

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

TAX TRANSPARENCY REPORT 2020



OVERVIEW

Statement from our CFO



I am pleased to present our Tax Transparency Report for Cleanaway Waste Management Limited and its subsidiaries ('Cleanaway' or 'the Group') for the year ended 30 June 2020 ('FY20'). This is the fifth consecutive year that Cleanaway has voluntarily adopted the Board of Taxation's Tax Transparency Code.

Cleanaway understands the importance of maintaining an open and transparent dialogue with all relevant stakeholders in respect of the taxation obligations and disclosures of the Group. Cleanaway is supportive of the tax transparency measures introduced by the Board of Taxation in this regard.

This report includes the following information in relation to FY20:

- Cleanaway's approach to tax strategy, tax policy and governance;
- Reconciliations of various accounting and taxation disclosures in the FY20 annual report; and
- A summary of taxes paid by Cleanaway including those borne by the Group and those collected on behalf of others and remitted to the relevant authorities as a result of our activities.

Cleanaway continues to maintain a cooperative and compliant relationship with the Australian Taxation Office ('ATO') and is pleased to provide additional taxation information in this report which may be of assistance to external stakeholders. Cleanaway operates in an environment where taxation risk is carefully considered by all levels of management in relation to all activities undertaken by the Group. Cleanaway's Audit and Risk Committee is also provided with regular updates in relation to the taxation affairs of the Group and all significant and material taxation issues are addressed appropriately by the company's management.



PAUL BINFIELD
Chief Financial Officer
31 March 2021

OVERVIEW

Cleanaway's approach to tax strategy, tax policy and governance

Tax risk management and tax policy

Cleanaway's Tax Risk Management Framework and Tax Policy documents are regularly reviewed and subject to annual approval by the Audit and Risk Committee.

Cleanaway's Tax Risk Management Framework outlines the overall tax risk profile of the Group and reconfirms a philosophy and framework for Cleanaway's management of tax compliance and governance that takes into account the current group structure and Cleanaway's tax governance and compliance profile.

Cleanaway's Tax Policy establishes a set of tax policies and guidelines that, if consistently applied across the Group, will ensure Cleanaway's taxation affairs

continue to be properly managed in compliance with the provisions of the tax legislation.

Tax compliance

Tax compliance plays a vital part in managing the tax affairs of the Group. All tax returns are lodged within the prescribed time limits and contain a fair and proper level of disclosure of information material to the determination of the Group's tax liabilities. Tax returns are prepared by suitably qualified personnel and are subject to independent internal and/or external review prior to lodgement.

Engagement with the ATO

Cleanaway maintains an open and transparent relationship with the

ATO in relation to all aspects of its taxation affairs. Group Tax is primarily responsible for management of the Group's relationship with the ATO and liaises regularly with ATO personnel.

Cleanaway will continue to cooperate with respect to any future taxation reviews and with the provision of industry relevant information.

International related party dealings

Cleanaway does not have any material international related party dealings.



TAX TRANSPARENCY REPORT 2020

Income tax disclosures in the FY20 annual report

Cleanaway's FY20 income tax disclosures are presented at note 9 of the company's 2020 Annual Report. The income tax expense disclosed is calculated based on the application of relevant Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

Reconciliation of accounting profit to income tax expense and income tax payable

Figure 1 provides a reconciliation of the FY20 accounting profit to income tax expense and income tax payable. The reconciliation identifies material temporary and non-temporary differences, as disclosed in the FY20 Annual Report.

In any one income year, there may be a difference between the income tax expense calculated and the income tax payable calculated. This is because only non-temporary differences are included in the calculation of income tax expense whereas both temporary and non-temporary differences are included in the calculation of income tax payable (temporary differences will reverse over time whereas non-temporary differences generally do not).

Effective tax rate

Figure 2 provides the effective tax rate for Cleanaway in respect of the FY20 year. Cleanaway calculates its effective tax rate as income tax expense divided by accounting profit before income tax. For FY20, the effective tax rate for Cleanaway was 27.4%.

FIGURE 1

RECONCILIATION BETWEEN PRE-TAX NET PROFIT AT THE STATUTORY RATE, INCOME TAX EXPENSE AND INCOME TAX PAYABLE

2020
\$'M

| | |
|---|--------------|
| Profit/(loss) before tax | 155.2 |
| Income tax using the corporation tax rate of 30% | 46.6 |
| Non-temporary differences: | |
| Share of losses from equity accounted investments | 0.9 |
| Non-deductible expenses | 0.1 |
| Business acquisition costs | 1.0 |
| Adjustments in respect of prior years | (0.4) |
| Research and development tax credits | (3.1) |
| Non-assessable gain on sale of properties | (3.4) |
| Non-deductible loss on loans | 1.1 |
| Non-assessable gain on loss of control of subsidiary | (0.3) |
| Employee share plan expenses | 0.1 |
| Income tax expense | 42.6 |
| Temporary differences: | |
| Property, plant and equipment | (4.1) |
| Leases | 3.1 |
| Employee benefits | 2.5 |
| Provisions | (10.5) |
| Tax losses | 1.0 |
| Intangible assets | 5.1 |
| Other | (1.6) |
| Prior year adjustment: | |
| Excluded from calculation of FY20 income tax payable | 4.8 |
| Income tax payable | 42.9 |

FIGURE 2

EFFECTIVE TAX RATE

2020
\$'M

| | |
|-----------------------------|--------------|
| Profit before tax | 155.2 |
| Tax expense | 42.6 |
| Effective tax rate % | 27.4% |

TAX TRANSPARENCY REPORT 2020

Tax contribution summary for taxes paid in Australia in FY20

Taxes paid and collected

The Cleanaway Group collects and remits taxes to federal, state and local governments. During FY20, taxes borne by Cleanaway amounted to payments of \$334.2 million (FY19: \$242.4 million). Taxes collected on behalf of third parties and remitted amounted to payments of \$288.3 million (FY19: \$273.7 million).

Figure 3 provides details in relation to taxes which were borne directly by Cleanaway and paid in FY20. In this respect, we note that net company tax payments of \$49.5 million were made in FY20. This includes tax instalment payments of \$14.0 million in respect of FY19 and tax instalment payments of \$36.5 million in respect of FY20. These payments are offset by refunds of \$1.0 million in respect of the amended 2018 and 2019 income tax returns. The balance of the FY20 tax liability was paid in FY21.

Figure 4 provides details in relation to taxes which Cleanaway collected or remitted on behalf of others in FY20.

FIGURE 3

DISCLOSURE OF AUSTRALIAN TAXES PAID TO GOVERNMENT

Total Taxes Borne by Cleanaway in FY20: \$334.2m

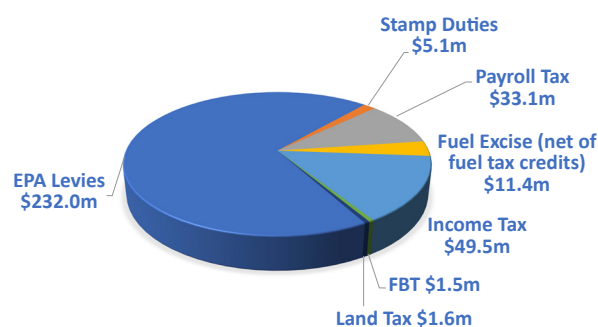


FIGURE 4

DISCLOSURE OF GOVERNMENT TAXES AND LEVIES COLLECTED BY CLEANAWAY ON BEHALF OF THIRD PARTIES

Total Taxes Remitted By Cleanaway in FY19: \$288.3m

