



Voting Intentions – Orora Limited 2021 AGM

ASX Code	ORA
Meeting Time/Date	10:30 am, Thursday 21 October 2021
Type of Meeting	Virtual (webcast)
Monitor	Brett Morris assisted by Henry Stephens
Pre AGM Meeting?	Yes, with General Counsel Ann Stubbings

Proposed Voting Summary

2a	Re-election of Mr Jeremy Sutcliffe as a Director	For
2b	Re-election of Ms Samantha Lewis	For
3	Approval of LTI grant to CEO/Managing Director First Name Surname	For
4	Adoption of Remuneration Report	For

Key Financials

	2021	2020	2019	2018	2017
Statutory NPAT (\$m)	135.8	238.9	161.2	212.2	171.1
Underlying NPAT (\$m)	156.7	167.3	217.0	214.1	186.2
Statutory EPS (cents)	14.6	24.8	13.4	17.7	14.3
Dividend per Share (cents)	14	12 ¹	13	12.5	11
Share Price at End of FY (\$)	\$3.33	\$2.54	\$3.24	\$3.57	\$2.86
Statutory CEO Remuneration (\$)	2.3	1.7	3.9	3.8	4.0
Total Shareholder Return (%)	32.6%	(13.4%)	(5.6%)	29%	5.9%

Statutory NPAT and EPS are the audited figure from the financial accounts. Underlying NPAT is (usually) an unaudited figure used in management presentations or commentary. Total Shareholder Return is calculated as the share price change over the year plus the dividend declared during the year, divided by the share price at end of previous year. This may differ from the figure quoted by the company. ¹ A special dividend of 37.3c was also paid in FY20.

Review of Board on Governance, Transparency, Fairness to Retail Shareholders

- The Board has an independent Non-Executive Chair and all directors are independent (with less than 12 years on the board) and with half having less than 5 years on the board.
- The Board has 2/6 female directors which meets the ASA's target of 30%.
- Orora has an excellent record in so far as KMP having skin in the game. All but Mr Gorman have at least one years income in shares in Orora. Mr Gorman has 79% and the ASA observes that Mr Gorman was appointed in 2019 (allowing Mr Gorman a further three years to acquire a greater shareholding and still be within the 5 year time frame recommended by the ASA).
- The company meaningfully discloses ESG issues or risks facing business and the processes to manage them.

- The company discloses an easy to read and meaningful skills matrix of the board easily accessible by shareholders.
- Price Waterhouse Coopers were appointed as auditor in 2014 and the ASA considers that they have not had an excessive tenure.

Items for Voting

Item 2a	Re-election of Mr Jeremy Sutcliffe as a Director
ASA Vote	For

Mr Sutcliffe has broad international business experience and was appointed to the board in 2013. He has adequate skin in the game (a shareholding equivalent to 204% of his total remuneration) and is independent (having less than 12 years as a director of Orora Limited). Mr Sutcliffe is a member, Audit, Risk & Compliance, Human Resources and Nomination Committees and is also a director of Amcor Limited. He has previously been the director of two top 100 ASX companies. His skills are appropriate for the board and we do not consider his workload excessive.

Mr Sutcliffe is one of four male directors of a total of six directors on the board meaning that Orora meets the minimum 30% female quota set by the ASA.

For these reasons, the ASA proposes to support his re-election.

Item 2b	Re-election of Ms Samantha Lewis as a Director
ASA Vote	For

Ms Lewis, an accountant by background, was appointed to the board in 2014. Ms Lewis has adequate skin in the game (a shareholding equivalent to 139% of her total remuneration) and is independent (having less than 12 years as a director of Orora Limited). Her background is in accounting and she has experience as a lead auditor to a number of major ASX companies as well as being a partner at Deloitte for 14 years. Ms Lewis' skills are appropriate for the board however her workload is very high. Other board appointments include Chair of APRA, director of Aurizon Holdings Ltd, director of Nine Entertainment Holdings Ltd, Chair of Orora's Audit, Risk and Compliance Committee and a member of Orora's Executive & Safety, Sustainability and Environment Committee. The ASA assesses a chair role as the equivalent of serving on two boards which means that Ms Lewis has effectively five board positions which is the maximum workload the ASA believes she can undertake and remain an effective director. The concern for any director with such a high workload is that she is unable to fulfil her role to the best of her ability and this affects all of the businesses she is involved with.

Ms Lewis is one of two female directors on the board of six directors making 33% women on the board. This is slightly higher than the ASA's minimum target of 30%. Half of the board have less than 5 years experience on the board.

For these reasons, the ASA proposes to support her re-election.

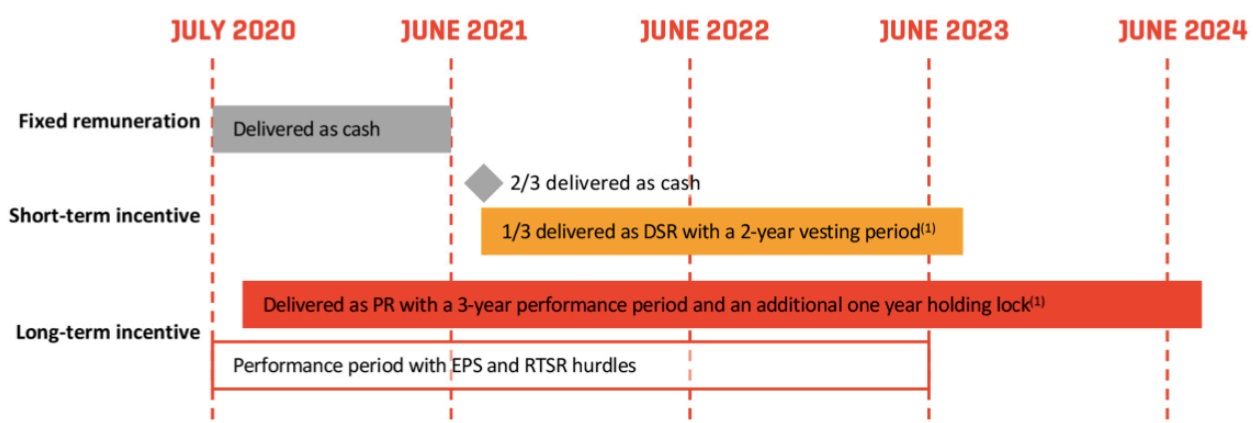
Item 3a	Approval of STI grant to CEO/Managing Director Mr Brian Lowe
ASA Vote	For

Please refer to the assessment under item 4.

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

Please refer to the assessment under item 4.

Item 4	Adoption of Remuneration Report
ASA Vote	For



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

Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting.

CEO rem. framework	Target* (\$m)	% of Total	Max. Opportunity (\$m)	% of Total
Fixed Remuneration	1.25	**	1.25	37%
STI - Cash	**	**	0.83	25%
STI - Equity	**	**	0.42	12%
LTI	**	**	0.875	26%
Total	1.25	**	3.375	100%

The amounts in the table above are the statutory amounts that are envisaged in the design of the remuneration plan. *Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. ** The company does not disclose budgeted remuneration.

Positives

- CEO's actual take-home remuneration, as well as the target and maximum opportunity of each component is clearly disclosed.

- The total quantum of the CEO remuneration package does not reasonably exceed the Godfrey Group report benchmarks.
- The quantum of Board fees do not reasonably exceed the Godfrey Group report benchmarks.
- Approximately 58% of the CEO’s pay is genuinely at risk.
- Majority of STIs are based on quantifiable and disclosed performance metrics and, where non-financial hurdles are used, no STIs to be paid unless a financial gateway is met.
- 1/3 of the CEO’s STIs is paid in Deferred Share Rights (DSR) with a minimum 2 year holding lock.
- Clear disclosure is provided for all KMP performance hurdles and the weightings applied for each incentive.
- No retesting of performance hurdles is allowed.
- LTI hurdles are measured after only 3 years but they have a one year holding lock before vesting.
- LTI hurdles are based on earnings per share (EPS) growth with a Return on Average Capital Employed (RoAFE) gateway, Relative Total Shareholder Return (RTSR) with an Absolute Total Shareholder Return (ATSR) gateway.
- The comparator group includes companies ranked 50 to 150 in the S&P/ASX and include similar and different industries with no exceptions.
- No LTI awards based on comparator groups vest unless performance is >50th percentile.
- All share grants are allocated at face value not fair value.
- Share grants are satisfied by equity purchased on-market.
- Hurdles are based on statutory earnings.
- No full vesting in a takeover or “change of control” events.
- Overall, the Remuneration report is readable, transparent, and understandable with a logical relationship between rewards and financial performance and corporate governance.

Conclusion on Remuneration

The remuneration structure features a high at-risk component of total remuneration, paid mainly in equity with reasonable performance hurdles. Therefore, on balance, the ASA will support the remuneration report.

Monitor Shareholding

The individual(s) (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

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