

## Cleanaway Waste Management Limited (Cleanaway) 2023 AGM report

ASX code	CWY
Meeting date	Friday, 20 October 2023
Type of meeting	Hybrid
Monitor	Fiona Balzer assisted by David Loosemore
Pre AGM-meeting	Chair Philippe Etienne, General Counsel and Company Secretary Dan Last and Richie Farrell Head of Investor Relations

### Meeting Statistics

Number of holdings represented by ASA	44
Number of shares represented by ASA	539,046
Value of shares represented by ASA	\$1.283m
Total number attending meeting	19 in person; 22 online
Market capitalisation	\$6.645 billion
ASA open proxies voted	ASA voted in favour of all the resolutions

The Cleanaway AGM was efficiently conducted as a hybrid meeting. However, it is worth noting that attendance was relatively low for a multi-billion-dollar company with a significant presence in Brisbane. The only online questions submitted were received before the meeting commenced.

The Chairman and CEO delivered comprehensive presentations (available [here](#) via weblink) on the company's performance and prospects for the upcoming year.

Key highlights included:

- **Earnings update:** Cleanaway reported a strong start to the financial year. The Queensland solids business unit is benefitting from higher volumes, improving labour productivity, and lower disposal and fleet costs. Its current expectation is that it will deliver a Financial Year 2024 EBIT of approximately \$350 million.
- **Blueprint 2030:** Cleanaway's growth strategy in the competitive, capital intensive and high labour cost waste management industry is by extending and integrating its assets and capabilities, such as three mechanical plastic pelletising facilities.
- **Substantial remediation at New Chum land fill:** After losing the case to increase the height, there was a significant write off and Cleanaway is planning for its closure.

Prior to the invitation for questions, each Director addressed their respective election motion, highlighting their skills and experience. The proxy votes for every motion were then presented, with an overwhelming majority of over 98 percent in favour of each motion.

During the Question-and-Answer session, the ASA thanked Cleanaway for holding a hybrid meeting to allow the opportunity for shareholders to participate.

Cleanaway was asked to outline the barriers to profitability in recycling and how it was addressing them. In response, the Chairman highlighted that recycling becomes profitable when specific conditions are met, including scale, higher volumes, efficient collection logistics, and a viable end market for the materials. These conditions can be naturally occurring or facilitated with government support. Notably, metals, cardboard, and certain plastics are examples of materials that make for sound commercial recycling projects.

The ASA welcomed the improvements in the Remuneration Report following the first strike. We encouraged the company to lift the deferred portion of the short-term incentive (STI) above 20% to a more usual 50% and the Chairman said this would be considered by the Board.

We discussed the need for a board skills matrix that assists all shareholders in their voting decisions with the skills and strengths attributed to the individual directors seeking election in an unambiguous fashion. Cleanaway responded that it would consider that, and feels that most important issue is whether board in aggregate has the skills.

The Directors have company shares that meet the company policy for them to be equal to their base fees. For better alignment with shareholders, ASA encouraged them to increase their shareholdings to equivalent of 12 months fees.

There was a question from a shareholder on the floor about how the New Chum site remediation is going. The response included that the negative feedback from locals appeared to be diminishing.

The additional questions from on-line were from Stephen Mayne:

- **Has the CEO bought shares outside LTI grants:** no LTI grants have vested yet and he has never sold shares (current holdings are in the annual report).
- **How does the Victoria container deposit scheme compare with other schemes:** the scheme is very similar to New South Wales only instead of one operator, in Victoria there are 3 operators so only a third of the volume.
- **AGM process governance questions:** Cleanaway was able to say they had met requirements like making available a replay of the AGM. However, they do not wish to restrict Directors tenure to 12 months (which some other companies have commenced voluntarily).
- **Chairman's Tenure as Director:** noted that it is unusual for a Director to spend nine years on a Board before being elected to Chair. Why did it take so long for the new Chairman to be elected? The prior Chairman did not want to leave.

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