between 30 June 2022 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 22 to 27 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 2022 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 2022 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 CO₂ 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 CO₂ emissions will be required to purchase CO₂ credits to offset their increase in emissions.

The only Orora Group facility that exceeds the 100,000 tonnes per year CO₂ threshold is the glass facility in Gawler, South Australia.

The Glass facility at Orora moved from a calculated baseline to a production adjusted baseline in FY21. To date, the site has never exceeded the Safeguard Mechanism baseline. 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.

Statutory matters

[c] Manufacturing

All of 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 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. 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 2022.

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	130,632
M A Fraser	55,000
T J Gorman	56,000
S L Lewis	93,835
B P Lowe	541,656 ⁽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
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 2022 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 2022, 3,587,270 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 \$3.58.

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 2022, 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 2022.

Indemnification of auditors

The Company's auditor is PricewaterhouseCoopers (PwC). During and since the financial year ended 30 June 2022:

- 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 2022 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 67 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).

External audit services

PwC has been the Company's external auditor approval by shareholders at the Company's 2014 AGM. Following completion of a tender process, the Company intends to recommend the appointment of KPMG as the Company's external auditor commencing for the year ending 30 June 2023, subject to regulatory and shareholder approval.

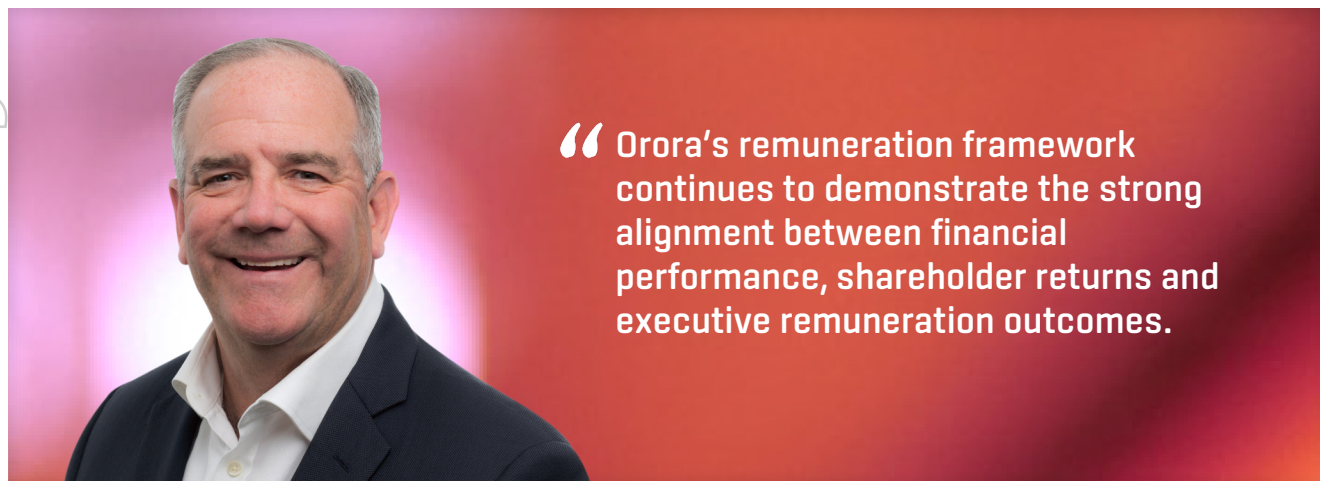
Rounding off

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 28 to 37 of this Annual Report.

Remuneration report



Dear Fellow Shareholder,

As Chair of the Orora Human Resources Committee and on behalf of our Board of Directors, I am pleased to present Orora's Remuneration Report for the financial year ended 30 June 2022.

In partnership with my fellow Directors, Committee members and Orora's Executive team, I remain committed to providing transparent reporting and clear communication for shareholders. We recognise that ensuring Orora's Human Resources policies and remuneration framework are structured to attract, retain and motivate diverse talent is fundamental to Orora's long-term sustainability.

Company performance and financial year 2022 remuneration outcomes

Orora's performance for the financial year ended 30 June 2022 (delivering earnings before significant items, interest and tax (EBIT) of \$285.5 million) was strong despite ongoing challenging economic conditions around the world. As always, we focused first on the safety of our people and meeting the needs of our customers. Responding to the high demand experienced across many product categories has meant navigating the volatility of higher input costs and intermittent supply. The team remains committed to deliver progress against the Orora strategy with operational efficiency programs driving solid earnings improvement in North America, and investment in Australasian Beverage improving capacity to support increases in demand. Orora's ongoing resilience can be attributed to a broad, diversified portfolio and wide customer base, building our defensive earnings profile, and strengthening our platform for growth.

Orora's executives are rewarded for annual performance against business plans as well as longer-term returns for shareholders. Incentive plan outcomes for this year again reflect the strong alignment between Orora's financial performance, executive remuneration outcomes and the challenging nature of Orora's strategic business objectives.

In line with last financial year, the Board did not exclude any COVID-19 impact on the Group's financial performance in the assessment of long and short-term incentive outcomes. It remains our belief that Orora and our people must be agile, adapt and perform in a wide array of challenges and circumstances.

The short-term incentive (STI) assessment includes financial and non-financial metrics (at a Group and individual level). STI payments for the current Executive KMP will be paid between 90% and 95% of maximum STI opportunity.

In FY19 we made changes to Orora's long-term incentive (LTI) plans that better aligned them with market practice and met the goals of Orora's remuneration framework, making performance rights the only form of grant. This change resulted in two grants being tested at 30 June 2022, being the FY19 grant of rights and options with a four-year performance period, and the FY20 grant of rights, which has a three-year performance period and a one-year employment holding lock. With strong results achieved across both periods, the FY19 grant will vest at 85.8% in August 2022, while the FY20 grant will vest at 100% the following year in August 2023, at the conclusion of the one-year employment holding lock.

Remuneration report

Remuneration changes during the financial year

No changes were made to our remuneration framework in FY22. In FY22 the Executive KMP received a fixed remuneration increase of 2.5%, in line with market increases.

The Human Resources Committee periodically reviews the remuneration of Executive KMP against similar roles in other ASX-listed companies of comparable size and industry dynamics to ensure that the remuneration levels are aligned with market. For FY23, the Board of Directors considers it appropriate to increase the fixed remuneration for the CEO and CFO by 3.5% and 7.5% respectively, in line with the market.

When Brian Lowe took over as CEO at the end of 2019, his total fixed remuneration and target LTI award were set lower than his predecessor, which the Board determined at the time was appropriate for a new appointee. Having considered the Group's strategy, focus on value creation and shareholder returns and remuneration levels in comparable organisations, the Board of Directors now considers it appropriate to increase the target LTI award for the CEO to the same level as his predecessor, that is, an increase from 70% to 100% of his Total Fixed Remuneration. This proposed LTI grant for FY23 will be subject to shareholder approval at the Annual General Meeting.

Final thoughts

I would like to thank Orora shareholders for your support this year and warmly congratulate the Orora team for delivering another strong result in globally challenging times. The team's ongoing commitment to delivering for our customers is outstanding, and they remain focused on keeping themselves and their colleagues safe.

It is my pleasure to provide the FY22 Remuneration Report on the following pages and I welcome shareholder queries for any clarification they may need in respect of this Report.

Warm regards,



TOM GORMAN

CHAIR, HUMAN RESOURCES COMMITTEE

Remuneration report

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 2022. 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 2022 Remuneration Report is divided into the following sections:

Section	Page No.
Message from Tom Gorman, Chair Human Resources Committee	49
1 Key Management Personnel	51
2 Overview of FY22 remuneration	52
3 Remuneration framework	54
4 Relationship between performance and remuneration outcomes	56
5 Non-Executive Director remuneration	61
6 Additional required disclosures	61

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 2022, the KMP were:

Name	Position	Term as KMP
Non-Executive Directors (NED)		
A R H (Rob) Sindel	Chair	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
M A (Michael) Fraser ⁽¹⁾	Director	Partial year
Executive Director		
B P (Brian) Lowe	Managing Director and Chief Executive Officer (CEO)	Full year
Executive		
S C (Shaun) Hughes	Chief Financial Officer (CFO)	Full year

(1) M A Fraser was appointed as a Director on 1 April 2022.

Remuneration report

2. Overview of FY22 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 PURPOSE			
To be a leading sustainable packaging solutions provider, designing and delivering products and services that enable our customers' brands to thrive			
Our Purpose 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) • A market-based reward for role. • Delivered as cash salary and contribution to retirement benefits.	Short-Term Incentive (STI) • 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 two years.	Long-Term Incentive (LTI)^[2] • Reinforces focus on creating long-term value for shareholders. • 50% to 100% of FR delivered as an upfront grant of Performance Rights (PR) with a three-year performance period and an additional one-year employment 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 Funds 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) The FY19 grant, which will partially vest in August 2022, comprises performance rights and options. This award is subject to a four-year performance and vesting period.

Remuneration report

2.2. Snapshot of FY22 performance and remuneration outcomes

The Executive KMP remuneration outcomes for the financial year ended 30 June 2022 are summarised below. For more detailed information on remuneration outcomes and link to performance, please refer to Section 4.

Remuneration component	Description
Changes to remuneration for FY23	- The Board periodically benchmarks the remuneration of Executive KMP against comparable roles in other ASX-listed companies of similar size and industry dynamics as Orora. - For FY23, reflecting the overall performance of the Company, the Board has decided that the CEO will receive a fixed remuneration increase of 3.5%, in line with market increases, and the CFO will receive a fixed remuneration increase of 7.5%, to position his total remuneration at a market competitive level. - Considering the Group's strategy, focus on shareholder returns, market data and demonstrated achievement in the role, the Board also considered it appropriate to increase the LTI for the CEO from 70% to 100% of FR which is the same level as the CEO's predecessor. More details of the benchmarking approach used can be found in Section 4.4.
Short-Term Incentive (STI)	FY22 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 2022. - As a result, STI payments for current Executive KMP will be paid out between 90% and 95% of maximum STI opportunity. Awards due to vest in FY22 and FY23 - DSR awarded as part of the STI payment for the financial year ended 30 June 2019 vested 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. - DSR awarded as part of the STI payment for the financial year ended 30 June 2020 are due to vest in September 2022. 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 FY20 DSR. For this equity to vest, the executive must remain employed until the vesting date (September 2022).
Long-Term Incentive (LTI)	FY22 award - Executive KMP were awarded 70% of their FR as Performance Rights with a three-year performance period (1 July 2021 to 30 June 2024) and an additional one-year employment holding lock before vesting. The grant to the CEO was awarded post shareholder approval at the 2021 AGM. Award tested in FY22 and vesting in FY23 - The FY19 LTI grant had a four-year performance period which ended on 30 June 2022 and is due to vest in August 2022. This award included a grant of performance rights and options. 50% of the award had an EPS performance hurdle with a RoAFE gateway and 50% had a RTSR performance hurdle with an ATSR gateway. - The RoAFE and ATSR gateways were met for this grant. Orora's EPS growth performance of 6.5% was between the 4% and 8% vesting range for this grant and Orora's RTSR performance was at the 70th percentile of the peer group. This resulted in 85.8% of the grant vesting. Award tested in FY22 and vesting in FY24 - As previously disclosed, the Board removed options from the LTI plan from FY20 to better align with market. The performance period of the LTI grant was reduced from four years to three years to facilitate robust goal setting, with an additional one-year employment holding lock for vesting to occur. - Accordingly, the FY20 LTI grant had a three-year performance period which ended on 30 June 2022. This grant has a one-year employment holding lock before vesting (August 2023). 50% of the award had an EPS performance hurdle with a RoAFE gateway and 50% had a RTSR performance hurdle with an ATSR gateway. - The RoAFE and ATSR gateways were met for this grant. Orora's EPS performance of 8.3% exceeded the 4% and 8% vesting range for this grant and RTSR performance was above the 75th percentile of the peer group.

Remuneration report

3. Remuneration framework

3.1. Remuneration components

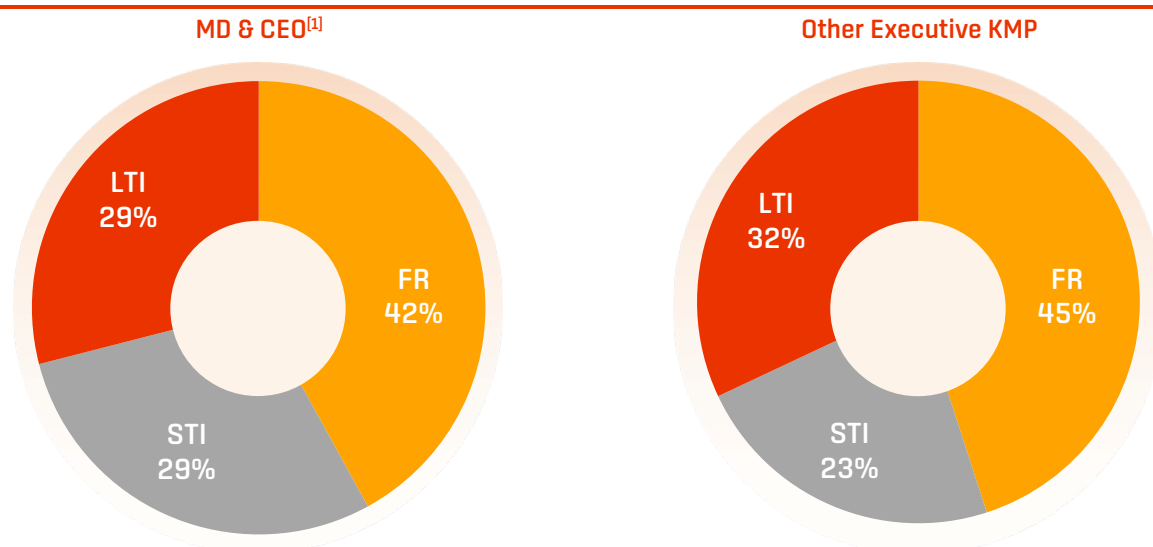
Remuneration component	Description
Fixed Remuneration (FR)	- Includes cash salary and contribution to retirement benefits. - The Board sets the fixed remuneration for KMP based on market median remuneration for similar roles in ASX-listed companies of similar size, industry and geographical footprint. 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 100% of FR delivered as PR^[1] subject to a three-year performance 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 FY22 LTI grant: PR subject to EPS hurdle: RoAFE gateway of 15% 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 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 100% of FR) divided by the VWAP of Orora shares for the five trading days up to and including the end of the financial year (30 June). - 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, subject to adjustment for certain capital actions. Rights do not carry any dividend entitlements or voting rights prior to vesting. Shares allocated upon vesting 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.

Remuneration report

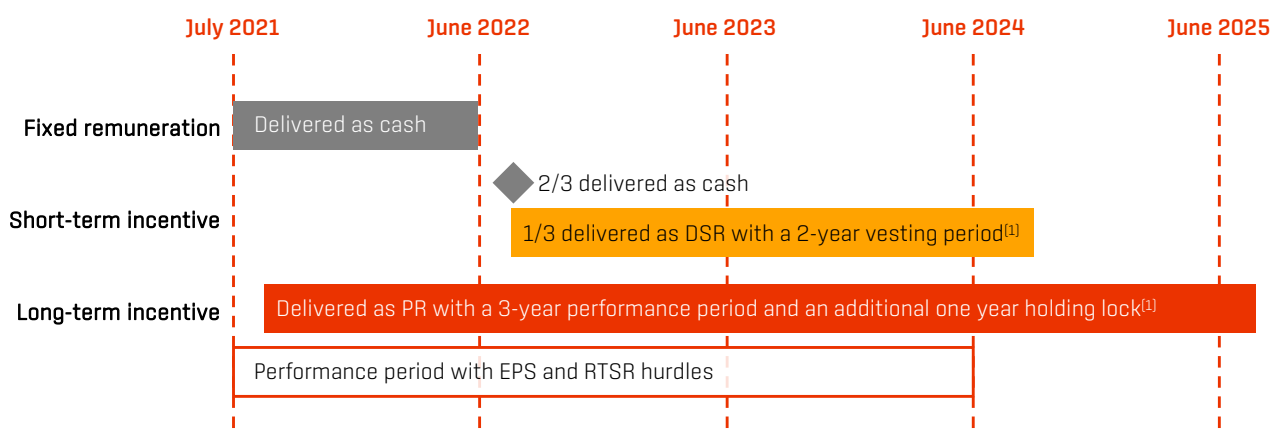
3.2. Target remuneration mix and delivery

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 performance period and an additional one-year employment holding lock) aligns the interests of executives and shareholders.



(1) For FY23, the proportion of FR, STI and LTI will be 37%, 26% and 37% respectively for the MD and CEO.

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.



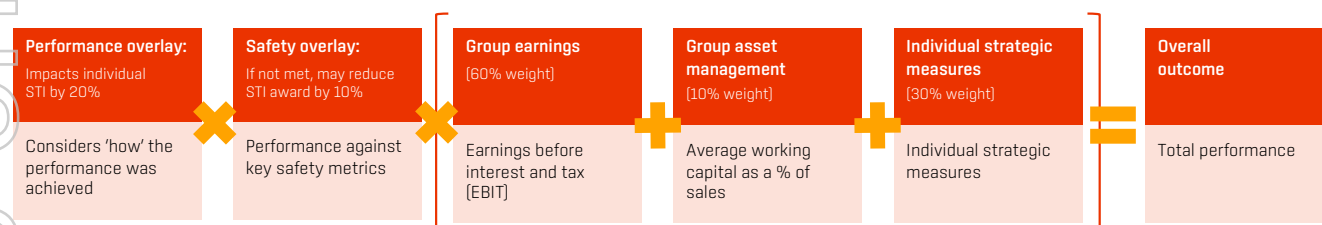
(1) The grants to the CEO are awarded post shareholder approval at the 2021 AGM (for LTI) and 2022 AGM (for STI). The award is due to vest in August 2025.

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 with the key priority areas for the Group are carefully selected by the Board at the start of the financial year. The performance measures selected for FY22 are 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. There were no significant items excluded when determining STI assessments for FY22.

At the end of the financial year, the HRC 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 claw back previously granted equity or reduce the quantum of LTI to be granted.

Remuneration report

4.2. Performance outcome (continued)

An overview of the performance measures for FY22 and achievement against these measures is summarised below.

KPI	Performance commentary	Outcome
Group earnings		
Earnings Before Interest and Tax (EBIT)	The focused execution of strategic priorities has led to a 12.7% increase in constant currency underlying EBIT and reported underlying EPS of 21.7 cents – growth of 28.2% before significant items.	Exceeded maximum
Group asset management		
Average working capital (AWC) as a % of sales	AWC continued to be a priority and the result for the financial year ended 30 June 2022 was 6.6%, better than the medium/long-term goal of being less than 10%.	Exceeded target
Individual strategic measures		
Performance measures vary for each role and support Orora's strategy of expanding and optimising Group outcomes while delivering our sustainability goals ('Our Promise to the Future')	Performance outcomes varied for executives with assessments ranging from partially achieved to fully achieved.	Varied for each executive
Safety overlay		
Performance and leadership against a selection of key safety metrics	Safety results for the financial year ended 30 June 2022 were disappointing and an overlay was applied where appropriate. A number of initiatives were launched across the business to address safety performance.	5% reduction in outcome for executive KMP; varied for other executives
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.	The Board considered how the executives achieved performance and was satisfied that the STI outcomes were appropriate, and no further performance overlay was necessary.	No overlay applied

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 2022. 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	2022 ^(A)	2021 ^(B)	2020 ^(B)	2019 ^(B)	2018 ^(B)
EBIT (\$m)	285.5	249.1	288.2	335.2	323.4
Dividends per ordinary share (cents)	16.5	14.0	12.0	13.0	12.5
Closing share price (as at 30 June)	\$3.65	\$3.33	\$2.54	\$3.24	\$3.57
EPS growth (%)	28.2%	[2.3%]	[22.9%]	3.7%	11.5%
NPAT (\$m)	187.1	156.7	167.3	217.0	214.1
TSR (%) ^(C)	18.4%	32.6%	[13.4%]	[5.6%]	29.0%
Operating cash flow (\$m) ^(D)	272.6	246.0	57.9	268.9	325.3
RoAFE (%) ^(E)	22.4%	19.9%	12.0%	13.0%	14.0%

(A) EBIT, NPAT, EPS growth and RoAFE exclude the impact of the significant item tax expense amount of \$2.4 million recognised upon finalisation of the tax position 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 2018-2021 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 non-growth net capital expenditure.

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

4.4. Remuneration changes for FY23

Reflecting the overall performance of the Company, along with total compensation outcomes, the Board awarded Executive KMP a 2.5% increase in fixed remuneration, in line with market increases in FY22. A minor adjustment was made in July 2022 for Executive KMP to align their superannuation with the increased Superannuation Guarantee rate effective 1 July 2022.

In determining remuneration for executives, Orora considers market relativity, skills, experience and past performance. Remuneration is reviewed annually and approved by the Board. For Australia based executives, Orora uses ASX-listed companies of a similar size (assessed by market capitalisation) and industry for comparison. For US based executives, Orora uses both ASX-listed companies and NYSE/NASDAQ-listed companies of a similar size and industry for comparison. For FY23, on reviewing market data and considering the overall performance of the Company, the Board has decided that the CEO will receive a fixed remuneration increase of 3.5%, in line with market increases, and the CFO will receive a fixed remuneration increase of 7.5%, to position his total remuneration at a market competitive level.

The Board also considered it appropriate to increase the LTI for the CEO from 70% to 100% of FR. This change aligns CEO pay with market pay levels for similar organisations and also supports Orora's focus on delivering long-term growth. When the CEO took office in 2019, his total fixed remuneration and target LTI award were set lower than his predecessor, which the Board determined at the time was appropriate for a new appointee. The Board now considers it appropriate to increase the target LTI award for the CEO to the same level as his predecessor. Executive focus on medium to long-term returns is reinforced by delivering a larger proportion of remuneration in the form of equity which vests after four years. For FY23, equity represents more than 45% of total target remuneration for the CEO which further enhances the alignment between executive and shareholder long-term interests.

4.5. Short-term incentive outcomes

FY22 STI award

An overview of Orora's performance measures for FY22 and achievement against these measures can be found in Section 4.2. Orora's EBIT and AWC performance for FY22 exceeded the targets set by the Board. The FY22 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.

Executive KMP	Target STI as % of FR	Maximum STI as % of FR	STI awarded ⁽¹⁾					
			\$	% of FR	Cash STI (\$)	DSR (\$)	# of DSR	% of maximum STI forfeited
B P Lowe	70%	100%	1,197,680	93.3%	798,455	399,225	108,485	6.7%
S C Hughes	50%	75%	494,330	71.3%	329,554	164,776	44,776	4.9%

(1) The cash and DSR will be granted in September 2022. DSR allocations are determined based on the volume-weighted average price of the Company's shares for the five trading days prior to 30 June 2022 [\$3.68 per share].

Remuneration report

STI award due to vest in FY22 and FY23

DSR awarded as part of the STI payment for the financial year ending 30 June 2019 vested 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.

DSR awarded as part of the STI payment for the financial year ended 30 June 2020 are due to vest in September 2022. 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 FY20 DSR. For this equity to vest, the executive must remain employed until the vesting date (September 2022).

4.6. Long-term incentive outcomes

FY22 LTI award

Details of the Executive KMP LTI opportunity and the actual award for FY22 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%	273,847	922,864	50% CAGR EPS with minimum RoAFE gateway of 15.0%. 50% Relative Total Shareholder Return (TSR) with an absolute TSR gateway.
S C Hughes	70%	148,066	460,485	A one-year employment holding lock applies before vesting until 31 August 2025. Refer to Section 3.1 for further details.

(1) Face value of grant reflects the share price at the date the award was granted. The award for Mr Lowe was granted on 5 November 2021 (\$3.37 per share), for Mr Hughes the award was granted on 30 September 2021 (\$3.11 per share).

LTI tested in FY22 and vesting in FY23

The FY19 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 2018 and concluded on 30 June 2022 and this grant is due to vest in August 2022. The results are outlined below:

Performance hurdles and gateways	Result	Proportion vested	Proportion lapsed
RoAFE gateway	Achieved	N/A	
EPS hurdle	Partially achieved (6.5 %)	81.6%	18.4%
ATSR gateway	Achieved	N/A	
RTSR hurdle	Partially achieved (70th percentile)	90%	10%

As the performance hurdles were partially met, 85.8% of the FY19 LTI grant vested. 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.

LTI tested in FY22 and vesting in FY24

The FY20 grant was delivered as PR with a three-year performance period and an additional one-year employment holding lock for vesting. 50% of the PR are subject to the EPS hurdle with RoAFE gateway and 50% are 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 2019 and concluded on 30 June 2022 and this grant is due to vest in August 2023 at the conclusion of the one-year holding lock. The results are outlined below:

Performance hurdles and gateways	Result	Proportion eligible to vest at the end of the employment holding lock	Proportion lapsed
RoAFE gateway	Achieved	N/A	
EPS hurdle	Achieved (8.3%)	100%	0%
ATSR gateway	Achieved	N/A	
RTSR hurdle	Achieved (82nd percentile)	100%	0%

As the performance hurdles were fully met, 100% of the FY20 LTI grant is eligible to vest in August 2023 at the end of the one-year employment holding lock.

Remuneration report

4.7. Total remuneration realised by Executive KMP during FY22

The table below summarises the remuneration realised by Executive KMP during the performance periods ended 30 June 2021 and 30 June 2022. 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 FY21 and FY22 is explained below.

Remuneration component	Description
Fixed Remuneration (FR)	Comprises cash salary and contribution to retirement benefits for the relevant year.
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 2022, this comprises the value of DSR awarded as part of the STI payment for the financial year ended 30 June 2019 that vested in September 2021. 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.
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 employment holding lock periods). For 2022, this comprises the value of FY19 LTI that partially vested. For 2021, this comprises the value of FY18 LTI that did not vest.

Executive KMP	Year	Fixed Remuneration	Cash STI	Incentives realised			Total remuneration
				DSR ^[1]	PR ^[2]	SO ^[3]	
B P Lowe	2022	1,275,347	798,453	10,275	322,500	19,951	2,426,526
	2021	1,250,000	833,335	64,465	-	-	2,147,800
S C Hughes ^[4]	2022	689,566	329,553	-	-	-	1,019,119
	2021	480,683	239,217	-	-	-	719,900

[1] 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 \$3.40 per share (2021: \$2.27 per share).

[2] 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 2022 was \$3.68 per share (2021: \$3.28 per share).

[3] The value of the SO was calculated using the VWAP on the ASX for the five trading days up to and including the end of the performance period less the exercise price of \$3.58. The VWAP for 30 June 2022 was \$3.68 per share (2021: \$3.28 per share).

[4] S C Hughes was appointed CFO effective 15 October 2020 and was designated as a KMP from this date. The employee benefits for Mr Hughes in the comparative period therefore represent the period 15 October 2020 to 30 June 2021.

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 & 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 ARCC, HRC and/or SSEC. No additional fees are payable to the Chair 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. No increase was made to fixed-base fees or Committee fees, during the financial year ended 30 June 2022.

A minor adjustment (0.5%) was made in July 2022 to superannuation for all NEDs located in Australia to align with the increased Superannuation Guarantee rate effective 1 July 2022.

NEDs 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 NEDs, 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.

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	2022	1,239,710	-	23,568	798,453	49,340	830,513	2,941,584	55.4%
	2021	1,228,306	-	21,694	833,335	25,300	229,340	2,337,975	45.5%
S C Hughes ^[3]	2022	701,180	-	23,568	329,553	16,547	243,355	1,314,203	43.6%
	2021	465,234	-	15,449	239,217	8,908	99,847	828,655	40.9%
S G Hutton ^[4]	2021	336,653	342,612	21,694	-	6,872	[415,498]	292,333	-

[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 comparative 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] S C Hughes was appointed CFO effective 15 October 2020 and was designated as a KMP from this date. The employee benefits for Mr Hughes in the comparative period therefore represent the period 15 October 2020 to 30 June 2021.

[4] S G Hutton retired as CFO 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	2022	396,606	23,568	420,174
	2021	396,606	21,694	418,300
A P Cleland	2022	210,868	21,087	231,955
	2021	210,868	20,032	230,900
M A Fraser ^[1]	2022	52,477	5,248	57,725
	2021	-	-	-
T J Gorman	2022	230,900	-	230,900
	2021	230,900	-	230,900
S L Lewis	2022	215,434	21,543	236,977
	2021	215,434	20,466	235,900
J L Sutcliffe	2022	210,868	21,087	231,955
	2021	210,868	20,032	230,900

[1] M A Fraser was appointed as a Director on 1 April 2022. The above remuneration represents the period from 1 April 2022 to 30 June 2022.

Remuneration report

6.3. Terms of equity grants

Performance Rights granted from FY20

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 EBIT 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 20 trading days of the previous financial year for PR granted from FY22. For the FY20 and FY21 grants, 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 in FY19 had similar terms to the FY20 grant. The main differences between the grants are:

- The FY19 grant had a four-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.

Rebased FY19 and FY20 Long-Term Incentive performance hurdles and gateways

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 resulting material advantage or disadvantage to employees. 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 RoAFE gateway for the FY21 grant remained at 12.5%. The base EPS was reset to 16.5 cents (from 17.4 cents) and 17.2 cents (from 18.0 cents) for the 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.

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

Remuneration report

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.

Type of equity	Grant date	Number granted	First date exercisable	Expiry date	Vested		Lapsed		Unvested		Fair value at grant	Exercise price
					Number	%	Number	%	Number			
B P Lowe ⁽¹⁾												
DSR	27/08/2021	127,032	01/09/2023	01/09/2023	-	-	-	-	127,032	\$3.13	-	
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	100%	-	-	-	\$2.65	-	
PR	5/11/2021	273,847	31/08/2025	31/08/2025	-	-	-	-	273,847	\$2.27	-	
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	100%	-	\$2.36	-	
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	100%	-	\$0.63	\$2.86	
S C Hughes												
DSR	27/08/2021	36,466	01/09/2023	01/09/2023	-	-	-	-	36,466	\$3.13	-	
PR	30/09/2021	148,066	30/06/2025	01/09/2025	-	-	-	-	148,066	\$1.99	-	
PR	06/11/2020	183,000	30/06/2024	01/09/2024	-	-	-	-	183,000	\$1.78	-	

(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.

Remuneration report

6.5. Shareholdings

To strengthen alignment of the interests of Orora's executives and NEDs 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 2021	Received on exercise of grant	Shares acquired during reporting period	Shares disposed of during reporting period	Closing balance on 30 June 2022	Value of total holdings as a % of FR
B P Lowe	538,634	3,022	1,000	-	542,656	156.7%
S C Hughes	55,000	-	50,000	-	105,000	56.1%

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 five 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 2021	Shares acquired during reporting period	Shares disposed of during reporting period	Closing balance on 30 June 2022	Value of total holdings as a % of base fees
A R H Sindel	140,000	-	-	140,000	130.0%
A P Cleland	128,574	2,058	-	130,632	228.1%
M A Fraser	-	55,000	-	55,000	86.9%
T J Gorman	56,000	-	-	56,000	89.3%
S L Lewis	91,705	2,130	-	93,835	160.4%
J L Sutcliffe	131,355	-	-	131,355	229.4%

6.6. Executive KMP service agreements

The details of the contract terms for the Executive KMP are disclosed:

Type of contract	Permanent ongoing
Notice period	six 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

18 August 2022

Auditor's independence declaration



Auditor's Independence Declaration

As lead auditor for the audit of Orora Limited for the year ended 30 June 2022, 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.

A handwritten signature in black ink, appearing to read 'A. Linschoten'.

Anton Linschoten
Partner
PricewaterhouseCoopers

Melbourne
18 August 2022

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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 2022

\$ million	Note	2022	2021
Continuing Operations			
Sales revenue	1.1	4,090.8	3,538.0
Cost of sales		[3,318.0]	[2,863.8]
Gross profit		772.8	674.2
Other income	1.4	3.9	3.6
Sales and marketing expenses		[233.1]	[201.5]
General and administration expenses		[258.1]	[265.8]
Profit from operations⁽¹⁾		285.5	210.5
Finance income	1.4	0.6	0.2
Finance expenses	1.5	[27.3]	[33.0]
Net finance costs		[26.7]	[32.8]
Profit before related income tax expense		258.8	177.7
Income tax expense	4.1	[71.7]	[48.0]
Profit from continuing operations		187.1	129.7
Discontinued Operations⁽²⁾			
(Loss)/profit from discontinued operations, net of tax	1.2	[2.4]	6.1
Profit for the financial period attributable to the owners of Orora Limited		184.7	135.8
		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	21.7	14.0
Diluted earnings per share	1.3	21.5	13.9
Earnings per share for profit attributable to the ordinary equity holders of Orora Limited⁽²⁾			
Basic earnings per share	1.3	21.4	14.6
Diluted earnings per share	1.3	21.2	14.5

- (1) In the comparative period the profit from continuing operations, 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. Refer to note 1.2 for further details of the significant items.
- (2) On 30 April 2020, the Group completed the sale of its Australasian Fibre business, 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 loss on sale of \$2.4 million (2021: after-tax net gain \$6.1 million) recognised in respect of the sale of the Australasian Fibre business, refer note 1.2. Further details regarding the sale of the Australasian Fibre business can be found in the 2021 and 2020 Annual Reports.

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

Statement of comprehensive income

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

\$ million	Note	2022	2021
Profit for the financial period		184.7	135.8
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss:			
Cash flow hedge reserve			
Unrealised gain on cash flow hedges	2.4.2	9.9	2.9
Realised (gain)/loss transferred to profit or loss	2.4.2	(2.5)	5.7
Realised gains transferred to non-financial assets	2.4.2	(4.6)	-
Income tax relating to these items		(0.8)	(2.4)
Exchange fluctuation reserve			
Exchange differences on translation of foreign operations		31.2	(42.9)
Net investment hedge of foreign operations		(3.9)	7.5
Other comprehensive income/(expense) for the financial period, net of tax		29.3	(29.2)
Total comprehensive income for the financial period attributable to the owners of Orora Limited		214.0	106.6
Total comprehensive income for the financial period attributable to the owners of Orora Limited arises from:			
Continuing operations		216.4	100.5
Discontinued operations		(2.4)	6.1
		214.0	106.6

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

Statement of financial position

AS AT 30 JUNE 2022

\$ million	Note	2022	2021
Current assets			
Cash and cash equivalents	2.3	52.6	50.6
Trade and other receivables	3.1	561.8	498.4
Inventories	3.2	650.8	399.1
Derivatives	5.4	15.8	4.2
Other current assets	3.4	26.7	28.5
Total current assets		1,307.7	980.8
Non-current assets			
Property, plant and equipment	3.5	685.2	627.5
Right-of-use assets	3.6	173.7	200.5
Deferred tax assets	4.2	16.1	26.2
Goodwill and intangible assets	3.7	433.2	411.2
Derivatives	5.4	1.1	0.5
Other non-current assets	3.4	91.8	77.9
Total non-current assets		1,401.1	1,343.8
Total assets		2,708.8	2,324.6
Current liabilities			
Trade and other payables	3.3	931.2	650.8
Borrowings	2.3	35.0	-
Lease liabilities	2.3, 3.6	49.7	48.0
Derivatives	5.4	1.9	2.3
Current tax liabilities		17.6	16.9
Provisions	3.9	86.9	88.3
Total current liabilities		1,122.3	806.3
Non-current liabilities			
Other payables	3.3	5.0	1.8
Borrowings	2.3	646.6	503.5
Lease liabilities	2.3, 3.6	174.8	204.8
Derivatives	5.4	-	0.4
Deferred tax liabilities	4.2	13.7	6.8
Provisions	3.9	14.7	32.4
Total non-current liabilities		854.8	749.7
Total liabilities		1,977.1	1,556.0
NET ASSETS		731.7	768.6
Equity			
Contributed equity and treasury shares	2.4.1	(37.3)	80.8
Reserves	2.4.2	138.9	107.6
Retained earnings	2.4.3	630.1	580.2
TOTAL EQUITY		731.7	768.6

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

Statement of changes in equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

\$ million	Note	Attributable to owners of Orora Limited						Total equity
		Contributed equity and treasury shares	Cash flow hedge reserve	Share-based payment reserve	Demerger reserve	Exchange fluctuation reserve	Retained earnings	
Balance at 1 July 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
<i>Other comprehensive income/(expense):</i>								
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 buyback	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
Net profit for the financial period	2.4.3	-	-	-	-	-	184.7	184.7
<i>Other comprehensive income/(expense):</i>								
Unrealised gain on cash flow hedges	2.4.2	-	9.9	-	-	-	-	9.9
Realised gains transferred to profit or loss	2.4.2	-	(2.5)	-	-	-	-	(2.5)
Realised gains transferred to non-financial assets	2.4.2	-	(4.6)	-	-	-	-	(4.6)
Exchange differences on translation of foreign operations		-	-	-	-	27.3	-	27.3
Deferred tax		-	(0.8)	-	-	-	-	(0.8)
Total other comprehensive income		-	2.0	-	-	27.3	-	29.3
Transactions with owners in their capacity as owners:								
Share buyback	2.4.1	(109.0)	-	-	-	-	-	(109.0)
Purchase of treasury shares	2.4.1	(12.8)	-	-	-	-	-	(12.8)
Settlement of options and performance	2.4.1	3.7	-	(3.7)	-	-	-	-
Share-based payment expense	7.1	-	-	5.7	-	-	-	5.7
Dividends paid	2.2	-	-	-	-	-	(134.8)	(134.8)
Balance at 30 June 2022		(37.3)	3.8	10.7	132.9	(8.5)	630.1	731.7

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

Cash flow statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

\$ million	Note	2022	2021
Cash flows from/(used in) operating activities			
Profit for the financial period from continuing operations		187.1	129.7
Depreciation and amortisation of finance leased assets	1.5	64.4	68.1
Amortisation of right-of-use assets	1.5	44.6	44.2
Amortisation of intangible assets	1.5	8.9	7.9
Net finance costs		26.7	32.8
Net loss on disposal of non-current assets		1.3	1.9
Net gain on disposal of leases		(2.5)	-
Fair value gain on financial instruments at fair value through income statement		(0.4)	(0.2)
Share-based payment expense	7.1	5.7	0.9
Net impairment losses and other sundry items		22.8	24.4
Restructuring and decommissioning expense	1.2	-	38.6
Income tax expense		71.7	48.0
Operating cash inflow before changes in working capital and provisions		430.3	396.3
- (Increase)/decrease in trade and other receivables		(52.7)	(81.5)
- (Increase)/decrease in inventories		(239.2)	(17.9)
- (Increase)/decrease in prepayments and other operating assets		(5.5)	17.1
- Increase/(decrease) in trade and other payables		220.6	12.0
- Increase/(decrease) in provisions		(12.9)	(24.4)
		340.6	301.6
Interest received		0.1	0.2
Interest and finance costs paid		(27.7)	(32.7)
Income tax (paid)/received		(55.4)	1.5
Net cash inflow from continuing operating activities		257.6	270.6
Net cash used in discontinued operating activities		-	-
Net cash inflow from operating activities		257.6	270.6
Cash flows from/(used in) investing activities			
Granting of amounts to associated companies and other persons		(3.9)	(0.1)
Government grant received		5.0	-
Payments for acquisition of controlled entities and businesses, net of cash acquired		-	(1.9)
Payments for property, plant and equipment and intangible assets		(92.2)	(57.1)
Proceeds on disposal of non-current assets		0.5	1.9
Net cash flows used in continuing investing activities		(90.6)	(57.2)
Net cash flows from discontinued investing activities ⁽¹⁾		(9.3)	20.7
Net cash flows used in investing activities		(99.9)	(36.5)
Cash flows from/(used in) financing activities			
Proceeds from exercise of employee share options	2.4.1	-	1.0
Share buyback	2.4.1	(109.0)	(256.2)
Payments for treasury shares	2.4.1	(12.8)	(0.9)
Proceeds from borrowings ⁽²⁾		150.1	131.8
Principal lease repayments		(49.3)	(48.9)
Dividends paid and other equity distributions	2.2	(134.8)	(113.0)
Net cash flows used in continuing financing activities		(155.8)	(286.2)
Net cash flows from discontinued financing activities		-	-
Net cash flows used in financing activities		(155.8)	(286.2)
Net increase/(decrease) in cash held			
Cash and cash equivalents at the beginning of the financial period		50.6	107.3
Effects of exchange rate changes on cash and cash equivalents		0.1	(4.6)
Cash and cash equivalents at the end of the financial period⁽³⁾	2.3	52.6	50.6

(1) Net cash flows from discontinued investing activities in the current period represents payments for the settlement of amounts already provided for relating to the sale of the Australasian Fibre business. In the comparative period, the cash flows represent net receipts received on finalisation of the post-close completion process of the sale. Further details regarding the sale of the Australasian Fibre business can be found in the 2021 and 2020 Annual Reports.

(2) Short-term draw downs and repayments of facilities are presented net within the financing activities of the cash flow statement.

(3) 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 to 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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 2021 (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 2022 was authorised for issue in accordance with a resolution of the Directors on 18 August 2022. 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:

Note

Note 3.6	Leases
Note 3.8	Impairment of non-financial assets
Note 3.9	Provisions
Section 4	Income tax
Note 5.4	Hedging instruments
Note 7.3	Commitments and contingent liabilities

Climate change

The Group's current strategy to manage climate related risk and opportunity is underpinned by Orora's Circular Economy and Climate Change pillars of the Group's Sustainability strategy, Our Promise to the Future. This strategy focuses on reducing gross greenhouse gas emissions across the Group and investing in low emissions technologies and renewable energy sources, as well as maximising the recycled content of our products to ensure they can be continually recycled to minimise waste and pollution and to reduce greenhouse gas emissions.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

The Group has committed to achieve net zero greenhouse gas emissions by 2050 for Scope 1 and 2 emissions and a 40% reduction by 2035, both from a FY19 baseline. Under the Circular Economy pillar, the Group has set a target of 60% recycled content for Orora glass beverage containers (pre and post-consumer) by 2025.

Greenhouse gas emissions reduction projects, such as the upgrade of the G3 glass furnace in Australia to utilise oxyfuel technology, will move this furnace into the top 10% of energy efficient furnaces worldwide and will deliver a step change reduction in the Group's fossil fuel use, nitrogen oxide and carbon dioxide emissions. The construction of a cullet beneficiation plant at Gawler in South Australia will significantly increase the recycled content in the Group's glass beverage packaging in support of both our Circular Economy goal and our greenhouse gas emissions reduction goal. The Group has also entered into long term power purchase agreements to secure renewable energy supply for volumes equivalent to 80% of the Group's total electricity requirements in Australia.

These projects have been incorporated into the forecast cash flows when assessing impairment indicators of the Group's assets. Any change to the Group's strategy around climate change and the circular economy could impact these forecasts and the Group's significant judgements and key estimates.

Future changes in the Group's climate change strategy, global regulatory requirements and expectations of customers, investors and the communities the Group operates within may impact the Group's significant judgements and estimates and may result in changes to the financial results and the carrying values of certain assets and liabilities in future reporting periods.

Other accounting policies

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

Current period significant events

Dividend

During the financial year the Group paid an unfranked FY21 final dividend of \$65.9 million at 7.5 cents per ordinary share and an unfranked FY22 interim dividend of \$68.9 million at 8.0 cents per ordinary share.

Since 30 June 2022 the Directors have determined a final dividend for FY22 of \$71.9 million, unfranked, of 8.5 cents per ordinary share. Refer note 2.2 for further details.

Share buyback

On 21 October 2021 the Group announced an on-market share buyback of issued share capital up to \$150.0 million. The Dividend Reinvestment Plan was suspended while the on-market buyback was undertaken.

The share buyback ceased on 30 June 2022. During the period ordinary shares totalling 30,673,993 were purchased on-market through the share buyback for a total value of \$109.0 million, representing 3.5% of the share capital at the date the share buyback was announced. Refer note 2.4.

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 maintained 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 to customers and preserving ongoing supply chains, and the financial performance of operating units.

Refinancing

During the year ended 30 June 2022, the Group refinanced its two bilateral facilities. The \$35.0 million bilateral facility that was due to mature in January 2022 was extended to April 2023. The \$50.0 million uncommitted bilateral facility due to mature in June 2022 was amended to a \$100.0 million committed facility and extended to July 2027. There were no material changes to the banking syndicate counterparties or commercial terms.

Decommissioning costs

The decommissioning of the Petrie site is progressing, but continues to be a significant and complex exercise involving multiple government agencies. During the twelve months to 30 June 2022 \$26.5 million was spent on decommissioning the site. Impacts of the unprecedented rainfall levels in Queensland are being managed within the existing provisions. The Group continues to engage a specialist environmental consulting firm to manage the completion of the remaining remediation works. The provision at 30 June 2022 (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.

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
- it 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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 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, point of purchase retail display solutions and other visual communication services.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

The results of the reportable segments for the year ended 30 June 2022 and 30 June 2021 are set out below. The following segment information has been presented for continuing operations only.

\$ million	Australasia		North America		Total Reported	
	2022	2021	2022	2021	2022	2021
Reportable segment revenue ⁽¹⁾	909.1	834.1	3,181.7	2,703.9	4,090.8	3,538.0
Reportable segment earnings						
Earnings before significant items, interest, tax, depreciation and amortisation	195.6	197.8	207.8	171.5	403.4	369.3
Depreciation and amortisation	(45.0)	(47.5)	(72.9)	(72.7)	(117.9)	(120.2)
Earnings before significant items, interest and tax	150.6	150.3	134.9	98.8	285.5	249.1
Allocated finance expense - lease liabilities interest	(0.6)	(0.7)	(9.2)	(9.8)	(9.8)	(10.5)
Earnings before significant items, unallocated interest and tax	150.0	149.6	125.7	89.0	275.7	238.6
Capital spend on the acquisition of property, plant and equipment and intangibles	65.0	34.2	22.2	22.9	87.2	57.1
Receivables	155.3	150.3	422.4	338.9	577.7	489.2
Inventory	342.5	195.4	308.3	203.7	650.8	399.1
Payables	(387.5)	(262.7)	(522.7)	(380.7)	(910.2)	(643.4)
Total reportable segment working capital	110.3	83.0	208.0	161.9	318.3	244.9
Average funds employed ⁽²⁾	610.8	590.8	664.8	659.7	1,275.6	1,250.5
Operating free cash flow ⁽³⁾	129.4	129.5	116.2	82.7	245.6	212.2

(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, refer note 1.4.

(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 activities and non-growth capital expenditure 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 \$26.5 million (2021: \$28.4 million) representing expenditure on the decommissioning of the Petrie site, refer note 1.2 and 3.9.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Section 1: Results for the year (continued)

1.1. Segment results (continued)

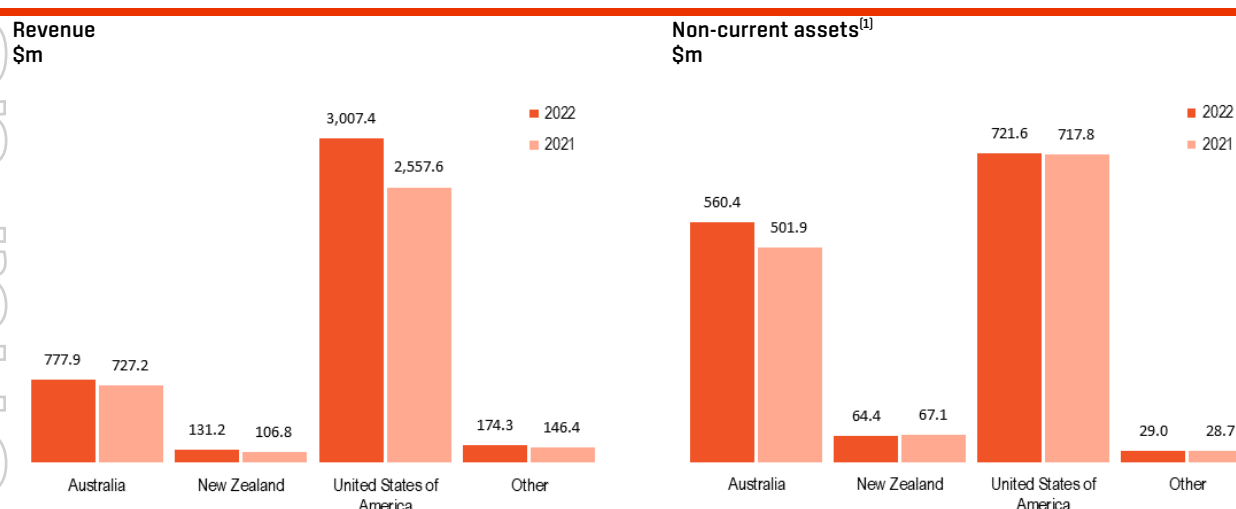
Accounting policies

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 'arms-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.



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

Revenue by product

\$ million	2022	2021
Corrugate and paper-based packaging	1,583.5	1,316.8
Beverage packaging	909.1	834.0
Traded packaging products	1,598.2	1,387.2
Total sales revenue	4,090.8	3,538.0

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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Reconciliation of segmental measures

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

Profit before related income tax expense

\$ million	2022	2021
Reported segment earnings	275.7	238.6
Significant items before related income tax (refer note 1.2)	-	(38.6)
Unallocated net finance costs	(16.9)	(22.3)
Profit before related income tax expense	258.8	177.7

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

\$ million	2022	2021
Reported segment capital spend	87.2	57.1
Movement in capital creditors	10.0	1.9
Government grant received included in segment capital spend	5.0	-
Movement in prepaid capital items	(0.6)	1.8
Other non-cash adjustments	18.3	(3.5)
Acquisition of property, plant and equipment and intangibles for total operations⁽¹⁾	119.9	57.3

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

Operating free cash flow

\$ million	2022	2021
Reported segment operating free cash flow	245.6	212.2
Add back capital expenditure activities included in segment operating free cash flow	35.9	30.0
Add back principal lease repayments included in segment operating free cash flow	49.3	48.9
Less operating activities excluded from operating free cash flow:		
Interest received	0.1	0.2
Interest and borrowing costs paid	(17.9)	(22.2)
Income tax (paid)/received	(55.4)	1.5
Net cash flows from operating activities	257.6	270.6

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Section 1: Results for the year (continued)

1.1. Segment results (continued)

Working capital

\$ million	2022	2021
Reported segment working capital	318.3	244.9
Add/(less) amounts included in working capital for management reporting purposes:		
Derivatives	(13.9)	(1.9)
Add/(less) amounts excluded from working capital for management reporting purposes:		
Net capital receivables and payables	7.3	30.3
Loan receivables and other assets	0.3	0.1
Other payables	(10.8)	(7.5)
	301.2	265.9
<i>Reconciles to the financial statements as follows:</i>		
Trade and other receivables (note 3.1)	561.8	498.4
Inventories (note 3.2)	650.8	399.1
Trade and other payables (note 3.3)	(931.2)	(650.8)
Current prepayments (note 3.4)	19.8	19.2
	301.2	265.9

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.

\$ million	2022			2021		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Continuing operations						
Decommissioning costs	-	-	-	(38.6)	11.6	(27.0)
	-	-	-	(38.6)	11.6	(27.0)
Discontinuing operations						
Net (loss)/profit on sale of Australasian Fibre businesses	-	(2.4)	(2.4)	1.5	4.6	6.1
	-	(2.4)	(2.4)	1.5	4.6	6.1
Total significant item (expense)/income	-	(2.4)	(2.4)	(37.1)	16.2	(20.9)

Decommissioning costs

In the comparative 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 (\$27.0 million after-tax) were recognised in respect of estimated costs to complete. The expense was recognised as a significant item and presented in 'general and administration' expense. The Group continues to engage a specialist environmental consulting firm to manage the completion of the remaining remediation works. The provision at 30 June 2022 (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.

Net profit on sale of Australasian Fibre business

During the period a tax expense of \$2.4 million was recognised upon finalisation of the tax position of the Australasian Fibre business and the filing of associated tax returns with tax authorities. In the comparative period an incremental net gain on disposal of \$11.3 million (after tax \$12.8 million) was recognised upon the finalisation of the post-close completion accounts, which occurred on 29 September 2020. This gain was offset by the recognition of additional costs and obligations associated with the sale totalling \$9.8 million (after tax \$6.7 million). Further details regarding the sale of the Australasian Fibre business can be found in the 2021 and 2020 Annual Reports.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 \$184.7 million (2021: \$135.8 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 864.0 million (2021: 928.3 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.

Calculation of EPS

Calculation of basic and diluted EPS 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	2022	2021
Continuing operations		
Profit for the financial period from continuing operations before significant items	\$187.1	\$156.7
Significant items (refer note 1.2)	-	[\$27.0]
	\$187.1	\$129.7
Discontinued operations		
Significant items (refer note 1.2)	[\$2.4]	\$6.1
Profit for the financial period	\$184.7	\$135.8
Weighted average number of ordinary shares for basic earnings per share	864.0	928.3
Dilution due to share options and rights	6.2	5.3
Weighted average number of ordinary shares for diluted earnings per share	870.2	933.6
Earnings per share for continuing operations		
Basic earnings per share	21.7c	14.0c
Diluted earnings per share	21.5c	13.9c
Basic earnings per share, before significant items	21.7c	16.9c
Diluted earnings per share, before significant items	21.5c	16.8c
Earnings per share		
Basic earnings per share ⁽¹⁾	21.4c	14.6c
Diluted earnings per share ⁽¹⁾	21.2c	14.5c
Basic earnings per share, before significant items	21.7c	16.9c
Diluted earnings per share, before significant items	21.5c	16.8c

(1) Earnings per share includes the after-tax net loss on sale of \$2.4 million (2021: \$6.1 million after-tax net gain) recognised in respect of the sale of the Australasian Fibre business. Further details regarding the sale of the Australasian Fibre business can be found in the 2021 and 2020 Annual Reports.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Section 1: Results for the year (continued)

1.4. Income

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

\$ million	2022	2021
Revenue from sale of goods	4,090.8	3,538.0
Sub-lease income	1.3	2.5
Other	2.6	1.1
Total other income	3.9	3.6
External interest income	0.6	0.2
Total finance income	0.6	0.2

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 the customer. 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 remains 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 the customer. 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 the customer. Invoices are generated at that point in time with payment terms varying depending on the customer, ranging from 30 days to 60 days.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

1.5. Operating costs

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

Employee benefit expense

\$ million	2022	2021
Wages and salaries	630.8	593.1
Workers compensation and other on-costs	35.8	30.3
Superannuation costs on accumulation funds	7.1	6.6
Other employment benefits expense	-	0.1
Share-based payments expense		
- Options	0.1	0.2
- Performance rights and other plans	5.6	3.3
- Grants forfeited and failing to vest	-	[2.6]
Total employee benefits expense	679.4	631.0

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	2022	2021
Depreciation	64.3	68.0
Amortisation of finance leased assets	0.1	0.1
Amortisation of right-of-use assets	44.6	44.2
Amortisation of intangibles	8.9	7.9
Total depreciation and amortisation	117.9	120.2

Finance expenses

\$ million	2022	2021
Interest paid/payable:		
- Finance charges on right-of-use assets	9.8	10.5
- Unwinding of discount	0.1	-
- External interest expense	15.6	18.6
Total interest paid/payable	25.5	29.1
Borrowing costs	1.8	3.9
Total finance expenses	27.3	33.0

Refer to 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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 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 2022, the Group's gearing and leverage ratios, excluding lease liabilities, were 46.2% (2021: 37.1%) and 1.8 times (2021: 1.5 times), respectively.

On-market share buyback

On 21 October 2021, the Group announced an on-market share buyback of issued share capital of up to \$150.0 million. The buyback commenced in November 2021. The Dividend Reinvestment Plan was suspended whilst the on-market buyback was undertaken.

The share buyback ceased on 30 June 2022. During the period ordinary shares totalling 30,673,993 were purchased on-market through the share buyback for a total value of \$109.0 million, representing 3.5% of the share capital at the date the share buyback was announced.

\$ million	Note	2022	2021
Financial borrowings			
Total borrowings	2.3	681.6	503.5
Less: Cash and cash equivalents	2.3	(52.6)	(50.6)
Net debt		629.0	452.9
Lease liabilities	2.3	224.5	252.8
Net debt including lease liabilities		853.5	705.7
Equity and reserves			
Contributed equity and treasury shares	2.4.1	(37.3)	80.8
Reserves	2.4.2	138.9	107.6
Retained earnings	2.4.3	630.1	580.2
		731.7	768.6
Net Capital		1,585.2	1,474.3

Notes to the financial statements

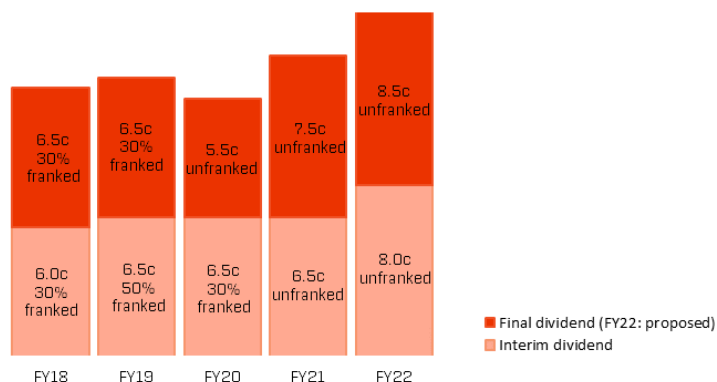
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2.2. Dividends

	Cents per share	Total \$ million
Declared and paid during the period		
<i>For the year ended 30 June 2021</i>		
2020 Final dividend (unfranked)	5.5	53.1
2021 Interim dividend (unfranked)	6.5	59.9
		113.0
<i>For the year ended 30 June 2022</i>		
2021 Final dividend (unfranked)	7.5	65.9
2022 Interim dividend (unfranked)	8.0	68.9
		134.8
Proposed and unrecognised at period end⁽¹⁾		
<i>For the year ended 30 June 2021</i>		
2021 Final dividend (unfranked)	7.5	65.7
<i>For the year ended 30 June 2022</i>		
2022 Final dividend (unfranked)	8.5	71.9

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

Shareholder distributions - cents per share (excludes special dividends)



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. The Dividend Reinvestment Plan was suspended whilst the on-market buyback was undertaken.

Franking account

Franking credits for shareholders of the Company apply at a corporate tax rate of 30% (2021: 30%). The interim dividend for 2022 was unfranked (2021 Interim: unfranked), the proposed final dividend for 2022 is unfranked (2021 Final: unfranked). The balance of franking credits available as at 30 June 2022 is nil (2021: nil).

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Section 2: Capital structure and financing (continued)

2.2. Dividends (continued)

Conduit Foreign Income (CFI) 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 CFI account. For the 2022 dividends, 100% of the interim dividend and 100% of the 2022 final dividend is to be sourced from the CFI account (2021: 100% of the interim and final dividend were sourced from the Company's CFI account). As a result, none of the 2022 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 2022 is \$69.2 million (2021: \$103.5 million). The estimated final dividend to be paid on 10 October 2022 of \$71.9 million (2021: \$65.7 million) will be paid from this balance and the advance receipt of FY23 foreign dividends.

2.3. Net debt

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 2022:

- 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
- two bilateral agreements with domestic institutions: a \$35.0 million facility maturing in April 2023 and a \$100.0 million facility maturing in July 2027.

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

The Group successfully refinanced the Global Syndicated Facility in the prior financial year.

\$ million	2022	2021
Cash on hand and at bank	52.5	44.3
Deposits at call	0.1	6.3
Total cash and cash equivalents	52.6	50.6
<i>Lease liabilities</i>		
Due within one year	49.7	48.0
Due after one year	174.8	204.8
Total lease liability	224.5	252.8
<i>Borrowings</i>		
Bank loans due within one year	35.0	-
Current borrowings	35.0	-
Finance lease liabilities due after one year	-	0.1
Bank loans due after one year	295.0	180.0
US Private Placement due after one year	351.6	323.4
Non-current borrowings	646.6	503.5
Total borrowings	681.6	503.5
Total debt	906.1	756.3
Net debt	853.5	705.7

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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 \$352.1 million (excluding borrowing costs) while the fair value of the notes is \$351.7 million. For all other borrowings, the fair values are not materially different to their carrying amount since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

2.3.1. Net debt reconciliation

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

\$ million	Assets	Liabilities from financing activities			Total
	Cash and cash equivalents	Lease liabilities	Bank loans	US Private Placement	
Net debt at 1 July 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)
Cash flows	1.9	60.0	(150.1)	-	(88.2)
Change in lease arrangements	-	(4.0)	-	-	(4.0)
Unwinding of discounting	-	(9.8)	-	-	(9.8)
Other non-cash movements	-	-	-	(0.2)	(0.2)
Effect of movements in foreign exchange rates	0.1	(17.8)	0.1	(28.0)	(45.6)
Net debt at 30 June 2022	52.6	(224.5)	(330.0)	(351.6)	(853.5)

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

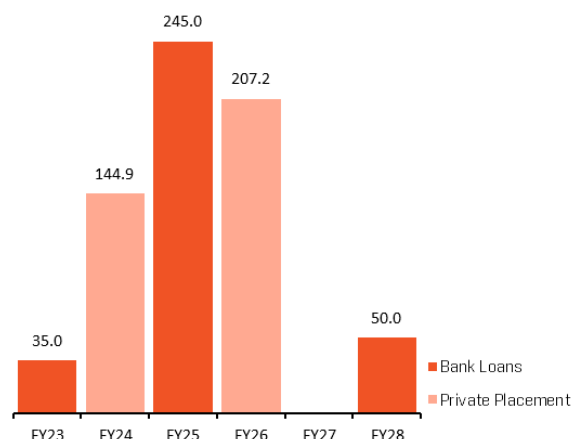
Section 2: Capital structure and financing (continued)

2.3. Net debt (continued)

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 2022 is illustrated in the following chart:

Maturity profile of drawn debt by facility



Loans due within one year

- \$35.0 million drawn under the \$35.0 million bilateral agreement maturing in April 2023 (2021: nil drawings under \$35.0 million bilateral agreement maturing January 2022);

Loans due after one year

At 30 June 2022, bank loans due after one year include:

- \$245.0 million drawn under a \$350.0 million committed global syndicated multicurrency facility maturing in November 2024 (2021: \$180.0 million drawn);
- nil drawings under the USD150.0 million committed syndicated facility maturing in April 2024 (2021: nil);
- \$50.0 million drawn under the \$100.0 million bilateral agreement maturing in July 2027.

All drawings as at 30 June 2022 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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 2022 are presented in the statement of changes in equity.

2.4.1. Contributed equity and treasury shares

\$ million	2022	2021
Ordinary shares issued and fully paid	-	127.4
Share buyback reserve	(26.4)	-
Treasury shares	(10.9)	(46.6)
Total contributed equity and treasury shares	(37.3)	80.8

Contributed equity

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 regards 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. Where the Group reacquires its own shares, for example as the result of a share buyback, those shares are cancelled. The consideration paid to acquire those shares, including any directly attributable transaction costs net of income taxes, is recognised directly as a reduction in equity.

Share buyback reserve

Due to the share buybacks being undertaken at higher prices than the original subscription price, the balance for ordinary share contributed equity has been reduced to nil, and a reserve created to reflect the excess value of shares brought over the original amount of the subscribed equity.

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 to note 6.2.

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

The following table illustrates the movements in the Group's contributed equity and treasury shares.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Section 2: Capital structure and financing (continued)

2.4. Equity (continued)

2.4.1. Contributed equity and treasury shares (continued)

	Contributed equity		Treasury shares	
	No. '000	\$ million	No. '000	\$ million
At 1 July 2020	965,363	335.2	[655]	[1.6]
Share buyback	[75,123]	[210.1]	-	-
Acquisition of shares by the Orora Employee Share Trust	-	-	[412]	[0.9]
Acquisition of shares under share buyback program ⁽¹⁾	-	-	[14,214]	[46.1]
Proceeds received from employees on exercise of options	-	1.0	-	-
Restriction lifted on shares issued under the RSU 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]
Share buyback	[30,674]	[109.0]	-	-
Acquisition of shares by the Orora Employee Share Trust	-	-	[3,587]	[12.8]
Acquisition of shares under share buyback program ⁽¹⁾	[14,214]	[46.1]	14,214	46.1
Restriction lifted on shares issued under the RSU Grant (note 7.1)	-	0.2	-	-
Treasury shares used to satisfy issue of RSU Grant	-	[1.5]	433	1.5
Exercise of vested grants under Employee Share Plans	357	3.5	-	-
Treasury shares used to satisfy exercise of vested grants under Employee Share Plans	[357]	[0.9]	357	0.9
At 30 June 2022	845,352	[26.4]	[3,023]	[10.9]

[1] 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 2021 financial year the shares were cancelled.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2.4.2. Reserves

\$ million	2022	2021
Cash flow hedge reserve	3.8	1.8
Share-based payment reserve	10.7	8.7
Demerger reserve	132.9	132.9
Exchange fluctuation reserve	(8.5)	(35.8)
Total reserves	138.9	107.6

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 been realised.

During the 12 months to 30 June 2022 the following movements were recognised in the cash flow hedge reserve:

\$ million	2022	2021
Unrealised gains/(losses) on cash flow hedges		
Forward exchange contract gains	9.9	2.9
Realised [gains]/losses transferred to profit or loss		
Forward exchange contract [gain]/loss	(2.5)	5.7
Realised [gains]/losses transferred to non-financial assets		
Forward exchange contract gain	(4.6)	-

Refer to 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 to 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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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	2022	2021
Retained earnings at the beginning of the period	580.2	557.4
Net profit attributable to the owners of Orora Limited	184.7	135.8
	764.9	693.2
Ordinary dividends:		
Final paid (refer note 2.2) ⁽¹⁾	[65.9]	(53.1)
Interim paid (refer note 2.2) ⁽²⁾	[68.9]	(59.9)
	[134.8]	(113.0)
Retained earnings at the end of the period	630.1	580.2

(1) 2021 final dividend paid on 11 October 2021 (2020: 2020 final dividend paid on 12 October 2020).

(2) 2022 interim dividend paid on 30 March 2022 (2021: 2021 interim dividend paid on 1 April 2021).

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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	2022	2021
Trade receivables	512.0	435.9
Less loss allowance provision	(6.5)	(3.2)
	505.5	432.7
Other receivables ⁽¹⁾	56.3	65.7
Total current trade and other receivables	561.8	498.4

(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, may enter into trade financing instruments in respect of trade receivables and as a result the receivable is derecognised.

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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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:

\$ million	Loss allowance provision		Gross carrying amount	
	2022	2021	2022	2021
Not past due	-	-	442.5	373.2
Past due 0-30 days	-	-	50.7	48.3
Past due 31-120 days	3.6	0.7	15.9	11.9
More than 121 days past due	2.9	2.5	2.9	2.5
	6.5	3.2	512.0	435.9

The Group has recognised a net loss of \$4.4 million (2021: \$2.4 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	2022	2021
At cost		
Raw materials and stores	204.3	85.8
Work in progress	8.2	7.5
Finished goods	371.3	260.6
Total inventory carried at cost	583.8	353.9
At net realisable value		
Raw materials and stores	57.9	36.6
Finished goods	9.1	8.6
Total inventory carried at net realisable value	67.0	45.2
Total inventories	650.8	399.1

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 \$8.7 million (2021: \$30.5 million) with regard to the net realisable value of inventories which has been recognised in 'cost of sales' expense in the income statement.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

3.3. Trade and other payables

\$ million	2022	2021
Current		
Trade creditors	560.9	364.7
Deferred grant income	0.3	-
Other creditors and accruals	370.0	286.1
Total current trade and other payables	931.2	650.8
Non-current		
Deferred grant income	4.7	-
Other creditors	0.3	1.8
Total non-current other payables	5.0	1.8

Accounting policies

Trade and other payables

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, may make available trade financing instruments in respect of trade payables which continue to be recognised within trade and other 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.

Deferred grant income

Grants from governments are recognised at their fair value when there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. The grants received are in relation to the purchase and construction of items of property, plant and equipment. The grants are recognised as deferred income and are credited to the income statement on a straight-line basis over the expected useful life of the related asset.

3.4. Other assets

\$ million	2022	2021
Current		
Contract incentive payments ⁽¹⁾	6.9	9.3
Prepayments and other current assets	19.8	19.2
Total other current assets	26.7	28.5
Non-current		
Contract incentive payments ⁽¹⁾	23.8	17.7
Other non-current assets	68.0	60.2
Total other non-current assets	91.8	77.9

(1) Contract incentives are provided to customers to secure long-term sale agreements and are amortised over the period of the contractual arrangement.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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	Assets under construction	Total
Cost							
At 1 July 2020	13.9	8.3	247.4	1,248.7	4.6	-	1,522.9
Additions for the period	-	-	0.4	42.5	-	8.4	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)	(28.3)	(0.4)	-	(33.2)
At 30 June 2021	13.3	8.2	238.3	1,224.6	3.6	8.4	1,496.4
Additions for the period	21.1	-	3.9	45.0	-	44.4	114.4
Disposals during the period	-	-	(4.2)	(11.3)	-	-	(15.5)
Other transfers	-	-	4.5	2.3	-	(6.8)	-
Effect of movements in foreign exchange rates	-	0.1	3.9	26.2	0.3	-	30.5
At 30 June 2022	34.4	8.3	246.4	1,286.8	3.9	46.0	1,625.8
Accumulated depreciation and impairment							
At 1 July 2020	-	(2.7)	(79.0)	(765.2)	(4.3)	-	(851.2)
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	19.3	0.3	-	22.4
At 30 June 2021	-	(2.8)	(80.7)	(781.9)	(3.5)	-	(868.9)
Depreciation charge	-	(0.2)	(8.8)	(55.3)	(0.1)	-	(64.4)
Disposals during the period	-	-	3.2	10.7	-	-	13.9
Impairment loss	-	-	-	(1.5)	-	-	(1.5)
Effect of movements in foreign exchange rates	-	-	(3.0)	(16.4)	(0.3)	-	(19.7)
At 30 June 2022	-	(3.0)	(89.3)	(844.4)	(3.9)	-	(940.6)
Net book value							
At 30 June 2021	13.3	5.4	157.6	442.7	0.1	8.4	627.5
At 30 June 2022	34.4	5.3	157.1	442.4	-	46.0	685.2

At 30 June 2022, no property, plant and equipment was provided as security for any interest-bearing borrowings (2021: nil).

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 2%
- Land improvements 3-5%
- Plant and equipment 5%-20%

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 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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Section 3: Assets and liabilities (continued)

3.6. Leases (continued)

Right-of-use assets

\$ million	Property	Plant and Equipment	Total
Cost			
At 1 July 2020	248.7	27.7	276.4
Lease additions and modifications	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
Lease additions and modifications	19.6	2.1	21.7
Derecognition of right-of-use assets	[37.6]	[0.9]	[38.5]
Effect of movements in foreign exchange rates	19.5	2.8	22.3
At 30 June 2022	258.7	38.9	297.6
Accumulated amortisation and impairment			
At 1 July 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]
Depreciation charge for the period	[37.2]	[7.4]	[44.6]
Derecognition of right-of-use assets	15.7	0.9	16.6
Reversal of impairment loss	3.0	-	3.0
Effect of movements in foreign exchange rates	[7.1]	[0.2]	[7.3]
At 30 June 2022	[104.7]	[19.2]	[123.9]
Net book value			
At 1 July 2021	178.1	22.4	200.5
At 30 June 2022	154.0	19.7	173.7

Amounts recognised in the income statement

The following amounts, for continuing operations, were recognised in the income statement:

\$ million	2022	2021
Amortisation of right-of-use assets	44.6	44.2
Expenses relating to short-term leases	15.7	12.4
Expenses relating to low-value assets	0.7	1.2
Income from sub-leasing right-of-use assets	[0.8]	[0.6]
Interest on lease liabilities	9.8	10.5

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Lease liabilities

\$ million	2022	2021
Current lease liabilities	49.7	48.0
Non-current lease liabilities	174.8	204.8
	224.5	252.8

The following table sets out the undiscounted maturity analysis of future lease payments.

\$ million	2022	2021
Within one year	55.9	57.0
Between one and five years	154.8	182.7
More than five years	28.8	49.4
	239.5	289.1
Less sub-lease rental income	[6.9]	[8.2]
	232.6	280.9

In addition to the above commitments, there are signed lease agreements for properties for which the Group has not yet taken possession. At 30 June 2022 these leases have not been recognised on the balance sheet as the lease has not yet commenced. The future undiscounted lease payments of these properties total \$21.6 million (2021: nil).

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 assets

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 depreciated over the underlying asset's useful life.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 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
Additions for the period	5.5	-	-	5.5
Disposals during the period	(4.9)	-	-	(4.9)
Effect of movements in foreign exchange rates	8.0	2.2	33.7	43.9
At 30 June 2022	136.8	28.8	468.7	634.3
Accumulated amortisation and impairment				
At 1 July 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)
Amortisation charge	(8.2)	(0.7)	-	(8.9)
Disposals during the period	1.1	-	-	1.1
Effect of movements in foreign exchange rates	(5.8)	(1.9)	(7.0)	(14.7)
At 30 June 2022	(90.2)	(23.6)	(87.3)	(201.1)
Net book value				
At 30 June 2021	50.9	5.6	354.7	411.2
At 30 June 2022	46.6	5.2	381.4	433.2

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 to note 3.8 for further details on impairment.

Computer software and licences are amortised over a period of between three to ten years whilst customer relationships are amortised over a period of up to 10 years. The amortisation period and method is reviewed each financial year.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Section 3: Assets and liabilities (continued)

3.7. Intangible assets (continued)

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. These cash flow projections included estimates of capital outflows required to meet the Group's current strategy and commitment to manage climate related risk and opportunities. Orora will continue to develop reporting plans and quantitative analysis around the Group's climate change strategy, the financial implications of which will continue to be considered and built into future cash flow assumptions used within impairment modelling.

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 CGU's 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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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
2022			
Goodwill allocation (\$ million)	32.2	282.3	66.9
Pre-tax discount rate (%)	10.7	9.7	9.8
Terminal growth rate (%)	2.0	2.0	2.0
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

Orora Visual CGU

As at 30 June 2022, as a consequence of the impairment charge recognised during the financial year ended 30 June 2020, the excess of the estimated recoverable amount over the carrying value is more limited for the Orora Visual CGU than other Orora CGUs. It is expected that the excess will increase as initiatives and actions focused on enhancing the earnings of this business are implemented, driving an increase in value over time. The assumptions used in determining the recoverable amount of this CGU are sensitive, and dependent on the continued improvement in the underlying business. It is not considered likely that any reasonable, possible change in a key assumption would result in any impairment.

Other CGUs

Whilst the outlook for the Group remains subject to the future potential impacts of rapidly changing market conditions and inflationary pressures, based on current economic conditions and performance of the Australasia and Orora Packaging Solutions 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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Section 3: Assets and liabilities (continued)

3.9. Provisions

\$ million	Employee entitlements	Workers' compensation, insurance and other claims	Asset restoration, restructuring and decommissioning	Total
2022				
Opening balance	25.8	16.5	78.4	120.7
Provisions made during the period	16.9	1.7	11.3	29.9
Payments made during the period	(12.8)	(4.3)	(30.5)	(47.6)
Released during the period	(0.5)	(3.2)	(0.2)	(3.9)
Effect of movement in foreign exchange rate	0.7	0.6	1.2	2.5
Closing balance	30.1	11.3	60.2	101.6
Current	28.0	10.4	48.5	86.9
Non-current	2.1	0.9	11.7	14.7
2021				
Opening balance	26.9	6.9	83.0	116.8
Provisions made during the period	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

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.

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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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.

Notes to the financial statements

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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 2022 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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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	2022	2021
<i>Current tax expense</i>		
Current period	(56.8)	(50.8)
Adjustments relating to prior periods	(0.2)	3.0
Total current tax expense	(57.0)	(47.8)
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences	(14.7)	(0.2)
Total income tax expense	(71.7)	(48.0)
<i>Deferred income tax expense included in income tax expense comprises:</i>		
(Decrease)/increase in deferred tax assets	(2.6)	10.2
Increase in deferred tax liabilities	(12.1)	(10.4)
Deferred income tax expense included in total income tax expense	(14.7)	(0.2)

The following table provides a numerical reconciliation of income tax expense for continuing operations to prima facie tax payable:

\$ million	2022	2021
Profit before related income tax (expense)/benefit	258.8	177.7
Tax at the Australian tax rate of 30% (2021: 30%)	(77.6)	(53.3)
<i>Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Net tax effect of amounts which are non-deductible/non-assessable for tax	(0.1)	(0.8)
Net tax credits and tax loss utilisation	0.7	-
Over provision in prior period	1.3	3.0
Foreign tax rate differential	4.0	3.1
Total income tax expense⁽¹⁾	(71.7)	(48.0)

(1) Total income tax expense in the comparative period includes an income tax benefit of \$11.6 million in respect of significant items recognised during the period, refer note 1.2.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Section 4: Income tax (continued)

4.2. Deferred tax balances

Deferred income tax in the balance sheet relates to the following:

\$ million	2022	2021
<i>Deferred tax assets</i>		
Net right-of-use lease accounting	14.6	15.6
Trade receivable loss allowance provision	1.6	0.5
Valuation of inventories	20.2	16.7
Employee benefits	36.3	32.6
Provisions	15.0	25.2
	87.7	90.6
Tax set-off	(71.6)	(64.4)
Deferred tax asset	16.1	26.2
<i>Deferred tax liabilities</i>		
Property, plant and equipment	66.0	60.1
Intangible assets	13.7	8.5
Financial instruments at fair value	1.7	0.4
Accruals and other items	3.9	2.2
	85.3	71.2
Tax set-off	(71.6)	(64.4)
Deferred tax liability	13.7	6.8

Deferred income tax in the income statement from continuing operations relates to the following:

\$ million	2022	2021
Property, plant and equipment	3.4	5.4
Net right-of-use lease accounting	2.1	0.7
Trade receivable loss allowance provision	(1.1)	(0.1)
Intangible assets	4.3	4.2
Valuation of inventories	(3.1)	(2.4)
Employee benefits	(1.2)	(6.4)
Provisions	10.2	(0.4)
Financial instruments at fair value	0.6	0.7
Accruals and other items	(0.5)	(1.5)
Deferred tax expense	14.7	0.2

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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 the Treasury Risk Management Policy that has 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 Board 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 and the need to undertake certain transactions denominated in foreign currencies. 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.	Loans are drawn in foreign currency by foreign entities to create a natural hedge of foreign currency assets and liabilities. Where a natural hedge does not exist 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 and gas.	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 - i.e. 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, 6.2 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 BBB+ or better by Standard & Poor's.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 (refer note 5.3) 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; • there is a focus on improving operational cash flow and maintaining a strong balance sheet.

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 objective is to hold a percentage of fixed rate debt within the appropriate range for its tenor as defined in the Treasury Risk Management Policy. At 30 June 2022, approximately 52% [2021: 64%] of the Group's debt is fixed rate. The movement in fixed rate debt was a result of an increase in bank debt drawn during the current period, which is at variable rates.

Exposure

The Group had the following variable rate borrowings and there were no interest rate swap contracts outstanding at 30 June:

	Weighted average interest rate	Balance \$million
2022		
Bank loans	2.5%	330.0
Interest rate swaps (notional principal amount)	-	-
Net exposure to cash flow interest rate risk		330.0
2021		
Bank loans	1.4%	180.0
Interest rate swaps (notional principal amount)	-	-
Net exposure to cash flow interest rate risk		180.0

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 2022 (2021: 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 (2021: nil).

Sensitivity

At 30 June 2022, if Australian and US interest rates had increased by 1.0% (100 bps), post-tax profit for the year would have been \$2.3 million lower (2021: \$1.3 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 \$2.3 million higher (2021: \$1.3 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 (2021: nil) and no amounts were recognised in the income statement in respect of hedge ineffectiveness on interest rate swaps (2021: 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 (2021: 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).

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:

\$ million	2022		2021	
	USD	NZD	USD	NZD
Funds employed	729.9	65.3	663.0	63.8
Net Debt	(336.8)	19.1	(300.8)	17.0
	46.1%	(29.2%)	45.4%	(26.6%)

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Transaction risk

To manage foreign currency transaction risk, where a natural hedge does not exist, 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 and the resulting payables) through the use of forward foreign exchange contracts or foreign currency options taken out for up to two years from the forecast date.

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	GBP
2022				
Trade receivables	19.9	0.7	-	-
Trade payables	(142.8)	-	(1.2)	(0.3)
Foreign currency forwards				
<i>Cash flow hedges</i>				
Buy foreign currency	116.7	-	7.4	3.9
Sell foreign currency	-	2.5	-	-
<i>Fair value hedges</i>				
Buy foreign currency	112.3	-	-	-
<i>Held for trading</i>				
Buy foreign currency	8.7	-	2.0	-
Sell foreign currency	-	0.4	-	-
2021				
Trade receivables	10.1	0.6	-	-
Trade payables	(13.0)	(0.2)	(1.5)	-
Foreign currency forwards				
<i>Cash flow hedges</i>				
Buy foreign currency	141.7	-	-	4.4
Sell foreign currency	-	2.8	3.9	-
<i>Held for trading</i>				
Buy foreign currency	4.0	-	0.3	-
Sell foreign currency	-	0.4	-	-

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Section 5: Financial risk management (continued)

5.1. Market risks (continued)

5.1.2. Foreign exchange risk (continued)

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 Item	Weighted Average	\$ million	
			Asset	Liability
2022				
<i>Cash flow hedges</i>				
AUD/USD	USD109.3	0.7226	7.0	-
AUD/EUR	EUR9.4	0.6442	0.1	(0.3)
AUD/GBP	GBP3.9	0.5417	-	(0.3)
NZD/USD	USD16.1	0.6391	0.6	-
NZD/AUD	NZD2.9	0.9296	0.1	-
<i>Fair value hedges</i>				
AUD/USD	USD95.2	0.7277	7.0	-
NZD/USD	USD17.1	0.6766	1.9	-
Total derivatives in an asset/(liability) position			16.7	(0.6)
2021				
<i>Cash flow hedges</i>				
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)

Sensitivity

The following sensitivity illustrates how a reasonably possible change in the US dollar and NZ dollar would impact the financial results and position of the Group 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 \$9.1 million higher, net of derivatives, and equity would have been \$20.9 million higher (2021: post-tax profit \$0.4 million higher and equity \$14.8 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 and equity would have been \$0.4 million lower (2021: no material impact upon post-tax profit and equity would have been \$0.6 million lower).

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 \$0.7 million (2021: \$0.3 million loss) and, in respect of foreign currency derivatives designated at fair value through profit or loss, a gain of \$0.4 million (2021: \$0.2 million gain).

In addition, a gain of \$9.9 million (2021: \$2.9 million gain) relating to cash flow hedges and a \$27.3 million gain (2021: \$35.4 million loss) on the translation of foreign operations was recognised in other comprehensive income. Gains of \$2.5 million (2021: \$5.7 million loss) relating to cash flow hedges were transferred from equity to operating profit, whilst gains of \$4.6 million were transferred from equity to non-financial assets (2021: nil).

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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.

Energy 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 2022 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 \$0.5 million (2021: \$0.9 million net liability).

Aluminium purchases

Commodity derivatives used for hedging

The below carrying values represent the fair value of instruments used to hedge commodity price risk together with the associated nominal volume as at 30 June 2022 (2021: nil):

	Notional Item	Average Price	\$ million	
			Asset	Liability
2022				
<i>Fair value hedges</i>				
Commodity LME price (USD / mt)	USD6.9	2,778.2	-	[0.6]
Total derivatives in an asset/(liability) position			-	[0.6]

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 2022, the Trust holds 3,485,020 treasury shares in the Company (2021: 306,567) of which 461,347 are allocated shares in respect of the Restricted Share Unit (RSU) grants (2021: 80,000). Refer to note 6.2 for further details.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Section 5: Financial risk management (continued)

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.

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 the Group's Treasury Risk Management 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 BBB+ 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 \$150.0 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 2022 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 and \$100.0 million through bilateral agreements which mature in April 2023 and July 2027 respectively.

These facilities are unsecured.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

The committed and uncommitted standby arrangements and unused facilities of the Group are set out below:

\$ million	2022			2021		
	Committed	Uncommitted	Total	Committed	Uncommitted	Total
<i>Financing facilities available:</i>						
Bank overdrafts	-	6.2	6.2	-	6.3	6.3
US Private placement	352.1	-	352.1	324.1	-	324.1
Loan facilities and term debt	702.4	73.0	775.4	585.1	127.7	712.8
	1,054.5	79.2	1,133.7	909.2	134.0	1,043.2
<i>Facilities utilised:</i>						
Bank overdrafts	-	-	-	-	-	-
US Private placement	352.1	-	352.1	324.1	-	324.1
Loan facilities and term debt	330.0	-	330.0	180.0	-	180.0
	682.1	-	682.1	504.1	-	504.1
<i>Facilities not utilised:</i>						
Bank overdrafts	-	6.2	6.2	-	6.3	6.3
US Private placement	-	-	-	-	-	-
Loan facilities and term debt	372.4	73.0	445.4	405.1	127.7	532.8
	372.4	79.2	451.6	405.1	134.0	539.1

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Section 5: Financial risk management (continued)

5.3. Liquidity and funding risk (continued)

Maturity of financial liabilities

The table below allocates 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
2022						
<i>Non-derivative financial instruments</i>						
Trade and other payables	931.2	0.5	1.4	3.1	936.2	936.2
Lease liabilities	55.9	48.6	106.2	28.8	239.5	224.5
Borrowings	56.0	160.7	467.5	50.0	734.2	681.6
Total non-derivatives	1,043.1	209.8	575.1	81.9	1,909.9	1,842.3
<i>Derivatives</i>						
Net settled (interest rate swaps and commodity contracts)	(1.1)	-	-	-	(1.1)	(1.1)
Gross settled forward exchange contracts						
Inflow	344.9	26.6	-	-	371.5	
Outflow	(329.9)	(25.5)	-	-	(355.4)	
Total gross settled forward exchange contracts	15.0	1.1	-	-	16.1	16.1
Total derivatives	13.9	1.1	-	-	15.0	15.0
2021						
<i>Non-derivative financial instruments</i>						
Trade and other payables	650.8	0.3	1.5	-	652.6	652.6
Lease liabilities	57.0	53.8	128.9	49.4	289.1	252.8
Borrowings	14.8	14.5	522.2	0.3	551.8	503.5
Total non-derivatives	722.6	68.6	652.6	49.7	1,493.5	1,408.9
<i>Derivatives</i>						
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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 energy 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. Where contracted, 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 cash flow hedging instrument in which case the remeasurement is recognised in equity.

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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Section 5: Financial risk management (continued)

5.4. Hedging instruments (continued)

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.

	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 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 its intrinsic value only. If only the intrinsic value is designated, the option's time value that matches the terms of the hedged item is 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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 1 or 3 financial instruments.

\$ million	Note	Level 2 Fair Value Hierarchy			
		2022		2021	
		Asset	Liability	Asset	Liability
<i>Cash flow hedges</i>					
Interest rate swap contracts	5.1.1	-	-	-	-
Foreign exchange derivative contracts	5.1.2	7.8	(0.6)	3.9	(1.0)
Electricity and commodity derivatives	5.1.3	0.2	(1.3)	0.8	(1.7)
<i>Fair value hedge</i>					
Foreign exchange derivative contracts	5.1.2	8.9	-	-	-
Total derivatives in an asset/(liability) position		16.9	(1.9)	4.7	(2.7)
Current asset/(liability)		15.8	(1.9)	4.2	(2.3)
Non-current asset/(liability)		1.1	-	0.5	(0.4)

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 - i.e. 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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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	
		2022	2021
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 Packaging Texas LP	United States	100%	100%
Kent H. Landsberg Co of Illinois LLC	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. 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 2022, the Trust held 3,485,020 treasury shares in the Company (2021: 306,567) of which 461,347 are allocated shares in respect of the Restricted Share Unit (RSU) grants (2021: 80,000).

Allocated shares

Allocated shares represent those shares that have been purchased and awarded to employees under the RSU 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 RSU 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 RSU 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 RSU Grant. As the shares are unallocated they are identified and accounted for as 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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 \$5.7 million (2021: \$0.9 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 RSU Grant, Share Options, Performance Rights or Performance Shares issued by the Group:

	RSU Grant		Long-Term Incentive Plans				Short-Term Incentive Plan	
			Share Options		Performance Rights and Performance Shares		Deferred Equity ⁽¹⁾	
	No.	\$ ⁽²⁾	No.	\$ ⁽²⁾	No.	\$ ⁽²⁾	No.	\$ ⁽²⁾
2022								
Outstanding at beginning of period	80,000	3.22	4,635,817	0.55	4,793,172	2.00	610,707	2.31
Granted during the period	463,075	3.57	-	-	1,688,568	2.05	1,006,900	3.13
Exercised during the period	[65,000]	3.26	-	-	[162,000]	2.98	[194,817]	2.65
Forfeited during the period	[16,728]	3.62	[3,183,125]	0.63	[1,294,840]	2.20	[47,610]	2.57
Outstanding at end of period	461,347	3.55	1,452,692	0.39	5,024,900	1.93	1,375,180	2.85
Exercisable at end of period	-	-	226,567	0.43	-	-	-	-
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	-	-	-	-

(1) The equity outcomes for the 2022 financial year short-term incentive will be determined and allocated in September 2022 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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Section 7: Other notes to the financial statements (continued)

7.1. Share-based compensation (continued)

The exercise price of the RSU 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:

Grant date	Vesting Date	Expiry date	Exercise price	Number	
				2022	2021
30 Oct 2015	30 Sept 2019	30 Sept 2024	2.08	226,567	226,567
20 Oct 2017	30 Aug 2021	30 Aug 2026	2.86	-	3,183,125
22 Oct 2018	31 Aug 2022	31 Aug 2027	3.58	1,226,125	1,226,125
Share options outstanding at end of period				1,452,692	4,635,817
Weighted average contractual life of options outstanding at end of period				4.7 years	5.3 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 (e.g. 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:

	2022	2021
Expected dividend yield (%)	4.70	4.30
Expected price volatility of the Company's shares (%)	31.00	29.19
Share price at grant date (\$)	3.16	2.56
Risk-free interest rate - rights (%)	0.31	0.13
Expected life of rights (years)	4.00	3.67

No options were granted during the current period (2021: nil).

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated changes. 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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

A description of the equity plans in place during the year ended 30 June 2022 is described below:

	Retention/Share Payment plan	Long-term incentives		Short-term incentive
	RSU 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 RSU 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 performance period end 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.			

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Section 7: Other notes to the financial statements (continued)

7.2. Auditors' remuneration

\$ thousand	2022	2021
Auditors of the Company PwC Australia		
<i>Audit and other assurance services</i>		
Audit and review of financial reports	992.1	848.2
<i>Other services</i>		
Taxation services and other advice	254.5	154.8
Australasian Fibre business divestment advisory services ⁽¹⁾	-	178.0
Total PwC Australia	1,246.6	1,181.0
Network firms of PwC Australia		
<i>Audit and other assurance services</i>		
Audit and review of financial reports	14.0	15.0
<i>Other services</i>		
Taxation services and other advice	52.3	46.3
Total Network firms of PwC Australia	66.3	61.3
Total Auditors remuneration	1,312.9	1,242.3

(1) Taxation and other related services provided in respect of the sale of the Australasian Fibre business. Further details regarding the sale of the Australasian Fibre business can be found in the 2021 and 2020 Annual Reports.

7.3. Commitments and contingent liabilities

7.3.1. Capital expenditure commitments

At 30 June 2022, the Group has capital commitments contracted but not provided for in respect of the acquisition of property, plant and equipment of \$61.8 million (2021: \$20.7 million).

7.3.2. Other expenditure commitments

At 30 June 2022, the Group had other expenditure commitments of \$51.7 million (2021: \$37.1 million) in respect of other supplies and services yet to be provided.

7.3.3. 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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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

\$ million	Orora Limited	
	2022	2021
Continuing Operations		
Profit before related income tax expense	199.9	209.9
Income tax expense	(29.2)	(24.9)
Profit for the financial period from continuing operations	170.7	185.0
Discontinued Operations		
Profit from discontinued operations, net of tax ⁽¹⁾	(2.4)	6.1
Profit for the financial period	168.3	191.1
Comprehensive income for the financial period		
Continuing operations	172.7	190.5
Discontinuing operations	(2.4)	6.1
Total comprehensive income	170.3	196.6

(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. Accordingly, the financial results of this business are presented separately as a discontinued operation in both the current and comparative period. Further details regarding the sale of the Australasian Fibre business can be found in the 2021 and 2020 Annual Reports.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Section 7: Other notes to the financial statements (continued)

7.4. Orora Limited (continued)

Summarised balance sheet

\$ million	Orora Limited	
	2022	2021
Total current assets	536.2	338.4
Total non-current assets	1,284.7	1,190.9
Total assets	1,820.9	1,529.3
Total current liabilities	752.6	524.1
Total non-current liabilities	368.9	225.2
Total liabilities	1,121.5	749.3
Net assets	699.4	780.0
Equity		
Contributed equity and treasury shares	(37.3)	80.8
Reserves:		
Share-based payment reserve	10.7	8.7
Cash flow hedge reserve	3.8	1.8
Retained profits	722.2	688.7
Total equity	699.4	780.0

Contingent liabilities of Orora Limited

Deed of Cross Guarantee

Pursuant to the terms of the ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785, which relieves 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 2022 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
- Pak Pacific Corporation Pty Ltd
- Fibre Containers (Queensland) Pty Ltd
- Lynyork Pty Ltd
- Chapview Pty Ltd
- AGAL Holdings Pty Ltd
- Rota Die Pty Ltd
- ACN 089523919 CCC Pty Ltd
- Orora Closure Systems Pty Ltd
- Envirocrates Pty Ltd
- ACN 002693843 Box Pty Ltd

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.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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	2022	2021
Continuing Operations		
Sales revenue	777.9	727.2
Profit from operations	215.6	229.8
Net finance costs	[7.2]	[9.8]
Profit before related income tax expense	208.4	220.0
Income tax expense	[30.8]	[20.9]
Profit from continuing operations	177.6	199.1
Discontinued Operations		
(Loss)/profit from discontinued operations, net of tax ⁽¹⁾	[2.4]	6.1
Profit for the financial period	175.2	205.2
Other comprehensive income/(expense)		
Cash flow hedge reserve		
Unrealised gains on cash flow hedges, net of tax	7.0	2.0
Realised (gains)/losses transferred to profit or loss, net of tax	[1.8]	3.7
Realised gains transferred to non-financial assets, net of tax	[3.2]	-
Other comprehensive income, net of tax	2.0	5.7
Total comprehensive income for the financial period	177.2	210.9
Total comprehensive income/(expense) for the financial period attributable to:		
Continuing operations	179.6	204.8
Discontinuing operations	[2.4]	6.1
Total comprehensive income for the financial period	177.2	210.9
Retained profits at beginning of financial period	771.8	679.6
Profit for the financial period	175.2	205.2
Dividends recognised during the financial period	[134.8]	[113.0]
Retained profits at end of the financial period	812.2	771.8

(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. Accordingly, the financial results of this business are presented separately as a discontinued operation in both the current and comparative period. Further details regarding the sale of the Australasian Fibre business can be found in the 2021 and 2020 Annual Reports.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Section 7: Other notes to the financial statements (continued)

7.5. Deed of Cross Guarantee (continued)

Consolidated balance sheet

\$ million	2022	2021
Current assets		
Cash and cash equivalents	18.7	10.6
Trade and other receivables	129.0	139.6
Inventories	303.4	176.6
Derivatives	15.8	4.2
Other current assets	10.2	12.7
Total current assets	477.1	343.7
Non-current assets		
Investments in controlled entities	567.7	567.7
Property, plant and equipment	509.9	456.6
Right-of-use assets	12.0	13.1
Deferred tax assets	-	11.6
Goodwill and intangible assets	22.1	22.4
Derivatives	1.1	0.5
Other non-current assets	19.7	11.1
Total non-current assets	1,132.5	1,083.0
Total assets	1,609.6	1,426.7
Current liabilities		
Trade and other payables	357.9	223.8
Borrowings	35.1	0.1
Lease liabilities	3.1	4.4
Derivatives	1.9	2.3
Current tax liabilities	1.2	4.2
Provisions	54.3	61.6
Total current liabilities	453.5	296.4
Non-current liabilities		
Other payables	4.9	1.5
Borrowings	295.0	180.0
Lease liabilities	12.4	17.3
Derivatives	-	0.4
Deferred tax liabilities	5.2	-
Provisions	9.5	28.3
Total non-current liabilities	327.0	227.5
Total liabilities	780.5	523.9
NET ASSETS	829.1	902.8
Equity		
Contributed equity and treasury shares	(37.3)	80.8
Reserves	54.2	50.2
Retained earnings	812.2	771.8
TOTAL EQUITY	829.1	902.8

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 6.2. 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;
- 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	2022	2021
Short-term employee benefits	4,386	4,373
Long-term employee benefits	66	41
Post employment benefits	140	141
Payments on retirement	-	337
Share-based payment expense ⁽¹⁾	1,074	[86]
	5,666	4,806

(1) The comparative period share-based payment expense includes negative values relating to options and rights that did not vest during the period as non-market vesting 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 (2021: nil).

At 30 June 2022, no individual KMP or related party holds a loan with the Group (2021: nil).

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Section 7: Other notes to the financial statements (continued)

7.8. New and amended accounting standards and interpretations

All new and amended Australian Accounting Standards and Interpretations mandatory from 1 July 2021 to the Group have been adopted, including:

- AASB 2020-8 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2*
- AASB 2021-3 *Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions beyond 30 June 2021*
- Implementation of IFRIC Agenda Decision - *Costs Necessary to Sell Inventories*

The Group has no transactions that are affected by the newly effective standards and interpretations, or the Group's accounting policies are already consistent with the new requirements. As such the adoption of the amending standards has not resulted in a change to the financial results or position of the Group.

Issued but not yet effective

There are a number of new and amending accounting standards issued by the AASB that are effective for annual reporting periods beginning after 1 January 2022, with early adoption permitted. These standards have not been early adopted and have therefore not been applied in preparing this financial report.

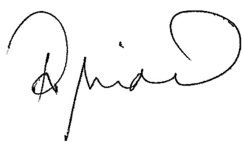
The following amending standards are not expected to have a significant impact upon the Groups' consolidated financial statements:

- 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 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates*
- AASB 2021-5 *Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- AASB 2022-1 *Amendments to Australian Accounting Standards - Initial Application of AASB 17 and AASB 9 - Comparative Information*

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 2022 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 2022.

Signed in accordance with a resolution of the Directors.



A R SINDEL
CHAIR

18 August 2022

Independent auditor's report to the members of Orora Limited



Independent auditor's report

To the members of Orora Limited

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 2022 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 2022
- 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.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999

Liability limited by a scheme approved under Professional Standards Legislation.

Independent auditor's report to the members of Orora Limited

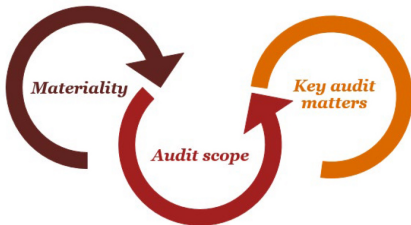


Our audit approach

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	Audit scope
- For the purpose of our audit we used overall Group materiality of \$14.3 million, which represents approximately 5% of the Group's profit from operations (being profit from continuing operations before net finance costs and income tax expense). - 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 utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	- 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



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
Carrying Value of Orora Visual goodwill (Refer to Note 3.7 Intangible assets and Note 3.8 Impairment of non-financial assets) At 30 June 2022, Orora Visual had goodwill of \$66.9 million. Goodwill is tested for impairment, at least annually, using a discounted cash flow model in accordance with Note 3.8. The Group performed an impairment assessment by preparing a value-in-use model to determine if the carrying value of the Orora Visual assets was supported by forecast future cash flows, discounted to present value. 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, and the estimated recoverable amount over the carrying value is limited in the Orora Visual CGU. In the Group's 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 Visual's cash flow forecasts used to assess the carrying value of the cash generating unit. 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 FY23 budget and FY24 – FY26 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 goodwill balance into CGUs was consistent with our knowledge of the Group's operations and internal Group reporting. We assessed whether the Orora Visual CGU included assets, liabilities and cash flows directly attributable to this CGU and had a reasonable allocation of corporate assets and overheads. We compared actual historical results to the budgeted figures 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 considered the Group's sensitivity calculations over a selection of the forecast cash flows. We also considered the reasonableness of disclosures in Note 3.7 and Note 3.8 in light of the requirements of Australian Accounting Standards.

Independent auditor's report to the members of Orora Limited



Key audit matter	How our audit addressed the key audit matter
Decommissioning Costs (Refer to Note 1.2 Significant Items and Note 3.9 Provisions) Within the asset restoration, restructuring and decommissioning provision, Orora continues to hold a provision for their estimated costs to complete associated with the decommissioning of the former Petrie Mill site in Queensland. The decommissioning is a significant and complex exercise involving multiple government agencies, with spend of \$26.5m incurred in the year to 30 June 2022. Recent significant developments associated with the unprecedented rainfall levels in Queensland are being managed within existing provisions. We considered this to be a key audit matter because of the financial significance of the provision 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 2022: • we tested the mathematical accuracy of the calculations; • we considered the progression of decommissioning activities completed, through discussions with senior management and review of land packages handed over from the Group to the purchaser, where applicable; • we made inquiries of the specialist environmental consulting firm engaged by the Group to manage the completion of the remaining remediation works; • we made inquiries of the Group's external legal counsel; • 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 Note 1.2 and Note 3.9 in light of the requirements of Australian Accounting Standards.

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 2022, 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.

Independent auditor's report to the members of Orora Limited



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.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 49 to 65 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Orora Limited for the year ended 30 June 2022 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.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'A. Linschoten'.

Anton Linschoten
Partner

Melbourne
18 August 2022

Statement of shareholdings

Statement pursuant to Australian Securities Exchange official list requirements.

Top 20 shareholders as at 27 July 2022

Rank	Name	Shares held	% of issued capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	312,872,465	37.01
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	131,981,604	15.61
3	CITICORP NOMINEES PTY LIMITED	106,866,961	12.64
4	NATIONAL NOMINEES LIMITED	44,997,000	5.32
5	BNP PARIBAS NOMS PTY LTD	36,233,041	4.29
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,296,190	0.98
7	CITICORP NOMINEES PTY LIMITED	6,934,782	0.82
8	NETWEALTH INVESTMENTS LIMITED	4,615,176	0.55
9	PACIFIC CUSTODIANS PTY LIMITED	3,589,160	0.42
10	PACIFIC CUSTODIANS PTY LIMITED	3,485,020	0.41
11	BNP PARIBAS NOMINEES PTY LTD	2,550,108	0.30
12	NAVIGATOR AUSTRALIA LTD	2,090,577	0.25
13	BKI INVESTMENT COMPANY LIMITED	1,600,000	0.19
14	BNP PARIBAS NOMS PTY LTD	1,535,609	0.18
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,470,178	0.17
16	THE MANLY HOTELS PTY LTD	1,258,507	0.15
17	EDWARD ZORN & CO PTY LIMITED	902,175	0.11
18	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	831,860	0.10
19	POWERWRAP LIMITED	751,725	0.09
20	UBS NOMINEES PTY LTD	746,269	0.09
Total		673,608,407	79.68

Substantial shareholders as at 27 July 2022

Holder	Last Notice of Substantial Shareholding	No. of Shares
State Street Corporation	22 July 2022	42,331,792
The Vanguard Group, Inc.	18 December 2018	48,284,772 ⁽¹⁾

(1) Calculated based on number of shareholdings 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.

Statement of shareholdings

Distribution of shareholdings

Fully paid ordinary shares as at 27 July 2022

Range	No. of holders.	No. of shares	% of issued capital
100,001 and over	115	695,150,014	82.23
10,001 to 100,000	3,241	67,522,401	7.99
5,001 to 10,000	4,669	32,949,538	3.90
1,001 to 5,000	17,598	42,431,472	5.02
1 to 1,000	14,897	7,298,365	0.86
Total	40,520	845,351,790	100.00
Unmarketable parcels	1,777	85,224	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 2022

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 \$3.58	6	1,226,125
Rights	55	6,400,080

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	2022	2021	2020	2019	2018
Orora Consolidated Results					
Sale revenue	4,090.8	3,538.0	4,659.1	4,761.5	4,248.0
Operating profit before interest and tax pre significant items	285.5	249.1	288.2	335.2	323.4
Operating profit before tax pre significant items	258.8	216.3	230.4	295.8	288.9
Net operating profit pre significant items	187.1	156.7	167.3	217.0	214.1
Net operating profit after significant items	184.7	135.8	238.9	161.2	212.2
Basic earnings per share (cents) pre significant items	21.7	16.9	17.4	18.0	17.8
Basic earnings per share (cents) after significant items	21.4	14.6	24.8	13.4	17.7
Dividend and distribution	134.8	113.0	606.6 ⁽²⁾	156.7	144.2
Dividend per ordinary share (cents)	16.5	14.0	49.3 ⁽²⁾	13.0	12.5
Dividend franking (% p.a.)	-	-	30%/50% ⁽³⁾	30% ⁽⁴⁾	30%
Dividend cover (times)	11.2	9.7	4.8	12.4	17.0
Financial Ratios					
Net tangible asset backing per share (\$)	0.33 ⁽⁵⁾	0.37 ⁽⁶⁾	0.60 ⁽⁷⁾	0.85	0.94
Net PBITDA interest cover pre significant items (times)	15.1	11.2	7.6	11.9	12.9
Gearing (net debt/net debt and shareholders' equity) (%)	46%	37%	22%	29%	29%
Return on average funds employed (%) ⁽⁸⁾	22.4%	19.9%	11.9%	13.0%	14.0%
Financial Statistics					
Income from dividends and interest	0.6	0.2	0.6	0.4	0.3
Depreciation and amortisation provided during the year	117.9	120.2	149.2	132.9	121.9
Net finance costs	26.7	32.8	57.8	39.4	34.5
Cash flow from operations	257.6	270.6	17.7	297.9	329.0
Capital expenditure and acquisitions	92.2	59.0	174.3	334.3	204.3
Balance Sheet Data as at 30 June					
Current assets	1,307.7	980.8	1,055.4	1,446.2	1,318.1
Non-current assets	1,401.1	1,343.8	1,442.8	2,471.2	2,299.0
Total assets	2,708.8	2,324.6	2,498.2	3,917.4	3,617.1
Current liabilities	1,122.3	806.3	817.1	1,160.6	1,098.7
Non-current liabilities	854.8	749.7	650.9	1,113.1	887.9
Total liabilities	1,977.1	1,556.0	1,468.0	2,273.7	1,986.6
Net assets	731.7	768.6	1,030.2	1,643.7	1,630.5
Shareholders' equity					
Contributed equity and treasury shares	[37.3]	80.8	333.6	484.1	479.9
Reserves	138.9	107.6	139.2	164.7	152.1
Retained profits	630.1	580.2	557.4	994.9	998.5
Total shareholders' equity	731.7	768.6	1,030.2	1,643.7	1,630.5
Other data as at 30 June:					
Fully paid shares ('000's)	845,352	890,240	965,363	1,206,685	1,206,685
Orora share price					
- year's high (\$)	4.00	3.33	3.45	3.69	3.60
- year's low (\$)	3.06	2.23	2.54	2.89	2.73
- close (\$)	3.65	3.33	2.54	3.24	3.57
Market capitalisation	3,085.5	2,964.5	2,452.0	3,909.7	4,307.9
Employee numbers	4,820	3,768	3,776	7,221	7,014
Number of shareholders	40,646	44,653	52,694	55,087	54,164

(1) The financial information in the above table is presented on a total operations basis and therefore the period FY18-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.

(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 \$0.13 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 \$0.15 if right-of-use assets were excluded and right-of-use liabilities were included in the calculation.

(7) 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.

(8) Return on average funds employed (RoAFE) is calculated as EBIT divided by average funds employed.

Shareholder information

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 inside 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: AEST) on 20 October 2022.

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

Orora 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 2022–2023

Financial year 2022 (FY22) ends	30 June 2022
Announcement of full-year results for FY22	18 August 2022
Ex-dividend date for final dividend FY22	5 September 2022
Record date for final dividend FY22	6 September 2022
Dividend payment date for FY22 final dividend	10 October 2022
Annual General Meeting	20 October 2022
Financial half-year 2023 ends	31 December 2022
Announcement of interim results for financial year 2023 (FY23)	February 2023
Ex-dividend date for interim dividend FY23	March 2023
Record date for interim dividend FY23	March 2023
Dividend payment date for FY23 interim dividend	April 2023
Financial year 2023 (FY23) ends	30 June 2023

Corporate directory

Orora Limited

Registered office and principal
administrative office:

109-133 Burwood Road
Hawthorn Victoria 3122
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

PricewaterhouseCoopers
2 Riverside Quay
Southbank Victoria 3006
Australia

Telephone: +61 3 8603 1000

Facsimile: +61 3 8603 1999

Website: www.pwc.com.au

Orora share registry

Link Market Services Limited

Street address:

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Melbourne Victoria 3008
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Postal address:

Locked Bag A14
Sydney South NSW 1235
Australia

Telephone: +61 1300 554 474

[toll free within Australia]

Facsimile: +61 2 9287 0303

Email:

orora@linkmarketservices.com.au

Website:

www.linkmarketservices.com.au

If any amendments to this Annual Report are required, they will be disclosed to the ASX and posted on Orora's website under the Investor section at ororagroup.com/investors



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