



# NOTICE OF MEETING 2016

# NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Coca-Cola Amatil Limited will be held at the Isabel Menton Theatre, Mary MacKillop Place, 11 Mount Street (near the corner of William and Mount Streets), North Sydney NSW 2060 on Wednesday, 18 May 2016 at 10.00am (AEST) for the purpose of transacting the business set out in this Notice.



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# MEETING OF SHAREHOLDERS

## ORDINARY BUSINESS

### 1. Accounts

Discussion of the accounts for the year ended 31 December 2015 and the reports of the Directors and Auditor.

*There is no vote on this item.*

### 2. Remuneration Report

To adopt the Remuneration Report contained within the accounts for the year ended 31 December 2015.

Please note that the vote on this resolution is advisory only, and does not bind the Directors or the Company.

*An explanatory note to this item appears on page 3. Voting exclusions for this item appear on page 3.*

### 3. Election of Directors

Each of Ms Catherine Brenner and Mr Anthony (Tony) Froggatt will retire in accordance with Article 6.3(b) of the Constitution and offer themselves for re-election.

Mr John Borghetti will retire in accordance with Article 6.3(j) of the Constitution and offer himself for re-election.

*An explanatory note to this item appears on page 3. Each Director's re-election will be voted on as a separate resolution.*

## SPECIAL BUSINESS

### 4. Increase to Directors' maximum fee pool limit

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.17 and pursuant to Article 6.5(a) of the Constitution, the maximum amount of Directors' fees for their services as Directors be increased from the present limit of \$2,300,000 per annum in aggregate to a limit of \$2,800,000 per annum in aggregate."

*An explanatory note to the above resolution appears on page 4. Voting exclusions for this item appear on page 4.*

### 5. Participation by Executive Director in the 2016-2018 Long Term Incentive Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"For the purposes of ASX Listing Rule 10.14 and for all other purposes, that the Directors be permitted to invite Ms A M Watkins to participate in the Coca-Cola Amatil Limited 2016-2018 Long Term Incentive Plan by offering her rights to acquire up to 390,624 fully paid ordinary shares in the Company in the manner set out in the Explanatory Notes to this Notice of Meeting."

*An explanatory note to this item appears on page 5. Voting exclusions for this item appear on page 7.*

Dated 13 April 2016

By order of the Board  
**George Forster**  
Group General Counsel  
and Company Secretary

Level 14, 40 Mount Street  
North Sydney NSW 2060

# MEETING OF SHAREHOLDERS (CONTINUED)

## NOTES:

- a) Pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)*, the Directors have determined that for the purpose of the meeting all shares in the Company shall be taken to be held by the persons who were registered as shareholders at 7.00pm (AEST) on 16 May 2016.
- b) A member entitled to attend and vote is entitled to vote directly (see note below) or appoint a proxy:
  - a proxy need not be a member;
  - a member entitled to cast two or more votes may appoint two proxies;
  - where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half the votes.
- c) You may lodge your direct vote or proxy appointment online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) or it may be returned in the enclosed reply-paid envelope to the Company's Share Registrar, Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235 or by fax on (02) 9287 0309.
- d) To be effective, your direct vote or proxy appointment must be received by the Company by 10.00 am (AEST) on 16 May 2016.
- e) The Chairman of the meeting intends to vote undirected proxies in favour of the resolutions set out in this Notice to the extent permitted by law.

If you appoint the Chairman of the meeting as your proxy expressly or by default and you do not direct the Chairman how to vote on a resolution, by completing and returning the Voting Form you authorise the Chairman of the meeting to exercise the proxy and vote as the Chairman sees fit on a resolution, even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel (KMP) of the Company.
- f) The **CCA 2015 Annual Report**, which includes the Accounts for the year ended 31 December 2015, the Reports of the Directors and Auditor and the Remuneration Report, is available at CCA's website: [www.ccamatil.com](http://www.ccamatil.com). Printed copies of the 2015 Annual Report have been mailed only to those shareholders who have elected to receive a printed copy.

## DIRECT VOTING

Shareholders are able to vote on resolutions directly by marking **Section A** of the Voting Form.

If you mark **Section A** you are voting your shares directly and do not appoint a third party, such as a proxy, to act on your behalf. Shareholders who wish to vote their shares directly should mark either the "for" or "against" boxes next to each item on the Voting Form. Do not mark the "abstain" box. If you mark the "abstain" box for an item, your vote for that item will be invalid.

If no direction is given on all of the items, or if you complete both Section A and Section B, your vote may be passed to the Chairman of the meeting as your proxy.

## SHAREHOLDER QUESTIONS

Shareholders may submit questions to the Company's auditor, Ernst & Young, in relation to the content of the Auditor's Report or the conduct of the audit of the accounts for the year ended 31 December 2015. Relevant written questions must be received by the Company or Link Market Services Limited by 5.00pm (AEST) on 11 May 2016.

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# EXPLANATORY NOTES

## ORDINARY BUSINESS

### RESOLUTION 1 – REMUNERATION REPORT

The Remuneration Report is contained in the Directors' Report set out on pages 47-68 of the 2015 Annual Report which is available on the Company's website: [www.ocamatil.com](http://www.ocamatil.com).

The Report outlines CCA's remuneration strategy and practices, together with details of the specific remuneration arrangements that apply to Key Management Personnel (KMP) in accordance with the requirements of the *Corporations Act 2001* (Cth).

The vote on the adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company.

#### Voting Exclusions

A vote on Resolution 1 (Remuneration Report) must not be cast:

- in any capacity by or on behalf of a member of the KMP of the Company, details of whose remuneration are included in the Remuneration Report for the year ended 31 December 2015, or by any of their closely related parties (such as certain of their family members, dependants and companies they control); or
- as a proxy, by a person who is a member of the KMP of the Company at the date of the meeting, or by any of their closely related parties,

unless the vote is cast as a proxy for a person entitled to vote on Resolution 1:

- in accordance with a direction in the Voting Form; or
- by the Chairman of the meeting pursuant to an express authorisation in the Voting Form to vote an undirected proxy – see Note (e) above.

### DIRECTORS' RECOMMENDATION

The Directors unanimously recommend that shareholders vote in favour of the adoption of the Remuneration Report.

### RESOLUTION 2 – ELECTION OF DIRECTORS

The Board comprises nine Non-Executive Directors and one Executive Director. The Board regularly reviews its composition to ensure there is an appropriate range of skills and an appropriate mix of business talents, outlooks, backgrounds and diversity. All Directors have extensive business experience both in their chosen fields of endeavour and in business generally. Eight Directors live in Australia (six in Sydney and two in Melbourne). Two Directors live overseas.

The Board considers that seven of the 10 Directors (including the Chairman) are independent Directors. Of the other three, two are nominees of the major shareholder and one is the Group Managing Director.

Ms Catherine Brenner and Mr Anthony (Tony) Froggatt will retire in accordance with Article 6.3(b) of the Constitution and offer themselves for re-election. Mr John Borghetti will retire in accordance with Article 6.3(j) of the Constitution and offer himself for election.

Background information on each Director seeking election is provided below and a full Curriculum Vitae for each Director is set out in Appendix 1 to this Notice. The election of each Director is proposed as a separate resolution.

#### Ms Catherine Brenner

Ms Brenner joined the Board in April 2008. She is Chair of the Sustainability Committee and is a member of the Audit & Risk Committee, Related Party Committee, People Committee and Nominations Committee.

The Board has determined that Ms Brenner, a Non-Executive Director, is an independent Director.

#### Mr Anthony (Tony) Froggatt

Mr Froggatt joined the Board in December 2010. He is Chair of the People Committee and is a member of the Audit & Risk Committee, Related Party Committee and Nominations Committee.

The Board has determined that Mr Froggatt, a Non-Executive Director, is an independent Director.

# EXPLANATORY NOTES (CONTINUED)

## Mr John Borghetti

Mr Borghetti joined the Board in December 2015.

The Board has determined that Mr Borghetti, a Non-Executive Director, is an independent Director.

## DIRECTORS' RECOMMENDATION

The Directors unanimously support the re-election of each of the Directors and recommend that shareholders vote in favour of the resolutions (with each director seeking election abstaining from making a recommendation in respect of their own election).

## SPECIAL BUSINESS

### RESOLUTION 3 – INCREASE TO DIRECTORS' MAXIMUM FEE POOL LIMIT

The current maximum amount available for payment of Non-Executive Directors' fees in aggregate each year is \$2,300,000. This amount was approved by shareholders at the Annual General Meeting held in May 2011.

Since 2011, the number of Non-Executive Directors has increased from eight to nine, and there have been market review increases to Director fees in some but not all years to bring fees closer to the market median. As a result the Company is now approaching the fee cap and proposes an increase to the fee pool limit of \$500,000 to increase it to \$2,800,000 (including superannuation and any fees which a Non-Executive Director agrees to sacrifice for other benefits). This increase will:

- enable continued reviews of fees in line with our policy of positioning Director fees at the median of the market, ensuring that the Board can continue to attract and retain the highest quality directors; and
- provide flexibility with Board and Committee appointments, so that the Board can appropriately manage succession planning and potential new director appointments in light of the mix of skills, experiences and diversity necessary on the Board (ensuring that changes in composition are effected as smoothly as possible).

It is emphasised that this is a maximum limit and it is not proposed that current fees be increased to that limit. The additional headroom is seen as prudent to give the Board the necessary flexibility to continue operating effectively.

In forming the above proposal, the People Committee and the Board were provided market information from PricewaterhouseCoopers (PwC) (the Committee's independent remuneration adviser).

No securities have been issued to any Non-Executive Director under ASX Listing Rules 10.11 or 10.14 with shareholder approval within the last three years.

### Voting Exclusions

The Company will disregard any votes cast on Resolution 3:

- by any Director of the Company and any of their associates, regardless of the capacity in which the vote is cast; and
- as a proxy, by a person who is a member of the KMP of the Company at the date of the meeting, or by any of their closely related parties,

unless the vote is cast by a person as proxy for a person who is entitled to vote on Resolution 3:

- in accordance with a direction on the Voting Form; or
- by the Chairman of the meeting pursuant to an express authorisation in the Voting Form to vote an undirected proxy – see Note (e) above.

## DIRECTORS' RECOMMENDATION

As the Non-Executive Directors have an interest in the outcome of Resolution 3, the Board does not believe it is appropriate to make a recommendation to shareholders as to how to vote in relation to Resolution 3.

## **RESOLUTION 4 – PARTICIPATION BY EXECUTIVE DIRECTOR IN THE 2016-2018 LONG TERM INCENTIVE PLAN**

Pursuant to ASX Listing Rule 10.14, approval is being sought to allow Ms Watkins to participate, as an Executive Director of the Company, in the 2016-2018 Long Term Incentive Plan (LTIP).

### **Annual review of Group Managing Director remuneration**

In February 2016 the Board commissioned PwC, the Board's independent executive remuneration advisor, to support the annual review of the Group Managing Director's remuneration and provide a recommendation to the Board. The review compared remuneration against peer roles in companies of a similar size (considering both market capitalisation and revenue). The Board considered PwC's advice and determined that the target LTIP for 2016 should remain unchanged at \$1.75 million.

### **Number of share rights to be granted**

The number of share rights to be granted is determined by reference to the target award value of \$1.75 million. Based on CCA's valuation approach (which has been adopted over many years), the target number of share rights is determined by dividing the target award value (\$1.75 million) by the volume weighted average closing price for the 30 days prior to and including 31 December 2015 (being \$8.96). This results in a target award of 195,312 share rights. At the date prior to finalisation of this notice (18 March 2016), the said target number of rights would have a market value of \$1,705,074.

The maximum allocation (i.e. if performance targets are met in full at the level required for maximum vesting) is 390,624 share rights. The maximum is double the target amount as shown in the performance and vesting tables in this notice of meeting.

Approval is sought for the maximum allocation of 390,624 share rights, to be tested based on the applicable performance measures and targets.

### **Timing of grant**

If approved, the 390,624 share rights under the 2016-2018 LTIP will be granted to Ms Watkins no later than 12 months after CCA's 2016 Annual General Meeting.

### **Performance measures**

The performance measures are unchanged for the 2016-2018 LTIP, and continue to apply three performance measures, being a Relative Total Shareholder Return (RTSR) measure, an Absolute TSR (ATSR) measure and an Earnings per Share (EPS) measure. One third of the award will be assessed independently against each measure.

The use of both measures of Relative and Absolute TSR rewards for both absolute and relative shareholder value creation and the Board believes that the two measures complement each other and provide a balanced assessment of performance. The absolute measure has the key benefit of providing executives with a clear known level of shareholder return to attain through delivering on the business strategy and generating share price growth and dividends for shareholders. The relative measure provides a direct link between the reward earned and the shareholder return achieved relative to the Company's ASX peers.

EPS continues to be an important performance measure and provides a clear focus on meeting the earnings expectations communicated to the market.

The proportion of share rights that can vest in the 2016-2018 LTIP subject to each separate performance measure is as follows:

<b>Component</b>	<b>Target vesting</b>	<b>Maximum vesting</b>
A – Relative TSR	65,104	130,208
B – Absolute TSR	65,104	130,208
C – EPS	65,104	130,208
<b>Total</b>	<b>195,312</b>	<b>390,624</b>

# EXPLANATORY NOTES (CONTINUED)

## Performance measure A – Relative TSR

The Company's TSR is measured from 1 January 2016 to 31 December 2018 and compared to the performance of the companies in the peer group. The peer group for the 2016-2018 LTIP is the constituents of the ASX 100 (as at 1 January 2016) excluding banking and mining companies.

The vesting scale has been simplified from the 2015-2017 LTIP whereby 200% of Target vests for achieving the 75th percentile or above. Historically 196.1% vested at this performance achievement.

The table below summarises the percentage vesting and number of share rights vesting for different levels of relative TSR performance:

TSR percentile vs peer group	Percentage of Target that vests	Number of share rights vesting	Percentage of Maximum that vests
Less than 51st percentile		Nil vesting	
51st percentile	100%	65,104	50%
Between 51st percentile and 75th percentile		Pro-rata vesting on a straight line basis.	
75th percentile and above	200%	130,208	100%

## Performance measure B – Absolute TSR

The Company's TSR is measured from 1 January 2016 to 31 December 2018. Consistent with the 2015-2017 grant, the TSR is assessed based on 8% compound annual growth rate (CAGR) for target vesting and 12% CAGR for maximum vesting.

The table below summarises the percentage vesting and number of share rights vesting for different levels of TSR performance against the targets:

TSR – compound annual growth rate	Percentage of Target that vests	Number of share rights vesting	Percentage of Maximum that vests
Less than 8%		Nil vesting	
8%	100%	65,104	50%
Between 8% and 12%		Pro-rata vesting on a straight line basis.	
12% and above	200%	130,208	100%

## Performance measure C – EPS

The EPS is assessed against a target of 5% average annual growth per annum which is consistent with guidance provided to the market regarding a return to mid-single digit earnings growth, and the same target as set for the 2015-2017 LTIP. The stretch target has been set at 8% average annual growth per annum and must be met to achieve maximum vesting.

Performance is assessed as the average of the EPS growth for the financial years from 2015 to 2016, 2016 to 2017 and 2017 to 2018.

The table below summarises the percentage vesting and number of share rights vesting for different levels of EPS performance:

Annual Average Growth in EPS	Percentage of Target that vests	Number of share rights vesting	Percentage of Maximum that vests
Less than 5%		Nil vesting	
5%	100%	65,104	50%
Between 5% and 8%		Pro-rata vesting on a straight line basis.	
8% and above	200%	130,208	100%

## **Other terms**

### **Cessation of employment**

If Ms Watkins' employment is terminated for cause or because she resigns, she forfeits any entitlement to unvested share rights under the LTIP. If Ms Watkins' employment ends for any other reason, then the Board has discretion to lapse a pro-rata amount of any unvested share rights and the balance may vest subject to the achievement of the performance measures.

### **Change of control**

In the event of a change of control of the Company prior to the end of a performance period, the Board has retained its discretion to remove the performance condition. If the Board exercises its discretion, any award will be made at the higher of:

- the number of target share rights offered, or
- the number that would have been allocated under the actual performance condition, based on the most recent quarterly testing of the relative and absolute TSR and annual testing of the EPS performance measure respectively.

### **Sourcing of shares to satisfy awards**

The shares will be acquired by the trustee of the LTIP on behalf of Ms Watkins by the purchase of shares on the Australian Securities Exchange at the prevailing market price or by an issue of new shares by CCA.

The proposed issue to Ms Watkins of share rights under the LTIP is for no consideration and, to the extent that vesting occurred, would entitle Ms Watkins to receive the relevant fully paid ordinary shares in the Company at no cost to her (or, at the Board's discretion, a cash equivalent payment).

### **Dividends**

No participant in the LTIP is entitled to any dividends on share rights. It is only if the share rights vest and shares are allocated that there is an entitlement to receive dividends on the shares paid after the shares are allocated. Consequently, Ms Watkins will not receive dividends on the 2016-2018 LTIP unless and until the award vests at the end of 2018.

### **No participation by other Directors**

Ms Watkins is the only Director entitled to participate in the LTIP.

### **Other information**

The ASX Listing Rules require this Notice of Meeting to state the number and price of securities received by Ms Watkins since the last shareholder approval. 384,228 share rights were granted to Ms Watkins (at no cost) pursuant to the shareholder approval obtained at the 2015 Annual General Meeting. No loans have been made to Ms Watkins in relation to the LTIP.

If approval is given for the purposes of ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.

### **Voting Exclusions**

The Company will disregard any votes cast on this resolution by:

- Ms Watkins (being the only Director eligible to participate in the LTIP) and any of Ms Watkins' associates, regardless of the capacity in which the vote is cast; and
- as a proxy by a person who is a member of the KMP of the Company at the date of the meeting, or by any of their closely related parties,

unless the vote is cast by a person as proxy for a person who is entitled to vote on Resolution 4:

- in accordance with a direction on the Voting Form; or
- by the Chairman of the meeting as proxy for a person who is entitled to vote on Resolution 4, pursuant to an express authorisation in the Voting Form to vote an undirected proxy – see Note (e) above.

## **DIRECTORS' RECOMMENDATION**

The Directors, other than Ms Watkins, recommend that shareholders vote in favour of this resolution. Ms Watkins makes no recommendation in light of her personal interest in this resolution.

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# APPENDIX 1

## ELECTION OF DIRECTORS

The following Directors are standing for re-election at the meeting.

### CATHERINE BRENNER

Catherine Brenner joined the Coca-Cola Amatil Board in 2008 and is Chair of the Sustainability Committee. She is also a member of the Audit & Risk Committee, People Committee (Chair from 2008 – 2011), Related Party Committee and Nominations Committee.

Ms Brenner has extensive experience in investment banking and capital markets, previously holding the position of Managing Director, Investment Banking at ABN AMRO Australia. Prior to this she practised as a lawyer. She holds an MBA from the Australian Graduate School of Management (UNSW) and a Bachelor of Laws and Bachelor of Economics from Macquarie University.

In addition to her directorship of Coca-Cola Amatil, she is a Non-Executive independent Director of the ASX listed companies AMP Limited and Boral Limited. Her previous listed directorships include companies in the mining, property and biotech sectors.

Ms Brenner is also a Director of SCEGGS Darlinghurst Ltd. Her previous community and government roles include Director of the Australian Brandenburg Orchestra, Trustee of the Sydney Opera House Trust, Council Member of Chief Executive Women and Member of the Takeovers Panel.

### ANTHONY (TONY) FROGGATT

Tony Froggatt joined the Coca-Cola Amatil Board in December 2010 and is Chair of the People Committee and member of the Audit & Risk Committee, Related Party Committee and Nominations Committee.

Mr Froggatt is a former Chief Executive Officer of global brewing company Scottish & Newcastle plc. Prior to that, he held various senior management positions in Seagram Spirits & Wine Group, Diageo plc, H J Heinz and The Gillette Company. He is experienced in global business and brand development, in both mature and developing markets, as well as having extensive marketing and distribution knowledge particularly in the international food and beverages sector.

Mr Froggatt holds a Bachelor of Laws from Queen Mary College, London University and an MBA from Columbia Business School in New York, majoring in Marketing.

In addition to his directorship of Coca-Cola Amatil, he is an independent Non-executive Director of Brambles Ltd and Chair of Foodbank Australia.

### JOHN BORGHETTI

John Borghetti joined the Coca-Cola Amatil Board on 1 December 2015.

Mr Borghetti is Chief Executive Officer and Managing Director of the Virgin Australia Airline Group, commencing in this role in May 2010. Mr Borghetti has had over 40 years' experience in the aviation industry, including a long career at Qantas, which included several senior positions, including Executive General Manager.

In addition to his directorship of Coca-Cola Amatil, he is Managing Director of Virgin Australia Holdings Limited. He is also Director of the Australian Chamber Orchestra and Director of the New South Wales Customer Advisory Board.



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