



17 August 2023

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

Orora Limited (ORA) Appendix 4E and 2023 Annual Report

Orora Limited announces to the market its financial results for the year ended 30 June 2023.

The following documents are attached:

- Appendix 4E – Preliminary Final Report given under Listing Rule 4.3A; and
- Orora 2023 Annual Report including its financial statements and Corporate Governance Statement, for the year ended 30 June 2023.

Yours faithfully

A handwritten signature in black ink that reads "Ann Stubbings".

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 2023
 Previous Corresponding Period: Year Ended 30 June 2022

2. Results for announcement to the market

Key information	30 June 2023				30 June 2022
	A\$ million				A\$ million
Statutory results					
2.1 Revenue from ordinary activities					
• From Continuing Operations	4,291.3	Up	4.9%	from	4,090.8
• From Discontinued Operations	-				-
2.2 Net profit/(loss) from ordinary activities after tax but before significant items, attributable to members					
• From Continuing Operations	203.0	Up	8.5%	from	187.1
• From Discontinued Operations	-				-
2.3 Net profit/(loss) for the period, after significant items, attributable to members					
• From Continuing Operations	184.8	Down	1.2%	from	187.1
• From Discontinued Operations	-	Down	100.0%	from	(2.4)

Dividends	Amount per security	Franked amount per security
<i>Current period</i>		
2.4 Final dividend payable 9 October 2023	9.0 cents	unfranked
2.4 Interim dividend	8.5 cents	unfranked
<i>Previous corresponding period</i>		
2.4 Final dividend	8.5 cents	unfranked
2.4 Interim dividend	8.0 cents	unfranked

2.5 Record date for determining entitlements to the dividend	Final dividend – 4 September 2023
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2.6 Brief explanation of figures in 2.1 to 2.4:

- i) The current period final dividend and interim dividend are unfranked.
- ii) 100.0% of the current period final dividend and current period interim dividend were sourced from the Conduit Foreign Income Account. Dividends to foreign holders are not subject to withholding tax.
- iii) 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 FY23 final dividend. The issue price for the FY23 final dividend will be calculated based on the arithmetic average of the weighted average market price for the ten ASX trading days from 11 September to 22 September 2023, inclusive. The last date for receipt of election notices for the DRP is 5 September 2023. Shares allotted under the DRP rank equally with existing fully paid ordinary shares of Orora Limited.

9. Net tangible assets

	Current period	30 June 2022
Net tangible asset backing per ordinary security	\$0.41 ⁽¹⁾	\$0.33

⁽¹⁾The net tangible asset backing per ordinary share of \$0.41 presented above is inclusive of right-of-use assets and lease liabilities. The net tangible asset backing per ordinary share, as at 30 June 2023 would reduce to \$0.20 (2022: \$0.13) 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: 17 August 2023

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Orora Annual Report 2023

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We are a leading provider of sustainable, innovative packaging solutions

Investor Centre

To view this report online or to download a copy, visit Orora's website: [ororagroup.com](https://www.ororagroup.com)

Orora AGM

Orora's Annual General Meeting (AGM) will be held on Thursday, 19 October 2023. For more information, visit [ororagroup.com/agm](https://www.ororagroup.com/agm)

Contents

1	Orora at a glance	44	Board of Directors
2	FY23 financial overview	46	Executive Leadership Team
4	A message from the Chair	48	Directors' Report
6	A message from the Managing Director and CEO	53	Remuneration Report
8	We are One Orora	72	Directors' declaration (Directors' Report)
9	Orora Group strategy update	73	Auditor's independence declaration
12	Sustainability at Orora	74	Financial Report
24	Independent Limited Assurance Report to the Directors of Orora Limited	138	Directors' declaration (Financial Report)
26	Group financial review summary	139	Independent Auditor's Report to the members of Orora Limited
28	Operational review North America	144	Statement of shareholdings
30	Operational review Australasia	146	Five-year historical information
32	Corporate Governance Statement	147	Shareholder information
42	Principal risks	148	Corporate directory

Every day at Orora, we design and deliver products and services that enable our customers' brands to thrive.

We manufacture and distribute sustainable and innovative packaging and visual solutions to customers all over the world. Listed on the ASX and headquartered in Melbourne, Orora operates two businesses across two key geographic segments – Orora Beverage in Australasia and Orora Packaging Solutions in North America.

4,600

Team members

41,000

Shareholders

23

Manufacturing sites

80

Distribution sites



Our Promise to the Future

Read about the progress we made in FY23 towards our sustainability goals and learn more about Our Promise.

pg 14

FY23 financial overview

Our financial year 2023 results have delivered another solid increase in earnings, reflecting the continued disciplined execution of our strategy as we navigated market pressures to drive sustainable earnings growth, whilst maintaining a balanced and disciplined approach to capital management.

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Financial overview^[1]

- Solid increase in underlying Group Earnings Before Interest and Tax (EBIT)^[2] and Group Net Profit After Tax (NPAT)^[2], up 12.3% and 8.5% respectively.
- Underlying Earnings Per Share (EPS) of 24.1 cps, representing growth of 11.1%.
- North American EBIT up 23.9% largely driven by continued optimisation gains and further margin improvement.
- Resilient earnings performance in Australasia supported by strong volume growth in the Beverage Cans business, partially offset by softness in the Beverage Glass business.
- Increased capital expenditure, with total growth capex of \$145.0 million, to support future earnings growth.
- Robust cash generation and a strong balance sheet supports further investment, with Orora well positioned for future growth.
- Final ordinary dividend of 9.0 cps (unfranked), taking the full year dividend to 17.5 cps, representing a payout ratio of 72.6%.

NOTE REGARDING NON-IFRS FINANCIAL INFORMATION

Throughout this report, Orora has included certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. Orora uses these measures to assess the performance of the business and believes 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 significant items, Interest and Tax (EBIT); Earnings Before significant items, Interest, Depreciation, Amortisation and Tax (EBITDA). 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. References to earnings throughout this report are references to EBIT before significant items.

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

[2] The financial periods presented above represent underlying earnings excluding the impact of significant items. FY23 excludes a significant item expense after tax of \$18.2 million (pre-tax of \$26.0 million) recognised with respect to the decommissioning of the former Petrie mill site. These additional estimated costs to complete were recognised in FY23 following ongoing project review and reassessment of remediation requirements.

FY23 financial highlights

Group sales revenue

\$4,291.3m

↑ 4.9%

Underlying Group EBIT

\$320.5m

↑ 12.3%

North America (USD million)

\$2,190.2m

↓ 5.1%

North America (USD million)

\$112.6m

↑ 15.0%

Australasia (AUD million)

\$1,036.9m

↑ 14.1%

Australasia (AUD million)

\$153.3m

↑ 1.8%

RoAFE^[3]

21.8%

↓ 60 bps

Underlying
Group NPAT^[2]

\$203.0m

↑ 8.5%

EPS

24.1 cps

↑ 11.1%

Underlying
operating cash
flow

\$269.9m

↓ 1.0%

Dividend
per share

17.5 cps

↑ 6.1%

[3] Return on Average Funds Employed.

A message from the Chair



“Orora remains well positioned for growth. With a solid foundation we continue to assess opportunities for further deployment of capital.”

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I am pleased to report that Orora has again delivered on its operating plans and strategy. We have continued to invest in our business and drive profit growth, while maintaining our robust balance sheet to support and enable growth in FY24 and beyond.

The Orora Board was pleased to resume our regular schedule of meetings and site visits across Australasia and North America in FY23.

In the USA we toured OPS locations in California, Dallas and Houston, gaining deeper insights into practical strategy execution, the growth in the North American packaging market, as well as safety management progress. In Australasia, the Board Safety, Sustainability and Environment Committee (SSEC) visited Beverage Cans at Rocklea in Queensland and Dandenong in Victoria. Our leaders from the Beverage business showcased the progress of strategic initiatives and presented on safety performance and improvement initiatives.

A ‘One Orora’ commitment to sustainability and safety emerged as a clear and consistent theme during our travels. Pleasingly, sustainable packaging is also front of mind for our customers.

There was strong focus on embedding Orora Health & Safety procedures and the Stay Safe rules in FY23, as well as a shared belief and excitement about the investments being made to deliver additional capacity and innovation technology like digital printing on cans.

Group financial performance

Consistent performance by Orora drove a solid increase in FY23 earnings, resulting in a 12.3% increase in Underlying Earnings Before Interest and Tax (EBIT) and an 11.1% increase in Earnings Per Share (EPS) for the financial year ended 30 June 2023.

Group revenue was up 4.9% on FY22 to \$4,291.3 million, (down 0.9% on a constant currency basis), driven by a range of variables across Orora’s segments. Underlying EBIT increased to \$320.5 million, up from \$285.5 million in FY22, an increase of 12.3% (7.7% on a constant currency basis).

Strong, double-digit earnings growth in North America was largely driven by ongoing optimisation gains, embedded pricing disciplines and an improvement in segment margin of 90 bps to 5.1%.

Underlying Group EBIT was underpinned by resilient earnings in Australasia and continued growth in Cans.

Underlying Net Profit After Tax (NPAT) was up 8.5% to \$203.0 million this year, while Statutory NPAT was down \$2.3 million to \$184.8 million.

Robust cash generation continued in FY23, with underlying operating cash flow of \$269.9 million.

Underlying EPS increased to 24.1 cents per share (cps), up 11.1% driven by higher EBIT and the impact of prior years' on-market share buybacks, partially offset by higher finance costs.

Striking an appropriate balance between capital deployment and cash returns has consistently driven strong Orora shareholder returns.

The final dividend for FY23 is 9.0 cps, a 0.5 cent or 5.9% increase on FY22. The full-year dividend of 17.5 cps represents a 6.1% increase from FY22 with a dividend payout ratio of 72.6%.

Disciplined capital management continues to generate value

A disciplined approach to capital and working capital management ensures the Orora balance sheet remains strong to pursue organic and inorganic investment.

Australasia continues to be in a capital-intensive phase, with reinvestment in manufacturing assets and capex projects underway to future-proof the Beverage business, including the Cans expansion program to support growing end-market customer demand.

Growth capex was up \$94.2 million in FY23 to \$145.0 million. This spend is comprised of \$67.4 million for the new canning lines at Dandenong and Revesby, completion of the fully operational can ends capacity expansion at Ballarat, and \$10.7 million to commence site preparations for the new oxygen plant to upgrade the G3 furnace to support Orora's greenhouse gas emissions reduction goals.

Borrowings increased by \$150.8 million and net debt by \$145.0 million, the main drivers being the higher capex noted above and the investment in working capital, partially offset by stronger North American earnings. Higher finance costs in FY23 reflect the increase in gross debt and elevated base interest rates.

At 30 June 2023 Orora had committed undrawn debt facilities of \$500.0 million to support future investment and debt refinancing requirements.

Delivering on Our Promise for a low carbon future

Orora redefined our sustainability framework in FY22, defining clear goals under the pillars of Circular Economy, Climate Change and Community. During FY23, we continued to make good progress towards these goals.

Transitioning to a low carbon future is a challenge for all manufacturers and a driver of our Climate Change strategy. Since FY19 we have reduced emissions by 12.98% (Location-based factors Scope 2) and 4.84% (Market-based factors Scope 2). FY23 data shows a marginal decrease in emissions compared with those recorded for FY22. We remain on track to achieve our interim goal of a 40% reduction in greenhouse gas emissions for Scope 1 and 2 by 2035. This year we began our examination of Scope 3 requirements for Orora and we will continue this during FY24.

During the year, we began site preparations for the oxygen plant to upgrade the G3 furnace to oxyfuel technology at Gawler glass manufacturing in South Australia. This upgrade will position the G3 furnace in the top 10% of energy efficient furnaces worldwide, delivering a step change in fossil fuel use and delivering a ~20% reduction in CO₂ emissions. Construction of the oxygen plant, which will eventually support all three furnaces at Gawler, will cost ~\$40 million and is due for completion in FY25. We welcome government funding of \$12.5 million through the Modern Manufacturing Initiative to support the planned construction.

The review and implementation of findings from the Task Force on Climate-related Financial Disclosures (TCFD) was prepared for publication in 2023. No material risks were identified, with our strategy determined to be fit-for-purpose and supportive of Orora's long-term sustainable growth.

Board renewal

Over the next 12 months, two of our valued Independent Non-Executive Directors reach tenure, after 10 years of committed service to the Orora Board.

Abi Cleland, current Chair of the Safety, Sustainability and Environment Committee (SSEC), and Sam Lewis, current Chair of the Audit, Risk & Compliance Committee (ARCC), both joined the Board in early 2014.

The Board is working on an orderly transition plan and will ensure we continue to have an appropriate mix of skills, experience, knowledge, and diversity for the Orora Board moving forward.

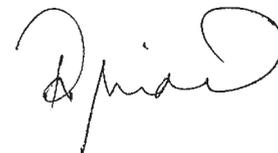
Looking ahead and acknowledgements

Orora remains well positioned for growth and we continue to assess opportunities for further deployment of capital in sustainable packaging.

Whilst global economic conditions remain uncertain, Group earnings are expected to be higher in FY24, reflecting the continued resilience of the business.

Orora continues to provide investors with a robust and defensive earnings profile and strong growth prospects, favourably positioned in sustainable consumer packaging.

I would like to thank our shareholders for their ongoing support and express my sincere appreciation to Brian and the global teams that have delivered this year's very positive result for all of our stakeholders.



Rob Sindel
Chair

A message from the Managing Director and CEO



"The safety and health of our team is a fundamental and ongoing commitment at Orora."

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As we marked our tenth year as an ASX-listed company, the Orora team delivered another solid financial result in FY23, reporting increases in EBIT and Earnings Per Share (EPS), against a backdrop of ongoing challenging market conditions.

We continued to navigate market pressures including inflation, demonstrating the resilience of our business, and strong discipline in executing against our strategy throughout the year.

The Group reported a solid increase in earnings in FY23, with a 12.3% increase in underlying Earnings Before Interest and Tax (EBIT) and an 11.1% increase in Earnings Per Share (EPS).

Capital expenditure increased as we continued delivery of planned investments to support customer demand and secure future earnings.

Operating highlights North America

Double digit EBIT growth was delivered in North America, largely driven by strong performance in our Distribution business, where disciplined pricing management and enhanced account profitability continues to drive improvements in operating efficiency and cost to serve.

EBIT increased by 15.0% to US\$112.6 million (up 23.9% on a reported basis to \$167.2 million) while EBIT margin increased 90 bps to 5.1%.

The OPS EBIT margin improved to 5.9% (70bps), attributable to price increases executed in prior periods, active management of inflationary pressures, continued business optimisation and cost management; plus, an increase in the quality of customer earnings as our share of wallet from more profitable accounts expanded.

Segment sales revenue was down 5.1% to US\$2,190.2 million (up 2.3% to \$3,254.4 million on a reported basis), as the Manufacturing business experienced lower volumes due to the decline in broader industry activity, impacts of paper price deflation flowed through and less profitable accounts were cycled out.

During the year, Orora Visual operations were aligned under the OPS business to support operational and back-office efficiencies and to optimise growth opportunities.

With pricing disciplines firmly embedded and inflationary pressures stabilising, the focus for North America is investing in additional sales resources and capability to drive long-term volume growth.

Operating highlights Australasia

The Australasian business has again proven resilient in FY23, driving double digit revenue growth supported by higher can volumes, higher aluminium cost pass-through and cost inflation recoveries.

EBIT was in-line with expectations, up 1.8% to \$153.3 million while sales revenue was up 14.1%, driven by 2.7% net volume growth. These results were underpinned by continued strong growth in Cans volumes (up ~10%) and improved Cans product mix, supported by production efficiencies.

Both earnings and EBIT margin (14.8%) were partially offset by the impact of a reduction in Glass bottle volumes driven by lower Australian commercial wine bottles sales (export and domestic, and beer bottles). Margins were also diluted by higher aluminium costs and other inflationary impacts passed through to customers.

Volumes, revenue and earnings from new Glass products, including the carbonated water, spirits and olive oil markets, were higher than FY22 as we redeployed Glass capacity to optimise product mix.

Active investment in our multi-year capex program was ongoing in Australasia. We continue to see a preference shift to can formats with ongoing strong demand in carbonated soft drink (CSD), craft beer, energy drinks and ready to drink products (RTDs). Growth in slim, sleek and multi-size formats reflects the ongoing evolution of consumer preferences.

Incremental future earnings are expected to flow from FY24 following the can ends capacity expansion in Ballarat and installation of the multi-size can line at Dandenong in March 2023 and June 2023, respectively.

Delivering on our sustainability goals and commitments

We continued to work towards our sustainability goals under the pillars of Circular Economy, Climate Change and Community throughout FY23.

As a manufacturing leader in the Circular Economy, we continued driving initiatives to maximise the recycled content of our products. This in turn reduces Orora's greenhouse gas emissions by minimising waste and pollution.

This year we continued sourcing recycled content for manufacturing our glass containers from Australian Container Deposit Schemes (CDS). This recycled cullet is used to feed our glass beneficiation plant at Gawler in South Australia, which in its first full financial year of operation made a strong and growing contribution to our Circular Economy goals.

More than 30,000 tonnes of new cullet sources were developed during FY23, with our cullet sourcing program now active in all mainland Australian States. Overall, we achieved 38% recycled content (cullet) in glass in FY23, in line with the prior corresponding period. We remain on track as we strive towards our target of reaching 60% recycled content by 2025.

We continue to prioritise and invest in initiatives that support our Climate goals. As an energy intensive manufacturer our commitment to addressing Climate Change and reducing emissions must be unwavering. We are currently on track to reach our interim goal of 40% emissions reduction by 2035.

We expanded our efforts to optimise our energy efficiency and mix in FY23 as we prepare for the global energy transition ahead. We ordered our first electric tractor (truck) in North America and continued to procure warehouse-based electric vehicles as part of a multi-year strategy to electrify our OPS fleet. In Australasia, we entered into a Solar Power Purchase Agreement (PPA) as part of our ongoing renewable energy initiatives to procure greenhouse gas-free electricity from FY24.

Protecting Health & Safety

We continued to prioritise action for our people and communities under our Community sustainability pillar. The health and safety of our people remains a fundamental and ongoing commitment at Orora.

In FY23, we embedded the final elements of the GISIP (Global Integrated Safety Improvement Plan) into our FY23 – FY25 Global Health & Safety Strategy, which is focused on high-risk activities, improving effectiveness of critical controls, incident reporting and governance processes.

Our Stay Safe rules were communicated across global operations this year, targeting 10 high-risk activities to educate and empower team members to stop work and speak up at any time if they believe conditions are unsafe.

Lost Time Injury rates remained relatively stable year-on-year; however, we experienced a disappointing increase in largely preventable, low severity injuries in FY23. One serious injury was regrettably recorded at our Glass facility. Extensive risk assessments have been undertaken and proactive controls implemented.

We are confident safety performance will improve through focused continuous improvement and driving existing programs. This includes the implementation of Critical Control checklists in FY24 to verify critical controls for our highest-risk activities are in place and effective.

We are One Orora

It was a pleasure to appoint Kelly Barlow as President of OPS and a welcome addition to our Executive Team. Kelly brings over two decades of experience in our North American business.

Work continued to align our team and leverage our strengths across the Group united by 'One Orora' in FY23.

74% of our global team participated in our 'Voice of Orora' engagement survey, providing vital insights into how we can build on our strengths and improve. The engagement score across Orora was 75%; 7% higher than general and manufacturing industry standard scores, based on the survey tool.

Driving innovation

We prioritise Innovation as one of Orora's eight core Principles and continue to invest in supporting ideas that will make Orora better through our Think Orange Fund.

Our Beverage business launched *Helio*, a first-to-market decoration and high-speed digital printing solution, providing customers with fast turnaround and smaller quantity print runs. Our OPS business focused on enhancing their business model and customer value proposition through further investment in digital capabilities.

Looking ahead

With robust cash generation and a strong balance sheet, we remain well positioned for future growth.

Whilst global economic conditions remain uncertain, Orora Group earnings are expected to be higher in FY24. In North America, further margin accretion through account profitability programs and a continued focus on cost management, is expected to be largely offset by ongoing volume softness. In Australasia, continued strength in Cans with incremental volume growth from recent investments is expected to offset the ongoing softness in Glass from lower commercial wine volumes.

Orora's FY23 performance is a testament to the dedication of all team members; thank you and well done. I'd also like to thank our customers for continuing to partner with Orora, allowing us to design and deliver products and services that enable their brands to thrive.



Brian Lowe
Managing Director and CEO

We are One Orora

Throughout FY23 we continued to embed our shared understanding of what it means to be Orora today across our global team, starting with our leaders.

In FY21, we reviewed all the ways we have defined Orora since inception. We consolidated how we express the essence of Orora, what we do and how we do it, to take the best of who we are and our past, into the future. One Orora is a culmination of the artefacts that make up our DNA – emerging from our team, culture and strategy.

Through One Orora, we recognise the things we have in common, that unite us across our portfolio – our promise, purpose and our strategy – guided by our principles and underpinned by our values. One Orora builds our ambition into our purpose, reflecting our desire to lead and our resolve to be better.

We also celebrate the things that set us apart and how we leverage our differences as a source of strength – our identity and the unique nature of each Orora business, the diversity of our operations and the talents of our team.



Leading as One Orora

In March 2023, just under 100 of Orora's global leaders convened in Sydney, Australia, for our One Orora Leading for the Future conference.

The event reunited our leaders, connecting and inspiring them, and provided an important springboard for taking One Orora to the next level.

Amongst a range of activities, leaders participated in Innovation workshops, highlighting a strategic principle central to our growth. They explored solutions to anticipated business challenges and opportunities that can be brought to fruition over time and planned for the next phase of Orora's journey.

Orora Group strategy update

Orora remains well positioned for our current investment and growth phase, with disciplined execution of strategy throughout the year delivering a solid increase in Group earnings.

By maintaining a steadfast focus on delivering our strategic priorities throughout FY23, we achieved strong earnings growth through optimisation gains in North American Distribution and continued resilient earnings performance in Australasia, where we also increased capital investment to support future earnings growth.

Orora's strategic pillars

The three core pillars of Orora's strategy continue to form the basis for strategic planning, drive focused business activity across our portfolio and enable us to capitalise on growth opportunities as they emerge.

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

We maintain a disciplined focus on creating value for customers and shareholders, as we continue to leverage the core capabilities of the Group to maximise the effectiveness of our businesses. Investment is supported by increasing innovation and supplemented by an ongoing focus on optimisation opportunities and operational efficiencies.

Our growing and defensive earnings profile is underpinned by our leadership positions in attractive markets, the diversified and unique nature of Orora's operations and our broad customer base.

Cash flows are expected to remain robust and 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 on-market buybacks, may be undertaken as the Board deems appropriate.

We continue to target market segments with appealing growth and financial return characteristics. Our rigorous approach to capital allocation ensures any growth opportunities are assessed thoroughly and only value-add investments that meet our stringent return criteria are pursued.

Our strategic principles

Our strategic principles enable the three pillars of our strategy. They serve as a lens to help us ensure that Orora's business decisions, strategic initiatives and day-to-day activities are focused to drive positive momentum towards delivering our strategy.



Principle in focus Customer value-add

Customer value-add is one of eight Orora strategic principles. We partner closely with our customers, striving to deliver over and above their business needs.

Our customers are at the heart of everything we do – their wins are our wins and we proactively seek opportunities to exceed expectations, solve complex problems and realise opportunities.

We continually build and expand our offering, through enhanced product and service capabilities.

In Beverage we have a dedicated Innovation and Design (I&D) team, plus an in-house Decoration Centre of Excellence (DCE), which has a bespoke, world-class pre-press and online digital proofing capability.

In FY23, we supported Campari in their operations and by delivering new, value-adding innovations in primary packs.

Using innovative inks and varnishes for increased appeal and creating occasions for our customer's brand to maximise connection with consumers, Orora demonstrated how we could bring these features to life at scale.

These truly unique decoration capabilities add value for Beverage customers offering them a market-leading competitive advantage.

In North America, OPS corrugated manufacturing has a key customer in Korean instant noodle leader, Nongshim. The partnership began in 2019 with a lithographic print label order; but as digital print is a strategic growth driver for OPS, we took the next opportunity to present a digital print alternative to Nongshim.

Nongshim opted for digital print, using a more sustainable, water-free UV ink process. Over the next three years we worked on 15 print runs representing Nongshim's various brands, and currently run four different print styles for the noodle giant, with our leading capabilities supporting new products' speed to market.

We look forward to continuing to find new ways to add value for Nongshim and all our OPS customers.

Progress against strategic priorities

Each Orora segment has a clear set of strategic priorities aligned to our three strategic pillars. In FY23, we maintained our steadfast focus on delivering these priorities realising progress across both North America and Australasia to firmly position Orora for growth.

Our strategic priorities

	Optimise to grow	Enhance and expand	Enter new segments	FY23 progress
North America – OPS	<ul style="list-style-type: none"> Ongoing account profitability discipline Enhance sales force effectiveness Refine core business processes Continued integration of previous acquisitions and Orora Visual 	<ul style="list-style-type: none"> Continued investment in sales force Ongoing digitisation of business model Expand custom packaging capabilities Continued assessment of footprint expansion opportunities 	<ul style="list-style-type: none"> Extend product and service offering Assess expansion opportunities (including via M&A) 	<ul style="list-style-type: none"> Continued improvement in financial performance and operating discipline, with corresponding lift in EBIT margin Critical business model enhancements introduced, including improved digital and customer interaction Initiated integration of Orora Visual into OPS Continued assessment of M&A opportunities to expand market reach and product capabilities
Australasia – Beverage	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 Ongoing enhancement of eCommerce capability 	<ul style="list-style-type: none"> Expand current substrates into new categories Explore potential ANZ adjacencies Continue to assess opportunities to expand operating footprint in attractive offshore markets 	<ul style="list-style-type: none"> Construction completed for installation of new multi-size can line at Dandenong, Victoria and expansion of can ends capacity at Ballarat, Victoria Construction commenced on a new multi-size can line at Revesby, New South Wales, expected to come online in FY25 New cullet beneficiation plant at Gawler, South Australia to drive increased recycled content in glass bottles fully operational Commenced site preparations for an Australian-first upgrade of our G3 furnace to oxyfuel technology at Gawler, South Australia Continued assessment of M&A opportunities in ANZ adjacencies and offshore expansion

Shareholder value blueprint

Our three strategic pillars are also fundamental to Orora's blueprint for shareholder value creation.

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.

Three key components drive Orora's TSR performance as 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 associated with the investment.

This is key to our balanced and disciplined approach to capital allocation and enables us to make appropriate investment decisions across each strategic pillar.

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

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

TSR Component	ORGANIC GROWTH		RETURNS-FOCUSED INVESTMENT			CAPITAL MANAGEMENT		
Strategic Pillar	Optimise to grow			Enhance and expand	Enter new segments	Disciplined approach to capital allocation		
Element	Australasia	North America	Capital investment	Acquisitions		Sustainable dividend	Potential additional capital returns	Sensible leverage
	<ul style="list-style-type: none"> GDP sales growth Enhanced by innovation and customer wins 	<ul style="list-style-type: none"> GDP sales growth Supplemented by market share gains and increased share of wallet 	<ul style="list-style-type: none"> Enhance digital capabilities, particularly in North America Enhance sustainability, capacity and product capabilities across portfolio Customer-backed growth projects 	<ul style="list-style-type: none"> Beverage footprint expansion in ANZ and offshore Expand aluminium and glass product capability in ANZ Expand product and service capabilities in North America 	<ul style="list-style-type: none"> Complementary adjacencies – near-term focus in ANZ 	<ul style="list-style-type: none"> Payout ratio of 60%–80% Franked to the extent possible 	<ul style="list-style-type: none"> Assessed when appropriate On- or off-market buybacks Special dividends/capital returns 	<ul style="list-style-type: none"> Target leverage at 2.0–2.5x EBITDA (excluding AASB 16)
	RETURN TARGETS		Lower	Premium to WACC	Higher			

Sustainability at Orora

Informing our strategy

In FY18, Orora engaged external consultants to conduct a materiality assessment that would identify and validate the material risks and opportunities important to Orora and our stakeholders.

The assessment included an analysis of internal and external sources, extensive internal and external stakeholder interviews, review and consolidation, and workshops to validate materiality aspects and how they would be prioritised.

Outcomes of this assessment have since been regularly updated and used to inform our risk register, to frame and focus our sustainability reporting, and to support the development of our refreshed approach to sustainability, including directing targets and initiatives (announced in FY21) under our Circular Economy, Climate Change and Community sustainability pillars.

Through our sustainability governance model, the strength and openness of our relationships with customers and

investors, and the ongoing feedback we invite from our people and communities, we continue to evolve our approach through collaboration and continuous improvement.

Our obligations as a signatory to the UNGC continue to frame our sustainability approach to ensure compliance with applicable requirements (including the ASX Corporate Governance Council's Recommendation 7.4) and consider emerging landscapes and expectations.

Key materiality aspects

Our assessment identified six priority materiality aspects common across internal and external stakeholder inputs. These aspects are directly linked to our three sustainability pillars and have shaped the priority focus areas within Orora's sustainability approach.

Priority materiality aspects	Description	Sustainability pillar
INNOVATION & PRODUCT DESIGN	Implementing best practice technologies and processes to improve product efficiency, productivity and sustainability. Promoting innovation in design to meet evolving customer and consumer expectations and needs.	 Circular Economy
BUSINESS ETHICS, TRANSPARENCY & CULTURE	Ensuring appropriate governance and conducting business with ethics, integrity and transparency. Enriching the lives of our team and communities, prioritising safety and health, and diversity, equity and inclusion.	 Community
RESPONSIBLE SOURCING	Understanding the supply chain and identifying associated risks to integrity including protection of human rights.	 Community
PRODUCT STEWARDSHIP	Use of recycled or reused products, and engaging with customers and end users on appropriate disposal and reuse to minimise waste and maximise renewal.	 Circular Economy
RESOURCE MANAGEMENT	Ensuring sustainable management of resources, material use management and reducing the lifecycle impacts of products.	 Circular Economy
CLIMATE CHANGE, ENERGY USE AND GHG EMISSIONS	Addressing the risk of climate change by working in ways that actively manage energy use to minimise pollution and waste, and reduce greenhouse gas emissions and climate impact.	 Climate Change

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Sustainability governance

Directing our strategy

The Orora Board oversees and approves our strategic direction, retains oversight of material sustainability risks and opportunities, and the effectiveness of our corporate governance, and operates through the Safety, Sustainability and Environment Committee (SSEC).

Our Global Management Team (the CEO and Executive Leadership Team) oversees our corporate sustainability strategy, targets and material sustainability activities. The Continuous Disclosure Committee (CDC) approves market release of sustainability performance data.

Each Orora segment has sustainability as a standing agenda item for all leadership team meetings to govern business sustainability strategy and activities, in line with our corporate sustainability strategy. Working groups are established as required to drive initiatives and projects that contribute to our targets and meet the expectations of our stakeholders.

Reporting our performance

We report on our sustainability activity annually through the Communication on Progress (CoP) to the UNGC, outlining the actions we've taken to further implement the UNGC's Principles on human rights, labour, environment, and anti-corruption.

We also continue to support the CDP^[1], voluntarily disclosing information under the Climate, Water and Forest Risk sections. As part of our commitment to sustainable operations, we achieved a FY22^[2] score of C for Climate, B- for Water and C for Forest Risk in FY23.

Orora also submitted an annual report to the Australian Packaging Covenant (APC) in FY23^[3] and was assessed as being in the highest 'Beyond Best Practice' category.

To further improve Orora's sustainability disclosures, KPMG were engaged to provide Limited Assurance over some of the FY23 metrics reported in the Sustainability at Orora section of this Annual Report. A copy of the KPMG Limited Assurance Report is on page 24.

Our Governance model



[1] CDP, formerly known as the Carbon Disclosure Project.

[2] FY22 CDP scores are included in Orora's FY23 reporting, as CDP releases scores for the prior year each March.

[3] APCO 2022 Annual Report and Action Plan for Orora Packaging Pty Ltd: https://ororagroup.com/Orora_APCO_Annual_Report_2022

Our Promise to the Future

At Orora, we care about making a difference. Our approach to sustainability is embedded across our business and central to our strategy and our journey.

It's Our Promise to the Future.

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Circular Economy

We're a proven leader in the circular economy

FOCUS AREAS

Recycled content
Recyclable packaging
Recyclable substrates
Certification

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 (APC) organisation.

*pre and post-consumer



Climate Change

We're committed to addressing climate change

GHG reduction
Energy efficiency
Renewable energy
Climate risk analysis

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

We 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 confirmed over time and will require advances in technology.



Community

We're working to enrich our communities

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

Prioritising action for our people and our communities

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 sustainable approach

In FY22, we reviewed our material sustainability risks and opportunities to refresh our sustainability strategy and set new goals; redefining the pillars of our program to **Circular Economy, Climate Change** and **Community**, informed by insights from our materiality assessment.

Orora's sustainability program is ambitious, aligned to the Orora values and to the expectations of our people, customers, investors, regulators, and the communities in which we operate.

Our diverse portfolio sees us take a broad approach to managing sustainability risks and maximising opportunities.

We work across a wide range of focus areas, with some being business or location specific. Many of the activities underpinning our pillars are ongoing and have been part of how we operate for many years.

OUR FY23 PROGRESS

- ✓ Achieved 38% recycled content (cullet) in glass, in line with the prior reporting period.
- ✓ We averaged 57% recycled content in our corrugated board manufactured by OPS, an increase of 3% from FY22.
- ✓ Completed construction for the installation of a new multi-size can line at Dandenong, Victoria.

- ✓ Expanded our can ends capacity at Ballarat, Victoria.
- ✓ Commenced construction on a new multi-size can line at Revesby in New South Wales.

LOOKING AHEAD TO FY24

- Increase levels of recycled cullet in our glass containers as we strive towards our target of 60% recycled content by 2025.
- Expand cullet sourcing as the new Container Deposit Scheme comes online in Victoria, Australia.
- Explore new ways to utilise and maximise recycled content or products in OPS.
- Continue to convert North American customers to fibre-based solutions.

- ✓ Commenced site preparations for the Australian-first upgrade of our G3 furnace to oxyfuel technology at our Gawler glass manufacturing plant. Design of our oxy-fired plant infrastructure is well progressed.
- ✓ Expanded efforts to increase electrification in Beverage signing a new foundational PPA with Epic Energy for 100% offtake from their Mannum Solar Farm in South Australia.

- ✓ Total Scope 1 and 2 greenhouse gas emissions decreased by 4.84% [utilising Market-based factors for Scope 2] and 12.98% [utilising Location-based factors for Scope 2] from the FY19 baseline year.
- ✓ Commenced examination of Scope 3 greenhouse gas emissions.
- ✓ Ordered our first electric tractor (truck) in a multi-year strategy to electrify our OPS fleet.

- Continue examination of Scope 3 requirements.
- Commence building the oxygen plant at Gawler, as one of our integral carbon reduction initiatives.
- Continue our work with industry partners to assess the potential use of low carbon fuels to support reduced emissions.
- Continue making smart use of energy sources, increasing energy efficiency and expanding electrification.

- ✓ 74% of Orora's 4,600+ team members responded to 'The Voice of Orora' engagement survey in March 2023. Results revealed a Group engagement score of 75% – 7% higher than general industry and manufacturing industry standard scores.
- ✓ Implementation of our FY23 – FY25 Global Health & Safety Strategy began.
- ✓ Orora Stay Safe rules were implemented across all operations.

- ✓ Developed new Critical Control checklists to enhance safety controls.
- ✓ Continued Unconscious Bias training in OPS for the direct reports of our senior leaders.
- ✓ 222 leaders and team members across Orora have attended culture shaping workshops to date. The culture program continues to be rolled out.

- Deliver next stage of Stay Safe rules to drive SIF prevention and launch Critical Control checklists.
- Deploy further culture shaping workshops across Orora.
- Provide Harassment and Discrimination Prevention training at OPS.
- Launch our DE&I Council in Australasia. Continue DE&I activities in North America.
- Execute action plans arising from the FY23 employee engagement survey.



Circular Economy

Our Promise:

60% recycled content^[1] for Orora glass beverage containers by 2025

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Our role in the circular economy is to examine and implement ways to maximise the recycled content of our products to ensure they can be continually recycled, minimising waste and pollution and reducing greenhouse gas emissions.

Maximising the life of resources by recycling them

We continue to work towards maximising the recycled content in our manufactured packaging products and visual solutions.

We are focused on innovating to increase the waste glass [cullet] used in our bottles, enhancing the level of recycled content in our cans and producing corrugated board and visual solutions from recycled materials.

Sourcing recycled glass cullet

Orora continued our recycled cullet sourcing efforts in FY23, having developed supply chains to access cullet derived from all Australian State Government Container Deposit Schemes [CDS].

We continue to strive towards our target of reaching 60% recycled content in the glass containers we manufacture by 2025. There was an average of 38% recycled content^[1] in Orora's glass containers sourced from CDS in FY23.

We use approximately 80% of the recycled cullet derived from South Australia's CDS and the majority from Western Australia's 'Containers for Change'. Orora proudly partnered with Containers for Change to sponsor the 2023 Change Maker Awards, celebrating local individual and organisational efforts to save containers from landfill.

We continue to collaborate with CDS coordinators and operators to maximise the use of cullet and we look forward to participating in Victoria's CDS when it commences in FY24. More than 30,000 tonnes of new cullet sources were developed during FY23, with our cullet sourcing program now active in all mainland Australian States.

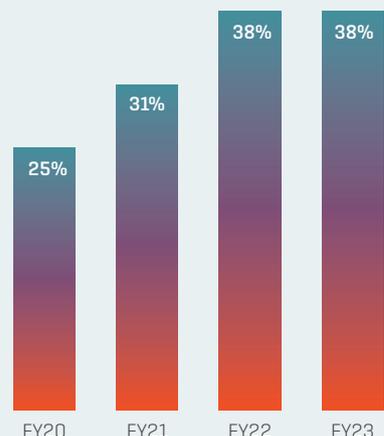
Achieving advances through glass beneficiation

Glass can be recycled endlessly by crushing, blending, and melting it together with sand and other starting materials.

Our glass beneficiation plant at Gawler in South Australia was commissioned in July 2022 to propel the use of recycled glass cullet and divert more cullet from landfill, reducing the need for virgin materials to be used in production.

Orora's significant ~\$25.0 million investment in the beneficiation plant was supported by an \$8.0 million grant from the Commonwealth and South Australian governments through the Recycling Modernisation Fund. Throughout FY23 the facility made a strong and growing contribution to our Circular Economy goals.

Recycled content (cullet %) progress in manufactured glass products
Target: 60% recycled content



[1] This is the proportion of pre and post consumer recycled cullet of total manufactured glass products produced in tonnes.

Our Promise to the Future

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Driving increased use of recycled content across our businesses

We continue to work with suppliers to increase recycled content in Orora's aluminium cans, seeking better ways of creating a closed loop environment for recycling.

We diversified our approach to procuring aluminium coils and flat sheets in FY23, securing some supply from South Korea where product is typically comprised of up to 80% recycled content.

We achieved an average of 57% recycled content in the aluminium flat sheets and coils used to make our cans in FY23, in line with FY22.

In North America, we averaged 57% recycled content in the manufacture of OPS' corrugated board, an increase of 3% from FY22, and continue to explore new ways to utilise and maximise recycled content.

The production of visual solutions created using Orora's eco-friendly, printable fabric comprising 100% recycled content converted from PET bottles continues to increase, as customers seek more sustainable ways to promote their products and services.

This revolutionary process reduces waste to landfill, removes used plastic from our ecosystem and minimises the use of new raw materials.

Recyclability starts with design

We emphasise building resource recovery into package and solution design. Many of our products are made from infinitely recyclable substrates with high material circularity. This means they can be transformed and recreated, time and time again.

The aluminium we use to create Orora cans is infinitely recyclable and we return scrap aluminium to manufacturers for recycling. Beverage cans that are disposed of in recycling bins can return as a new can within 180 days.

All Orora 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.

At OPS we have been working closely with our customers to convert foam and plastic-based solutions to fibre-based solutions, including corrugated, folding carton and paper pulp.

OPS signed an exclusive contract with Flexi-Hex Ltd in FY23 for the distribution of FSC-certified, fibre-based recyclable sleeves in North America, which provide a sustainable alternative to bubble wrap and foam commonly used for packing.

Teams across our segments again celebrated Orora's commitment to our Circular Economy pillar and to recycling by participating in national sustainability events including America Recycles Day and Australia's National Recycling Week.

Drive for sustainable packaging boosts demand for cans

Cans are an infinitely recyclable sustainable packaging option, convenient for many purposes and importantly, are produced from aluminium which contains recycled content.

The sustainable nature of cans is boosting demand for can manufacturing, as beverage makers and consumers actively seek out more sustainable packaging.

Growing our Cans business also generates wider sustainability benefits. Having facilities located near high population areas reduces the number of domestic truck transfers required for deliveries and contributes to a reduction in CO₂ emissions. At Dandenong, almost a third of our wastewater will be recycled and reused via our onsite water treatment plant, significantly reducing use of fresh water to run our new can line.

Our significant investment in Cans enables Orora to meet the escalation of demand in the craft beer, seltzer and non-alcoholic drinks segments, and demonstrates our commitment to supporting our Beverage customers' growth into the future.



Our onsite water treatment plant at Dandenong.



Climate Change

Our Promise:

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

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We are addressing climate change by understanding the risks and opportunities it poses, reducing gross greenhouse gas emissions across our business and making smart and renewable energy choices to minimise waste.

Addressing climate change risk

Since the materiality assessment which shaped our sustainability approach, we are constantly examining the sustainability landscape and engaging with stakeholders to identify current and emerging physical and transition risks and opportunities.

This informs how we best approach material risks and opportunities as part of our Climate Change pillar.

In FY22, we completed our review and implementation of recommendations from the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) with the support of independent external consultants.

The TCFD analysis explored the impact of climate change on Orora under different climate scenarios and did not identify any material risks to Orora. It confirmed that Orora's current climate change strategy is appropriate, positions us well should any risks become material, and contributes to our long-term sustainable growth. Outcomes of this analysis and actions we have taken to address or capitalise on climate risks and opportunities are available on Orora's website [ororagroup.com].

Our ongoing work and efforts to reduce gross/absolute greenhouse gas emissions and further understand potential impacts of climate change on our operations and investments recognises 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 and other regulatory expectations.

Investment and innovation to reduce our climate impact

We are targeting net zero Scope 1 and 2 emissions by 2050 and are focused on achieving a 40% reduction in these emissions by 2035 from a FY19 baseline.

Our work to reduce our gross/absolute greenhouse gas emissions across the Group has been central to our sustainability approach for the past eight years.

We will achieve continued reductions through focused investment, the application of new technology, utilising increased recycled content in our manufactured products and deploying renewable electricity sources.

Ongoing innovation to increase the recycled content in our beverage containers contributes to the circular economy, generates less waste and reduces our greenhouse gas emissions.

We have developed a Life Cycle Assessment (LCA) tool in OPS to assist customers to analyse and compare the carbon footprint of different packaging solutions and support more informed and sustainable decision making.

In FY23, we commenced site preparations for the Australian-first upgrade of our G3 furnace to oxyfuel technology at our Gawler glass manufacturing plant in South Australia. Design of our oxy-fired plant infrastructure is well progressed.

Our Promise to the Future

Orora's ~\$40 million investment, announced in FY22, is supported by a Federal Government grant of \$12.5 million under the Modern Manufacturing Initiative – Manufacturing Translation Stream of the Recycling and Clean Energy program.

Following this upgrade, the G3 furnace will move into the top 10% of energy efficient furnaces worldwide. It will not only deliver a step-change reduction in fossil fuel use, but also reductions in nitrogen oxide and carbon dioxide emissions, providing customers with a more sustainable option.

Orora's FY23 emissions performance

Since FY19 we have reduced emissions by 12.98% (Location-based factors Scope 2) and 4.84% (Market-based factors Scope 2), as demonstrated in the graphs. This is a marginal decrease in emissions compared to emissions recorded for FY22.

Addressing Scope 3

This year we began our examination of Scope 3 requirements for Orora and we will continue this during FY24.

Energy efficiency and smart use of energy sources

Our drive for energy efficiency continued in FY23, as we identified opportunities for continuous improvement as part of operations optimisation.

In North America, we ordered our first electric tractor (truck) in a multi-year strategy to electrify our OPS fleet. Expected in the first half of FY24, the tractor will be used to make deliveries in Southern California, as we continue to procure warehouse-based electric vehicles as leases arise for renewal in OPS, with over 70% of these fleet vehicles now electric.

We are focused on efficiency in gas and electricity use to further reduce our greenhouse gas emissions. Orora has been a very early adopter of using renewables in manufacturing, finding alternative ways to purchase, produce and use electricity to help ensure we can make smart use of available renewable electricity sources.

80% of the electricity used by Orora Beverage in Australia in FY23 came from renewable sources. Our long-term Power Purchase Agreements (PPAs) with renewables providers continue to supply wind generated electricity to Beverage operations on Australia's east coast. In FY23, we signed a new foundational PPA with Epic Energy for 100% offtake from the Mannum Solar Farm, which will provide our South Australian facilities with access to 35MW of solar generated electricity from FY24.

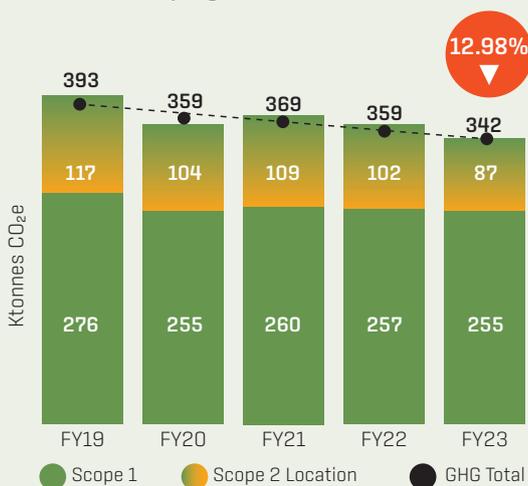
We continue to explore opportunities to expand our use of solar electricity, with systems in place at sites in New Jersey, USA and Gawler, Dudley Park, Ballarat and Rocklea in Australia. OPS sites in Illinois are powered by solar via an established supply agreement. We are also working with landlords on plans to install rooftop solar at two sites in Buena Park, California to enable Orora to access and purchase solar supply, rather than electricity from the grid.

As we prepare for the energy transition that lies ahead, we will take a balanced and economically prudent approach to our energy resource mix.

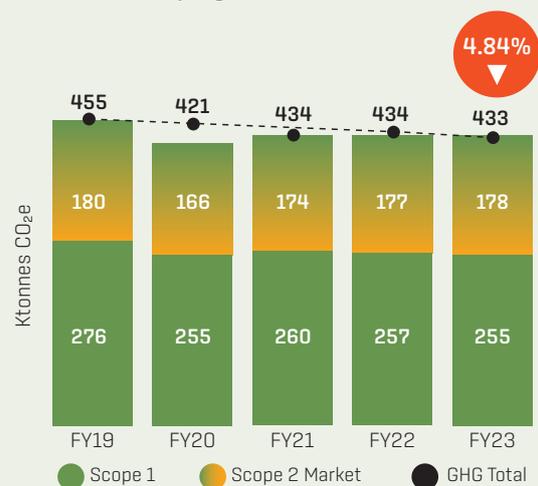
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Our progress on greenhouse gas emissions reduction ^{[1][2]}

GHG reduction progress*: Location-based factors



GHG reduction progress*: Market-based factors



* From FY19 baseline to FY23.

* From FY19 baseline to FY23.

[1] Covers 1 July 2022 to 30 June 2023 and includes all Orora Group entities. All actual kilotonnes have been rounded to the nearest hundred. Scope 1 and 2 greenhouse gas emissions are measured in tonnes of carbon dioxide equivalents. Scope 1 emissions include natural gas, raw material combustion in furnace for glass, transport and LPG. Scope 2 emissions include indirect emissions from consumption of purchased electricity utilising Market-based and Location-based factors as stated. Both Market and Location-based emissions factors for the consumption of purchased electricity from the grid are updated annually to reflect changes in energy mix. Scope 1 and 2 emissions are reported for Australian operations utilising the NGER Act and under the GHG Protocol Standard for operations outside of Australia.

[2] Greenhouse gas emissions have been restated from those disclosed in the 2022 Annual Report due to reporting errors in energy at OPS Manufacturing locations (as follows). FY19: an increase of 10kt (4%) S1 CO₂e. FY20: an increase of 10kt (4%) S1 CO₂e. FY21: an increase of 7kt (3%) S1 CO₂e. FY22: an increase of 8kt (3%) S1 CO₂e. Further, an increase of 0.46kt [0.5%] S2 CO₂e Location-based and a decrease of 0.37kt [-0.2%] S2 Market-based, due to OPS end-of-year invoice adjustments.

Working with global partners and local industry groups that share our goals, we continue to examine opportunities for Orora to transition to lower emissions technologies. This ranges from trialling different lower emissions emitting furnace technologies with International Partners in Glass Research (IPGR), to exploring the use of hydrogen as an alternative fuel with South Australia's hub-to-hub Hydrogen Technology Cluster in the Barossa Valley.

Eco Targets drive focused improvements^{[1][2]}

Orora's Eco Targets, the second set since Orora commenced operation in 2013, aim to reduce our CO₂ emissions, waste to landfill and water use over five years from a baseline of FY20, through to 30 June 2024.

We have demonstrated solid progress towards our FY24 goals in our Distribution business during the third year in this Eco Target program, but Eco Target performance declined this year in the Production business.

This was primarily due to production volume declines, increased non-recyclable waste generation, water use due to facility upgrades, and increased water use in some facilities.

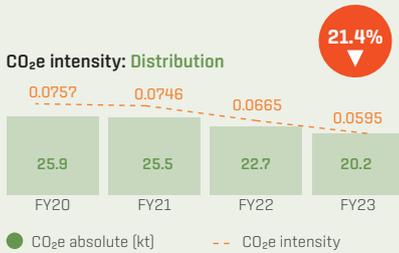
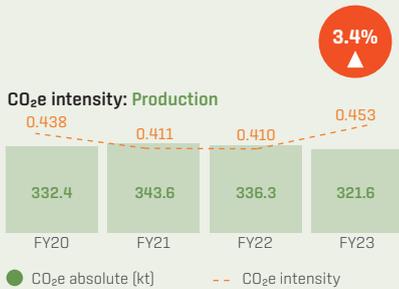
Orora will in part address increased water consumption for the Production business through the full operationalisation of a revolutionary water and chemistry-free plate-making process at all four OPS Orora Visual locations in North America during FY24.

This project was sponsored by Orora's Think Orange Innovation Fund and is expected to deliver estimated water savings of more than 2 million litres per year and eliminate the use of 9,000 litres of chemicals.



CO₂ emissions

Target: 5% reduction in emissions ratio intensity



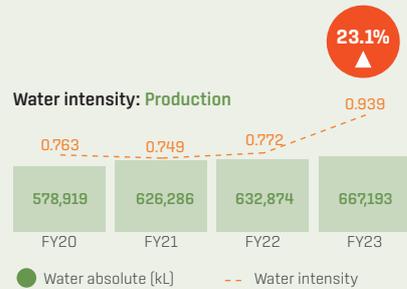
Waste to landfill

Target: 5% reduction in waste to landfill ratio intensity



Water use

Target: 5% reduction in water use ratio intensity



[1] All data relates to the period 1 July 2022 to 30 June 2023. Eco Target CO₂ emissions are calculated as per footnote 1 on page 19, but utilising Location-based factors for Scope 2 emissions. Waste to landfill includes solid waste to landfill that is not solid material diverted from landfill e.g., reused, recycled, repurposed, composted or converted to energy. Water use is measured in kilolitres ('000 L). Waste to landfill and Water scope is for all activities under operational control of Orora Group.
 [2] Production facilities include Beverage facilities in Australia and New Zealand and for OPS CorruKraft and MPP facilities in North America. Distribution facilities include all other sites including Landsberg, Pollock and Orora Visual in North America. Eco Targets are measured as ratios against metrics that reflect the primary business activities of Orora and are divided into metrics for production of packaging (measured against tonnes produced) and distribution of packaging (measured against floor space square metres).



Community

Our Promise:
Prioritising action for our people and our communities

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

The safety of our people is a fundamental and ongoing commitment at Orora – no injury or illness is ever acceptable, and we believe all are preventable.

In FY23, we embedded the final elements of our Global Integrated Safety Improvement Plan (GISIP) into our FY23 – FY25 Global Health & Safety Strategy (Strategy) and began implementation.

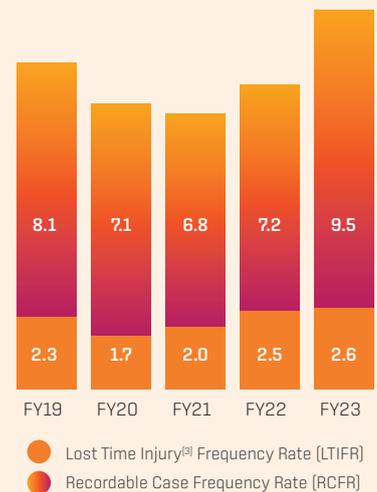
Our Strategy was developed in consultation with key stakeholders across Orora. It builds on work completed as part of GISIP and sets out actions for the next three years to further improve the safety, health and wellbeing of our team. It details how we will continue to build awareness, capability, and accountability to achieve our objectives, and provide the safest possible workplaces.

The Strategy builds on our Health & Safety Framework, which aligns with international safety standards^[1] and enables our One Orora approach to improve consistency and efficiency. It is supported by a full implementation plan and progress is measured against key performance indicators.

Health & Safety governance

Over the past three years, we have embedded Health & Safety governance through the Board Safety, Sustainability and Environment Committee (SSEC), the Global Management Team (GMT), GISIP SteerCo and the Health & Safety Leadership Team (HSLT).

Safety performance^[2]



This structure sets a strong foundation for our One Orora approach to safety, executed through our Strategy, and includes quarterly and annual reporting.

Health & Safety Management System

In FY23, we developed and implemented our high-risk safety procedures including Contractor Management, Hazard Identification and Risk Management, to manage risks consistently and effectively. Across the Group, we continue to complete action plans arising from the internal assurance audit in FY22. Safety assurance surveillance audits will be conducted in FY24, supported by in-person safety coaching and remote desktop audits.

[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 determined 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 determined 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.

[3] Lost Time Injury (LTI) is defined as a work-related injury or illness resulting in a worker being unable to work for a full scheduled shift (other than the shift in which the injury occurred). A full scheduled shift is regardless of shift length or duration (e.g., two hours or 12 hours). The LTI must be certified by a medical professional.



Our FY23 performance

While Lost Time Injury Frequency Rates (LTIFR) remained stable year-on-year, our Recordable Case Frequency Rate (RCFR) increased by 2.3. We experienced an increase in largely preventable, low severity injuries in FY23. This primarily related to musculoskeletal injuries (sprains and strains), cuts and lacerations associated with manual handling tasks, slips and trips or operation of plant and equipment. While the level of incident reporting has improved transparency through increased rigour in processes and greater awareness of requirements, this result is disappointing.

We are confident safety performance will improve through focused continuous improvement and driving existing programs, which aim to identify and manage hazards before they lead to injury.

Serious Injury or Fatality (SIF) Prevention

Ongoing improvements in reporting as part of our SIF Prevention Program led to a moderately higher number of potential SIFs reported in FY23 (38 compared to 32 in FY22). One actual serious injury was regrettably recorded at our Glass facility in Gawler, South Australia. The circumstances of this incident have undergone extensive risk assessment and proactive controls were implemented to prevent any recurrence.

In FY22, we identified and communicated 10 high-risk activities that have the potential to cause SIFs and how to manage them through the Stay Safe rules. These empower team members to STOP WORK if they feel unsafe and to TAKE 5 before starting work. The Stay Safe rules were implemented across all operations in FY23, through focused communication, emphasising the requirements for each rule.

In FY23, we collaborated with key stakeholders to develop Critical Control checklists; to verify that critical controls for our highest risk activities are in place and effective.

Driving health and safety culture

Our FY23 employee engagement survey revealed that our people know health and safety is a priority at Orora. 95% of respondents said they had a good understanding of Orora’s health and safety rules and procedures, while 88% reported that Orora provides a safe work environment and always works in safe ways.

We intensified our focus on driving our health and safety culture through leaders’ communication, and relaunched Safety Leadership Tours (SLTs) in FY23 as informal, one-on-one interactions between senior leaders and team members to emphasise that workplace safety is everyone’s responsibility. Orora Beverage continued behavioural awareness programs to address adverse behaviours that may put people at risk, while OPS focused on raising awareness, embedding health and safety into meeting agendas and day-to-day engagement.

Caring for team member wellbeing

Orora’s holistic approach to the individual wellbeing of team members encompasses emotional, physical, social and financial aspects. In FY23, our commitment to wellbeing was delivered through a range of initiatives including:

- Mental health remained a wellbeing priority for our North American Diversity, Equity & Inclusion (DE&I) Council, promoting internal awareness and education campaigns on this and other priorities such as mens’ health and breast cancer.
- Beverage Cans team members were trained to co-facilitate and rollout the iBelong ‘Call it out’ program across the Cans business; designed to support a psychologically safe workplace, free from bullying, harassment, discrimination and negative behaviours.

The Voice of Orora

Orora has 4,600+ team members, with more than 3,500 in North America and just over 1,100 in Australasia. In March 2023, we conducted our ‘Voice of Orora’ employee engagement survey, with a pleasing response rate of 74%.

Our engagement score across Orora was 75%; 7% higher than general industry and manufacturing industry standard scores^[1].

Leaders communicated survey results to their teams towards the end of FY23 and action planning for improvements has commenced.

Our Orora culture program

The global Our Orora culture program is moving our culture from ‘good’ to ‘great’ and creating an innovative, high performing and inclusive work environment where our team members thrive.

To date, 222 Orora leaders and team members have attended culture shaping workshops, supported by specialised external consultants. This year we focused on upskilling Orora leaders to become program facilitators. Nine leaders are now trained to facilitate the program and we will develop this cohort as we continue to rollout the culture shaping program. The program is being successfully reinforced by ‘culture champions’ and regular communications.

Diversity, Equity & Inclusion (DE&I)

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. Our focus on equity and inclusion enables team members with different backgrounds, varied abilities and ways of thinking to bring their best selves to work.

We continued our DE&I activities this year in accordance with our DE&I Policy and in pursuit of the measurable objectives approved by the Board.

We again celebrated the diversity of the LGBTQ+ community across the globe during Pride Month through Orora Proud, to raise awareness and educate our wider workforce.

In FY23, females represented 30% of all external new hires meeting our 30% target, representing a decrease of 7% from FY22. At OPS, 50% of our Leadership team is currently female.

We continued Unconscious Bias training with the direct reports of senior leaders in North America, integrating elements of the training into an OPS Leadership Development Solutions program.

The North American DE&I Council launched a new intranet site to engage team members on a range of Council activities, DE&I topics and offer mental health support resources.

Our Corporate Governance Statement contains further information on our measurable objectives for achieving gender diversity.

[1] Based on the Korn Ferry survey tool.



Clear boundaries and visual cues keep people safe from site traffic

To identify risks that might contribute to safety incidents Orora Visual in New Jersey, USA conducted a gap assessment to review traffic management processes related to forklifts (or Powered Industrial Trucks – PITs) and pedestrian safety.

Site managers, supervisors and floor leads developed action plans, which were reviewed and then monitored by site leaders and Health & Safety. Orora's Health & Safety Management System enabled them to review common findings and opportunities from across Orora locations, and review best practices which could be used to address gaps.

A range of opportunities to better manage site traffic were identified, resulting in:

- Installing 500m of physical separation barriers to keep people out of areas where PITs operate,
- Displaying site maps to show traffic flow and posting warning signage in English and Spanish stating when forklifts are in use and reminding our people of traffic hazards,
- Defining and enforcing pedestrian and forklift exclusion zones, and
- Installing devices on all fleet PITs to limit speed to no more than 5mph.

These enhancements protect our team and demonstrate our commitment to creating and maintaining a safe workplace to ensure everyone returns home safely every day.

Recognising Orora Heroes

In December 2022, we again recognised individuals and teams that have excelled across Orora with our HERO Awards.

The annual global program celebrates heroic achievements and contributions to Orora across seven categories: Our People, Customer Focus, Safety, Financial Discipline, Innovation, Sustainability and Operational Excellence.

130 nominations were received in FY23, reflecting the breadth and diversity of our teams.

Women in Leadership at Orora (WILO)

In FY23, 25 talented Orora women from across the Group joined the Women in Leadership at Orora (WILO) program, now in its seventh year.

Participants attend expert-led sessions as part of this specialised development program and have dedicated coaches who are previous graduates. Graduates become part of a powerful global network, building on Orora's culture of Diversity, Equity and Inclusion.

With 154 WILO participants to date, we are cultivating a thriving global pipeline of female leadership talent at Orora.

Protecting human rights and supply chain integrity

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

We published our most recent Board approved Modern Slavery Statement in FY23, which described relevant Modern Slavery and human rights risks associated with our businesses, actions taken to address those risks and upcoming continuous improvement activities. Orora's Modern Slavery Statements are available on our website.

Each business implements actions under our Community pillar to address human rights and Modern Slavery risks. Orora Beverage implemented a new supplier onboarding process in FY23 to assess Modern Slavery risks. The process requires suppliers to qualify as an appropriate provider to Orora with an aligned ethical position and approach to Modern Slavery risks at registration. OPS undertook a review of the potential for these risks with suppliers based in Mexico and China. Orora also began the introduction of a Modern Slavery and human rights all-employee training program.

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 supply chains in line with

our values, our commitment to the Ten Principles of the UNGC and other legislative requirements.

This Policy complements our Code of Conduct and Ethics Policy and is supported by our Supplier Assurance Framework (SAF). The SAF helps us identify and mitigate potential human rights and environmental issues with suppliers.

We use a risk assessment tool to identify any high risks, which in some cases may be further assessed through Sedex (Supplier Ethical Data Exchange) or EcoVadis. Suppliers must successfully mitigate any risks via an agreed plan and may be unable to partner with Orora if unsuccessful.

Responsible fibre sourcing

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

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.

Independent Limited Assurance Report to the Directors of Orora Limited



Independent Limited Assurance Report to the Directors of Orora Limited

Conclusion

Based on the evidence we obtained from the procedures performed, we are not aware of any material misstatements in the Selected Sustainability Information, which has been prepared by Orora Limited, in accordance with the criteria for the year ended 30 June 2023.

Selected Sustainability Information

The Selected Sustainability Information comprises the following material sustainability metrics in the Orora Limited (Orora) Annual Report for the year ended 30 June 2023.

Selected Sustainability Information	Unit	FY23
Recycled content (cullet %) in manufactured glass products (Australia)	%	38
Scope 1 GHG emission	Ktonnes CO ₂ e	255
Scope 2 GHG emissions (location based)	Ktonnes CO ₂ e	87
Scope 2 GHG emissions (market based)	Ktonnes CO ₂ e	178
Percentage of renewable electricity (Australia)	%	80
CO ₂ e intensity: Production	ratio	0.453
CO ₂ e intensity: Distribution	ratio	0.0595
Waste to landfill intensity: Production	ratio	0.0042
Waste to landfill intensity: Distribution	ratio	0.0192
Water intensity: Production	ratio	0.939
Water intensity: Distribution	ratio	0.261
Recordable Case Frequency Rate (RCFR)	ratio	9.5
Diversity: Percentage of female external new hires	%	30

The Selected Sustainability Information covers Orora's Group operations in Australia, United States, New Zealand, Canada and Mexico, unless otherwise noted.

Criteria

The criteria used are from Orora management's measurement methodologies, which are aligned to the *National Greenhouse and Energy Reporting Act 2007*. A summary is provided in the data footnotes in the Annual Report ("the criteria").

Basis for Conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 (Standard). In accordance with the Standard we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the Selected Sustainability Information, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

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Summary of Procedures Performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- Interviews with senior management and relevant employees;
- Understanding the key systems, processes and controls for collecting, managing and reporting of Selected Sustainability Information;
- Reviews of relevant documentation including Orora's policies and procedures;
- Walkthroughs of key data sets and detailed analytical procedures;
- Desk-top reviews of Australia, US, Canada, Mexico and NZ data, and interviews with site managers;
- Recalculating datasets for percentage recycled content, emissions and waste metrics;
- Agreeing selected Sustainability Reporting Data to underlying sources;
- Assessing the suitability of the criteria, including key assumptions; and
- Reviewed the Orora Annual Report 2023 in its entirety to ensure it is consistent with our overall knowledge of the assurance engagement.

How the Standard Defines Limited Assurance and Material Misstatement

The procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the Directors of Orora.

Use of this Assurance Report

This report has been prepared for the Directors of Orora for the purpose of providing an assurance conclusion on the Selected Sustainability Information and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Orora, or for any other purpose than that for which it was prepared.

Management's responsibility

Management are responsible for:

- determining that the criteria are appropriate to meet their needs;
- preparing and presenting the Selected Sustainability Information in accordance with the criteria; and
- establishing internal controls that enable the preparation and presentation of the Selected Sustainability Information that is free from material misstatement, whether due to fraud or error.

KPMG

Our Responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Selected Sustainability Information for the year ended 30 June 2023 and to issue an assurance report that includes our conclusion.

Our Independence and Quality Management

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Management 1 to design, implement and operate a system of quality management

Sarah Newman
Director
Melbourne
17 August 2023

Group financial review summary

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Income statement^[1]

AUD million	2023	2022
Sales revenue	4,291.3	4,090.8
Earnings before significant items, interest, depreciation, amortisation and related tax	443.5	403.4
Depreciation and amortisation	(123.0)	(117.9)
Earnings before significant items, interest and related income tax expense	320.5	285.5
Significant items	(26.0)	-
Earnings before interest and related tax expense	294.5	285.5
Net financing costs	(47.5)	(26.7)
Income tax expense	(62.2)	(71.7)
Profit for the financial period from continuing operations	184.8	187.1

Balance sheet^[2]

AUD million	2023	2022
Cash	58.4	52.6
Other current assets	1,199.3	1,255.1
Property, plant and equipment	806.5	685.2
Right-of-use lease assets	180.7	173.7
Goodwill and intangible assets	440.1	433.2
Other non-current assets	116.8	109.0
Total assets	2,801.8	2,708.8
Borrowings	832.4	681.6
Lease liabilities	227.6	224.5
Payables and provisions	941.6	1,071.0
Total equity	800.2	731.7
Total liabilities and equity	2,801.8	2,708.8

Cash flow^[3]

AUD million	2023	2022
Earnings before significant items, interest, depreciation, amortisation and related tax	443.5	403.4
Right-of-use asset lease payments	(65.6)	(59.1)
Non-cash items	25.0	26.8
Movement in total working capital	(84.8)	(62.6)
Net base capital expenditure	(48.2)	(35.9)
Underlying operating cash flow	269.9	272.6
Cash significant items	(34.4)	(27.0)
Operating free cash flow	235.5	245.6

[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 for the year was \$4,291.3 million, up 4.9% on FY22. On a constant currency basis, sales revenue was down 0.9%, reflecting the impact on the reported result of the lower Australian dollar against the US dollar.

In North America revenue was up 2.3% to \$3,254.4 million. In local currency terms, revenue was down 5.1% to US\$2,190.2 million, largely reflecting a decline in broader manufacturing industry activity and the flow-through impacts of price deflation.

In Australasia, revenue increased 14.1% to \$1,036.9 million. This was driven by strength in can volumes and higher aluminium costs passed on to customers, partially offset by lower volumes in wine and beer glass.

Earnings before interest and tax

Underlying EBIT was \$320.5 million, up 12.3% on the prior year (up 7.7% on a constant currency basis).

North America delivered another strong financial performance, with reported EBIT increasing 23.9% on the prior year to \$167.2 million (up 15.0% on a constant currency basis). This was largely driven by the Distribution business, reflecting disciplined pricing management and ongoing benefits from the account profitability program. The EBIT margin for North America increased 90bps to 5.1%, with the OPS EBIT margin improving by 70bps to 5.9%.

Earnings in Australasia were resilient and in-line with expectations, with EBIT up 1.8% to \$153.3 million. Continued strong growth in Cans volumes, up ~10%, and improved Cans product mix was partially offset by lower Glass volumes from a slowdown in domestic and export consumer demand for Australian commercial wine, and lower beer bottle sales.

US dollar earnings were translated at AUD/USD ~67.3 cents in FY23, compared to ~72.6 cents in the prior year.

Significant item expense

During the period Orora recorded a significant item of \$18.2 million after tax (\$26.0 million pre-tax) relating to decommissioning activities for the former Petrie mill site. These additional estimated costs to complete were recognised following ongoing project review and reassessment of remediation requirements.

Balance sheet

Total assets increased by \$93.0 million or 3.4% in FY23.

The Group's centralised approach to cash management ensured cash balances remain tightly managed, with a 30 June 2023 cash balance of \$58.4 million.

Other current assets declined by \$55.8 million as a result of a decline in trade and other receivables and a reduction in inventory. Trade and other receivables reduced by \$44.4 million, reflecting lower North American revenue and the timing of aluminium pass-through recoveries in Australasia. Inventory decreased by \$11.7 million as North America normalised inventory levels. This was partially offset by higher inventory in Australasia, largely a result of higher Glass inventory to support the G3 furnace rebuild in FY25.

Net Property, Plant and Equipment (PP&E) increased by \$121.3 million as the Group enters a period of capital investment to support future earnings growth and sustainability initiatives. Capital expenditure for FY23 was \$193.8 million and included spend on the new multi-size canning lines at Dandenong and Revesby, ends capacity expansion at Ballarat, the oxygen plant and the G3 furnace rebuild at Gawler, and leasehold improvements in North America. Depreciation for the period was \$62.9 million (excluding ROU assets). The increase in intangible assets of \$6.9 million was largely driven by foreign currency impacts (\$13.5 million) and IT related additions of \$5.1 million, with amortisation of \$10.1 million for the period.

The higher capital expenditure along with an investment in working capital increased borrowings and net debt by \$150.8 million and \$145.0 million, respectively. The foreign currency translation impact on USD denominated debt was \$12.4 million.

The \$129.4 million decrease in payables and provisions was driven primarily by a decrease in trade and other payables of \$173.0 million, partially offset by an increase in provisions. The decrease in trade and other payables was a result of lower inventory purchases in North America, reflecting a decline in broader manufacturing industry activity, and lower commodity prices (aluminium) in Australasia.

The net of Right-of-Use (RoU) liability position decreased by \$3.9 million. ROU leases relate predominantly to the North American businesses, with very few leases in Australasia.

Cash flow

Orora's underlying operating cash flow of \$269.9 million was broadly in line with FY22. The Group's continued strong cash generation reflects an 8.6% increase in cash EBITDA (sum of EBITDA and non-cash items), offset by an increase in the movement in total working capital and higher base capital expenditure.

The movement in total working capital for FY23 increased by \$22.2 million from the prior year to \$84.8 million. This was primarily due to higher inventory in Glass to support the G3 furnace rebuild, partially offset by a depletion of finished goods in Cans and lower working capital in North America.

Base capex of \$48.2 million was higher than the prior year, reflecting the impact of \$13.0 million of preliminary capital expenditure relating to the G3 furnace rebuild scheduled to be completed in FY25.

Cash conversion remained strong at 70.2% (excludes base capital expenditure relating to the G3 furnace rebuild).

Corporate

Corporate costs have been allocated directly to the business segments.

As at 30 June 2023, Orora has \$500.0 million of committed undrawn debt facilities to support future investments and repayment of US\$100.0 million of USPP notes, which matured in July 2023.

During the year, the Group increased the global syndicated multi-currency facility, maturing November 2024, by \$110.0 million to \$460.0 million. The USD syndicated facility was amended and extended for USD \$100.0 million to June 2027 and the \$35.0 million bilateral facility was extended to April 2025. Commercial terms and composition of these amended and extended facilities were not materially changed. Orora also established two new bilateral facilities, comprising a \$75.0 million bilateral revolving facility, maturing January 2026, and a USD \$100.0 million term debt facility, maturing January 2028, to facilitate repayment of the USD \$100.0 million USPP notes maturing July 2023.

We remain well within all debt covenant requirements with leverage of 2.0x at 30 June 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 \$34.4 million was spent on decommissioning the site during the year (\$26.5 million in the prior year). Unprecedented rainfall levels in Queensland in FY23 and unforeseen complexities related to the remediation of the remaining and most technically complex areas of the site have resulted in delays, with a further \$26.0 million (\$18.2 million after tax) recognised in respect of estimated costs to complete. A specialist environmental consulting firm continues to be engaged to manage the completion of the remaining remediation works. The Petrie related provision at 30 June 2023 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

North America

Our Orora Packaging Solutions business in North America delivered strong earnings growth and further margin improvement, reflecting continued optimisation gains including operating efficiencies and cost to serve, whilst ensuring strong pricing disciplines.

Key points

- Sales revenue, in local currency terms, was US\$2,190.2 million, 5.1% below prior year, reflecting a decline in broader manufacturing industry activity, the flow-through impacts of paper price deflation and cycling out of less profitable customers.
- Strong earnings growth, with EBIT up 15.0% in local currency terms, driven by Distribution, and the ongoing benefits of the customer account profitability program and cost to serve.
- North America's EBIT margin improved by 90bps to 5.1%, with OPS EBIT margin improving 70bps to 5.9%.
- Operating cash flow increased by 33.0% to US\$112.5 million on the back of further earnings growth and disciplined working capital management, with cash conversion remaining strong at 89.2%.
- RoAFE increased by 140bps to 21.7%, reflecting the higher earnings.

Sales revenue
(USD)
\$2,190.2m

EBIT
(USD)
\$112.6m

Earnings^[1]

AUD million	FY23	FY22	Change
Sales revenue	3,254.4	3,181.7	2.3%
EBIT	167.2	134.9	23.9%
EBIT margin %	5.1%	4.2%	
RoAFE ^[2]	21.7%	20.3%	

USD million	FY23	FY22	Change
Sales revenue	2,190.2	2,308.3	[5.1%]
EBIT	112.6	97.9	15.0%

Segment cash flow

USD million	FY23	FY22	Change
EBITDA ^[3]	164.2	150.8	8.9%
Lease repayments	(41.1)	(40.2)	
Non-cash items	3.1	3.5	
Cash EBITDA	126.2	114.1	10.6%
Movement in total working capital	2.8	[14.2]	
Base capex	(16.9)	[15.4]	
Sale proceeds	0.4	0.1	
Underlying operating cash flow	112.5	84.6	33.0%
Cash significant items	-	[0.3]	
Operating free cash flow	112.5	84.3	33.5%
Cash conversion	89.2%	74.1%	

[1] As reported in the segment note contained within the financial statements, refer note 1.

[2] Return on Average Funds Employed (RoAFE) is calculated as EBIT divided by average funds employed.

[3] Earnings Before significant items, Interest, Depreciation, Amortisation and Tax.

Orora Packaging Solutions

OPS delivered another strong earnings result with EBIT up 15.0% in local currency terms (up 23.9% on a reported basis). The decline in broader manufacturing industry activity resulted in softer volumes, primarily in Manufacturing, contributing to a decline in revenue, down 5.1% in local currency terms.

The ongoing disciplined execution of the customer account profitability program, along with the sustained and disciplined approach to operating efficiency, more than offset volume softness and continues to deliver earnings growth and margin expansion.

With pricing disciplines firmly embedded, the business is investing to drive long-term volume growth and is well advanced with the planned recruitment of new sales resources.

Distribution

Distribution delivered strong earnings and EBIT margin growth in FY23. The double-digit earnings growth was driven by price from continued improvements in account profitability and cost to serve, as well as further operating efficiencies.

Revenue declined marginally, reflecting softer volumes in the second half of the year, which was partially offset by price.

Operations in Mexico and the eastern United States continued to perform strongly, delivering both revenue and EBIT growth, as economic headwinds impacted other regions.

Embedded pricing disciplines and a focus on cost management ensured the Distribution business actively managed inflationary pressures and operational demand.

Manufacturing

Manufacturing revenue was lower than the prior year as the business cycled 12 months of lower volumes, which are down in line with the broader industry. The flow-through impacts of paper price deflation also unfavourably impacted revenue during FY23.

Manufacturing earnings declined on the back of lower volumes, with the continued focus on operating efficiency, strong active cost management and operational excellence, partially offsetting the earnings decline.

Orora Visual

Orora Visual was aligned under the OPS business during the first half of FY23 to support operational and back office efficiencies and to optimise growth opportunities.

The effective execution of Orora Visual's business improvement programs to drive further earnings growth continues to yield improvements in operational and financial performance.

The operational improvements delivered both earnings growth and margin expansion in FY23, largely attributable to price. Revenue declined slightly due to lower volumes, partially offset by price, reflecting softness across most sectors other than retail.



OPS has secured an exclusive contract with Flexi-Hex Ltd for the distribution of FSC-certified, fibre-based recyclable sleeves in North America, providing a sustainable alternative to bubble wrap and foam commonly used for packing.

Operational review

Australasia

Our Beverage business in Australasia delivered a resilient earnings performance, with strong consumer demand for cans offsetting softness in glass, as the business invests to drive future earnings growth.

Key points

- Sales revenue was up by 14.1% to \$1,036.9 million in Australasia.
- EBIT of \$153.3 million was in line with the prior year, up 1.8%, underscoring the resilience of the Beverage business.
- Australasia's earnings performance reflects net volume growth of 2.7%, with strong volume growth in Cans and improved product mix, offsetting lower wine and beer glass volumes.
- EBIT margin declined to 14.8%, primarily reflecting the impact of higher aluminium costs, which are directly passed through to customers.
- Our Beverage operations are part-way through a multi-year growth capital expenditure program underpinned by long-term customer contracts and a commitment to sustainability.
- Return on Average Funds Employed (RoAFE) was down 280bps to 21.8%, driven by higher average working capital and capital expenditure.
- Cash conversion of 53.7% is largely attributable to the inventory build in Glass to support the G3 furnace rebuild.

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Sales revenue
[AUD]
\$1,036.9m

EBIT
[AUD]
\$153.3m

Earnings^[1]

AUD million	FY23	FY22	Change
Sales revenue	1,036.9	909.1	14.1%
EBIT	153.3	150.6	1.8%
EBIT margin %	14.8%	16.6%	
RoAFE ^[2]	21.8%	24.6%	

Segment cash flow

AUD million	FY23	FY22	Change
EBITDA ^[3]	199.5	195.6	2.0%
Lease repayments	(4.4)	(3.7)	
Non-cash items	20.3	21.9	
Cash EBITDA	215.4	213.8	0.7%
Movement in total working capital	(89.1)	(43.0)	
Base capex	(23.6)	(15.2)	
Sale proceeds	-	0.4	
Operating cash flow	102.7	156.0	(34.2%)
Cash significant items	(34.4)	(26.6)	
Operating free cash flow	68.3	129.4	(47.2%)
Cash conversion	53.7%	72.9%	

[1] As reported in the segment note contained within the financial statements, refer note 1.

[2] Return on Average Funds Employed (RoAFE) is calculated as EBIT divided by average funds employed.

[3] Earnings Before significant items, Interest, Depreciation, Amortisation and Tax.

Beverage

The Beverage business delivered a resilient earnings performance as the business navigated market pressures, with EBIT in line with expectations, up 1.8% on the prior year.

Strong revenue growth in Cans, driven by growth in volumes, was partially offset by softness in Glass and Closures from a slowdown in Australian commercial wine and inflationary pressures.

The business is part-way through a multi-year capital investment program as we actively invest for future earnings growth and to deliver on our sustainability commitments.

Cans

Revenue was significantly higher than the prior year driven by strong sales volume growth, improved product mix and higher aluminium costs passed through to customers. This sales result translated to strong earnings growth, supported by inflation cost recoveries through contract price pass-through mechanisms and operating efficiencies.

Despite capacity constraints, growth in volumes was achieved across all can formats and was up ~10% on the prior year, principally through production efficiencies, benefits from a post-COVID environment and the ongoing asset refresh program. Volume growth was also underpinned by ongoing strong demand in carbonated soft drink (CSD), craft beer, energy drinks

and ready-to-drink (RTDs) categories, which benefited from a continuation of the preference shift to can formats.

The capital investment in Cans capacity and capability reached a milestone during FY23 with commissioning in March of the ~\$30 million can ends capacity increase in Ballarat and installation in June of the new ~\$80 million multi-size canning line at Dandenong. Construction of a second ~\$85 million multi-size canning line at Revesby has commenced and is scheduled for completion in the second half of FY25. These investments are expected to contribute ~\$30 million of growth-related earnings once they are fully utilised by FY28.

Glass

Revenue and earnings were below the prior year, largely attributable to a reduction in demand for glass bottles, reflecting lower sales of Australian commercial wine bottles and lower beer bottle volumes. The business was also impacted by higher supply chain costs due to higher inventory and commodity prices. These cost impacts were partially offset through contracted and out-of-cycle price increases.

The decline in wine bottle volumes was driven by the slowdown in domestic and export consumer demand for Australian commercial wine. Beer continues to see a packaging preference shift, which has contributed to lower beer bottle sales volumes during FY23. The successful

expansion into new glass products saw further growth in volumes across the carbonated water, spirits and olive oil markets, as we continue to diversify our Glass portfolio mix.

Pleasingly, second half revenue and earnings improved year-on-year against the backdrop of challenging market conditions.

The cullet beneficiation plant was commissioned in early FY23 and site preparation has commenced for the oxygen plant to upgrade the G3 glass furnace to oxyfuel technology as part of Orora's commitment to sustainability. The oxygen plant and G3 furnace rebuild are scheduled to be completed in FY25.

Closures

Earnings performance was below the prior year, reflecting lower commercial wine bottle volumes, inflationary pressures and continued supply chain challenges related to aluminium supply in the first half of FY23.

Revenue increased on the prior year driven by price and product mix, which offset the impact of volume softness.

The business has addressed supply chain challenges by insourcing the coating and decorating of flat sheet aluminium.



Construction for the ~\$110 million installation of a new multi-size can line at Dandenong and the expansion of can ends capacity at Ballarat in Victoria is complete, with the projects to provide an incremental capacity uplift of 10% and 40% respectively.

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 2023 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 2023, 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 17 August 2023 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 2023 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**
- **T J (Tom) Gorman**
- **S L (Sam) Lewis**

Jeremy Sutcliffe retired from the Board on 31 August 2022.

Abi Cleland and Sam Lewis will reach their 10-year tenure with the Board in March and February 2024, respectively. 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, government regulations and accounting standards; and
- 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. As Abi Cleland and Sam Lewis approach their 10-year tenure with the Board, the Company is committed to an orderly transition which will be taken with the appointment of new Directors. 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; and
- 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 conducted which 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. The Directors of the Company as at the date of this Statement have the following skills:

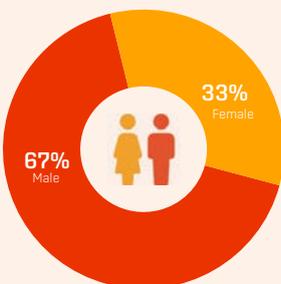
Skill/Experience	Directors with Skill/Experience
 <p>Strategic thinking Experience in developing and implementing enterprise-wide successful strategies, and an effective capital management framework, including appropriately questioning and challenging management on the delivery of agreed strategic planning objectives.</p>	 6/6
 <p>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.</p>	 6/6
 <p>Financial acumen Experience in financial accounting and reporting, corporate finance and/or restructuring, corporate transactions, including the ability to evaluate the adequacies of financial and risk controls and understand key financial drivers of the business.</p>	 6/6
 <p>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.</p>	 6/6
 <p>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.</p>	 5/6
 <p>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.</p>	 6/6
 <p>Corporate governance Experience with a major organisation that is subject to rigorous governance standards, a proven track record of leadership and governance skills, demonstrated behaviours consistent with Orora's values and an awareness of global practices and trends.</p>	 6/6
 <p>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.</p>	 5/6
 <p>Risk management Senior executive or substantial board experience in, or understanding of, identifying and monitoring key existing and emerging risks to an organisation and implementing appropriate risk management frameworks, procedures and controls.</p>	 6/6

Board experience

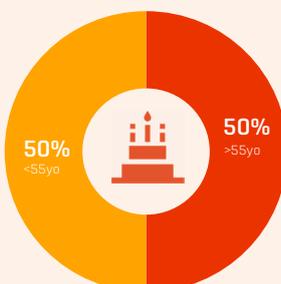
Relevant industry experience



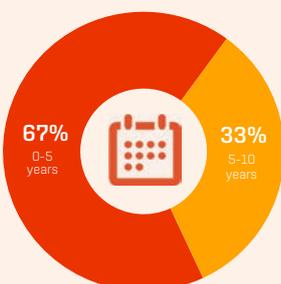
Board gender diversity



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 2023 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; and
- 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; and
- 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, on all matters to do with the proper functioning of the Board and its Committees. 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 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.

Directors visit Orora sites on an ongoing basis, and meet with management to gain a better understanding of business operations, safety and culture across Orora. These visits are conducted either as a full Board, or Board Committee, or with individual 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 (including the performance of the Chair and Committee Chairs), last conducted in 2022, with the intention to continue in 2023 and 2024. The Chair reports to the Board regarding the performance evaluation process, having regard to the ASX Principles 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.

The 2022 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 a written agreement in place 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 2023 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 2023. The outcomes of these assessments are 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 outcome of the performance evaluation 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 2023 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 tenure, relevant experience and qualifications, are set out in the Board of Directors section of the 2023 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	●	●	●			●
Michael Fraser	●	●		●	●	

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

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Audit, Risk & Compliance Committee

The Audit, Risk & Compliance 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 the Chair of the Committee, are shown in this Statement and in the Board of Directors section of the 2023 Annual Report.

The Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting of the 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 Company's current external auditor is KPMG.

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 2023 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 2023 Annual Report. The CEO is not a member of this Committee, but attends meetings by invitation, other than for matters relating to his own remuneration.

The Committee meets at least quarterly and 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 2023 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 the approval of 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 2023 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 2023 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 FY23. The Principal Risks section of the 2023 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. Further information on Orora's values can be found in the 2023 Annual Report and represent 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.

These 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, due diligence and initiatives can be found in the Sustainability section of the 2023 Annual Report, in our 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 2022 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 senior leadership roles is set out in the chart on this page.

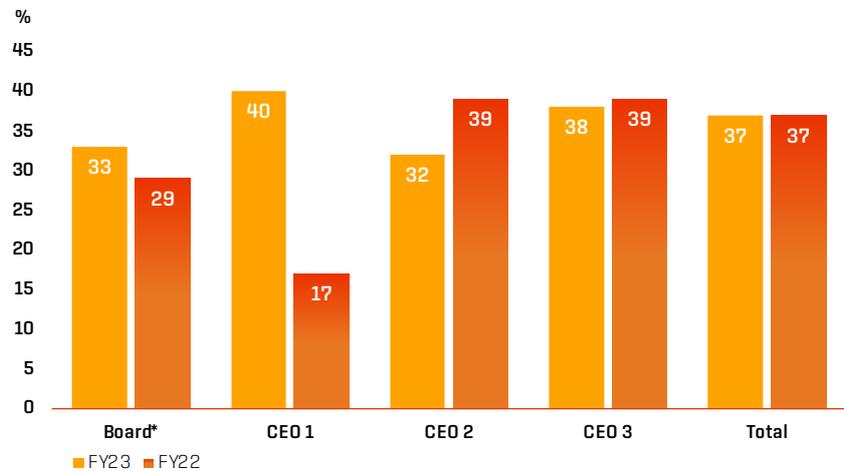
Further information relating to Orora's Diversity, Equity and Inclusion focus and initiatives is included in the Sustainability section of the 2023 Annual Report.

Measurable objectives and progress

Each year the Board approves measurable objectives for diversity, equity and inclusion in the composition of the Board, senior executives and workforce generally, and monitors progress towards achieving them. The measurable objectives for FY23 remain unchanged. The FY23 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 in senior leadership roles at each executive level on 30 June 2023



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

FY23 measurable objectives approved by the Board

FY23 measurable objective	Progress (as at 30 June 2023)
Maintaining not less than 30% of each gender in the composition of Orora's Board	33% female and 67% male Directors.
Ensuring that Orora continues to employ greater than 30% female of all external new hires	30% [195 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. There has been an increase in female representation in the executive team (direct reports to the MD & CEO) to 40% with the newly appointed female President of OPS North America.
Supported by:	
The development of women into leadership roles, including through the Women in Leadership at Orora (WILO) program	Orora continues to support development of women into leadership roles and invest in female talent with the WILO program running for the seventh consecutive year in 2023. Ongoing talent reviews for the WILO 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 has been established globally 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 support flexible working arrangements, where practicable and provide training on unconscious bias and inclusion.	Orora continues to prioritise team member health and wellbeing. An ongoing flexible working approach has been introduced at Orora where office-based team members are able to choose between a full five days in the office or alternatively, adopt a hybrid working model between the office and remote working subject to business, team and individual needs. Orora continues to educate team members and leaders on unconscious bias and creating an inclusive culture in the organisation.

Corporate Governance Statement

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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 2023 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 2023 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 2023 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 2023 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. The ERM seeks to apply risk management across the entire organisation 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 is in the process of being reviewed. 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 activities (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* (Cth) [Corporations Act] 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, accounting standards or governance.

For other types of unaudited periodic corporate reports (including the 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 LinkedIn.
- Giving shareholders the option to receive communications from, and send communications to, Orora and its share registry electronically.
- New and substantive investor and analyst presentations are released on the ASX Market Announcements Platform ahead of the presentation.

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. Orora continuously monitors and re-assesses our principal risks to ensure they remain relevant following any changes in our internal and external environment.

Orora's principal risks are outlined below in no particular order.

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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.
 Business interruption and disruption (including cyber risk)	Orora operates numerous sites across several 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.	<p>Business continuity disaster planning and cyber controls are periodically assessed and tested. Key programs of work are also in place to be able to monitor and enhance the effectiveness of security capabilities as the threat landscape continues to evolve.</p> <p>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.</p> <p>Regular reporting on these key risks and control metrics is provided to the Board, Executive and Management.</p>
 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.	<p>Orora seeks to mitigate the severity of impact that deterioration in macro-economic conditions may have by:</p> <ul style="list-style-type: none"> operating businesses that have a broad spread of geographic locations, raw material inputs and customers servicing several 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	<p>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.</p> <p>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.</p>	<p>Orora's approach to supply chain risk management is multi-faceted and includes:</p> <ul style="list-style-type: none"> 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.	<p>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.</p> <p>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.</p>

Area of Materiality	Risk	Mitigation and Monitoring Strategies
Sustainability, including climate change 	<p>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.</p> <p>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.</p>	<p>Orora is committed to achieving its ESG goals under three pillars that form its sustainability program - Orora's 'Promise to the Future' Circular Economy, Climate Change and Community. The Sustainability section of this Annual Report summarises the Company's ESG goals, initiatives and progress including Orora's greenhouse gas emission reduction commitments and investments that have been informed by Orora's initial Taskforce on Climate Related Financial Disclosure (TCFD) analysis outlining the risks and opportunities posed by climate change for Orora. The TCFD disclosure along with sustainability activities and disclosures are available on Orora's website under the 'Sustainability' section. ESG risks and opportunities are continually assessed, and overseen by the Board, the Safety, Sustainability & Environment Committee, and the Executive Leadership Team. Orora continuously reviews expenditure plans to mitigate ESG and customer risk, and operating businesses that have a broad geographic spread and customers serving a number of end markets.</p>
Customers and consumer preferences 	<p>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.</p> <p>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.</p> <p>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).</p>	<p>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.</p> <p>In addition, no single customer generates revenue greater than 10% of total revenue for the Orora Group.</p> <p>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.</p> <p>Orora continuously reviews operating and capital expenditure plans to mitigate customer risk or changing consumer preferences.</p>
Capital investments 	<p>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, to the delivery of plant or equipment, increased costs or project execution challenges.</p>	<p>Orora seek to mitigate these risks through a variety of measures including:</p> <ul style="list-style-type: none"> • 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) 	<p>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.</p>	<p>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.</p>
Country and regulatory risk 	<p>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.</p>	<p>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.</p> <p>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.</p>
Litigation 	<p>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.</p>	<p>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.</p>
Financial and treasury 	<p>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.</p>	<p>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, where possible, debt is proportionally drawn down in currencies that align with the proportion of assets in those same currencies to create a natural hedge for foreign exchange risk.</p>

Board of Directors



Rob Sindel

[BEng, MBA, GAICD, FIEAust, CPEng]

Independent Non-Executive Director and Chair

Rob Sindel brings international 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)

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



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

Board Committee membership



Abi Cleland

[BA, BCom, MBA, GAICD]

Independent Non-Executive Director

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

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)
- Director, ProbeCX (since September 2022)

Recent (last three 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. Michael has been a Director of Orora Limited since April 2022.

Directorships of listed entities and other directorships and offices

Current:

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

Recent (last three 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)

Recent (last three years):

- Director, High Resolves (May 2017 to June 2022)

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:

- Director, Australia Pacific Airports Corporation Limited (since October 2022)
- Director, Aurizon Holdings Limited (since February 2015)
- Director, Nine Entertainment Co. Holdings Limited (since March 2017)

Recent (last three years):

- Chair, APRA Audit & Risk Committee (June 2016 to December 2022)

Board Committee membership



Executive Leadership Team



Brian Lowe

[MBA]

Managing Director and Chief Executive Officer

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

In his 12 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.



Kelly Barlow

[BS Mgt, MBA]

President, Orora Packaging Solutions

Kelly Barlow was appointed President of Orora Packaging Solutions in February 2023. Kelly has 21 years of experience at Orora and served as Senior Vice President of the Landsberg Distribution business immediately prior to her appointment as President. Kelly has also held senior leadership roles in sales, marketing, customer experience, business development and operations.

Some of her former key roles are: Senior Vice President, Customer Experience; Region Vice President of the Southwest; Director Marketing; Division Manager, Los Angeles; and Division Manager, Portland. Kelly began her Orora career as a sales representative.



Simon Bromell

[BSc, GDip Agribus, GAICD]

President 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.

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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.



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 2023.

In this section

Directors' Report	48	Directors' interests	51	Remuneration Report	53
Statutory matters	49	Unissued shares under option	51	Directors' declaration	72
Board of Directors	49	Shares issued on exercise of options	51	Auditor's independence declaration	73
Company Secretary	49	On-market share purchases to satisfy employee share plans	51		
Directors' meetings	49	Indemnification and insurance of officers	51		
Operating and financial review	50	Indemnification of auditors	52		
State of affairs	50	Proceedings on behalf of the Company	52		
Principal activities	50	Non-audit services	52		
Events subsequent to the end of the financial year	50	External audit services	52		
Likely developments	50	Rounding off	52		
Dividends	50	Corporate Governance Statement	52		
Environmental performance and reporting	50				

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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

All Directors, served on the Board for the period from 1 July 2022 to 30 June 2023. Jeremy Sutcliffe retired as Director on 31 August 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 44 to 45 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 47 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 2022 to 30 June 2023, 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	
	A	B	A	B	A	B	A	B	A	B	A	B
Scheduled Meetings	10		4		2		4		-		4	
Unscheduled Meetings	2		-		-		-		-		-	
A P Cleland	12	12	3*	-	-	-	4	4	-	-	4	4
M A Fraser	11	12	4	4	-	-	4	4	-	-	4*	-
T J Gorman	12	12	4	4	-	-	4	4	-	-	2*	-
S L Lewis	12	12	4	4	2	2	4*	-	-	-	4	4
B P Lowe	12	12	4*	-	2	2	4*	-	-	-	4*	-
A R H Sindel	12	12	4*	-	2	2	4*	-	-	-	4	4
J L Sutcliffe ^[1]	1	1	-	-	-	-	1	1	-	-	-	-

[1] Mr Sutcliffe retired 31 August 2022 as Director.

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.

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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 26 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 2023 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 2023.

Events subsequent to the end of the financial year

The Group's US Private Placement (USPP) notes of US\$100.0 million matured in July 2023. The maturing USPP notes were repaid with funds from the Group's US\$100.0 million committed bilateral facility with a maturity date of January 2028.

Likely developments

The Operating and Financial Review section from pages 26 to 31 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 2023 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 2023 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 2023.

Directors' interests

The relevant interests of each Director in the share capital of the Company as at 30 June 2023 are as follows:

Name	Number of shares
Directors of Orora Limited	
A P Cleland	135,425
M A Fraser	55,000
T J Gorman	56,000
S L Lewis	98,798
B P Lowe	605,932 ⁽¹⁾
A R H Sindel	140,000
J L Sutcliffe	131,355 ⁽²⁾

(1) Details of rights and options over shares in the Company held by B P Lowe are set out in section 7.4 of the Remuneration Report.

(2) Mr Sutcliffe retired 31 August 2022. The shareholding presented above represents shares held by Mr Sutcliffe at the date of his retirement.

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	1,000,518

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 2023 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 2023, 1,368,481 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 \$3.33.

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 2023, 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 2023.

Indemnification of auditors

The Company's auditor is KPMG. During and since the financial year ended 30 June 2023:

- no premium has been paid by the Company in respect of any insurance for KPMG
- no indemnity has been paid by the Company in respect of KPMG's appointment as auditor
- no officers of the Company were partners or directors of KPMG, while KPMG 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, KPMG, 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 2023 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 73 of this Annual Report.
- Details of the amounts paid to KPMG 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 KPMG was made on its merits (based on service level, expertise, cost, as well as geographical spread).

External audit services

The Company appointed KPMG as the Company's external auditor for the financial year ended 30 June 2023.

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 32 to 41 of this Annual Report.

Remuneration Report



"Incentive plan outcomes for FY23 reflect the alignment between financial performance, executive performance and execution of the Company's challenging strategic business objectives."

Dear Fellow Shareholder,

On behalf of Orora's Board of Directors, I am pleased to present Orora's Remuneration Report for the financial year ended 30 June 2023.

As the Chair of the Human Resources Committee, I continued to work closely with my Committee colleagues and my colleagues on the Board throughout FY23 to ensure the Company's Human Resources policies and remuneration frameworks are structured to attract, retain and motivate a diverse and talented team, and that Orora's reporting and communication is consistently clear and transparent.

Financial year 2023 performance and remuneration outcomes

The Orora team drove a solid increase in earnings through consistent execution of business strategy for FY23 (achieving a 12.3% increase in Underlying Earnings Before Interest and Tax (EBIT) to \$320.5 million). Orora continued to navigate challenging economic conditions to deliver on the promise for customers. Orora invested in innovation and focused growth programs that will support customers' needs. Additionally, Orora continued investment in sustainability initiatives to address Climate Change, the Circular Economy and the Community. The Orora team continued their relentless drive for safety improvement. Unfortunately, one team member was seriously injured during the period, but has returned to full duties. Lost Time Injury rates remained relatively stable. As a result of these below expectation outcomes, a negative safety modifier was applied to STI outcomes where appropriate.

Executives at Orora are rewarded for annual performance against business plans and for delivering longer-term returns for shareholders. Incentive plan outcomes for FY23 reflect the alignment between financial performance, executive performance and execution of the Company's challenging strategic business objectives.

The Short-Term Incentive (STI) assessment includes financial and non-financial metrics, including safety. STI payments for the current Executive KMP will be paid between 59% and 63% of maximum STI opportunity.

In FY19 we made changes to Orora's Long-Term Incentive (LTI) plans to better align them with market practice. The LTI has a three-year performance period and a one-year employment holding lock. As disclosed in the FY22 Remuneration Report, the FY20 grant vested at 100% in August 2023, at the conclusion of the one-year employment holding lock. The FY21 LTI grant was tested at the end of the recent performance period (30 June 2023). With positive results achieved over the performance period, the FY21 grant will vest at 85% in August 2024, at the conclusion of the one-year employment holding lock.

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Remuneration Report

Remuneration changes during the financial year

The Human Resources Committee periodically reviews Orora's Executive Remuneration Framework to ensure it effectively supports Orora's objectives of attracting and retaining strong executive and diverse talent, and aligning executive remuneration outcomes to long-term shareholder returns. The review process undertaken this year included engagement with Orora team members to understand their perspectives, analysis of market practice in similar companies and discussions with Orora's largest shareholders and their proxy advisors on strategy, performance and remuneration.

For FY24, the Board has decided to increase the fixed remuneration of Executive KMP by 2.5%, in line with the market. Additionally, modest adjustments will be made to the Executive Remuneration Framework to enhance alignment with shareholders and market practice. The changes are summarised below and are further discussed in Section 2 of this Report.

- Introduction of cash-settled Dividend Equivalent Payments (DEP) at the end of the deferral period on the deferred equity component of STI, which will apply to the global executive team including Executive KMP. This change is intended to better align executive remuneration outcomes with shareholder returns.
- Removal of the Absolute Total Shareholder Return (ATSR) gateway on the LTI plan to align the plan with current market practice.

The Board believes that these changes to the Executive Remuneration Framework will enable Orora to appropriately reward executives and further strengthen the alignment between shareholders and executives.

Final thoughts

I send my sincere congratulations and thanks to all Orora team members for another year of consistent delivery and solid results.

Thank you to all Orora's shareholders for your support this year. As always, I welcome your feedback and queries regarding the FY23 Remuneration Report provided in the following pages.

Warm regards,



Tom Gorman

Chair, Human Resources Committee

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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 2023. 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 2023 Remuneration Report is divided into the following sections:

Section	Page No.
Message from Tom Gorman, Chair Human Resources Committee	53
1 Key Management Personnel	55
2 Changes to the Remuneration framework in FY24	56
3 Overview of FY23 remuneration	56
4 FY23 Remuneration framework	59
5 Relationship between performance and remuneration outcomes	61
6 Non-Executive Director remuneration	67
7 Additional required disclosures	67

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 2023, 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
M A (Michael) Fraser	Director	Full year
J L (Jeremy) Sutcliffe ⁽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) J L Sutcliffe retired as a Director on 31 August 2022.

Remuneration Report

2. Changes to the remuneration framework in FY24

Orora is well-positioned for further growth through ongoing enhancements in the core business, increasing the focus on sustainability and innovation across the Company's portfolio, and continuing to invest in initiatives that generate additional opportunity and value for customers and shareholders. At the heart of Orora's success is its ability to attract and retain top executive talent who can deliver long-term organic growth and strong returns. It is within this context that the Board reviewed the executive remuneration framework against similar sized ASX listed and US companies and introduced the following changes for FY24:

Change	Description
Introducing cash-settled Dividend Equivalent Payments (DEP) on the deferred component of Short-Term Incentive (STI)	<ul style="list-style-type: none"> Orora's STI plan rewards the achievement of Group and individual goals over a 12-month period. Currently, 2/3 of executive STI is delivered in cash and 1/3 in Deferred Share Rights (DSR). A portion of STI is deferred to align reward outcomes with long-term value creation for shareholders. The DSR granted to executives do not have rights to dividend payments under the current framework. Majority of companies of a similar size as Orora (ASX 50 to 150) that defer STI into equity, either defer it in the form of shares (which have dividend entitlements) or pay Dividend Equivalent Payments. Orora seeks to provide shareholders with a steady income stream through an indicated dividend pay-out ratio of 60-80% of net profit after tax. By introducing DEP, executives will share in the same share price movements and dividends as shareholders over the deferral period which further enhances alignment of shareholder and executive outcomes. Introducing DEP also aligns Orora's STI plan design with market practice in ASX 50 to 150 listed organisations. The DEP will be calculated using an accumulating model i.e. Gross dividends reinvested in shares on the date of dividend payment as this mirrors total shareholder returns for a typical Orora shareholder. The DEP will be paid to executives at the end of the deferral period (2 years) only if they continue to be employed on the vesting date. The Board retains the discretion to lapse unvested equity and claw back vested equity including the entitlement to dividend equivalent payments.
Removing Absolute Total Shareholder Return (ATSR) gateway from the Long-Term Incentive (LTI) plan	<ul style="list-style-type: none"> Orora's executive LTI plan currently has an Earnings per Share (EPS) growth hurdle with a Return on Average Funds Employed (RoAFE) gateway (50% weighting) and a Relative Total Shareholder Return (RTSR) with an Absolute Total Shareholder Return (ATSR) gateway (50% weighting). Majority of the ASX 50 to 150 listed organisations use one or more financial performance hurdles for their LTI plan. The most common hurdle is RTSR followed by EPS. These are typically used in conjunction. The complexity of Orora's plan, with two hurdles and two gateways, creates uncertainty around long-term earning potential for executives which is a barrier to attract and retain good talent. Since the sale of the Fibre business, Orora has consistently exceeded the gateway of having a non-negative ATSR. Considering feedback from our team members and market practice, the Board has decided to simplify the LTI plan by removing the ATSR gateway from the LTI plan. The plan will continue to have financial performance (EPS growth, RoAFE) and RTSR performance metrics which align with Orora's goal to provide superior returns to shareholders compared to peers.

3. Overview of FY23 remuneration

3.1. 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 4.1 for a detailed explanation of the current remuneration components. Refer to Section 7.3 for an explanation of performance hurdles used and the vesting schedule.

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Remuneration Report

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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) <ul style="list-style-type: none"> A market-based reward for role. Delivered as cash salary and contribution to retirement benefits. 	Short-Term Incentive (STI) <ul style="list-style-type: none"> 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) <ul style="list-style-type: none"> 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			
<ul style="list-style-type: none"> Any increases in salary will consider the market median remuneration for similar roles and individual performance. 	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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.

Remuneration Report

3.2. Snapshot of FY23 performance and remuneration outcomes

The Executive KMP remuneration outcomes for the financial year ended 30 June 2023 are summarised below. For more detailed information on remuneration outcomes and link to performance, please refer to Section 5.

Remuneration component	Description
Fixed remuneration	<ul style="list-style-type: none"> 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 FY24, reflecting the overall performance of the Company, the Board has decided that Executive KMP will receive a fixed remuneration increase of 2.5%, in line with market increases.
Short-Term Incentive (STI)	<p>FY23 award</p> <ul style="list-style-type: none"> Orora's STI assessment includes several financial and non-financial metrics (at Group and individual level). The Earnings before Interest and Tax (EBIT) performance was between the threshold and target and EBIT as a % of sales exceeded the target set by the Board for the financial year ended 30 June 2023. As a result, STI payments for current Executive KMP will be paid out between 59% and 63% of maximum STI opportunity. <p>Awards due to vest in FY23 and FY24</p> <ul style="list-style-type: none"> DSR awarded as part of the STI payment for the financial year ended 30 June 2020 vested 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. DSR awarded as part of the STI payment for the financial year ended 30 June 2021 are due to vest in September 2023. 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 FY21 DSR. For this equity to vest, the executive must remain employed until the vesting date (September 2023).
Long-Term Incentive (LTI)	<p>FY23 award</p> <ul style="list-style-type: none"> The CEO and other Executive KMP were awarded 100% and 70% of their FR as Performance Rights respectively with a three-year performance period (1 July 2022 to 30 June 2025) and an additional one-year employment holding lock before vesting. The grant to the CEO was awarded post shareholder approval at the 2022 AGM. <p>Award tested in FY22 and vesting in FY24</p> <ul style="list-style-type: none"> As previously disclosed, the performance period for the LTI plans from FY20 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 had a one-year employment holding lock before vesting (August 2023). As disclosed in last year's report, the grant exceeded the performance hurdles set for the plan. The Board did not identify any performance or conduct factors that would warrant lapsing of unvested equity. Accordingly, 100% of the grant vested in August 2023. <p>Award tested in FY23 and vesting in FY25</p> <ul style="list-style-type: none"> The FY21 LTI grant had a three-year performance period which ended on 30 June 2023. The grant has a one-year employment holding lock before vesting (August 2024). 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 22.2% exceeded the target of 8% and RTSR performance of 60th percentile was between the target (50th percentile of RTSR) and maximum (75th percentile of RTSR) vesting range for this grant. Accordingly, 85% of the grant is scheduled to vest in August 2024 post the one-year employment holding lock. For this equity to vest, the executive must remain employed until the vesting date (August 2024).

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Remuneration Report

4. FY23 remuneration framework

4.1. Remuneration components

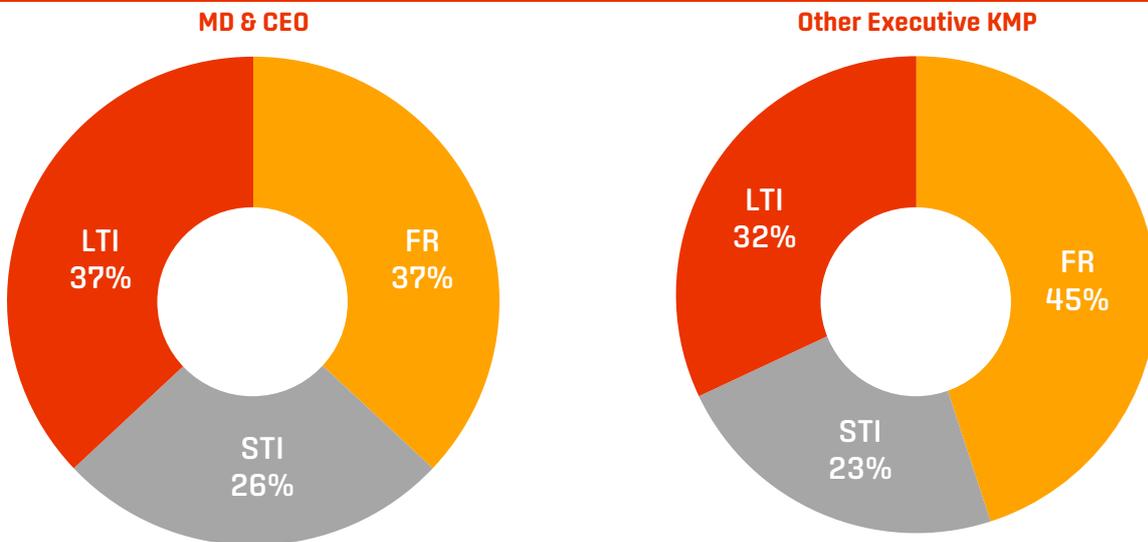
Remuneration component	Description
Fixed Remuneration (FR)	<ul style="list-style-type: none"> Includes cash salary and contribution to retirement benefits. The Board sets the fixed remuneration for KMP based on market median remuneration for similar roles in ASX-listed companies of similar size, industry 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)	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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 7.3 for a more detailed explanation of the hurdles used. After considering internal and external benchmarks, the Board set the following performance hurdles for the FY23 LTI grant: <ul style="list-style-type: none"> 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 Compound Annual Growth Rate (CAGR) 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.

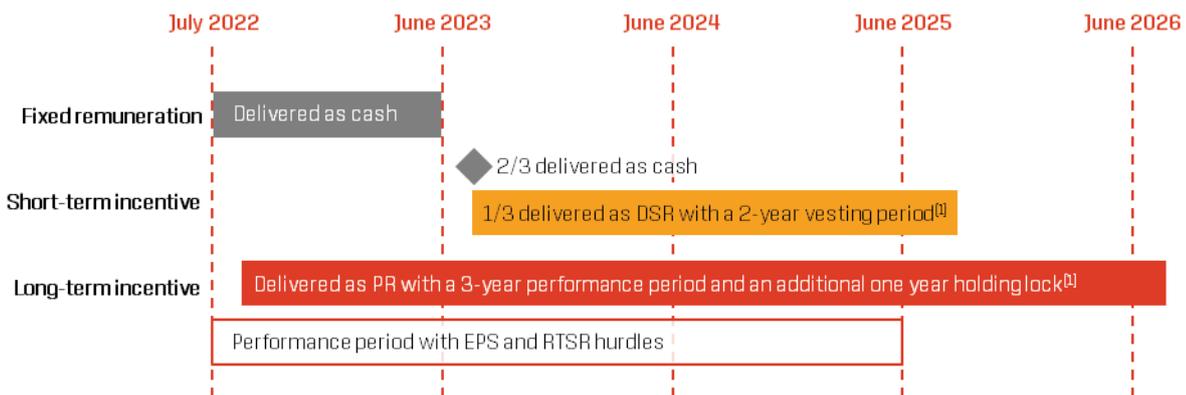
Remuneration Report

4.2. 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.



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 2022 AGM (for LTI) and 2023 AGM (for STI). The LTI award is due to vest in August 2026.

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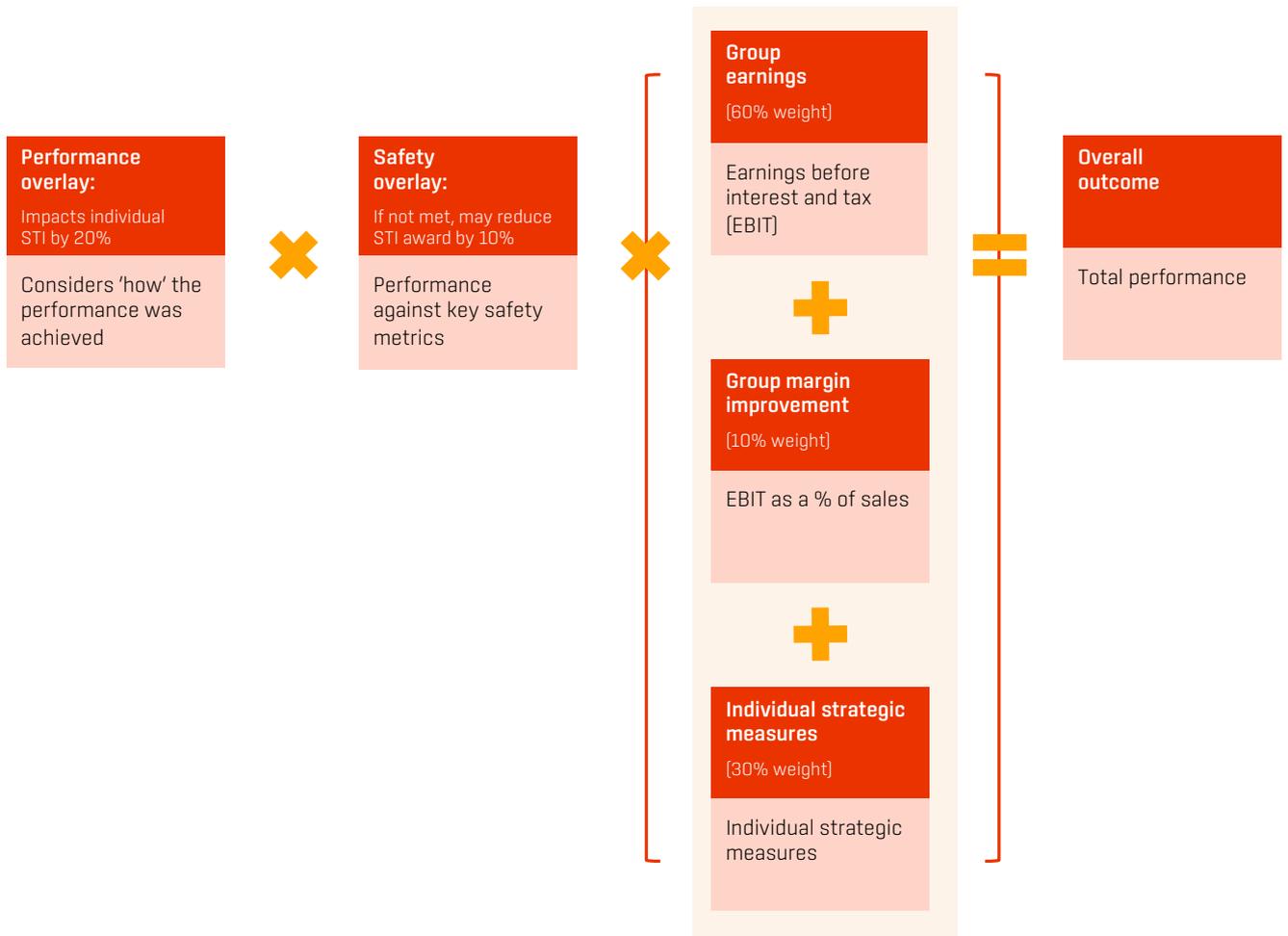
Remuneration Report

5. Relationship between performance and remuneration outcomes

5.1. 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 FY23 are summarised below:

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Remuneration Report

5.2. Performance outcome

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

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

Significant items (both positive and negative) are assessed each year by the Board to determine whether any significant items should be included in the STI assessment, and in the past have been generally excluded for the purpose of measuring performance for STIs as they are not part of ordinary trading results. The Board has determined that the impact of costs related to ongoing strategic growth evaluation and the significant item expenses related to the decommissioning of the Petrie Mill site will be excluded when determining STI outcomes for FY23.

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.

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Remuneration Report

5.2. Performance outcome (continued)

An overview of the performance measures for FY23 and achievement against these measures is summarised below.

KPI	Performance commentary	Outcome
Group earnings		
Earnings Before Interest and Tax (EBIT)	EBIT earnings growth up 12.3% (7.7% on a constant currency basis) with continued strong earnings growth in North America largely driven by the Distribution business and the Australasian business performing in line with expectations.	Between threshold and target
Group margin improvement		
EBIT as a % of sales	Group EBIT as a % of sales increasing from 7.0% to 7.5% as a result of the continued focus across the Group on account profitability, improving operating efficiencies and maintaining strong pricing discipline to manage cost pressures.	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.	Fully achieved for executive KMP, Varied for other executives
Safety overlay		
Performance and leadership against a selection of key safety metrics	Safety results for the financial year ended 30 June 2023 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: <ul style="list-style-type: none"> 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

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Remuneration Report

5.3. 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 2023. 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	2023 ^(A)	2022 ^(B)	2021 ^(B)	2020 ^(B)	2019 ^(B)
EBIT (\$m)	320.5	285.5	249.1	288.2	335.2
Dividends per ordinary share (cents)	17.5	16.5	14.0	12.0	13.0
Closing share price (as at 30 June)	\$3.29	\$3.65	\$3.33	\$2.54	\$3.24
EPS growth (%)	11.1%	28.2%	(2.3%)	(22.9%)	3.7%
NPAT (\$m)	203.0	187.1	156.7	167.3	217.0
TSR (%) ^(C)	(6.0%)	18.4%	32.6%	(13.4%)	(5.6%)
Operating cash flow (\$m) ^(D)	269.9	272.6	246.0	57.9	268.9
RoAFE (%) ^(E)	21.8%	22.4%	19.9%	12.0%	13.0%

- (A) EBIT, NPAT, EPS growth and RoAFE exclude the impact of the after-tax significant item expense amount of \$18.2 million recognised relating to additional expected costs associated with the decommissioning of the former Petrie Mill site. 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 2019-2022 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.

5.4. Fixed Remuneration changes

Reflecting the overall performance of the Company, along with total compensation outcomes, the Board awarded the CEO a fixed remuneration increase of 3.5% and the CFO a 7.5% increase in FY23. A minor adjustment was made in July 2023 for Executive KMP to align their superannuation with the increased Superannuation Guarantee rate effective 1 July 2023.

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 FY24, on reviewing market data and considering the overall performance of the Company, the Board has decided that the Executive KMP will receive a fixed remuneration increase of 2.5%, in line with market increases.

Refer to Section 2 for details of changes to short-term and long-term incentive plans for executives in FY24.

5.5. Short-term incentive outcomes

FY23 STI award

An overview of Orora's performance measures for FY23 and achievement against these measures can be found in Section 5.2. Orora's Earnings were between the threshold and target and margin improvement exceeded the target set by the Board. The FY23 STI outcomes reflect Orora's resilience 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	STI awarded ⁽¹⁾					% of maximum STI opportunity forfeited
	\$	% of maximum STI opportunity	Cash STI (\$)	DSR (\$)	# of DSR	
B P Lowe	834,582	62.8%	556,389	278,193	85,598	37.2%
S C Hughes	335,267	59.8%	223,513	111,754	34,386	40.2%

- (1) The cash and DSR will be granted in September 2023. 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 2023 (\$3.25 per share).

Remuneration Report

STI award due to vest in FY23 and FY24

DSR awarded as part of the STI payment for the financial year ending 30 June 2020 vested 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.

DSR awarded as part of the STI payment for the financial year ended 30 June 2021 are due to vest in September 2023. 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 FY21 DSR. For this equity to vest, the executive must remain employed until the vesting date (September 2023).

5.6. Long-term incentive outcomes

FY23 LTI award

Details of the Executive KMP LTI opportunity and the actual award for FY23 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%	361,413	1,109,538	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%	142,282	442,497	A one-year employment holding lock applies before vesting until 31 August 2026. Refer to Section 4.1 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 20 October 2022 (\$3.07 per share), for Mr Hughes the award was granted on 5 October 2022 (\$3.11 per share).

LTI tested in FY23 and vesting in FY25

The FY21 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 7.3 for a more detailed explanation of the hurdles used and the vesting schedule. The performance period for the grant commenced on 1 July 2020 and concluded on 30 June 2023 and this grant is due to vest in August 2024 at the conclusion of the one-year holding lock. The results are outlined below:

Performance hurdles and gateways	Result over the performance period (1 July 2020 to 30 June 2023)	Proportion eligible to vest at the end of the employment holding lock	Proportion lapsed
RoAFE gateway	Achieved	N/A	
EPS hurdle	Achieved [22.2%]	100%	0%
ATSR gateway	Achieved	N/A	
RTSR hurdle	Partially Achieved [60th percentile]	70%	30%

As the performance hurdles were partially met, 85% of the FY21 LTI grant is eligible to vest in August 2024 at the end of the one-year employment holding lock.

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Remuneration Report

5.7. Total remuneration realised by Executive KMP during FY23

The table below summarises the remuneration realised by Executive KMP during the performance periods ended 30 June 2022 and 30 June 2023. 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 7.2, which presents remuneration in accordance with accounting standards.

Remuneration realised by Executive KMP for FY22 and FY23 is explained below.

Remuneration component	Description
Fixed Remuneration (FR)	<ul style="list-style-type: none"> Comprises cash salary and contribution to retirement benefits for the relevant year.
Cash Short-Term Incentive (STI)	<ul style="list-style-type: none"> 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)	<ul style="list-style-type: none"> Represents the value of DSR that were awarded as part of STI in previous years and vested in the relevant year. For 2023, this comprises the value of DSR awarded as part of the STI payment for the financial year ended 30 June 2020 that vested in September 2022. 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.
Performance Rights (PR)	<ul style="list-style-type: none"> Represents the value of equity tested at the end of the performance period to 30 June and vesting is approved by the Board. 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 2023, this comprises the value of FY20 LTI that vested. For 2022, this comprises the value of FY19 LTI that partially vested.

Executive KMP	Year	Fixed Remuneration	Cash STI	Incentives realised			Total remuneration
				DSR ⁽¹⁾	PR ⁽²⁾	SO ⁽³⁾	
B P Lowe	2023	1,344,016	556,389	236,497	906,750	-	3,043,652
	2022	1,275,347	798,453	10,275	322,500	19,951	2,426,526
S C Hughes	2023	734,737	223,513	-	-	-	958,250
	2022	689,566	329,553	-	-	-	1,019,119

(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 \$3.35 per share (2022: \$3.40 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 2023 was \$3.25 per share (2022: \$3.68 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.

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Remuneration Report

6. 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 (\$213,000) for being a Director of the Board, and additional annual fees as listed below:

- for chairing the Audit, Risk & Compliance Committee (ARCC): \$25,000.
- for chairing the HRC or Safety, Sustainability & Environment Committee (SSEC): \$20,000.
- where a NED is not a Chair of a Committee, but is a member of two Committees, being membership of the ARCC, HRC and/or SSEC: \$20,000.

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 2023.

A minor adjustment (0.5%) was made in July 2023 to superannuation for all NEDs to align with the increased Superannuation Guarantee rate effective 1 July 2023.

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

7. Additional required disclosures

7.1. 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

7.2. 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	Short-term benefits				Long service leave	Share-based payments [DSR/PR/SO] ⁽³⁾	Total remuneration	Performance related remuneration
		Base salary ⁽¹⁾	Other benefits ⁽²⁾	Cash STI	Superannuation				
B P Lowe	2023	1,277,380	29,555	556,389	25,292	39,812	919,657	2,848,085	51.8%
	2022	1,239,710	-	798,453	23,568	49,340	830,513	2,941,584	55.4%
S C Hughes	2023	691,017	-	223,513	25,149	18,261	349,483	1,307,423	43.8%
	2022	701,180	-	329,553	23,568	16,547	243,355	1,314,203	43.6%

(1) The amount disclosed includes base salary and the movement in the short-term employee annual leave benefit.

(2) Other benefits include costs associated with other short term employment benefits, inclusive of any fringe benefits tax.

(3) 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.

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	2023	396,606	25,292	421,898
	2022	396,606	23,568	420,174
A P Cleland	2023	210,868	22,141	233,009
	2022	210,868	21,087	231,955
M A Fraser ⁽¹⁾	2023	209,909	22,040	231,949
	2022	52,477	5,248	57,725
T J Gorman ⁽²⁾	2023	232,928	-	232,928
	2022	232,307	-	232,307
S L Lewis	2023	215,434	22,621	238,055
	2022	215,434	21,543	236,977
J L Sutcliffe ⁽³⁾	2023	35,145	3,690	38,835
	2022	210,868	21,087	231,955

(1) M A Fraser was appointed as a Director on 1 April 2022. The remuneration for the comparative period represents the period from 1 April 2022 to 30 June 2022.

(2) T J Gorman remuneration for the comparative period has been restated to reflect an adjustment to his director fees for services provided in the 2022 financial year.

(3) J L Sutcliffe retired as a Director on 31 August 2022. The remuneration for the current period represents the period from 1 July 2022 to 31 August 2022.

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Remuneration Report

7.3. Terms of equity grants

Performance Rights granted from FY20

The awards from FY20 were granted consistent with the terms described in Section 4.1.

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 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. The Board has the discretion to change or modify the gateways and hurdles associated with the plan at the time of grant.

Remuneration Report

7.4. 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	06/10/2022	108,485	01/09/2024	01/09/2024	-	-	-	-	108,485	\$3.02	-
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	100%	-	-	-	\$2.14	-
PR	20/10/2022	361,413	31/08/2026	01/09/2026	-	-	-	-	361,413	\$1.76	-
PR	05/11/2021	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	31/08/2022	87,636	87%	12,864	13%	-	\$1.91	-
SO	22/10/2018	244,500	30/8/2022	30/08/2027	199,512	82%	44,988	18%	-	\$0.38	\$3.58
S C Hughes											
DSR	06/10/2022	44,776	01/09/2024	01/09/2024	-	-	-	-	44,776	\$3.02	-
DSR	27/08/2021	36,466	01/09/2023	01/09/2023	-	-	-	-	36,466	\$3.13	-
PR	05/10/2022	142,282	30/06/2026	01/09/2026	-	-	-	-	142,282	\$1.88	-
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.

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Remuneration Report

7.5. 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 2022	Received on exercise of grant	Shares acquired during reporting period	Shares disposed of during reporting period	Closing balance on 30 June 2023	Value of total holdings as a % of FR
B P Lowe	542,656	158,276	-	(95,000)	605,932	148.2%
S C Hughes	105,000	-	-	-	105,000	45.7%

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 and maintain at least that level of shareholding throughout their tenure. Existing NED are expected to achieve this shareholding going forward and maintain it throughout their tenure.

NED	Balance on 1 July 2022	Shares acquired during reporting period	Shares disposed of during reporting period	Closing balance on 30 June 2023	Value of total holdings as a % of base fees
A R H Sindel	140,000	-	-	140,000	115.0%
A P Cleland	130,632	4,793	-	135,425	209.2%
M A Fraser	55,000	-	-	55,000	85.4%
T J Gorman	56,000	-	-	56,000	78.3%
S L Lewis	93,835	4,963	-	98,798	149.4%
J L Sutcliffe ⁽¹⁾	131,355	-	-	131,355	229.4%

(1) J L Sutcliffe retired as a Director on 31 August 2022. The shareholding presented above represents shares held by Mr Sutcliffe at the date of his retirement.

7.6. 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)

7.7. Transactions with KMP

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

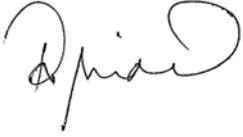
7.8. Loans to KMP or related parties

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

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Directors' declaration

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



A R Sindel

Chair

17 August 2023

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Auditor's independence declaration

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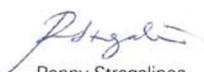
Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Orora Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Orora Limited for the financial year ended 30 June 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG
KPMG


Penny Stragalinos
Partner
Melbourne
17 August 2023

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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.

In this section

Financial statements	74	Notes to the financial statements	80	Financial risk management	115
Income statement	75	Results for the year	83	5.1 Derivative financial instruments	115
Statement of comprehensive income	76	1.1 Segment results	83	5.2 Market risks	120
Statement of financial position	77	1.2 Significant items	86	5.3 Credit risks	124
Statement of changes in equity	78	1.3 Earnings Per Share (EPS)	87	5.4 Liquidity and funding risk	125
Cash flow statement	79	1.4 Income	88	Group structure	127
		1.5 Operating costs	89	6.1 Principal subsidiary undertakings and investments	127
		Capital structure and financing	90	6.2 Orora Employee Share Trust	127
		2.1 Capital management	90	Other notes to the financial statements	128
		2.2 Dividends	91	7.1 Share-based compensation	128
		2.3 Net debt	92	7.2 Auditors' remuneration	131
		2.4 Equity	95	7.3 Commitments and contingent liabilities	131
		Assets and liabilities	98	7.4 Orora Limited	132
		3.1 Trade and other receivables	98	7.5 Deed of Cross Guarantee	134
		3.2 Inventories	99	7.6 Related party transactions	136
		3.3 Trade and other payables	100	7.7 Key Management Personnel	136
		3.4 Other assets	100	7.8 New and amended accounting standards and interpretations	137
		3.5 Property, plant and equipment	101		
		3.6 Leases	102		
		3.7 Intangible assets	106		
		3.8 Impairment of non-financial assets	107		
		3.9 Provisions	109		
		Income tax	112		
		4.1 Income tax expense	112		
		4.2 Deferred tax balances	112		

Income statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

\$ million	Note	2023	2022
Continuing Operations			
Sales revenue	1.1	4,291.3	4,090.8
Cost of sales		(3,491.5)	(3,318.0)
Gross profit		799.8	772.8
Other income	1.4	6.9	3.9
Sales and marketing expenses		(247.2)	(233.1)
General and administration expenses		(265.0)	(258.1)
Profit from operations		294.5	285.5
Finance income	1.4	1.4	0.6
Finance expenses	1.5	(48.9)	(27.3)
Net finance costs		(47.5)	(26.7)
Profit before related income tax expense⁽¹⁾		247.0	258.8
Income tax expense	4.1	(62.2)	(71.7)
Profit from continuing operations		184.8	187.1
Discontinued Operations⁽²⁾			
Loss from discontinued operations, net of tax	1.2	-	(2.4)
Profit for the financial period attributable to the owners of Orora Limited		184.8	184.7
		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	21.9	21.7
Diluted earnings per share	1.3	21.7	21.5
Earnings per share for profit attributable to the ordinary equity holders of Orora Limited⁽²⁾			
Basic earnings per share	1.3	21.9	21.4
Diluted earnings per share	1.3	21.7	21.2

(1) Profit from operations in the current period includes a significant item of expense of \$26.0 million (after tax \$18.2 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 item.

(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 comparative period earnings per share includes the after-tax net loss on sale of \$2.4 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 2023

\$ million	Note	2023	2022
Profit for the financial period		184.8	184.7
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss:			
<i>Cash flow hedge reserve</i>			
Unrealised gain on cash flow hedges	2.4.2	19.4	9.9
Realised gain transferred to profit or loss	2.4.2	[12.5]	[2.5]
Income tax relating to these items		[2.1]	[2.3]
<i>Exchange fluctuation reserve</i>			
Exchange differences on translation of foreign operations		21.1	31.2
Net investment hedge of foreign operations		-	[3.9]
Other comprehensive income for the financial period, net of tax		25.9	32.4
Total comprehensive income for the financial period attributable to the owners of Orora Limited		210.7	217.1
Total comprehensive income for the financial period attributable to the owners of Orora Limited arises from:			
Continuing operations		210.7	219.5
Discontinued operations		-	[2.4]
Total comprehensive income for the financial period attributable to the owners of Orora Limited		210.7	217.1

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

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Statement of financial position

AS AT 30 JUNE 2023

\$ million	Note	2023	2022
Current assets			
Cash and cash equivalents	2.3	58.4	52.6
Trade and other receivables	3.1	517.4	561.8
Inventories	3.2	639.1	650.8
Derivatives	5.4	9.3	15.8
Other current assets	3.4	33.5	26.7
Total current assets		1,257.7	1,307.7
Non-current assets			
Property, plant and equipment	3.5	806.5	685.2
Right-of-use assets	3.6	180.7	173.7
Deferred tax assets	4.2	12.1	16.1
Goodwill and intangible assets	3.7	440.1	433.2
Derivatives	5.4	9.2	1.1
Other non-current assets	3.4	95.5	91.8
Total non-current assets		1,544.1	1,401.1
Total assets		2,801.8	2,708.8
Current liabilities			
Trade and other payables	3.3	758.2	931.2
Borrowings	2.3	150.0	35.0
Lease liabilities	2.3, 3.6	54.2	49.7
Derivatives	5.4	2.2	1.9
Current tax liabilities		17.9	17.6
Provisions	3.9	102.4	86.9
Total current liabilities		1,084.9	1,122.3
Non-current liabilities			
Other payables	3.3	12.8	5.0
Borrowings	2.3	682.4	646.6
Lease liabilities	2.3, 3.6	173.4	174.8
Derivatives	5.4	1.6	-
Deferred tax liabilities	4.2	33.1	13.7
Provisions	3.9	13.4	14.7
Total non-current liabilities		916.7	854.8
Total liabilities		2,001.6	1,977.1
NET ASSETS		800.2	731.7
Equity			
Contributed equity and treasury shares	2.4.1	(38.8)	(37.3)
Reserves	2.4.2	167.5	138.9
Retained earnings	2.4.3	671.5	630.1
TOTAL EQUITY		800.2	731.7

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 2023

\$ 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 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)
Exchange differences on translation of foreign operations		-	-	-	-	27.3	-	27.3
Deferred tax		-	(2.3)	-	-	-	-	(2.3)
Total other comprehensive income		-	5.1	-	-	27.3	-	32.4
Realised gains transferred to non-financial assets, net of tax	2.4.2	-	(3.1)	-	-	-	-	(3.1)
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 rights	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
Net profit for the financial period	2.4.3	-	-	-	-	-	184.8	184.8
<i>Other comprehensive income/(expense):</i>								
Unrealised gain on cash flow hedges	2.4.2	-	19.4	-	-	-	-	19.4
Realised gains transferred to profit or loss	2.4.2	-	(12.5)	-	-	-	-	(12.5)
Exchange differences on translation of foreign operations		-	-	-	-	21.1	-	21.1
Deferred tax		-	(2.1)	-	-	-	-	(2.1)
Total other comprehensive income		-	4.8	-	-	21.1	-	25.9
Realised gains transferred to non-financial assets, net of tax	2.4.2	-	0.3	-	-	-	-	0.3
Transactions with owners in their capacity as owners:								
Purchase of treasury shares	2.4.1	(4.5)	-	-	-	-	-	(4.5)
Settlement of options and performance rights	2.4.1	3.0	-	(3.0)	-	-	-	-
Share-based payment expense	7.1	-	-	5.4	-	-	-	5.4
Dividends paid	2.2	-	-	-	-	-	(143.4)	(143.4)
Balance at 30 June 2023		(38.8)	8.9	13.1	132.9	12.6	671.5	800.2

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 2023

\$ million	Note	2023	2022
Cash flows from/(used in) operating activities			
Profit for the financial period from continuing operations		184.8	187.1
Depreciation and amortisation of property, plant and equipment	1.5	62.9	64.4
Amortisation of right-of-use assets	1.5	50.0	44.6
Amortisation of intangible assets	1.5	10.1	8.9
Net finance costs		47.5	26.7
Net loss on disposal of non-current assets		0.1	1.3
Net gain on disposal of leases		-	(2.5)
Fair value gain on financial instruments at fair value through income statement		(0.1)	(0.4)
Share-based payment expense	7.1	5.4	5.7
Other asset amortisation, net impairment losses and other sundry items		27.9	22.8
Restructuring and decommissioning expense	1.2	26.0	-
Income tax expense		62.2	71.7
Operating cash inflow before changes in working capital and provisions		476.8	430.3
- (Increase)/decrease in trade and other receivables		58.4	(52.7)
- (Increase)/decrease in inventories		8.1	(239.2)
- (Increase)/decrease in prepayments and other operating assets		(19.2)	(5.5)
- Increase/(decrease) in trade and other payables		(173.5)	220.6
- Increase/(decrease) in provisions		(13.1)	(12.9)
		337.5	340.6
Interest received		1.4	0.1
Interest and finance costs paid		(48.3)	(27.7)
Income tax paid		(40.3)	(55.4)
Net cash inflow from continuing operating activities		250.3	257.6
Net cash flows from discontinued operating activities		-	-
Net cash inflow from operating activities		250.3	257.6
Cash flows from/(used in) investing activities			
Granting of amounts to associated companies and other persons		(0.2)	(3.9)
Government grant received		8.0	5.0
Payments for property, plant and equipment and intangible assets		(189.7)	(92.2)
Proceeds on disposal of non-current assets		0.6	0.5
Net cash flows used in continuing investing activities		(181.3)	(90.6)
Net cash flows used in discontinued investing activities ⁽¹⁾		(2.6)	(9.3)
Net cash flows used in investing activities		(183.9)	(99.9)
Cash flows from/(used in) financing activities			
Share buyback	2.4.1	-	(109.0)
Payments for treasury shares	2.4.1	(4.5)	(12.8)
Proceeds from borrowings ⁽²⁾		137.9	150.1
Principal lease repayments		(55.6)	(49.3)
Dividends paid and other equity distributions	2.2	(143.4)	(134.8)
Net cash flows used in continuing financing activities		(65.6)	(155.8)
Net cash flows from discontinued financing activities		-	-
Net cash flows used in financing activities		(65.6)	(155.8)
Net increase in cash held			
Cash and cash equivalents at the beginning of the financial period		52.6	50.6
Effects of exchange rate changes on cash and cash equivalents		5.0	0.1
Cash and cash equivalents at the end of the financial period⁽³⁾	2.3	58.4	52.6

(1) Net cash flows used in discontinued investing activities represents payments for the settlement of amounts already provided for relating to 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.

(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 2023

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 solutions 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 2022 (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 2023 was authorised for issue in accordance with a resolution of the Directors on 17 August 2023. 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 5.1	Derivative financial instruments
Note 7.3	Commitments and contingent liabilities

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Climate change

The Group's current strategy to manage climate related-risks and opportunities 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.

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.

During the period the Group completed the construction of the cullet beneficiation plant at Gawler in South Australia which will significantly increase the recycled content in the Group's glass beverage packaging in support of Orora's Circular Economy and greenhouse gas emissions reduction goal.

The Group has also expanded efforts to procure greenhouse gas-free electricity as part of the businesses ongoing renewable energy initiatives by entering into long-term power purchase agreements, refer note 5.2.3.

During the period the upgrade of the G3 glass furnace in Australia to utilise oxyfuel technology commenced. This 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 known estimates and approved cash flows required to execute these activities and other initiatives identified by the Group in managing climate related risk and opportunities have been incorporated into the forecast cash flows when assessing the carrying value of the Group's assets. Orora will continue to develop reporting plans and quantitative analysis around the Group's climate change strategy, the financial implications of which will be considered and built into future cash flow assumptions. Any change to the Group's strategy around climate change and the circular economy could impact these forecasts and assumptions.

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 events

Dividend

During the financial year the Group paid an unfranked FY22 final dividend of \$71.5 million at 8.5 cents per ordinary share and an unfranked FY23 interim dividend of \$71.9 million at 8.5 cents per ordinary share.

Since 30 June 2023 the Directors have determined a final dividend for FY23 of \$75.8 million, unfranked, of 9.0 cents per ordinary share. Refer note 2.2 for further details.

Refinancing

During the year ended 30 June 2023, the following refinancing activities were undertaken by the Group:

- the \$35.0 million committed bilateral facility that was due to mature in April 2023 was extended to April 2025.
- the \$350.0 million committed multicurrency revolving syndicated facility maturing November 2024 was upsized by \$110.0 million to \$460.0 million.
- a new \$75.0 million committed bilateral facility was established with a maturity date of January 2026.
- the USD150.0 million committed revolving syndicated facility that was due to mature in April 2024 was amended to USD100.0 million and extended to June 2027.
- a new USD100.0 million committed bilateral facility was established with a maturity date of January 2028.

Decommissioning costs

The Group has recognised a significant item expense of \$26.0 million (after tax \$18.2 million) relating to anticipated additional costs associated with the decommissioning of the former Petrie Mill site. The significant item expense is presented in the income statement within 'general and administration' expense. The decommissioning of the Petrie site is progressing but continues to be a significant and complex exercise involving multiple government agencies. Recent significant developments associated with the unprecedented and continuing rainfall levels in Queensland and unforeseen complexities related to the remediation of the remaining and most technically complex areas of the site, have resulted in delays and caused the estimated costs to complete the remaining decommissioning to be higher than previously contemplated.

The Group continues to engage a specialist environmental consulting firm to manage the completion of the remaining remediation works. The provision at 30 June 2023 (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.

Subsequent event

The Group's US Private Placement (USPP) notes of USD100.0 million matured in July 2023. The maturing USPP notes were repaid with funds from the Group's USD100.0 million committed bilateral facility with a maturity date of January 2028.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 of 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 is 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.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 and finance 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 gains or losses arising from events that are not considered part of the core operations of the business 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 results of the reportable segments for the year ended 30 June 2023 and 30 June 2022 are set out below. The following segment information has been presented for continuing operations only.

\$ million	Australasia		North America		Total Reported	
	2023	2022	2023	2022	2023	2022
Reportable segment revenue ⁽¹⁾	1,036.9	909.1	3,254.4	3,181.7	4,291.3	4,090.8
Reportable segment earnings						
Earnings before significant items, interest, tax, depreciation and amortisation	199.5	195.6	244.0	207.8	443.5	403.4
Depreciation and amortisation	(46.2)	(45.0)	(76.8)	(72.9)	(123.0)	(117.9)
Earnings before significant items, interest and tax	153.3	150.6	167.2	134.9	320.5	285.5
Allocated finance expense - lease liabilities interest	(0.5)	(0.6)	(9.5)	(9.2)	(10.0)	(9.8)
Earnings before significant items, unallocated interest and tax	152.8	150.0	157.7	125.7	310.5	275.7
Capital spend on the acquisition of property, plant and equipment and intangibles and other growth spend	163.2	65.0	30.6	22.2	193.8	87.2
Receivables	139.4	155.3	391.8	422.4	531.2	577.7
Inventory	383.5	342.5	255.6	308.3	639.1	650.8
Payables	(327.1)	(387.5)	(415.1)	(522.7)	(742.2)	(910.2)
Total reportable segment working capital	195.8	110.3	232.3	208.0	428.1	318.3
Average funds employed ⁽²⁾	701.9	610.8	770.0	664.8	1,471.9	1,275.6
Operating free cash flow ⁽³⁾	68.3	129.4	167.2	116.2	235.5	245.6

(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 \$34.4 million [2022: \$26.5 million] representing expenditure on the decommissioning of the Petrie site, refer notes 1.2 and 3.9.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Section 1: Results for the year (continued)

1.1. Segment results (continued)

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.

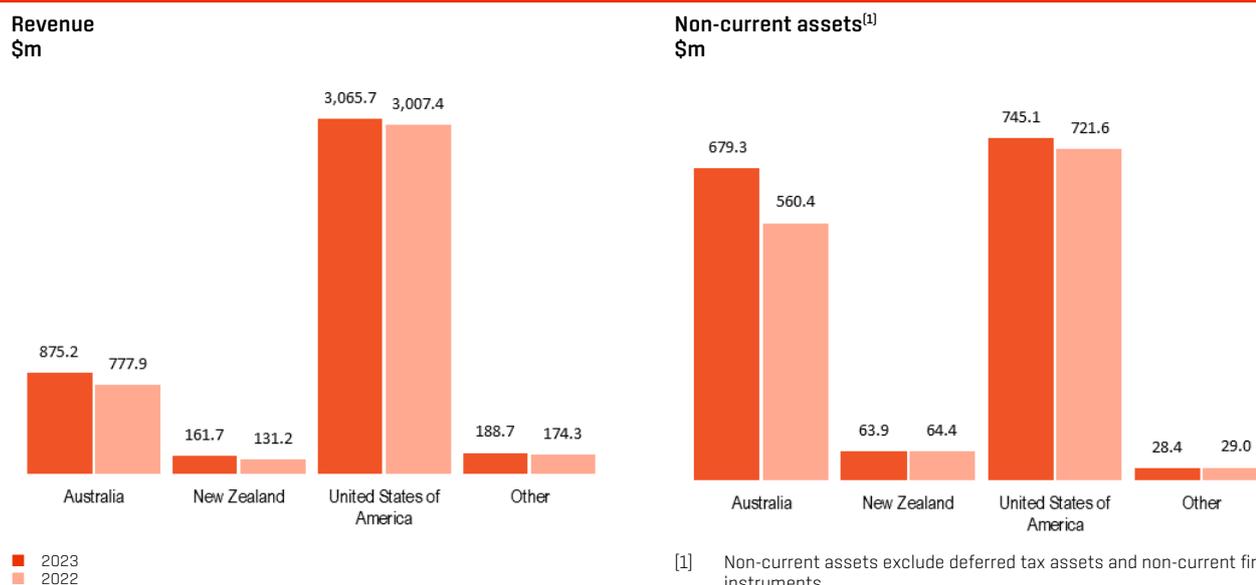
Accounting policies

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.



Revenue by product

\$ million	2023	2022
Corrugate and paper-based packaging	1,620.8	1,583.5
Beverage packaging	1,036.9	909.1
Traded packaging products	1,633.6	1,598.2
Total sales revenue	4,291.3	4,090.8

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 2023

Reconciliation of segmental measures

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

Profit before related income tax expense

\$ million	2023	2022
Reported segment earnings	310.5	275.7
Significant items before related income tax (refer note 1.2)	(26.0)	-
Unallocated net finance costs	(37.5)	(16.9)
Profit before related income tax expense	247.0	258.8

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

\$ million	2023	2022
Reported segment capital and growth spend	193.8	87.2
Movement in capital creditors	(2.3)	10.0
Government grant received included in segment capital spend	8.0	5.0
Movement in prepaid capital items	0.2	(0.6)
Other adjustments	(12.0)	18.3
Acquisition of property, plant and equipment and intangibles for total operations⁽¹⁾	187.7	119.9

(1) Refer notes 3.5 and 3.7.

Operating free cash flow

\$ million	2023	2022
Reported segment operating free cash flow	235.5	245.6
Add back capital expenditure and other growth activities included in segment operating free cash flow	36.4	35.9
Add back principal lease repayments included in segment operating free cash flow	55.6	49.3
Less operating activities excluded from operating free cash flow:		
Interest received	1.4	0.1
Interest and borrowing costs paid	(38.3)	(17.9)
Income tax paid	(40.3)	(55.4)
Net cash flows from operating activities	250.3	257.6

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Section 1: Results for the year (continued)

1.1. Segment results (continued)

Working capital

\$ million	2023	2022
Reported segment working capital	428.1	318.3
Add/(less) amounts included in working capital for management reporting purposes:		
Derivatives	(7.1)	(13.9)
Add/(less) amounts excluded from working capital for management reporting purposes:		
Net capital receivables and payables	9.9	7.3
Loan receivables and other assets	2.2	0.3
Other payables	(8.3)	(10.8)
	424.8	301.2
<i>Reconciles to the financial statements as follows:</i>		
Trade and other receivables (note 3.1)	517.4	561.8
Inventories (note 3.2)	639.1	650.8
Trade and other payables (note 3.3)	(758.2)	(931.2)
Current prepayments and other assets (note 3.4)	26.5	19.8
	424.8	301.2

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	2023			2022		
	Before tax	Tax [expense]/ benefit	Net of tax	Before tax	Tax [expense]/ benefit	Net of tax
Continuing operations						
Decommissioning costs	(26.0)	7.8	(18.2)	-	-	-
	(26.0)	7.8	(18.2)	-	-	-
Discontinuing operations						
Net loss on sale of Australasian Fibre businesses	-	-	-	-	(2.4)	(2.4)
	-	-	-	-	(2.4)	(2.4)
Total significant item expense	(26.0)	7.8	(18.2)	-	(2.4)	(2.4)

Decommissioning costs

Following ongoing project review and reassessment of remediation requirements, additional costs associated with the decommissioning of the former Petrie Mill site of \$26.0 million (\$18.2 million after tax) have been recognised in respect of estimated costs to complete. This expense has been recognised as a significant item and is presented in the income statement within 'general and administration' expense. The decommissioning of the Petrie site is progressing but continues to be a significant exercise involving multiple government agencies. Recent significant developments associated with the unprecedented and continuing rainfall levels in Queensland and unforeseen complexities related to the remediation of the remaining and most technically complex areas of the site have resulted in delays and caused estimated costs to complete the remaining decommissioning to be higher than previously contemplated. The Group continues to engage a specialist environmental consulting firm to manage the completion of the remaining remediation works. The provision at 30 June 2023 (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 loss on sale of Australasian Fibre business

During the comparative 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. 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 2023

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 \$184.8 million (2022: \$184.7 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 843.2 million (2022: 864.0 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	2023	2022
Continuing operations		
Profit for the financial period from continuing operations before significant items	\$203.0	\$187.1
Significant item expense (refer note 1.2)	(\$18.2)	-
	\$184.8	\$187.1
Discontinued operations		
Significant item expense (refer note 1.2)	-	(\$2.4)
Profit for the financial period	\$184.8	\$184.7
Weighted average number of ordinary shares		
Weighted average number of ordinary shares for basic earnings per share	843.2	864.0
Dilution due to share options and rights	7.0	6.2
Weighted average number of ordinary shares for diluted earnings per share	850.2	870.2
Earnings per share for continuing operations		
Basic earnings per share	21.9c	21.7c
Diluted earnings per share	21.7c	21.5c
Basic earnings per share, before significant items	24.1c	21.7c
Diluted earnings per share, before significant items	23.9c	21.5c
Earnings per share		
Basic earnings per share ⁽¹⁾	21.9c	21.4c
Diluted earnings per share ⁽¹⁾	21.7c	21.2c
Basic earnings per share, before significant items	24.1c	21.7c
Diluted earnings per share, before significant items	23.9c	21.5c

(1) Earnings per share in the current period includes an after-tax significant item expense of \$18.2 million relating to additional expected costs associated with the decommissioning of the former Petrie Mill site. Refer note 1.2 for further details. Earnings per share in the comparative period includes the after-tax net loss on sale of \$2.4 million 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.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Section 1: Results for the year (continued)

1.4. Income

\$ million	2023	2022
Revenue from sale of goods	4,291.3	4,090.8
Sub-lease income	0.9	1.3
Other	6.0	2.6
Total other income	6.9	3.9
External interest income	1.4	0.6
Total finance income	1.4	0.6

Accounting policies

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

The Group provides standard packaging materials to its customers as well as customer specific [made-to-order] packaging products. The Group also sources and provides packaging equipment/solutions to customers who enter into long-term agreements under bundled contract arrangements. Revenue is recognised when control of the goods or services are transferred to the customer and the Group's right to payment arises. Revenue is measured on the consideration to which the Group expects to be entitled to in a contract with a customer.

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

Standard packaging products

Customers obtain control of standard packaging products when the goods are delivered to 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 goods 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 vary 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.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

1.5. Operating costs

Employee benefit expense

\$ million	2023	2022
Wages and salaries	659.2	630.8
Workers compensation and other on-costs	39.5	35.8
Superannuation costs on accumulation funds	8.8	7.1
Other employment benefits expense	0.1	-
Share-based payments expense		
- Options	-	0.1
- Performance rights and other plans	5.4	5.6
Total employee benefits expense	713.0	679.4

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	2023	2022
Depreciation	62.9	64.3
Amortisation of finance leased assets	-	0.1
Amortisation of right-of-use assets	50.0	44.6
Amortisation of intangibles	10.1	8.9
Total depreciation and amortisation	123.0	117.9

Finance expenses

\$ million	2023	2022
Interest paid/payable:		
- Finance charges on leased assets	10.0	9.8
- Unwinding of discount	-	0.1
- External interest expense	44.0	15.6
Amount capitalised ⁽¹⁾	(5.7)	-
Total interest paid/payable	48.3	25.5
Borrowing costs	0.6	1.8
Total finance expenses	48.9	27.3

(1) The capitalisation rate used to determine the amount of borrowing costs capitalised is the weighted average interest rate applicable to the Group's general borrowings during the year, in this case 5.1%. No borrowing costs were capitalised in the comparative period.

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.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 2023, the Group's gearing and leverage ratios, excluding lease liabilities, were 49.2% (2022: 46.2%) and 2.0 times (2022: 1.8 times), respectively.

Comparative period - 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	2023	2022
Financial borrowings			
Total borrowings	2.3	832.4	681.6
Less: Cash and cash equivalents	2.3	(58.4)	(52.6)
Net debt			
Lease liabilities	2.3	227.6	224.5
Net debt including lease liabilities			
		1,001.6	853.5
Equity and reserves			
Contributed equity and treasury shares	2.4.1	(38.8)	(37.3)
Reserves	2.4.2	167.5	138.9
Retained earnings	2.4.3	671.5	630.1
		800.2	731.7
Net Capital			
		1,801.8	1,585.2

Notes to the financial statements

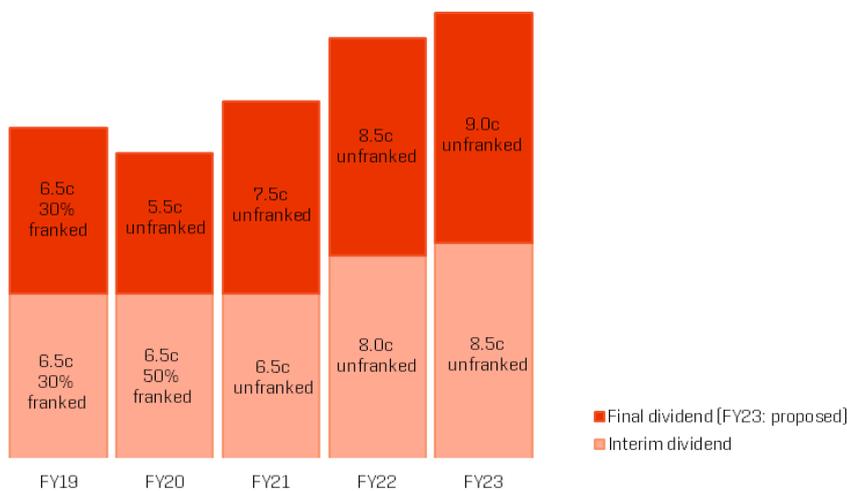
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

2.2. Dividends

	2023	2022
Final external dividend		
Final dividend for 2022 of 8.5 cents per share, unfranked, paid 10 October 2022 [2022: Final dividend for 2021 of 7.5 cents per share, unfranked, paid 11 October 2021]	71.5	65.9
Interim external dividend		
Interim dividend for 2023 of 8.5 cents per share, unfranked, paid 12 April 2023 [2022: Interim dividend for 2022 of 8.0 cents per share, unfranked, paid 30 March 2022]	71.9	68.9
	143.4	134.8
Proposed and unrecognised at period end⁽¹⁾		
Final dividend for 2023 of 9.0 cents per share, unfranked, payable 9 October 2023 [2022: Final dividend for 2022 of 8.5 cents per share, unfranked, payable 10 October 2022]	75.8	71.6

(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 10 consecutive trading days as determined by the Directors. In the comparative period, 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% (2022: 30%). The interim dividend for 2023 was unfranked [2022 Interim: unfranked] and the proposed final dividend for 2023 is unfranked [2022 Final: unfranked]. The balance of franking credits available as at 30 June 2023 is nil [2022: nil].

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 2023 dividends, 100% of the interim dividend and 100% of the final dividend is to be sourced from the CFI account [2022: 100% of the interim and final dividend were sourced from the Company's CFI account]. As a result, none of the 2023 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 2023 is \$73.7 million [2022: \$69.2 million]. The estimated final dividend to be paid on 9 October 2023 of \$76.1 million [2022: \$71.9 million] will be paid from this balance and the advance receipt of FY24 foreign dividends.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Section 2: Capital structure and financing (continued)

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 2023:

- a \$460.0 million revolving multicurrency facility through a syndicate of domestic and international financial institutions, maturing in November 2024;
- a USD100.0 million four-year USD revolving facility, through a syndicate of domestic and international financial institutions, maturing in June 2027; and
- four bilateral agreements with domestic institutions: a \$35.0 million revolving facility maturing in April 2025, a \$75.0 million revolving facility maturing in January 2026, a \$100.0 million revolving facility maturing in July 2027, and a USD100.0 million term facility maturing in January 2028.

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

During the year ended 30 June 2023, the following refinancing activities were undertaken by the Group:

- the \$35.0 million committed bilateral revolving facility that was due to mature in April 2023 was extended to April 2025;
- the \$350.0 million committed multicurrency revolving syndicated facility maturing November 2024 was upsized by \$110.0 million to \$460.0 million;
- a new \$75.0 million committed bilateral revolving facility was established with a maturity date of January 2026;
- a new USD100.0 million committed bilateral term facility was established with a maturity date of January 2028; and
- the USD150.0 million committed revolving syndicated facility that was due to mature in April 2024 was amended to USD100.0 million and extended to June 2027.

\$ million	2023	2022
Cash on hand and at bank	58.4	52.5
Deposits at call	-	0.1
Total cash and cash equivalents	58.4	52.6
<i>Lease liabilities</i>		
Due within one year	54.2	49.7
Due after one year	173.4	174.8
Total lease liability	227.6	224.5
<i>Borrowings</i>		
Bank loans due within one year	-	35.0
US Private Placement due within one year	150.0	-
Current borrowings	150.0	35.0
Bank loans due after one year	468.1	295.0
US Private Placement due after one year	214.3	351.6
Non-current borrowings	682.4	646.6
Total borrowings	832.4	681.6
Total debt	1,060.0	906.1
Net debt	1,001.6	853.5

Accounting policies

Cash and cash equivalents

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

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

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 \$364.5 million (excluding borrowing costs) while the fair value of the notes is \$356.7 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 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)
Cash flows including borrowing costs	0.8	65.6	(137.9)	-	(71.5)
Change in lease arrangements	-	(50.9)	-	-	(50.9)
Unwinding of discounting	-	(10.0)	-	-	(10.0)
Other non-cash movements	-	-	(0.2)	(0.3)	(0.5)
Effect of movements in foreign exchange rates	5.0	(7.8)	-	(12.4)	(15.2)
Net debt at 30 June 2023	58.4	(227.6)	(468.1)	(364.3)	(1,001.6)

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

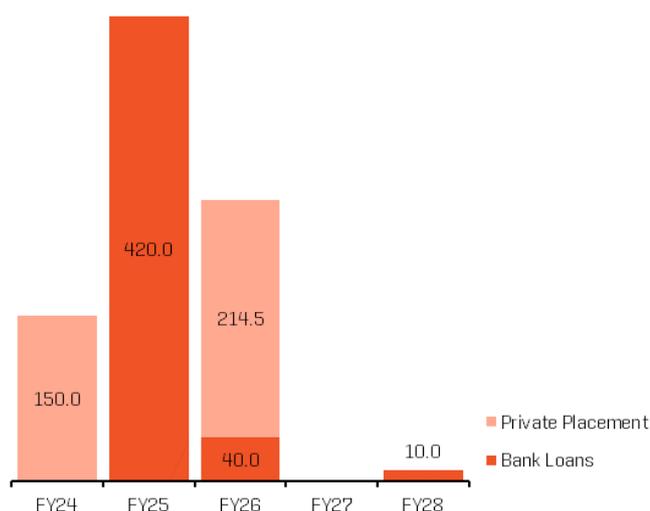
Section 2: Capital structure and financing (continued)

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 2023 is illustrated in the following chart:

Maturity profile of drawn debt by facility
\$m



The terms and conditions of loans (expressed in Australian dollars) are as follows:

\$ million	Currency	Matures	2023		2022	
			Drawn	Facility size	Drawn	Facility size
US Private Placement ⁽¹⁾	USD	July 2023	150.0	150.0	144.9	144.9
Global Syndicated Multicurrency Revolving Facility ⁽²⁾	AUD	November 2024	385.0	460.0	245.0	350.0
Committed Bilateral Revolving Facility ⁽³⁾	AUD	April 2025	35.0	35.0	35.0	35.0
US Private Placement	USD	July 2025	214.5	214.5	207.2	207.2
Committed Bilateral Revolving Facility	AUD	January 2026	40.0	75.0	-	-
USD Syndicated Revolving Facility ⁽⁴⁾	USD	June 2027	-	150.0	-	217.4
Committed Bilateral Revolving Facility	AUD	July 2027	10.0	100.0	50.0	100.0
Committed Bilateral Term Facility	USD	January 2028	-	150.0	-	-
			834.5	1,334.5	682.1	1,054.5

(1) The USD100.0 million US Private Placement notes were repaid in July 2023.

(2) In November 2022 this facility was increased to \$460.0 million from \$350.0 million.

(3) During the period the \$35.0 million facility that was due to mature in April 2023 was extended to April 2025.

(4) During the period this facility was amended to USD100.0 million from USD150.0 million and the maturity extended to June 2027.

All bank debt drawings as at 30 June 2023 that were denominated in Australian dollars bore interest at BBSY plus an applicable credit margin. Any bank debt drawings in US or New Zealand dollars would bear interest at Term SOFR or BKBM plus an applicable margin. The Group's US Private Placement notes bore an interest rate based on an applicable fixed rate coupon.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 2023 are presented in the Statement of changes in equity.

2.4.1. Contributed equity and treasury shares

\$ million	2023	2022
Ordinary shares issued and fully paid	-	-
Share buyback reserve	[27.9]	[26.4]
Treasury shares	[10.9]	[10.9]
Total contributed equity and treasury shares	[38.8]	[37.3]

Contributed equity

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

	Contributed equity		Treasury shares	
	No. '000	\$ million	No. '000	\$ million
At 1 July 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
Treasury shares used to satisfy issue of RSU Grant	-	[1.5]	433	1.5
Restriction lifted on shares issued under the RSU Grant	-	0.2	-	-
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]
Acquisition of shares by the Orora Employee Share Trust	-	-	[1,369]	[4.5]
Cancellation of RSU Grant	-	0.3	[84]	[0.3]
Treasury shares used to satisfy issue of RSU Grant	-	[0.1]	7	0.1
Restriction lifted on shares issued under the RSU Grant	-	0.1	-	-
Exercise of vested grants under Employee Share Plans	1,318	2.9	-	-
Treasury shares used to satisfy exercise of vested grants under Employee Share Plans	[1,318]	[4.7]	1,318	4.7
At 30 June 2023	845,352	[27.9]	[3,151]	[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.

Refer to note 7.1 for movements in the Group's Employee Share Plans, including the Restricted Share Unit (RSU) grants. Refer to note 6.2 for details of the Orora Employee Share Trust.

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 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 bought over the original amount of the subscribed equity.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Section 2: Capital structure and financing (continued)

2.4. Equity (continued)

2.4.1. Contributed equity and treasury shares (continued)

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.

2.4.2. Reserves

\$ million	2023	2022
Cash flow hedge reserve	8.9	3.8
Share-based payment reserve	13.1	10.7
Demerger reserve	132.9	132.9
Exchange fluctuation reserve	12.6	(8.5)
Total reserves	167.5	138.9

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 2023 the following movements were recognised in the cash flow hedge reserve:

\$ million	2023	2022
<i>Unrealised gains/(losses) on cash flow hedges</i>		
Forward exchange contract gains	12.3	10.5
Forward commodity contract losses	(1.2)	(0.6)
Interest rate swap contracts gains	3.2	-
Power purchase contract gains	5.1	-
	19.4	9.9
<i>Realised (gains)/losses transferred to profit or loss</i>		
Forward exchange contract gain	(12.5)	(2.5)
<i>Realised (gains)/losses transferred to non-financial assets, net of tax</i>		
Forward exchange contract gain	(0.8)	(2.7)
Commodity contract loss/(gain)	1.1	(0.4)
	0.3	(3.1)

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.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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.

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	2023	2022
Retained earnings at the beginning of the period	630.1	580.2
Net profit attributable to the owners of Orora Limited	184.8	184.7
	814.9	764.9
Ordinary dividends:		
Final paid [refer note 2.2]	(71.5)	(65.9)
Interim paid [refer note 2.2]	(71.9)	(68.9)
	(143.4)	(134.8)
Retained earnings at the end of the period	671.5	630.1

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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	2023	2022
Trade receivables	457.6	512.0
Less loss allowance provision	[7.5]	[6.5]
	450.1	505.5
Other receivables	67.3	56.3
Total current trade and other receivables	517.4	561.8

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 as substantially all of the risks and rewards of ownership have been transferred.

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 are 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 and anticipated expected credit loss 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.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

The following table sets out the ageing of trade receivables, according to their due date:

\$ million	Loss allowance provision		Gross carrying amount	
	2023	2022	2023	2022
Not past due	-	-	408.6	442.5
Past due 0-30 days	0.8	-	33.8	50.7
Past due 31-120 days	1.0	3.6	9.4	15.9
More than 121 days past due	5.7	2.9	5.8	2.9
	7.5	6.5	457.6	512.0

The Group has recognised a net loss of \$2.5 million (2022: \$4.4 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	2023	2022
Raw materials and stores	281.0	262.2
Work in progress	8.8	8.2
Finished goods	349.3	380.4
Total inventory	639.1	650.8

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 \$6.8 million (2022: \$7.6 million) with regard to the net realisable value of inventories which has been recognised in 'cost of sales' expense in the income statement.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Section 3: Assets and liabilities (continued)

3.3. Trade and other payables

\$ million	2023	2022
Current		
Trade creditors	447.0	560.9
Deferred grant income	1.0	0.3
Other creditors and accruals	310.2	370.0
Total current trade and other payables	758.2	931.2
Non-current		
Deferred grant income	11.7	4.7
Other creditors	1.1	0.3
Total non-current other payables	12.8	5.0

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 has supply chain financing arrangements in place which act as an alternative source of financing for suppliers who have the option to trade their invoices with funding providers in order to receive cash earlier than the invoice due dates. The Group also has supply agreements in place for certain raw material purchases, where there is considerable time lag between the purchase order date and receipt of the raw material, that include supply chain financing characteristics that provide the Group with extended payment terms compared to the related invoice payment due date. Under these arrangements, the funding provider agrees to pay amounts to the participating suppliers in respect of these invoices and receives settlement from the Group at a later date.

At 30 June 2023, the carrying amount of liabilities included in trade creditors party to these arrangements is \$186.0 million (2022: \$285.1 million). The cash flows on payment to the funding provider have been recognised in operating cash flow as they represent payments for the purchase of goods and services and continue to be part of the normal operating cycle of the Group.

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	2023	2022
Current		
Contract incentive payments ^[1]	7.0	6.9
Prepayments and other current assets	26.5	19.8
Total other current assets	33.5	26.7
Non-current		
Contract incentive payments ^[1]	27.5	23.8
Other non-current assets	68.0	68.0
Total other non-current assets	95.5	91.8

[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 2023

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 assets over time.

\$ million	Land	Land improvements	Buildings	Plant and equipment	Finance leased assets	Assets under construction	Total
Cost							
At 1 July 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
Additions for the period	-	-	12.3	63.6	-	106.7	182.6
Disposals during the period	-	-	(0.8)	(21.4)	-	-	(22.2)
Other transfers	-	1.3	4.7	29.6	-	(35.6)	-
Effect of movements in foreign exchange rates	-	-	2.2	14.1	0.1	-	16.4
At 30 June 2023	34.4	9.6	264.8	1,372.7	4.0	117.1	1,802.6
Accumulated depreciation and impairment							
At 1 July 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)
Depreciation charge	-	(0.2)	(7.5)	(55.2)	-	-	(62.9)
Disposals during the period	-	-	0.5	21.0	-	-	21.5
Impairment loss	-	-	-	(3.3)	-	-	(3.3)
Other transfers	-	-	(0.6)	0.6	-	-	-
Effect of movements in foreign exchange rates	-	-	(1.5)	(9.2)	(0.1)	-	(10.8)
At 30 June 2023	-	(3.2)	(98.4)	(890.5)	(4.0)	-	(996.1)
Net book value							
At 30 June 2022	34.4	5.3	157.1	442.4	-	46.0	685.2
At 30 June 2023	34.4	6.4	166.4	482.2	-	117.1	806.5

At 30 June 2023, no property, plant and equipment was provided as security for any interest-bearing borrowings [2022: nil].

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Section 3: Assets and liabilities (continued)

3.5. Property, plant and equipment (continued)

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's 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.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Right-of-use assets

\$ million	Property	Plant and Equipment	Total
Cost			
At 1 July 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
Lease additions and modifications	46.0	7.4	53.4
Derecognition of right-of-use assets	(6.6)	(2.5)	(9.1)
Effect of movements in foreign exchange rates	9.5	1.2	10.7
At 30 June 2023	307.6	45.0	352.6
Accumulated amortisation and impairment			
At 1 July 2021	(79.1)	(12.5)	(91.6)
Amortisation 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)
Amortisation charge for the period	(43.2)	(6.8)	(50.0)
Derecognition of right-of-use assets	5.8	1.1	6.9
Effect of movements in foreign exchange rates	(4.2)	(0.7)	(4.9)
At 30 June 2023	(146.3)	(25.6)	(171.9)
Net book value			
At 30 June 2022	154.0	19.7	173.7
At 30 June 2023	161.3	19.4	180.7

Amounts recognised in the income statement

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

\$ million	2023	2022
Amortisation of right-of-use assets	50.0	44.6
Expenses relating to short-term leases	18.5	15.7
Expenses relating to low-value assets	1.0	0.7
Income from sub-leasing right-of-use assets	(0.6)	(0.8)
Interest on lease liabilities	10.0	9.8

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Section 3: Assets and liabilities (continued)

3.6. Leases (continued)

Lease liabilities

\$ million	2023	2022
Current lease liabilities	54.2	49.7
Non-current lease liabilities	173.4	174.8
	227.6	224.5

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

\$ million	2023	2022
Within one year	64.2	55.9
Between one and five years	169.0	154.8
More than five years	25.9	28.8
	259.1	239.5
Less sub-lease rental income	(5.9)	(6.9)
	253.2	232.6

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 2023

Lease term

Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not the respective lessor.

Deferred tax

A lease transaction is considered a single transaction in which the recognition of the right-of-use asset and the lease liability are integrally linked. As a result, differences that arise between the settlement of the lease liability and the amortisation of the leased asset result in a net temporary difference on which deferred tax is recognised in accordance with the Group's deferred tax accounting policy.

Judgements and estimates

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties and equipment, the following factors are normally the most relevant:

- if there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate)
- if any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate)
- otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Section 3: Assets and liabilities (continued)

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.

\$ million	Other intangible assets			Total
	Computer software	Other	Goodwill	
Cost				
At 1 July 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
Additions for the period	5.1	-	-	5.1
Disposals during the period	(2.3)	(0.7)	-	(3.0)
Effect of movements in foreign exchange rates	3.4	1.0	15.2	19.6
At 30 June 2023	143.0	29.1	483.9	656.0
Accumulated amortisation and impairment				
At 1 July 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)
Amortisation charge	(9.4)	(0.7)	-	(10.1)
Disposals during the period	0.7	0.7	-	1.4
Effect of movements in foreign exchange rates	(2.3)	(0.8)	(3.0)	(6.1)
At 30 June 2023	(101.2)	(24.4)	(90.3)	(215.9)
Net book value				
At 30 June 2022	46.6	5.2	381.4	433.2
At 30 June 2023	41.8	4.7	393.6	440.1

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 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 10 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 2023

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 carrying value. Should an asset's 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 (assessed at a minimum at 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 groups 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.

The Group's current strategy to manage climate-related risks and opportunities is focused on reducing gross greenhouse gas emissions across the Group and investing in low emission technologies and renewable energy sources (refer note 5.2.3), 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. The cash flow projections included in the value in use computations include known estimates of approved cash flows required to meet the Group's identified initiatives to manage climate-related risks and opportunities. This includes consideration of compliance with local climate regulations such as the National Greenhouse and Energy Reporting (Safeguard Mechanism) Rule 2015. 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 regards to the long-term performance of each CGU in their respective markets and are not expected to exceed the long-term average growth rates for the industry in which each CGU operates.

The discount rate used in performing the value in use calculations reflects the Group's weighted average cost of capital, as adjusted for specific risks relating to each geographical region in which the CGUs operate.

Reversal of impairment

Where there is an indication that previously recognised impairment losses may no longer exist or may have decreased, the asset is tested for impairment. The impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of the asset and is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. Impairments recognised for goodwill are not reversed.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Section 3: Assets and liabilities (continued)

3.8. Impairment of non-financial assets (continued)

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:

	Goodwill Allocation (\$ million)	Pre-tax Discount Rate [%]	Terminal Growth Rate [%]
2023			
Australasia CGU	32.4	11.1	1.3
North America CGU	361.2	11.3	1.0
2022			
Australasia CGU	32.2	10.7	2.0
Orora Packaging Solutions CGU	282.3	9.7	2.0
Orora Visual CGU	66.9	9.8	2.0

North America CGU

During the period a significant restructuring of Orora's North America operations took place with the merger of the Orora Packaging Solutions (OPS) and Orora Visual (OV) businesses. The merger of these two operations triggered a reassessment and ultimately a change in the composition of the Group's CGUs with the OPS CGU and OV CGU combining into the North America CGU.

Immediately prior to the merger of the operations and identification of the new North America CGU, impairment tests were undertaken to separately assess the carrying value of the OPS and OV CGU's. The impairment assessments were performed in accordance with the Group's recoverable amount assessment policy using a value in use calculation; no impairment was identified for either CGU.

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 each of the Group's 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 including the impact of climate related risks, 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.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

3.9. Provisions

\$ million	Employee entitlements	Asset restoration, restructuring and decommissioning	Other claims and provisions	Total
2023				
Opening balance	30.1	60.2	11.3	101.6
Provisions made during the period ⁽¹⁾	17.0	33.6	14.7	65.3
Payments made during the period	(14.5)	(32.6)	(2.5)	(49.6)
Released during the period	(0.8)	(1.8)	-	(2.6)
Effect of movement in foreign exchange rate	0.3	0.6	0.2	1.1
Closing balance	32.1	60.0	23.7	115.8
Current	30.1	48.6	23.7	102.4
Non-current	2.0	11.4	-	13.4
2022				
Opening balance	25.8	78.4	16.5	120.7
Provisions made during the period	16.9	11.3	1.7	29.9
Payments made during the period	(12.8)	(30.5)	(4.3)	(47.6)
Released during the period	(0.5)	(0.2)	(3.2)	(3.9)
Effect of movement in foreign exchange rate	0.7	1.2	0.6	2.5
Closing balance	30.1	60.2	11.3	101.6
Current	28.0	48.5	10.4	86.9
Non-current	2.1	11.7	0.9	14.7

(1) During the period a significant item expense of \$26.0 million was recognised in respect of additional expected costs associated with the decommissioning of the Petrie Mill site. Refer to note 1.2 for further details of the significant item.

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.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Section 3: Assets and liabilities (continued)

3.9. Provisions (continued)

Other claims and provisions

Other claims provisions include amounts relating to potential losses or damages arising from legal actions or other obligations that arise from an incident or events that have occurred prior to reporting date. The amounts recognised represent the value of the total estimated outflows of cash that may be required to settle the obligation.

Asset restoration, restructuring and decommissioning

Asset restoration and decommissioning

Where the Group has a legal or constructive obligation to restore a site on which an asset is located, either through make-good provisions included in lease agreements or decommissioning of environmental risks, the present value of the estimated costs of dismantling and removing the asset and restoring the site is recognised as a provision with a corresponding increase in the related item of property, plant and equipment.

At each reporting date, the liability is remeasured in line with changes in discount rates, estimated cash flows and the timing of those cash flows. Any changes in the liability are added to or deducted from the related asset, other than the unwinding of the discount, which is recognised as a financing cost in the income statement. If there is no related asset in respect of the restoration or decommissioning activity, changes in the liability are recognised in the income statement.

The asset restoration provision includes amounts that have been recognised in respect of certain environmental contamination indemnities provided under the Australian Fibre sale and purchase agreement. The indemnity relates to certain pre-existing contamination that may exist at the Australasian Fibre sites as at 30 April 2020, where after this date the contamination is either a) required to be remediated by a regulatory agency, or b) the site is subject to regulatory enforcement action that is directly related to pre-existing contamination.

Restructuring

A provision for restructuring is recognised when the Group has a detailed formal restructuring plan and the restructuring has either commenced or has been publicly announced, including discussions with affected personnel. Future operating costs in relation to the restructuring are not provided for. Payments falling due greater than 12 months after reporting date are discounted to present value.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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).

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 has measured the Petrie decommissioning provision as at 30 June 2023 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 circumstances and are management's best estimates based on currently available information, legislation and environmental laws and regulations. The actual result may differ from these accounting estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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	2023	2022
<i>Current tax expense</i>		
Current period	(40.8)	(56.8)
Adjustments relating to prior periods	0.5	(0.2)
Total current tax expense	(40.3)	(57.0)
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences	(21.9)	(14.7)
Total income tax expense	(62.2)	(71.7)
<i>Deferred income tax expense included in income tax expense comprises:</i>		
Increase/(decrease) in deferred tax assets	20.9	(2.6)
Increase in deferred tax liabilities	(42.8)	(12.1)
Deferred income tax expense included in total income tax expense	(21.9)	(14.7)

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

\$ million	2023	2022
Profit before related income tax (expense)/benefit	247.0	258.8
Tax at the Australian tax rate of 30% [2022: 30%]	(74.1)	(77.6)
<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	3.6	(0.1)
Net tax credits and tax loss utilisation	0.6	0.7
Over provision in prior period	1.6	1.3
Foreign tax rate differential	6.1	4.0
Total income tax expense	(62.2)	(71.7)

4.2. Deferred tax balances

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

\$ million	2023	2022
Property, plant and equipment	37.5	3.4
Net right-of-use lease accounting	1.0	2.1
Trade receivable loss allowance provision	(0.2)	(1.1)
Intangible assets	5.8	4.3
Valuation of inventories	(3.3)	(3.1)
Employee benefits	0.1	(1.2)
Provisions	1.9	10.2
Financial instruments at fair value	(0.2)	0.6
Tax losses carried forward	(20.0)	-
Accruals and other items	(0.7)	(0.5)
Deferred tax expense	21.9	14.7

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

\$ million	2023	2022
<i>Deferred tax assets</i>		
Net right-of-use lease accounting	13.6	14.6
Trade receivable loss allowance provision	1.9	1.6
Valuation of inventories	23.8	20.2
Employee benefits	38.7	36.3
Provisions	13.2	15.0
Tax losses carried forward	20.2	-
	111.4	87.7
Tax set-off	[99.3]	[71.6]
Deferred tax asset	12.1	16.1
<i>Deferred tax liabilities</i>		
Property, plant and equipment	105.8	66.0
Intangible assets	20.1	13.7
Financial instruments at fair value	3.7	1.7
Accruals and other items	2.8	3.9
	132.4	85.3
Tax set-off	[99.3]	[71.6]
Deferred tax liability	33.1	13.7

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.

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. Deferred tax assets that have been recognised in respect of tax losses can be carried forward indefinitely and have no expiry date.

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.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Section 4: Income tax (continued)

Accounting policies (continued)

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.

Pillar Two top-up tax

In October 2021, over 135 jurisdictions agreed to update the international tax system based on the Organisation for Economic Co-operation and Development (OECD) Global Anti-Base Erosion (GloBE) tax rules. Under the OECD Pillar Two rules, multinational groups with consolidated revenue over €750.0 million are subject to a minimum Effective Tax Rate (ETR) of 15% on income arising in low-tax jurisdictions.

Orora operates across a number of jurisdictions where the OECD Pillar Two rules are in varying stages of development and enactment: ranging from no announcement regarding enactment through to draft or proposed laws. The Australian Government announced as part of the 2023-2024 Federal Budget that it will adopt legislation to implement Pillar Two rules in Australia, effective for income years commencing on or after 1 January 2024.

The Group operates in seven key countries, and all these countries have statutory corporate tax rates more than 15%. The Group is in the process of undertaking a preliminary assessment in preparation for complying with the Pillar Two model rules. At the date of this report this assessment is not yet complete however the analysis prepared does indicate that the Group is unlikely to have any potential exposure to Pillar Two top-up taxes.

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. Uncertainty and changes to tax regimes can materialise in any country in which we operate. There are many transactions and calculations relating to the ordinary course of business for which the ultimate tax determination is uncertain.

The Group recognises liabilities for uncertain tax positions based on management's best estimate of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, these differences impact the current and deferred tax provisions in the period in which such determinations are made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits are available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment. The assumptions regarding the future realisation, and therefore the recognition of deferred tax assets, may change due to future operating performance and other factors.

The assumptions made in respect of the recognised tax balances are subject to risk and uncertainty and there is a possibility that changes in circumstances or differences in opinion will alter outcomes which may impact the amount of deferred tax assets and deferred tax liabilities recognised and the amount of tax losses and timing differences not yet recognised.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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).

5.1. Derivative financial instruments

Hedging activities and the use of derivatives

What is a derivative?

A derivative is a type of financial instrument typically used to manage risk. A derivative's value changes over time in response to underlying variables, such as exchange rates or interest rates, and is entered into for a fixed period of time. A hedge is where a derivative is used to manage exposure in an underlying variable.

The Group is exposed to certain market risks which include foreign exchange risk, interest rate risk and commodity price risk. In accordance with Board approved policies the Group manages these risks by using derivative financial instruments to hedge the underlying exposures.

Why do we need them?

The key market risks facing the Group:

- Foreign currency transaction risk is the risk that currency fluctuations will have a negative effect on the value of the Group's future cash flows due to changes in foreign currency between the date a commercial transaction is entered into and the date at which the transaction is settled.
- Interest rate risk arises from fluctuations in variable market interest rates impacting the fair value or future cash flows on long-term borrowings.
- Commodity price risk arises from significant changes in the price of electricity and key raw material inputs, in particular the purchase of aluminium.

How do we use them?

The Group employs the following derivative financial instruments when managing its foreign currency, interest rate and commodity price risk:

- Forward exchange contracts and options are derivative instruments used to hedge transaction risk. They enable the sale or purchase of foreign currency at a known fixed rate on an agreed future date. The Group holds forward exchange contracts and options denominated in US Dollars, Euros, British Pounds and NZ Dollars to hedge highly probable forecast sale and purchase transactions (cash flow hedges).
- Interest rate swaps are derivative instruments used to manage interest rate risk. They enable the exchange of a fixed rate of interest for a floating rate, or vice versa, or one type of floating rate for another. These derivatives are entered into to manage the Group's exposure to fixed and floating interest rates arising from borrowings. These hedges may incorporate cash flow hedges, which fix future interest payments, and fair value hedges, which reduce the Group's exposure to changes in the value of its assets and liabilities arising from interest rate movements.
- Power Purchase Arrangements (PPA's) 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.
- To manage commodity price risk associated with aluminium purchases the Group uses forward commodity contracts and fixed price swaps to hedge price risk and enable the purchase of aluminium raw materials at a known fixed rate on an agreed future date (cash flow hedge). 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).

With the exception of the PPA's, 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.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Section 5: Financial risk management (continued)

5.1. Derivative financial instruments (continued)

Hedge accounting

At the inception of the hedge relationship, the Group formally designates the relationship between hedging instruments and hedged items, as well as its risk management objective for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, as to whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items. Where option contracts are used to hedge forecast transactions, only the intrinsic value of the option contract is designated as the hedging instrument.

Rebalancing

If the hedging ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

For the purposes of hedge accounting, hedges are classified as fair value hedges, cash flow hedges or net investment hedges and are accounted for as set out in the table below.

	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.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Fair value measurement

The following table sets out the fair value of derivative financial instruments utilised by the Group, analysed by type of contract.

\$ million	Level 2		Level 3		Total	
	Asset	Liability	Asset	Liability	Asset	Liability
30 June 2023						
<i>Cash flow hedges</i>						
Interest rate swap contracts	3.2	-	-	-	3.2	-
Foreign exchange derivatives	5.5	(0.9)	-	-	5.5	(0.9)
Commodity derivatives	-	(0.2)	-	-	-	(0.2)
Electricity derivatives	-	-	6.4	(1.5)	6.4	(1.5)
<i>Fair value hedge</i>						
Foreign exchange derivatives	3.3	(0.1)	-	-	3.3	(0.1)
Commodity derivatives	0.1	(1.1)	-	-	0.1	(1.1)
Total derivatives in an asset/(liability) position	12.1	(2.3)	6.4	(1.5)	18.5	(3.8)
Current asset/(liability)	8.5	(2.2)	0.8	-	9.3	(2.2)
Non-current asset/(liability)	3.6	(0.1)	5.6	(1.5)	9.2	(1.6)
30 June 2022						
<i>Cash flow hedges</i>						
Foreign exchange derivatives	7.8	(0.6)	-	-	7.8	(0.6)
Electricity derivatives	-	-	0.2	(0.7)	0.2	(0.7)
<i>Fair value hedge</i>						
Foreign exchange derivatives	8.9	-	-	-	8.9	-
Commodity derivatives	-	(0.6)	-	-	-	(0.6)
Total derivatives in an asset/(liability) position	16.7	(1.2)	0.2	(0.7)	16.9	(1.9)
Current asset/(liability)	15.8	(1.9)	-	-	15.8	(1.9)
Non-current asset/(liability)	0.9	0.7	0.2	(0.7)	1.1	-

The Group does not hold any Level 1 financial instruments. There were no transfers between Level 1 and 2 for recurring fair value measurements during the year.

Fair value measurement

The following table provides a reconciliation of the fair value movements in Level 3 financial instruments.

\$ million	2023	2022
Opening balance	(0.5)	0.1
Total gains or losses:		
Recognised in other comprehensive income	5.1	-
Recognised in income statement	(0.4)	(0.6)
Settlement of derivative	0.7	-
Closing balance	4.9	(0.5)

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Section 5: Financial risk management (continued)

5.1. Derivative financial instruments (continued)

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 at balance sheet date are as follows:

- the fair value of interest rate swaps is calculated as 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 reporting date, based on observable yield curves;
- the fair value of forward foreign exchange contracts and currency options is determined using the difference between the contract exchange rate and the quoted exchange rate;
- the fair value of the aluminium commodity forward contracts is determined using the difference between the contract commodity price and the quoted market price;
- the fair value of commodity forward contracts is calculated as the present value of the estimated future cash flows using market observable quoted prices; and
- the fair value of energy derivatives is calculated as the present value of the future contracted cash flows using market observable quoted prices and risk adjusted forecast prices including credit adjustments.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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		
<ul style="list-style-type: none"> 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 - e.g. interest rate swaps. Refer notes 5.2.1 and 5.1.
<ul style="list-style-type: none"> 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 5.2.2 and 5.1.
<ul style="list-style-type: none"> Commodity price risk 	The Group is exposed to changes in commodity prices in respect of the purchase of aluminium raw materials and the price of electricity.	Where possible, the Group mitigates raw material commodity price risk by contractually passing rise and fall adjustments through to customers. To mitigate the variability of wholesale electricity prices in Australia, the Group utilises Power Purchase Arrangements (PPAs). Refer notes 5.2.3 and 5.1.
<ul style="list-style-type: none"> 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 notes 5.2.4, 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. 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. Refer to notes 5.3 and 3.1 for credit risk exposures relating to trade and other receivables.
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 5.4) by ensuring that: <ul style="list-style-type: none"> a sufficient range of funds are available to meet working capital and investment objectives; adequate flexibility within the funding structure is maintained through the use of bank overdrafts, bank loans and unsecured notes; through regular monitoring of rolling forecast of cash inflows and outflows, the cost of funding is minimised and that the return on any surplus funds is maximised through efficient cash management; and there is a focus on improving operational cash flow and maintaining a strong balance sheet.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Section 5: Financial risk management (continued)

5.2. Market risks

5.2.1. 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 regularly analyses its interest rate exposure, by taking into consideration forecast debt positions, refinancing, renewals of existing positions, alternative financing, hedging positions and a mix of fixed and floating interest rates. 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 2023, approximately 56% [2022: 52%] of the Group's debt is fixed rate. The movement in fixed rate debt was a result of interest rate swaps put in place during the year.

The Group had the following borrowings exposed to floating interest rate risk:

	Weighted average interest rate	Balance \$ million
2023		
Bank loans	5.6%	468.1
Interest rate swaps (notional principal amount)	3.7%	100.0
Net exposure to cash flow interest rate risk		368.1
2022		
Bank loans	2.5%	330.0
Interest rate swaps (notional principal amount)	-	-
Net exposure to cash flow interest rate risk		330.0

Interest rate derivatives used for hedging

The Group's interest rate swaps are 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.

The table below details the carrying values representing the fair value of the instruments used to hedge interest rate risk together with the notional principal amounts of the interest rate swaps outstanding at the end of the reporting period:

	Notional item	Balance \$ million
2023		
Cash flow hedge ⁽¹⁾	AUD150.0m floating to fixed	3.2
Total derivatives in an asset position		3.2

[1] The cash flow hedge notional amount in the above table includes \$50.0 million of forward starting swaps which are hedging the underlying interest rate exposures and therefore not included in the net exposure to cash flow interest rate risk table above.

The Group did not hold any derivative instruments as at 30 June 2022 in respect of hedging interest rate risk.

During the year a gain of \$3.2 million [2022: nil] was recognised in other comprehensive income. No amounts relating to cash flow hedges were transferred from equity to operating profit [2022: nil]. No amounts were recognised in the income statement in respect of hedge ineffectiveness on interest rate swaps [2022: nil].

At 30 June 2023, if Australian and US interest rates had increased by 1.0% [100 bps], post-tax profit for the year would have been \$3.3 million lower [2022: \$2.3 million lower], net of derivatives and equity would have been \$3.5 million higher [2022: nil]. 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 \$3.3 million higher [2022: \$2.3 million higher], net of derivatives and equity would have been \$3.5 million lower [2022: nil].

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5.2.2. 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 dates 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.

The summary quantitative data about the Group's exposure to translation currency risk (expressed in Australian dollars), as reported to the management of the Group, is as follows:

\$ million	2023		2022	
	USD	NZD	USD	NZD
Funds employed	745.8	54.0	729.9	65.3
Net Debt	(343.4)	33.7	(336.8)	19.1
Net exposure to translation risk	402.4	87.7	393.1	84.4

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 was as follows:

\$ million	USD	NZD	EUR	GBP
2023				
Trade receivables	28.9	2.1	-	-
Trade payables	(128.4)	(7.0)	(3.0)	(0.4)
Foreign currency forwards				
<i>Cash flow hedges</i>				
Buy foreign currency	100.2	-	26.9	0.2
Sell foreign currency	(0.7)	(3.4)	-	-
<i>Fair value through p&l</i>				
Buy foreign currency	90.0	-	0.5	-
Sell foreign currency	-	-	-	-
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 through p&l</i>				
Buy foreign currency	121.0	-	2.0	-
Sell foreign currency	-	(0.4)	-	-

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Section 5: Financial risk management (continued)

5.2. Market risks (continued)

5.2.2. 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 and foreign exchange swap rate:

	Notional Item million	Weighted Average	\$ million	
			Asset	Liability
2023				
<i>Cash flow hedges</i>				
AUD/USD	USD 90.4	0.6840	3.2	(0.6)
AUD/EUR	EUR 26.9	0.6378	2.1	-
AUD/GBP	GBP 0.2	0.5585	-	-
NZD/USD	USD 9.1	0.6069	0.2	(0.3)
NZD/AUD	NZD 3.4	0.9152	-	-
<i>Fair value hedges</i>				
AUD/USD	USD 73.1	0.6843	2.6	-
NZD/USD	USD 16.9	0.6269	0.7	(0.1)
AUD/EUR	EUR 0.5	0.6289	-	-
Total derivatives in an asset/(liability) position			8.8	(1.0)
2022				
<i>Cash flow hedges</i>				
AUD/USD	USD 109.3	0.7226	7.0	-
AUD/EUR	EUR 9.4	0.6442	0.1	(0.3)
AUD/GBP	GBP 3.9	0.5417	-	(0.3)
NZD/USD	USD 16.1	0.6391	0.6	-
NZD/AUD	NZD 2.9	0.9296	0.1	-
<i>Fair value hedges</i>				
AUD/USD	USD 95.2	0.7277	7.0	-
AUD/NZD	USD 17.1	0.6766	1.9	-
Total derivatives in an asset/(liability) position			16.7	(0.6)

Within other income in the income statement the Group recognised a net foreign exchange gain of \$4.2 million [2022: \$0.7 million gain] and, in respect of foreign currency derivatives designated at fair value through profit or loss, a gain of \$0.1 million [2022: \$0.4 million gain].

In addition, a gain of \$12.3 million [2022: \$10.5 million gain] relating to cash flow hedges and a \$21.1 million gain [2022: \$27.3 million gain] on the translation of foreign operations was recognised in other comprehensive income. Gains of \$12.5 million [2022: \$2.5 million gain] relating to cash flow hedges were transferred from equity to operating profit, whilst gains of \$1.1 million were transferred from equity to non-financial assets [2022: \$4.0 million gain]. No amounts were recognised in the income statement in respect of hedge ineffectiveness [2022: nil].

The following sensitivity illustrates how a reasonably possible change in the US dollar, NZ dollar and Euro 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 \$7.3 million higher, net of derivatives, and equity would have been \$11.5 million higher [2022: post-tax profit \$9.1 million higher and equity \$20.9 million higher].
- if the Australian dollar had weakened by 10% against the NZ dollar with all other variables held constant, post-tax profit would have been \$0.4 million lower, net of derivatives, and equity there would have been \$0.2 million lower [2022: no material impact upon post-tax profit and equity would have been \$0.4 million lower].
- if the Australian dollar had weakened by 10% against the Euro with all other variables held constant, the post-tax profit would have been \$0.2 million lower, net of derivatives, and equity would have been \$5.0 million higher [2022: no material impact upon post-tax profit or equity].

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5.2.3. Commodity price risk

The Group is exposed to commodity price risk arising from the purchase of aluminium and the price of electricity.

Electricity prices

To manage the risk associated with the variability of wholesale electricity prices in Australia the Group utilises Power Purchase Agreements (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 requires 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.

The following table details the fair value of the energy derivatives outstanding at the end of the reporting period:

\$ million	2023	2022
Energy derivative financial assets		
Current	0.8	0.2
Non-current	5.6	-
	6.4	0.2
Energy derivative financial liability		
Current	-	(0.7)
Non-Current	(1.5)	-
	(1.5)	(0.7)

During the year a gain of \$5.1 million (2022: nil) was recognised in other comprehensive income, whilst \$0.2 million loss was recognised in the income statement in respect of hedge ineffectiveness (2022: nil). No amounts relating to cash flow hedges were transferred from equity to operating profit.

The following sensitivity illustrates how a reasonably possible change in electricity forward prices would impact the financial results and position of the Group as at 30 June:

- if at the end of the period the forward price had been 10% higher with all other variables held constant, post-tax profit would have been \$0.1 million lower and equity would have been \$3.9 million higher (2022: nil).
- if at the end of the period the forward price had been 10% lower with all other variables held constant, post-tax profit would have been \$0.1 million higher and equity would have been \$4.2 million lower (2022: nil).

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:

	Notional Item million	Average Price	\$ million	
			Asset	Liability
2023				
<i>Cash flow hedges</i>				
Commodity LME price (USD/ mt)	USD3.9	2,312.5	-	(0.2)
<i>Fair value hedges</i>				
Commodity LME price (USD/ mt)	USD8.9	2,399.6	0.1	(1.1)
Total derivatives in an asset/(liability) position			0.1	(1.3)
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 in the majority of instances the Group is able to pass on the price risk contractually to customers through rise and fall adjustments. Under these circumstances some hedging of aluminium prices 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.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Section 5: Financial risk management (continued)

5.2. Market risks (continued)

5.2.3. Commodity price risk (continued)

Aluminium purchases

The movements in aluminium 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. Where commodity hedges are undertaken on behalf of certain customers, there is no impact on profit as a result of movements in commodity prices as the Group passes the price risk contractually through to customers.

During the period, the Group recognised a loss of \$1.2 million (2022: \$0.6 million loss) relating to commodity hedges in other comprehensive income, whilst a loss of \$1.6 million (2022: \$0.6 million gain) relating to commodity hedges was transferred from equity to non-financial assets. No amounts relating to cash flow hedges held for Group purposes were transferred from equity to operating profit.

At 30 June 2023, if the price of aluminium had been 10% higher with all other variables held constant, there would have been no material impact upon post-tax profit, whilst equity would have been \$0.6 million higher (2022: no material impact upon post-tax profit or equity).

5.2.4. 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 2023, the Trust holds 3,492,519 treasury shares in the Company (2022: 3,485,020) of which 341,076 are allocated shares in respect of the Restricted Share Unit (RSU) grants (2022: 461,347). Refer to note 6.2 for further details.

5.3. Credit risks

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).

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5.4. 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 2023 the Group had access to the following committed facilities:

- \$460.0 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.
- USD100.0 million through a USD revolving facility, provided by a syndicate of domestic and international financial institutions, maturing in June 2027.
- \$35.0 million, \$75.0 million and \$100.0 million through bilateral revolving facility agreements which mature in April 2025, January 2026, and July 2027 respectively.
- USD100.0 million through a bilateral term facility agreement maturing in January 2028.

These facilities are unsecured.

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

\$ million	2023			2022		
	Committed	Uncommitted	Total	Committed	Uncommitted	Total
<i>Financing facilities available:</i>						
Bank overdrafts	-	6.2	6.2	-	6.2	6.2
US Private placement	364.5	-	364.5	352.1	-	352.1
Loan facilities and term debt	970.0	80.0	1,050.0	702.4	73.0	775.4
	1,334.5	86.2	1,420.7	1,054.5	79.2	1,133.7
<i>Facilities utilised:</i>						
Bank overdrafts	-	-	-	-	-	-
US Private placement	364.5	-	364.5	352.1	-	352.1
Loan facilities and term debt	470.0	-	470.0	330.0	-	330.0
	834.5	-	834.5	682.1	-	682.1
<i>Facilities not utilised:</i>						
Bank overdrafts	-	6.2	6.2	-	6.2	6.2
US Private placement	-	-	-	-	-	-
Loan facilities and term debt	500.0	80.0	580.0	372.4	73.0	445.4
	500.0	86.2	586.2	372.4	79.2	451.6

The Group also has access to facilities for working capital purposes, refer note 3.1 and 3.3. The supplier facilities allow the Group to provide certain suppliers with access to supply chain financing, which allows these suppliers to benefit from the Group's credit profile. The size of these facilities at 30 June 2023 was \$197.5 million (2022: \$186.6 million).

The Group also has supply agreements in place for certain raw material purchases, where there is considerable time lag between the purchase order date and receipt of the raw material, that include supply chain financing characteristics that provide the Group with extended payment terms compared to the related invoice payment due date. Under these arrangements, the funding provider agrees to pay amounts to the participating suppliers in respect of these invoices and receives settlement from the Group at a later date. The size of the facility at 30 June 2023 was \$120.0 million (2022: \$137.7 million).

The level of utilisation under these arrangements is dependent upon the Group's raw material purchases and the individual requirements of the Group's suppliers which varies over time.

Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Section 5: Financial risk management (continued)

5.4. 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
2023						
<i>Non-derivative financial instruments</i>						
Trade and other payables	758.2	2.3	5.6	4.9	771.0	771.0
Lease liabilities	64.2	55.8	113.2	25.9	259.1	227.6
Borrowings	188.8	445.3	273.4	-	907.5	832.4
Total non-derivatives	1,011.2	503.4	392.2	30.8	1,937.6	1,831.0
<i>Derivatives</i>						
Net settled:						
Commodity contracts	(1.1)	(0.1)	-	-	(1.2)	(1.2)
Interest rate swaps	-	-	3.2	-	3.2	3.2
Electricity price commodity swaps	0.2	0.4	(0.3)	4.6	4.9	4.9
Gross settled forward exchange contracts						
Inflow	317.0	17.3	-	-	334.3	
Outflow	(309.6)	(16.9)	-	-	(326.5)	
Total gross settled forward exchange contracts	7.4	0.4	-	-	7.8	7.8
Total derivatives	6.5	0.7	2.9	4.6	14.7	14.7
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:						
Commodity contracts	(0.6)	-	-	-	(0.6)	(0.6)
Electricity price commodity swaps	(0.5)	-	-	-	(0.5)	(0.5)
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

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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	
		2023	2022
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%
Pollock Investments Incorporated	United States	100%	100%
Kent H. Landsberg Co of Illinois LLC	United States	100%	100%
Orora Visual LLC	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 2023, the Trust held 3,492,519 treasury shares in the Company (2022: 3,485,020) of which 341,076 are allocated shares in respect of the Restricted Share Unit (RSU) grants (2022: 461,347).

Allocated shares

Allocated shares represent those shares purchased and awarded to employees under Orora's Employee Restricted Share Unit (RSU) Plan (refer note 7.1).

Shares granted to an employee under the RSU Grant 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, 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 Group's Employee Share 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.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 \$5.4 million (2022: \$5.7 million). Employee expenses and employee provisions are shown in notes 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 Restricted Share Units (RSU), 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⁾
2023								
Outstanding at beginning of period	461,347	3.55	1,452,692	0.39	5,024,900	1.93	1,375,180	2.85
Granted during the period	7,352	3.11	-	-	1,971,616	1.96	1,039,440	3.02
Exercised during the period	(58,854)	2.40	-	-	(937,479)	2.01	(380,076)	2.14
Forfeited during the period	(68,769)	3.66	(225,607)	0.38	(1,030,547)	1.85	(180,099)	3.04
Outstanding at end of period	341,076	3.57	1,227,085	0.39	5,028,490	1.94	1,854,445	3.07
Exercisable at end of period	-	-	1,227,085	0.39	-	-	-	-
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	-	-	-	-

(1) The equity outcomes for the 2023 financial year short-term incentive will be determined and allocated in September 2023 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 2023

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	
				2023	2022
30 Oct 2015	30 Sept 2019	30 Sept 2024	2.08	226,567	226,567
22 Oct 2018	31 Aug 2022	31 Aug 2027	3.58	1,000,518	1,226,125
Share options outstanding at end of period				1,227,085	1,452,692
Weighted average contractual life of options outstanding at end of period				3.7 years	4.7 years

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.

Accounting policies

The cost of the share-based compensation provided to employees is measured using the fair value at the date at which the rights are 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 rights granted. Upon exercise of the right, the balance of the share-based payment reserve, relating to the right, is transferred to share capital.

At each reporting period the Group revises the estimate of the number of rights 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 rights 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 rights that are expected to be exercisable.

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 rights granted during the period:

	2023	2022
Expected dividend yield (%)	4.71	4.70
Expected price volatility of the Company's shares (%)	29.74	31.00
Share price at grant date (\$)	3.20	3.16
Risk-free interest rate - rights (%)	3.44	0.31
Expected life of rights (years)	3.46	4.00

The dividend yield reflects the assumption that the current dividend pay-out 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.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

7.1. Share-based compensation (continued)

A description of the equity plans in place during the year ended 30 June 2023 is described below:

	Retention/Share Payment plan	Long-term incentives	Short-term incentive
	RSU Grant	Performance Rights and Performance Shares	Deferred Equity
Overview	<p>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.</p> <p>The restrictions on these shares do not allow the employee to dispose of the shares within the vesting/restriction period.</p> <p>The shares subject to the RSU Grant carry full dividend entitlements and voting rights.</p>	<p>Under the long-term incentive plan 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.</p> <p>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.</p> <p>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.</p>	<p>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:</p> <ul style="list-style-type: none"> • 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.	Of the grants provided, 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. 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	2 years
Vested awards	Restriction lifted upon vesting.	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.		

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

7.2. Auditors' remuneration

\$ thousand	2023 ⁽¹⁾	2022 ⁽²⁾
Auditors of the Group		
<i>Audit and other assurance services</i>		
Audit and review of financial reports	950.0	992.1
Other regulatory audit services	16.0	-
Other assurance services	75.5	-
<i>Other services</i>		
Taxation services and other advice	161.1	254.5
	1,202.6	1,246.6
Related network firms of the auditor of the Group		
<i>Audit and other assurance services</i>		
Audit and review of financial reports	-	14.0
<i>Other services</i>		
Taxation services and other advice	-	52.3
	-	66.3
Total auditors' remuneration	1,202.6	1,312.9

(1) In 2023, all amounts were paid to member firms of KPMG.

(2) In 2022, all amounts were paid to member firms of PwC, being the Group's auditors for that financial year.

7.3. Commitments and contingent liabilities

7.3.1. Commitments

At 30 June 2023, the Group has capital commitments contracted but not provided for in respect of the acquisition of property, plant and equipment of \$108.8 million (2022: \$61.8 million). In addition, other contracted commitments for the acquisition of Large-scale Generation Certificates under the Group's PPA's (refer note 5.2.3) not provided for amount to \$10.6 million (2022: nil).

7.3.2. 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 2023

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

7.4. Orora Limited

Orora Limited financial information

The financial information for the parent entity Orora Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

In the Company's financial statements, investments in subsidiaries are carried at cost less, where applicable, accumulated impairment losses.

Nature of tax sharing agreement

Upon tax consolidation, the entities within the tax-consolidated group entered into a tax sharing agreement. The terms of this agreement specify the methods of allocating any tax liability in the event of default by the Company on its group payment obligations and the treatment where a subsidiary member exits the group. The tax liability otherwise remains with the Company for tax purposes.

Orora Limited and its wholly owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is Orora Limited.

The Company, and the members of the tax-consolidated group, recognise their own current tax expense/income and deferred tax assets and liabilities arising from temporary differences using the 'stand-alone taxpayer' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

In addition to its current and deferred tax balances, the Company also recognises the current tax liabilities (or assets), and the deferred tax assets arising from unused tax losses and unused tax credits assumed from members of the tax-consolidated group, as part of the tax-consolidation arrangement. Assets or liabilities arising as part of the tax consolidation arrangement are recognised as current amounts receivable or payable from the other entities within the tax-consolidated group.

Summarised income statement and comprehensive income

\$ million	Orora Limited	
	2023	2022
Continuing Operations		
Profit before related income tax expense	191.3	199.9
Income tax expense	(15.1)	(29.2)
Profit from continuing operations	176.2	170.7
Discontinued Operations		
Loss from discontinued operations, net of tax ⁽¹⁾	-	(2.4)
Profit for the financial period	176.2	168.3
Total comprehensive income/ (expense) for the financial period attributed to:		
Continuing operations	181.1	175.9
Discontinued operations	-	(2.4)
Total comprehensive income for the financial period	181.1	173.5

[1] 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 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 2023

Summarised balance sheet

\$ million	Orora Limited	
	2023	2022
Total current assets	479.0	536.2
Total non-current assets	1,260.1	1,284.7
Total assets	1,739.1	1,820.9
Total current liabilities	471.5	752.6
Total non-current liabilities	529.6	368.9
Total liabilities	1,001.1	1,121.5
Net assets	738.0	699.4
Equity		
Contributed equity and treasury shares	(38.8)	(37.3)
Reserves:		
Share-based payment reserve	13.1	10.7
Cash flow hedge reserve	8.9	3.8
Retained profits	754.8	722.2
Total equity	738.0	699.4

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 2023 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.

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

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.

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	2023	2022
Continuing Operations		
Sales revenue	875.2	777.9
Profit from operations	226.0	215.6
Finance income	0.7	0.2
Finance expenses	(23.5)	(7.4)
Net finance costs	(22.8)	(7.2)
Profit before related income tax expense ⁽¹⁾	203.2	208.4
Income tax expense	(15.4)	(30.8)
Profit from continuing operations	187.8	177.6
Discontinued Operations		
Loss from discontinued operations, net of tax ⁽²⁾	-	(2.4)
Profit for the financial period	187.8	175.2
Other comprehensive income/(expense)		
Items that may be reclassified to profit or loss:		
<i>Cash flow hedge reserve</i>		
Unrealised gains on cash flow hedges, net of tax	13.6	7.0
Realised gains transferred to profit or loss, net of tax	(12.5)	(1.8)
Other comprehensive income, net of tax	1.1	5.2
Total comprehensive income for the financial period	188.9	180.4
Total comprehensive income/(expense) for the financial period attributable to:		
Continuing operations	188.9	182.8
Discontinued operations	-	(2.4)
Total comprehensive income for the financial period	188.9	180.4
Retained profits at beginning of financial period	812.2	771.8
Profit for the financial period	187.8	175.2
Dividends recognised during the financial period	(143.7)	(134.8)
Retained profits at end of the financial period	856.3	812.2

[1] Profit from operations in the current period includes a significant item of expense of \$26.0 million (after tax \$18.2 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 item.

[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 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 2023

Consolidated balance sheet

\$ million	2023	2022
Current assets		
Cash and cash equivalents	4.9	18.7
Trade and other receivables	124.6	129.0
Inventories	351.7	303.4
Derivatives	9.3	15.8
Other current assets	10.4	10.2
Total current assets	500.9	477.1
Non-current assets		
Investments in controlled entities	567.7	567.7
Property, plant and equipment	625.5	509.9
Right-of-use assets	12.1	12.0
Goodwill and intangible assets	19.5	22.1
Derivatives	9.2	1.1
Other non-current assets	24.0	19.7
Total non-current assets	1,258.0	1,132.5
Total assets	1,758.9	1,609.6
Current liabilities		
Trade and other payables	294.3	357.9
Borrowings	-	35.0
Lease liabilities	4.3	3.2
Derivatives	2.2	1.9
Current tax liabilities	-	1.2
Provisions	48.0	54.3
Total current liabilities	348.8	453.5
Non-current liabilities		
Other payables	12.7	4.9
Borrowings	469.5	295.0
Lease liabilities	11.0	12.4
Derivatives	1.6	-
Deferred tax liabilities	25.7	5.2
Provisions	10.5	9.5
Total non-current liabilities	531.0	327.0
Total liabilities	879.8	780.5
NET ASSETS	879.1	829.1
Equity		
Contributed equity and treasury shares	(38.8)	(37.3)
Reserves	61.6	54.2
Retained earnings	856.3	812.2
TOTAL EQUITY	879.1	829.1

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

7.6. Related party transactions

The related parties identified by the Directors include investments and Key Management Personnel.

Details of investment in subsidiaries are disclosed in note 6.1 and details of the Orora Employee Share Trust are provided in note 6.2. 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;
- payment and receipt of intercompany dividends; and
- provision of payroll, superannuation, share-based remuneration and managerial assistance.

7.6.2. Other related parties

Contributions to superannuation funds on behalf of employees are disclosed in note 1.5.

7.7. Key Management Personnel

Key Management Personnel (KMP) consists of Orora Limited Executive and Non-Executive Directors and the Chief Financial Officer. Key Management Personnel compensation is as follows:

\$ thousand	2023	2022
Short-term employee benefits	4,079	4,386
Long-term employee benefits	58	66
Post employment benefits	146	140
Share-based payment expense	1,269	1,074
	5,552	5,666

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 [2022: nil].

At 30 June 2023, no individual KMP or related party holds a loan with the Group [2022: nil].

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Notes to the financial statements

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

7.8. New and amended accounting standards and interpretations

7.8.1. Adopted from 1 July 2022

All new and amended Australian Accounting Standards and Interpretations mandatory from 1 July 2022 to the Group have been adopted, including:

- 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*

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.

7.8.2. Issued but not yet effective

AASB 2023-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements

AASB 2023-1 introduces additional disclosures in respect of supplier finance arrangements that are aimed to enable users of the financial statements to assess how supplier finance arrangements affect an entity's liabilities, cash flows and exposures to liquidity risk.

The amendments will require the following additional information to be provided:

- the terms and conditions of the arrangements,
- the carrying amount of the liabilities that are part of the arrangements,
- the carrying amounts of those liabilities for which the suppliers have already received payment from the finance providers,
- the range of payment due dates and the effect of non-cash changes.

The amendments are applicable from 1 January 2024, with early adoption permitted. At the date of adoption, the Group will be required to provide the additional information required by the amendments.

AASB 2023-2 Amendments to Australian Accounting Standards - International Tax Reform - Pillar Two Model Rules

AASB 2023-2 introduces a mandatory temporary exception to accounting for deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). The amendments also introduce targeted disclosure requirements in respect of an entity's exposure to incomes taxes arising from the reform particularly during periods where legislation implementing the rules is yet to come into effect across impacted jurisdictions.

The mandatory exception to the deferred tax accounting and the additional disclosures regarding the potential exposure to top-up taxes under the Pillar Two model rules are applicable to annual reporting periods beginning on or after 1 January 2023 that end on or after 30 June 2023, early adoption is permitted.

The Group operates in seven key countries, and all these countries have statutory corporate tax rates more than 15%. The Group is in the process of undertaking a preliminary assessment in preparation for complying with the Pillar Two model rules. At the date of this report this assessment is not yet complete however the analysis prepared does indicate that the Group is unlikely to have any potential exposure to Pillar Two top-up taxes.

In addition, the following new and amending accounting standard issued by the AASB that are not yet effective and may impact the Group in the period of initial application. They are available for early adoption but have 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 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*
- AASB 2022-5 *Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback*
- AASB 2022-6 *Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*

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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 2023 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 2023.
- Signed in accordance with a resolution of the Directors.



A R Sindel

Chair

17 August 2023

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Independent Auditor's Report to the members of Orora Limited



Independent Auditor's Report

To the shareholders of Orora Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Orora Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2023
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated cash flow statement for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of Orora Limited (the Company) and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 are independent of the Group in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and 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 fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The **Key Audit Matters** we identified are:

- Carrying value of goodwill
- Decommissioning provision

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These 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.

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Independent Auditor's Report to the members of Orora Limited



Carrying value of goodwill (\$393.6m)	
Refer to Note 3.7 Intangible assets and Note 3.8 Impairment of non-financial assets to the financial report	
The key audit matter	How the matter was addressed in our audit
<p>Valuation of goodwill is a key audit matter due to:</p> <ul style="list-style-type: none"> The size of the balance (being 14% of total assets). The inherent complexity in auditing the forward-looking assumptions applied to the Group's value in use models for each CGU (cash generating unit) given the significant judgement involved. In particular, the forward-looking assumptions including forecast operating cash flows, growth rates and terminal growth rates and the impact of market conditions and volatility in the current year and forecast period cash flows, increasing the risk of future fluctuations and inaccurate forecasting. The significant judgement associated with discount rates, including the underlying risks of each CGU and the countries they operate in. The reorganisation of the Group's CGU's to which goodwill is allocated, which necessitated our consideration of the Group's allocation of goodwill to the CGUs. The Orora Visual CGU, which was previously allocated goodwill was grouped into the Orora North America CGU and goodwill was re-allocated during the year based on the management and monitoring of the businesses. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> We considered the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards. We, along with our valuation specialists, assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. We compared the key cash flow forecasts and underlying assumptions contained in the value in use models against the latest Board approved plan. We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models. We challenged the Group's significant forecast cash flow assumptions in light of current market conditions. We compared forecast growth rates and terminal growth rates to published studies of industry trends and expectations and considered differences for the Group's operations. We used our knowledge of the Group, its business, customers and past performance, our industry experience, and understanding of the relevant economic environment. Working with our valuation specialists, we analysed the Group's discount rate for each CGU against publicly available data for comparable entities. We considered the sensitivity of the models by varying key assumptions, such as forecast growth rates, terminal growth rates and discount rates, within a reasonably possible range. We did this to identify those groups of CGUs at higher risk of impairment and to focus our further procedures. We considered the Group's determination of CGUs against the requirements of the accounting standards, including the re-allocation of goodwill to CGUs during the year, based on our understanding of the business and changes to the Group's management and monitoring activities. We assessed the related financial statement disclosures using the understanding obtained from our testing against the requirements of the accounting standards.

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Independent Auditor's Report to the members of Orora Limited

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Decommissioning provision

Refer to Note 1.2 Significant Items and Note 3.9 Provisions to the financial report

The key audit matter

The provision for estimated decommissioning costs of the former Petrie Mill site in Queensland, Australia is considered to be a key audit matter. This is due to the additional audit effort from the:

- Inherent complexity in the Group's estimation of the costs to complete decommissioning activities given the nature of the site, complexity of the decommissioning activities remaining, potential delays from future rainfall in the area, and involvement of multiple government agencies.
- Significant judgement involved over the estimated costs to complete which is influenced by:
 - the expected decommissioning strategy of the Group and the effectiveness of chosen techniques to effectively decommission the site.
 - environmental regulatory and contractual requirements and the impact on completeness of decommissioning activities within the provision estimate, including activities that will be acceptable to regulators and contractual stakeholders.
 - expected rainfall at the site over the estimated time to complete and any contingencies associated with this.
 - historical experience, and its use as a reasonable predictor when evaluating forecast costs.

How the matter was addressed in our audit

Our procedures included:

- We compared the basis for recognition and measurement of the decommissioning provision for consistency with contractual, environmental and regulatory requirements and criteria in the accounting standards.
- We read regulatory and landowner correspondence to understand their views about acceptable decommissioning and remediation techniques and requirements and compared these with the assumptions made in the Group's provision.
- We tested the accuracy of historical decommissioning provisions by comparing to actual expenditure. We used this knowledge to challenge the Group's current cost estimates and to inform our further procedures.
- We obtained the Group's decommissioning provision estimate and critically evaluated it by performing the following procedures:
 - we tested the mathematical accuracy of the provision calculation.
 - we compared, on a sample basis, cost estimates to third party quotes or other underlying documentation.
 - we compared, on a sample basis, costs incurred during the year to the provision amount utilised.
 - we assessed the expected timing of decommissioning activities through comparison to the Group's planned timeline, and challenged the level of contingencies, such as for rain delays, with reference to historical experience.
 - we evaluated the completeness of the provision against the Group's analysis of remaining decommissioning activities, using our understanding of the contractual and environmental regulatory requirements.
- We assessed the related financial statement disclosures using the understanding obtained from our testing against the requirements of the accounting standards.

Independent Auditor's Report to the members of Orora Limited



Other Information

Other Information is financial and non-financial information in Orora Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards and the Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.

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Independent Auditor's Report to the members of Orora Limited



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Orora Limited for the year ended 30 June 2023, complies with *Section 300A of the Corporations Act 2001*.

Directors' 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 responsibilities

We have audited the Remuneration Report included in pages 55 to 71 of the Directors' report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.


KPMG


Penny Stragalinis
Partner

Melbourne

17 August 2023

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Statement of shareholdings

Statement pursuant to Australian Securities Exchange official list requirements.

Top 20 shareholders as at 28 July 2023

Rank	Name	Shares held	% of issued capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	289,402,303	34.23
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	136,751,268	16.18
3	CITICORP NOMINEES PTY LIMITED	130,590,139	15.45
4	NATIONAL NOMINEES LIMITED	54,265,022	6.42
5	BNP PARIBAS NOMS PTY LTD	15,221,685	1.80
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,149,987	1.08
7	CITICORP NOMINEES PTY LIMITED	7,644,009	0.90
8	BNP PARIBAS NOMINEES PTY LTD	6,136,919	0.73
9	PACIFIC CUSTODIANS PTY LIMITED	3,888,738	0.46
10	PACIFIC CUSTODIANS PTY LIMITED	3,492,519	0.41
11	BKI INVESTMENT COMPANY LIMITED	2,473,000	0.29
12	NETWEALTH INVESTMENTS LIMITED	2,386,510	0.28
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,185,014	0.26
14	NAVIGATOR AUSTRALIA LTD	2,168,715	0.26
15	BNP PARIBAS NOMINEES PTY LTD	1,878,000	0.22
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,643,323	0.19
17	BNP PARIBAS NOMS PTY LTD	1,333,423	0.16
18	THE MANLY HOTELS PTY LTD	1,258,507	0.15
19	NEWECONOMY COM AU NOMINEES PTY LIMITED	1,149,391	0.14
20	BNP PARIBAS NOMS (NZ) LTD	1,069,948	0.13
Total		674,088,420	79.74

Substantial shareholders as at 28 July 2023

Holder	Last Notice of Substantial Shareholding	No. of Shares
Conner, Clark & Lunn	9 February 2023	42,901,137
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.

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Statement of shareholdings

Distribution of shareholdings

Fully paid ordinary shares as at 28 July 2023

Range	No. of holders.	No. of shares	% of issued capital
100,001 and over	112	695,137,132	82.23
10,001 to 100,000	3,295	68,969,424	8.16
5,001 to 10,000	4,611	32,794,333	3.88
1,001 to 5,000	17,105	41,232,718	4.88
1 to 1,000	14,758	7,218,183	0.85
Total	39,881	845,351,790	100.00
Unmarketable parcels	1,763	82,171	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 shall have one vote and upon a poll every shareholder present, 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 28 July 2023

Unquoted equity securities	No. participating	No. of securities
Options over ordinary shares - exercise price \$2.08	1	226,567
Options over ordinary shares - exercise price \$3.58	6	1,000,518
Rights	41	5,034,740

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Five-year historical information

Results shown for all operations before significant items except where indicated^[1]
\$ million [except where indicated]

For the years ended 30 June	2023	2022	2021	2020	2019
Orora Consolidated Results					
Sales revenue	4,291.3	4,090.8	3,538.0	4,659.1	4,761.5
Operating profit before interest and tax pre significant items	320.5	285.5	249.1	288.2	335.2
Operating profit before tax pre significant items	273.0	258.8	216.3	230.4	295.8
Net operating profit pre significant items	203.0	187.1	156.7	167.3	217.0
Net operating profit after significant items	184.8	184.7	135.8	238.9	161.2
Basic earnings per share (cents) pre significant items	24.1	21.7	16.9	17.4	18.0
Basic earnings per share (cents) after significant items	21.9	21.4	14.6	24.8	13.4
Dividend and distribution	143.4	134.8	113.0	606.6 ^[2]	156.7
Dividend per ordinary share (cents)	17.5	16.5	14.0	49.3 ^[2]	13.0
Dividend franking (% p.a.)	-	-	-	30%/50% ^[3]	30% ^[4]
Dividend cover (times)	10.6	11.2	9.7	4.8	12.4
Financial Ratios					
Net tangible asset backing per share (\$)	0.41 ^[5]	0.33 ^[6]	0.37 ^[7]	0.60 ^[8]	0.85
Net EBITDA interest cover pre significant items (times)	9.3	15.1	11.2	7.6	11.9
Gearing (net debt/net debt and shareholders' equity) [%]	49%	46%	37%	22%	29%
Return on average funds employed (%) ^[9]	21.8%	22.4%	19.9%	11.9%	13.0%
Financial Statistics					
Income from dividends and interest	1.4	0.6	0.2	0.6	0.4
Depreciation and amortisation provided during the year	123.0	117.9	120.2	149.2	132.9
Net finance costs	47.5	26.7	32.8	57.8	39.4
Cash flow from operations	250.3	257.6	270.6	17.7	297.9
Capital expenditure and acquisitions	189.7	92.2	59.0	174.3	334.3
Balance Sheet Data as at 30 June					
Current assets	1,257.7	1,307.7	980.8	1,055.4	1,446.2
Non-current assets	1,544.1	1,401.1	1,343.8	1,442.8	2,471.2
Total assets	2,801.8	2,708.8	2,324.6	2,498.2	3,917.4
Current liabilities	1,084.9	1,122.3	806.3	817.1	1,160.6
Non-current liabilities	916.7	854.8	749.7	650.9	1,113.1
Total liabilities	2,001.6	1,977.1	1,556.0	1,468.0	2,273.7
Net assets	800.2	731.7	768.6	1,030.2	1,643.7
Shareholders' equity					
Contributed equity and treasury shares	(38.8)	(37.3)	80.8	333.6	484.1
Reserves	167.5	138.9	107.6	139.2	164.7
Retained profits	671.5	630.1	580.2	557.4	994.9
Total shareholders' equity	800.2	731.7	768.6	1,030.2	1,643.7
Other data as at 30 June:					
Fully paid shares (000's)	845,352	845,352	890,240	965,363	1,206,685
Orora share price					
- year's high (\$)	3.70	4.00	3.33	3.45	3.69
- year's low (\$)	2.84	3.06	2.23	2.54	2.89
- close (\$)	3.29	3.65	3.33	2.54	3.24
Market capitalisation	2,781.2	3,085.5	2,964.5	2,452.0	3,909.7
Employee numbers	4,657	4,820	3,768	3,776	7,221
Number of shareholders	39,966	40,646	44,653	52,694	55,087

[1] The financial information in the above table is presented on a total operations basis and therefore the period FY19-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 \$0.20 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 \$0.13 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 \$0.15 if right-of-use assets were excluded and right-of-use liabilities were included in the calculation.

[8] 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.

[9] 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 19 October 2023.

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.

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

KPMG

Tower Two
Collins Square
727 Collins Street
Melbourne Victoria 3008
Australia

Postal Address:

GPO Box 2291U
Melbourne Victoria 3001
Australia

Telephone: +61 3 9288 5555

Facsimile: +61 3 9288 6666

DX: 30824 Melbourne

Website: www.kpmg.com.au

ABN: 51 194 660 183

Orora share registry

Link Market Services Limited

Street address:
Tower 4, Collins Square
727 Collins Street
Melbourne Victoria 3008
Australia

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

Financial calendar 2023-2024

Financial year 2023 [FY23] ends	30 June 2023
Announcement of full-year results for FY23	17 August 2023
Ex-dividend date for final dividend FY23	1 September 2023
Record date for final dividend FY23	4 September 2023
Dividend payment date for FY23 final dividend	9 October 2023
Annual General Meeting	19 October 2023
Financial half-year 2024 ends	31 December 2023
Announcement of interim results for financial year 2024 [FY24]	February 2024
Ex-dividend date for interim dividend FY24	March 2024
Record date for interim dividend FY24	March 2024
Dividend payment date for FY24 interim dividend	April 2024
Financial year 2024 [FY24] ends	30 June 2024

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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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