

CORPORATE GOVERNANCE

At Coca-Cola Amatil (CCA), the Board of Directors is committed to achieving the highest standards in the areas of corporate governance and business conduct. This Corporate Governance Statement reports on the corporate governance principles and practices followed by CCA for the period 1 January 2009 to 31 December 2009 as required by the ASX Listing Rules.

The Company has followed all of the recommendations established in the ASX Corporate Governance Council's Principles of Good Corporate Governance and Recommendations, 2nd Edition.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Role of the Board and Management

The Board represents shareholders and has the ultimate responsibility for managing CCA's business and affairs to the highest standards of corporate governance and business conduct. The Board operates on the principle that all significant matters are dealt with by the full Board and has specifically reserved the following matters for its decisions:

- the strategic direction of the Company;
- approving budgets and other performance indicators, reviewing performance against them and initiating corrective action when required;
- ensuring that there are adequate structures to provide for compliance with applicable laws;
- ensuring that there are adequate systems and procedures to identify, assess and manage risks;
- ensuring that there are appropriate policies and systems in place to ensure compliance;
- monitoring the Board structure and composition;
- appointing the Group Managing Director and evaluating his or her ongoing performance against predetermined criteria;
- approving the remuneration of the Group Managing Director and remuneration policy and succession plans for the Group Managing Director and senior management;
- ensuring that there is an appropriate focus on the interests of all stakeholders; and
- representing the interests of and being accountable to the Company's shareholders.

To assist in its deliberations, the Board has established five main committees which, apart from routine matters, act primarily in a review or advisory capacity. These are the Related Party Committee, Nominations Committee, Audit & Risk Committee, Compensation Committee and Compliance & Social Responsibility Committee. Details of each Committee are set out in this report. The delegation of responsibilities to those committees will only occur provided that sufficient systems are in place to ensure that the Board is meeting its responsibilities.

The responsibility for implementing the approved business plans and for the day-to-day operations of CCA is delegated to the Group Managing Director, who, with the management team, is accountable to the Board. The Board approves the Executive Chart of Authority which sets out the authority limits for the Group Managing Director and senior management.

Senior Executives' Performance Evaluation

Across all of CCA's Business Units, there is a strong performance management discipline together with competitive reward and incentive programs. The Company's approach in recent years is to move to have a greater component of at-risk remuneration for senior executives.

Detailed business plans are prepared and approved by the CCA Board, prior to the start of the calendar year. The senior executives are then measured against the achievement of these plans during and at the completion of the calendar year, and their annual at-risk remuneration reflects their business plan achievements. An evaluation of performance has been undertaken for all senior managers for 2009, and this has been in accordance with the above process.

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Composition of the Board

The composition of the Board is based on the following factors:

- the Chairman is a Non-Executive Director and is independent from The Coca-Cola Company;
- the Group Managing Director is the Executive Director;
- The Coca-Cola Company has nominated two Non-Executive Directors (currently Geoffrey Kelly and Martin Jansen);
- the majority of the Non-Executive Directors are independent;
- one third of the Board (other than the Group Managing Director) is required to retire at each Annual General Meeting and may stand for re-election. The Directors to retire shall be those who have been longest in office since their last election; and
- a Director who has been appointed by the Board to fill a casual vacancy is required to be considered for re-election by the shareholders at the next Annual General Meeting.

The Board is comprised of the following eight members:

Name	Position	Independent	Appointed
David Gonski, AC	Chairman, Non-Executive Director	Yes	1997
Catherine Brenner	Non-Executive Director	Yes	2008
Jillian Broadbent, AO	Non-Executive Director	Yes	1999
Wal King, AO	Non-Executive Director	Yes	2002
David Meiklejohn, AM	Non-Executive Director	Yes	2005
Martin Jansen***	Non-Executive Director	No	2009
Geoffrey Kelly**	Non-Executive Director	No	2004
Terry Davis	Executive Director and Group Managing Director	No	2001

* Appointed 15 December 2009

**Nominated by The Coca-Cola Company

Mr Irial Finan retired as a Director on 15 December 2009.

Directors – independence

The majority of the Board are independent Directors. A Director is considered independent provided he or she is free of any business or other relationship with CCA or a related party, which could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement. A related party for this purpose would include The Coca-Cola Company.

When a potential conflict of interest arises, the Director concerned withdraws from the Board meeting while such matters are considered. Accordingly, the Director concerned neither takes part in discussions nor exercises any influence over the Board if a potential conflict of interest exists. Transactions with The Coca-Cola Company are reviewed by the Related Party Committee. Related party transactions are disclosed in Note 34 to the financial statements.

RELATED PARTY COMMITTEE

The Related Party Committee is comprised of the five independent Non-Executive Directors (and does not include any Directors who are or have been associated with a related party). The Group Managing Director and the Chief Financial Officers attend meetings by invitation.

The Committee reviews transactions between CCA and parties who may not be at arms length ("related parties") to ensure that the terms of such transactions are no more favourable than would reasonably be expected of transactions negotiated on an arm's length basis. It meets prior to each scheduled Board meeting to review all material transactions of CCA in which The Coca-Cola Company, or any other related party, is involved.

Directors – selection

The Board's Nominations Committee regularly reviews the composition of the Board to ensure that there is an appropriate mix of abilities and experience to serve the interests of all shareholders. Any recommendations are presented to the full Board.

The process of appointing a Director is that, when a vacancy exists or is expected, the Nominations Committee identifies candidates with the appropriate expertise and experience. The Board reviews the candidates and the most suitable person is either appointed by the Board and comes up for re-election at the next Annual General Meeting or is recommended to shareholders for election at a shareholders' meeting.

CCA also encourages its shareholders to nominate persons of suitable skills and experience for Board positions. The Company's website (www.ccamatil.com) contains a nomination form and any nomination, made in good faith, will be considered by the Nominations Committee.

NOMINATIONS COMMITTEE

The Nominations Committee is comprised of the five independent Non-Executive Directors (it does not include any Directors who are or have been associated with a related party). The Committee reviews the Board's composition to ensure that it comprises Directors with the right mix of skills and experience to enable it to fulfil its responsibilities to shareholders. The Committee also identifies suitable candidates for appointment to the Board and reviews general matters of corporate governance. The Committee has also been given responsibility for reviewing the Company's standards of corporate governance.

Diversity on Boards

CCA reports in detail on diversity initiatives across the CCA Group within its Sustainability@CCA Reports, and welcomes the ASX Corporate Governance Council proposed amendments to Corporate Governance Principles & Recommendations, which will require listed entities to adopt and disclose their diversity policy including measurable objectives relating to gender. Once these guidelines are finalised, CCA will report within these particular requirements.

Directors – induction and training

On appointment, each Non-Executive Director is required to acknowledge the terms of appointment as set out in their letter of appointment. The appointment letter covers, inter alia, the term of appointment, duties, remuneration including superannuation and expenses, rights of access to information, other directorships, dealing in CCA's shares, disclosure of Director's interests, insurance and indemnity and termination.

On appointment, each Director is provided with the Company's policies and briefed on the content by the Company Secretary. Directors have available to them a series of training programs, covering such topics as the Board's role, Board composition and conduct, risks and responsibilities of company directors, to ensure that they are fully informed on current governance issues.

Independent professional advice

For the purposes of the proper performance of their duties, Directors are entitled to seek independent professional advice at CCA's expense. Before doing so, a Director must notify the Chairman (or the Group Managing Director in the Chairman's absence) and must make a copy of the advice available to all Directors.

Directors – Performance Review

A review of Directors' performance is undertaken at least every two years and if a majority of Directors consider a Director's performance falls below the predetermined criteria required, then the Director has agreed to retire at the next Annual General Meeting and a resolution will be put to shareholders to vote on the re-election of that Director.

The last performance review was undertaken in 2009. An independent consultant conducted in-depth interviews with members of the Board. Senior executives who interface most with the Board were also interviewed. Prior to the interviews, each Director was sent a Board Review questionnaire. The responses to the questionnaires formed part of the interview process and were taken into account in the final report. The report was distributed to and discussed by Directors. The review found that the Board was very effective and highly regarded.

Company Secretary

The Company Secretary is appointed by the Board and is accountable to the Board, through the Chairman, on all governance matters.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Code of Business Conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. The Code of Business Conduct is reviewed regularly to ensure that the standards set in the Code reflect CCA's values, acknowledge our responsibilities to our stakeholders and to each other, and ensure that management and employees know what is expected of them and apply high ethical standards in all of CCA's activities.

The Audit & Risk Committee is responsible for ensuring effective compliance policies exist to ensure compliance with the requirements established in the Code of Business Conduct.

The Code contains procedures for identifying and reporting any departures from the required standards. CCA has also established a system for distribution of the Code at appropriate intervals to employees and for them to acknowledge its receipt.

The Code sets standards of behaviour expected from everyone who performs work for CCA – Directors, employees and individual contractors. It is also expected that CCA's suppliers will enforce a similar set of standards with their employees. The code is available on our website at www.ccamatil.com.

Interests of Stakeholders

CCA acknowledges the importance of its relationships with its shareholders and other stakeholders including employees, contractors and the wider community. CCA believes that being a good corporate citizen is an essential part of business and pursues this goal in all the markets in which it operates. CCA publishes Sustainability@CCA Reports which focus on four pillars of commitment – Environment, Marketplace, Workplace and Community. These Reports can be viewed on the CCA website at www.ccamatil.com.

The Compliance & Social Responsibility Committee assists the Board in determining whether the systems of control, which management has established, effectively safeguard against contraventions of the Company's statutory responsibilities and to ensure that there are policies and controls to protect the Company's reputation as a responsible corporate citizen. The structure and responsibilities of the Committee are set out below.

COMPLIANCE & SOCIAL RESPONSIBILITY COMMITTEE

The Compliance & Social Responsibility Committee comprises four Non-Executive Directors. The Committee regularly reviews and reports to the Board on compliance with laws including occupational health and safety, environmental protection, product safety and trade practices.

The Committee also reviews policies reflecting on the Company's reputation, including quality standards, dealing in the Company's securities and disclosure. In respect of social responsibility, it reviews reports and makes recommendations to the Board, where appropriate, in respect of political donations, community sponsorship and support and relevant social issues such as obesity, environmentally sustainable initiatives, and CCA's carbon footprint and other social issues that may be relevant to the Company.

Share ownership and dealings

Details of the shareholdings of Directors in the Company are set out in the Directors' Report on page 14. The Non-Executive Directors Share Plan was suspended on 1 September 2009 due to the change in taxation arrangements of share plans announced by the Australian Government during 2009. However, Non-Executive Directors are strongly encouraged to maintain a CCA shareholding.

Policy on Trading in CCA Shares

Directors are subject to the Corporations Act 2001 which restricts their buying, selling or subscribing for securities in CCA if they are in possession of inside information.

The Board has also adopted a formal policy for share dealings by Directors and senior management. The policy allows for the buying and selling of CCA shares only during the four week periods following the release of the full year and half year results and the Annual General Meeting, unless exceptional circumstances apply. The policy prohibits speculative transactions involving CCA shares, the granting of security over CCA shares or entering into margin lending arrangements involving CCA Shares and reinforces the prohibition on insider trading contained in the Corporations Act 2001.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Board has an Audit & Risk Committee which meets four times a year and reports to the Board on any matters relevant to the Committee's role and responsibilities. A summary of the Committee's formal Charter is set out below.

AUDIT & RISK COMMITTEE

The Audit & Risk Committee comprises three Non-Executive Directors (the Group Managing Director and Chief Financial Officers attend meetings by invitation). The Committee is chaired by an independent Non-Executive director who is not the Chairman of the Board.

The key responsibilities of the Committee are: Financial Reporting – review Financial Statements to ensure the appropriateness of accounting policies, and compliance with accounting policies and standards, compliance with statutory requirements and the adequacy of disclosure; Risk Management – ensure CCA has effective policies in place covering key risks including, but not limited to, overall business risk in CCA's operations, treasury risk (including currency and borrowing risk), procurement, insurance, taxation and litigation; Audit – review of the auditor's performance, the professional independence of the auditor, audit policies, procedures and reports, as a direct link between the Board and the auditor.

The Committee approves the policies, processes and framework for identifying, analysing and addressing complaints (including whistleblowing) and reviews material complaints and their resolution.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

CCA has a Disclosure Policy which includes the following principles, consistent with the continuous disclosure obligations under ASX Listing Rules, that govern CCA's communication:

- CCA will, in accordance with the ASX Listing Rules, immediately issue to ASX any information that a reasonable person would expect to have a material effect on the price or value of CCA's securities;
- CCA's Disclosure Committee manages the day-to-day continuous disclosure issues and operates flexibly and informally. It is responsible for compliance, coordinating disclosure and educating employees about CCA's communication policy; and
- all material information issued to ASX, the Annual Reports, full year and half year results and presentation material given to analysts, is published on CCA's website (www.ccamatil.com). Any person wishing to receive advice by email of CCA's ASX announcements can register at www.ccamatil.com.

The Company Secretary is the primary person responsible for communication with ASX. In the absence of the Company Secretary, the Investor Relations Manager is the contact.

Only authorised spokespersons can communicate on behalf of the Company with shareholders, the media or the investment community.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The rights of CCA's shareholders are detailed in CCA's Constitution. Those rights include electing the members of the Board. In addition, shareholders have the right to vote on important matters which have an impact on CCA.

To allow shareholders to effectively exercise these rights, the Board is committed to improving the communication to shareholders of high quality, relevant and useful information in a timely manner. CCA has adopted the following communication framework:

- an ongoing communication program – regular, comprehensive and publicly available disclosures to be undertaken covering important topics including performance and governance issues;
- contact information – contact details for the Investor Relations department and Company Secretary are provided to facilitate and encourage communication;
- communication responsibilities – identification of the items that are appropriate for Board comment and those for management comment;
- communication policy – a publicly disclosed policy that covers all forms of communication, including meetings, telephone calls, email and other written communications; and
- policy review – regular Board review to ensure adherence to the communication policy.

CCA's communication policy (a copy is available on the Company website at www.ccamatil.com/disclosurepolicy.asp) requires that shareholders be informed about strategic objectives and major developments. CCA is committed to keeping shareholders informed and improving accessibility to shareholders through:

- Australian Securities Exchange (ASX) announcements;
- company publications (including the Annual Report and Shareholder News);
- the Annual General Meeting;
- the Company website (www.ccamatil.com);
- the investor relations contact number (61 2 9259 6159); and
- a suggestion box on the website.

CCA's shareholders are encouraged to make their views known to the Company and to directly raise matters of concern. From time to time, CCA requests meetings with its shareholders and shareholder interest groups to share views on matters of interest. The views of those parties are shared with the Board on a regular basis, both by the Chairman and management.

Shareholders are encouraged to access shareholder communications and information online. This has the advantage of receiving prompt information together with the convenience and security of electronic delivery.

Shareholders are encouraged to attend CCA's Annual General Meeting and use this opportunity to ask questions. The Annual General Meeting will remain the main opportunity each year for the majority of shareholders to comment and to question CCA's Board and management.

CCA is committed to improving the efficiency of its Annual General Meetings and encourages participation of shareholders through:

- the prior collection of shareholder questions for answering during the meeting. Questions can be submitted either by completing the relevant form accompanying the notice of meeting or by emailing CCA at aus_investor_relations@anz.ccamatil.com. Questions that have been lodged, and their answers, are posted on the Company's website at the FAQ section;
- providing a process to ensure that shareholders are considerate of each other's right to participate;
- providing an opportunity after each Annual General Meeting to discuss matters with the Board and management; and
- posting copies of the speeches delivered at the meeting to the website after delivery.

Further, the external auditor attends the Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Board has established a Risk Management Policy which formalises CCA's approach to the oversight and management of material business risks. The policy is implemented through a top down and bottom up approach to identifying, assessing, monitoring and managing key risks across CCA's business units. Risks, and the effectiveness of their management, are reviewed and reported regularly to relevant management, the Audit & Risk Committee and the Board. Management has reported to the Board that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Board is responsible for ensuring that there are adequate systems and procedures in place to identify, assess, monitor and manage risks. CCA's Audit & Risk Committee reviews reports by members of the management team (and independent advisers, where appropriate) during the year and, where appropriate, makes recommendations to the Board in respect of:

- overall business risk in CCA's countries of operation;
- treasury risk (including currency and borrowing risks);
- procurement;
- insurance;
- taxation;
- litigation;
- fraud and code of conduct violations; and
- other matters as it deems appropriate.

The Committee reviews and, where appropriate, makes recommendations to the Board in respect of policies relating to the above matters. The internal and external audit functions, which are separate and independent of each other, also review CCA's risk assessment and risk management.

In addition to the risk management duties of the Audit & Risk Committee, the Board has retained responsibility for approving the strategic direction of CCA and ensuring the maintenance of the highest standards of quality. This extends beyond product quality to encompass all ways in which CCA's reputation and its products are measured. The Board monitors this responsibility through the receipt of regular risk reports and management presentations.

Financial Reporting

In accordance with section 295A of the Corporations Act 2001, the Group Managing Director and Chief Financial Officer, Statutory & Compliance, have provided a written Certificate to the Board that the Statutory Accounts of the Company comply with Accounting Standards and other mandatory reporting requirements in all material respects, that they give a true and fair view, in all material respects, of the financial position and performance of the Company, and that management's risk management and internal controls over financial reporting, which implement the policies and procedures adopted by the Board, are operating effectively and efficiently, in all material respects.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

On an annual basis, the Compensation Committee obtains data from external remuneration sources to ensure the Company's remuneration practices are in line with market conditions. The Committee reviews the nature and amount of the remuneration of the Group Managing Director and senior management and, where appropriate, makes recommendations to the Board. The Remuneration Policy is set out in the Remuneration Report on page 17 of this Annual Report, which also includes the structure of the Non-Executive Directors' remuneration and that of the Executive Director and senior executives.

COMPENSATION COMMITTEE

The Compensation Committee comprises four Non-Executive Directors (the Group Managing Director attends by invitation). A majority of members must be independent Non-Executive Directors.

The Committee reviews matters relating to the remuneration of the Executive Director and senior management, as well as senior management succession planning. The Committee obtains advice from external remuneration consultants to ensure that CCA's remuneration practices are in line with market conditions.

OTHER BOARD COMMITTEES

To assist in its deliberations, the Board has established a further two committees, the Administration Committee and the Securities Committee. These Committees are comprised of any two Directors or a Director and a Chief Financial Officer and meet as required.

The Administration Committee's powers, while not limited, will generally be applied to matters of administration on behalf of the Board, including the execution of documents in the normal course of business.

The Securities Committee attends to routine matters relating to the allotment of securities.

Compliance with the revised Principles and Recommendations

The following table summarises CCA's compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 2nd Edition.