

## Audit and Finance Committee Charter

16 May 2017

### Introduction

This Charter defines the purpose, authority and responsibility of Coca-Cola Amatil Limited's (Amatil's) Audit and Finance Committee (Committee).

### Purpose

The purpose of the Committee is to oversee financial risk management and internal controls across Amatil. Specifically the Committee is responsible for:

- financial reporting: to ensure the balance, transparency and integrity of published financial information;
- internal controls: to confirm the effectiveness of Amatil's internal controls;
- internal audit: to be satisfied with the effectiveness of the internal audit function and to approve the appointment and assess the performance of the internal auditor;
- external audit: to ensure an independent audit process, recommend the appointment of the external auditor to the Board and assess the performance of the external auditor; and
- compliance with laws, regulations and internal policies and industry standards with detailed oversight of financial risk.

### Responsibilities

The Committee is responsible for the following:

#### *Financial Reporting*

Exercise proper diligence in reviewing Amatil's half-yearly and annual financial statements and related releases to the Australian Securities Exchange (ASX) and make recommendations to the Board in relation to them. In doing so, it will consider:

- the appropriateness of accounting policies;
- compliance with accounting policies and standards;
- compliance with statutory requirements; and
- adequacy of disclosure.

Meet with management and the external auditor to critically review and understand financial statements, key accounting policies and decisions and the results of the audit.

Ensure that significant adjustments, unadjusted differences, disagreements with management and critical accounting policies and practices are discussed with the external auditor and if necessary, the Board.

Review and make recommendations to the Board in relation to the risk disclosures in the Company's periodic reporting documents, including the operating and financial review in its Annual Report.

#### *Internal Control*

Evaluate whether management is communicating the importance of internal controls throughout the organisation and therefore setting up the appropriate 'control culture'.

Receive regular reports from the Chief Risk Officer (CRO) on internal audit.

Ensure that management has appropriate processes for identifying, assessing and responding to financial risks in a manner that is in accordance with Amatil's risk appetite, and that those processes are operating effectively.

Evaluate the internal control systems implemented by management for the approval of transactions and the recording and processing of financial data.

Evaluate the controls and processes implemented by management to ensure that the financial systems comply with relevant standards and requirements, and are subject to appropriate management review.

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### **Internal Audit**

Review the overall effectiveness of the internal controls at least annually to satisfy itself that it continues to be sound, and consider whether management has implemented recommendations made by the internal and external auditors.

Be consulted prior to the appointment or dismissal of the Group Chief Financial Officer (CFO), CRO, internal audit function and the Group General Counsel and Company Secretary.

Regularly review the Group's Treasury and Taxation policies having regard to the Group's financial risk profile and associated policy issues related to the Group's business.

Review the activities, resources and organisational structure of the internal audit function and ensure that there are no unjustified restrictions or limitations on their programme and that the internal audit function is adequately resourced to carry out its role.

Review the effectiveness of the internal audit function and ensure that it receives appropriate cooperation within Amatil.

Ensure that significant findings and recommendations made by the internal auditors and management's proposed response are received, discussed and appropriately acted on.

Review the scope and adequacy of the internal audit plan and ensure that it addresses key risk areas and that there is appropriate co-ordination with the external auditor.

Meet separately with the CRO and any appointed third party audit advisors at least twice a year to discuss any matters that the Committee or auditor believes should be discussed privately. Ensure the CRO has access to the Chairman of the Committee when required.

Review the performance and objectivity of the internal audit function and monitor the independence of the internal audit programs from the external auditor and management.

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### **External Audit**

Make a recommendation to the Board for the compensation, appointment, reappointment, or termination of the appointment, of the external auditor and the rotation of the audit engagement partners, and review on an annual basis the performance of the external auditor.

Review the professional qualification of the external auditor (including background and experience of partner and auditing personnel).

Review the independence of the external auditor and any potential conflicts of interest.

Review the scope and adequacy of the external auditor's proposed audit plan and approach.

Approve the External Audit Engagement Letter.

Discuss with the external auditor any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information.

Ensure that significant findings and recommendations made by the external auditor and management's proposed response are received, discussed and acted on appropriately.

Consult with the external auditor on the appropriateness of the accounting policies applied in Amatil's financial reports and whether they are considered to be aggressive, balanced or conservative.

Meet separately with the external auditor at least twice a year to discuss any matters that the Committee or auditor believes should be discussed privately. Ensure the external auditor has access to the Chairman of the Committee when required.

Review policies for the provision of non-audit services by the external auditor and where applicable the framework for pre-approval of audit and non-audit services. Non-audit services are presented quarterly to the Committee for review.

Ensure Amatil has appropriate policies for the hiring of audit firm personnel for senior positions.

### **Compliance with laws, regulations, internal policies and industry standards in relation to financial risk**

Review the effectiveness of the system for monitoring compliance with laws, regulations, internal policies and industry standards in relation to financial risk

Be satisfied that all regulatory compliance matters related to the business of Amatil have been considered in the preparation of the financial statements.

### **Independence and Membership**

Independence is essential to the effectiveness of the Committee and is obtained primarily through the composition of the Committee and the objectivity and independence of various assurance activities.

The membership of the Committee must:

- consist of at least three Non-executive Directors, a majority of whom are independent Directors;
- include an independent Chairman who is not the Chairman of the Board;
- include the Chairman of the Risk and Sustainability Committee; and
- not be identical to the membership of the Risk and Sustainability Committee.

Members of the Committee must between them have appropriate financial and accounting expertise and a sufficient understanding of the industry in which Amatil operates to be able to discharge the Committee's responsibilities effectively.

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### Meetings

The Chairman and members of the Committee will be appointed by the Board. A member may withdraw from membership by written notification to the Chairman of the Board.

The Committee will meet a minimum of four times per annum. The Committee can also meet on such other occasions as deemed necessary by the Chairman.

The quorum for meetings will be two members who must at all times be independent Directors. If a quorum is not present the meeting is adjourned to such place and time as the Chairman decides.

The Secretary of the Board (or his or her nominee) will be Secretary of the Committee. The Secretary, in conjunction with the Chairman of the Committee and other members of management (as appropriate), will prepare an agenda which will be circulated to the members prior to each meeting.

Non-Committee members, including members of management, may attend all or part of a meeting of the Committee at the invitation of the Committee Chairman. Appropriate periods of time are set aside if required for only Committee members to be in attendance.

### Authority

The Committee is authorised by the Board, within the scope of its responsibilities, to:

- have unrestricted access to members of management, employees and relevant information;
- engage independent counsel and other advisers as it deems necessary to carry out its duties;
- recommend the appointment, compensation and retention of the external auditor to the Board;
- oversee the audit program of the external auditor;
- approve the external audit engagement fees and terms as well as review the policies for the provision of non-audit services by the external auditor (and, when required, the framework for pre-approval of such services); and
- approve the appointment, compensation, retention and oversight of the work of the internal audit function.

### Education

Committee members are to be given an opportunity to attend external education sessions as deemed appropriate by the Chairman of the Committee. In addition, an education session will be held annually with the external auditor to discuss current topics and trends in financial reporting.

### Reporting

The Committee will report to the Board matters that may significantly affect the financial condition or affairs of the business.

The Chairman of the Committee will report the findings and recommendations of the Committee to the Board at its next meeting. The minutes of all Committee meetings will be circulated to the members of the Board.

The Committee will receive updates as required from the Group General Counsel and the Group CFO about compliance matters that may have a material impact on Amatil's financial statements.

### External advice

The Committee has access to internal and external resources, and may seek the advice of Amatil's auditors, solicitors or such other independent advisers, consultants or specialists as to any matter pertaining to the powers or responsibilities of the Committee, where the Committee considers such advice necessary or appropriate.

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**Review**

The Committee Charter will be reviewed annually by the Committee. Any proposed changes are recommended to the Board for consideration and approval.

The Committee will ensure this Charter is publicly available via the Amatil website in accordance with ASX Corporate Governance Council recommendations.

**Self-Assessment**

The Committee will carry out a self-assessment and review of the Committee at least every two years.