

# Corporate Governance Statement

Amcor Limited ('Amcor' or 'the Company') is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in place to ensure they meet the interests of shareholders.

The Company complies with the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition ('the ASX Principles'). This Statement incorporates the disclosures required by the ASX Principles, and generally follows the order of the ASX Principles.

Amcor's main corporate governance practices are summarised in this Statement. Copies of Amcor's Board and Board Committee Charters, and key corporate governance policies or summaries, are available in the Corporate Governance section of Amcor's website at [http://www.amcor.com/about\\_us/corp\\_gov/about\\_governance\\_policies/](http://www.amcor.com/about_us/corp_gov/about_governance_policies/).

This Corporate Governance Statement was approved by the Board on 22 August 2017 and is current as at that date.

## Principle 1: Lay solid foundations for management and oversight

### Role of the Board and management

The Board of Directors is responsible for the corporate governance of the Company. The Board provides strategic guidance for the Company, and effective oversight of management. The Board guides and monitors the business and affairs of Amcor on behalf of the shareholders by whom they are elected and to whom they are accountable. The Board operates in accordance with the principles set out in its Charter, which is available in the Corporate Governance section of Amcor's website.

### Responsibilities of management

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and Chief Executive Officer and executive management. Responsibilities delegated to the Managing Director and Chief Executive Officer and executive management, as well as those reserved to the Board, are set out in the Group's Delegated Authority Policy and these delegations are reviewed on a regular basis. This delegation of authority includes responsibility for:

- developing business plans, budgets and company strategies for the Board's consideration and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- operating the Company's business within the parameters set by the Board from time to time and keeping the Board informed of all material developments relating to the business;
- where proposed transactions, commitments or arrangements exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;



- identifying and managing any business risks, and if those risks could materially affect the Company or its business, formulating, and seeking approval by the Board for, strategies to manage those risks;
- managing the Company's current financial and other reporting mechanisms to ensure that these mechanisms are functioning effectively to capture all relevant material information on a timely basis;
- implementing the Company's internal controls and procedures for monitoring these controls and ensuring that these controls and procedures are appropriate and effective;
- taking all reasonable steps to ensure that the Board is provided with accurate and sufficient information regarding the Company's operations on a timely basis and, in particular, that the Board is made aware of all relevant matters relating to the Company's performance (including future performance), financial condition, operating results and prospects, compliance with occupational health and safety standards and potential material risks so that the Board is in an appropriate position to fulfil its corporate governance responsibilities; and
- implementing all policies, processes and codes of conduct approved by the Board.

### **Responsibilities of the Board**

The responsibilities of the Board include:

- overseeing the management of the Company and direction of its business strategy with the aim of increasing value for shareholders;
- providing strategic direction for, and approving, the Company's business strategies and objectives;
- providing oversight of the Company's occupational health and safety policies and standards;
- monitoring the operational and financial position and performance of the Company;
- overseeing the identification of the principal risks faced by the Company and taking reasonable steps designed to ensure that appropriate internal controls and monitoring systems are in place to manage and, to the extent possible, reduce the impact of these risks;
- ensuring that financial and other reporting mechanisms are put in place by the Managing Director and Chief Executive Officer that result in adequate, accurate and timely information being provided to the Board and the Company's shareholders and the financial market as a whole being fully informed of all material developments relating to the Company;
- appointing and, where appropriate, removing the Managing Director and Chief Executive Officer, approving other key executive appointments and planning for executive succession;
- overseeing and evaluating the performance of the Managing Director and Chief Executive Officer and other senior executives, having regard to the Company's business strategies and objectives;
- instituting and implementing procedures for the annual review and evaluation of the performance of the Board;
- reviewing and approving the remuneration framework for the senior executives of the Company;
- approving the Company's budgets and business plans and monitoring the management of the Company's capital, including the progress of any major capital expenditures, acquisitions or divestitures;
- establishing procedures to ensure that financial results are appropriately and accurately reported on a timely basis in accordance with all legal and regulatory requirements;

- adopting appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards;
- approving and reviewing the Company's internal compliance procedures, including any codes of conduct, and taking all reasonable steps to ensure that the business of the Company is conducted in an open and ethical manner; and
- reviewing and amending the Board and Committee Charters.

### **Board processes**

The Board currently holds up to ten scheduled meetings during the year plus strategy meetings and any supplementary meetings that may be necessary to address any significant matters that may arise. The agenda for meetings is prepared in conjunction with the Chairman, the Managing Director and Chief Executive Officer and the Company Secretary.

Standing items include the Managing Director's report, business group operating reports, financial reports, strategic matters and governance and compliance updates. All submissions are circulated in advance to allow the Board time to review and give due consideration to each report.

The Board has access to Company executives and management, and independent advisers. Executives are regularly involved in Board discussions and Directors have other opportunities to interact with management and co-workers during visits to business units and plants, both locally and overseas.

To ensure that the responsibilities of the Board are upheld and executed to the highest level, the Board has established the following Board Committees:

- Audit and Compliance
- Executive
- Human Resources
- Nomination

Each of these Committees has established charters and operating procedures in place, which are reviewed on a regular basis. The Board may establish other committees from time to time to deal with matters of special importance. The Committees have access to the Company's executives and senior management, as well as independent advice. Copies of the minutes of each Committee meeting are made available to the full Board and the Chairman of each Committee provides an update on the outcomes at the Board meeting that immediately follows the Committee meeting.

The Board has also established a framework for the management of the consolidated entity, including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The Company has an established process for the induction of new senior executives to enable them to actively participate in decision-making of the Company in accordance with their role at the earliest opportunity following appointment.

### **Appointment of Board members**

Before appointing a member of the Board, or putting forward a candidate for election by shareholders, the Company undertakes a number of checks, including checks as to the candidate's experience, education, criminal history and bankruptcy history.

To enable shareholders to make an informed decision on whether or not to elect or re-elect a director, the Company provides shareholders with all relevant information on the candidate, including:

- details of any interest, position, association or relationship that might reasonably be perceived to influence the candidate's capacity to bring an independent judgement on issues before the Board and to act in the best interests of the Company and its shareholders as a whole; and
- whether the Board considers that the candidate, if elected, will qualify as an independent director.

To ensure that directors and senior executives have a clear understanding of their roles and responsibilities, the Company has written agreements in place for each director and senior executive setting out the terms of their appointment. Directors are appointed pursuant to a formal letter of appointment and a deed of appointment. The material terms of the Managing Director and Chief Executive Officer's employment agreement, and any material variation to those terms, are disclosed to shareholders.

### **Review and evaluation**

The Board undertakes an assessment of its collective performance, and the performance of the Board Committees and the Chairman, on an annual basis. The Chairman meets privately with individual Directors as part of the assessment process and the results of this assessment are documented and any action plans implemented. The last review was completed in May 2017.

A performance evaluation for senior executives takes place every six months and last took place in July 2017, in compliance with the established evaluation process, including emphasis on demonstrating Amcor's values. The Company's policy for senior executive reward and evaluation, upon which the evaluation process is based, is published on the Company's website.

### **Diversity**

Amcor is a diverse global organisation with over 35,000 co-workers working in 43 countries. Amcor's focus is on recruiting, motivating and developing local talent to manage its businesses around the world, and selects from this broad talent pool for its global leadership roles. Amcor strives to achieve 'Talent through Diversity' and has adopted a formal diversity policy, which is available in the Corporate Governance section of Amcor's website at [http://www.amcor.com/about\\_us/corp\\_gov/about\\_governance\\_policies/](http://www.amcor.com/about_us/corp_gov/about_governance_policies/). At Amcor, diversity means the positive recognition of the differences individuals bring to the organisation and how those individuals work together to capture the benefits these differences bring to the business.

The Board has established the following measurable objectives for advancing gender diversity within Amcor. These are reported annually to the Board and the Human Resources Committee:

- the number of women employed at Amcor as a proportion of the total workforce; and
- the proportion of women employed at leadership level (defined as middle management including plant level management and more senior management).

Amcor's progress in achieving these objectives is set out below:



- the Board includes two female Directors, (25%\* of total Directors);
- Amcor has an employee population of over 35,000 co-workers in 43 countries and approximately 20% of this population are women; and
- the representation of women in leadership positions is 28%.

There is also a wide range of initiatives underway in our global operations to promote and encourage diversity at Amcor. Examples of these initiatives include:

- promoting participation in networks and communities dedicated to the recognition and professional development of women, such as 'Women Breaking the Mold' in the United States; and
- targeting particular areas to increase the representation of women; this has led to 76% new hires being women in one of our hub locations, 65% new hires in another business' global functions and an operations management team with 67% women.

### **The Board and the Company Secretary**

The Company Secretary is accountable to the Board on all matters to do with the proper functioning of the Board and each Director is entitled to access the advice and services of the Company Secretary. The appointment or removal of the Company Secretary is a matter for the Board as a whole.

## **Principle 2: Structure the Board to add value**

The names of the members of the Board as at the date of this report are set out below. Details of the Board members' experience, expertise, qualifications, term of office and independence status are set out in the Directors' profiles, which are available at [www.amcor.com/about\\_us/corp\\_gov/about\\_board](http://www.amcor.com/about_us/corp_gov/about_board).

G R (Graeme) Liebelt (Chairman)

Independent Non-Executive Director

A (Armin) Meyer (Deputy Chairman)

Independent Non-Executive Director

R S (Ron) Delia

Managing Director and Chief Executive Officer

P V (Paul) Brasher

Independent Non-Executive Director

E (Eva) Cheng

Independent Non-Executive Director

K J (Karen) Guerra

Independent Non-Executive Director

N T (Tom) Long

Independent Non-Executive Director

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\* Excluding Mr John Thorn, whose resignation as a Director was announced on 18 August 2017 and will take effect following the conclusion of the Company's Annual General Meeting on 1 November 2017.

J L (Jeremy) Sutcliffe  
Independent Non-Executive Director

J G (John) Thorn\*  
Independent Non-Executive Director

### **Composition of the Board**

The Board's composition is determined based on criteria set out in the Company's Constitution and the Board Charter, including:

- an objective of eight Directors, with a broad range of expertise both nationally and internationally;
- a majority of Independent Non-Executive Directors and a Non-Executive Director as Chairman;
- a combination of Directors with experience within the industries and markets in which the Company operates and Directors with expertise in financial reporting and risk management of large companies;
- a number of Directors having international experience in the countries in which the Company operates; and
- re-election of Directors at least every three years (except for the Managing Director and Chief Executive Officer).

The Board seeks to ensure that:

- at any point in time, its membership represents an appropriate balance between Directors with experience and knowledge of the Group and Directors with an external or fresh perspective;
- there is a sufficient number of Directors to serve on Board Committees without overburdening the Directors or making it difficult for them to fully discharge their responsibilities; and
- the size of the Board is appropriate to facilitate effective discussion and efficient decision making.

### **Board skills and experience**

The Board has a good mix of skills and diversity which are aligned with the strategy of the Company and which provide good corporate governance and oversight.

The skills matrix set out below shows the expertise, experience, diversity and spread of tenure of the current composition of the Board. In reviewing its membership, the Board considers the skills matrix and Amcor's diversity framework 'Talent through Diversity'.

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\* On 18 August 2017 the Company announced that Mr John Thorn would resign as a Director with effect from the conclusion of the Company's Annual General Meeting on 1 November 2017.

Expertise and Experience		Diversity	
<b>Skills and qualifications</b>	Mergers and acquisitions Corporate finance Accounting Legal Marketing General management	<b>Gender</b>	Female: 2 (25%) Male: 6* (75%)
<b>Industries and markets</b>	Manufacturing Fast moving consumer goods Resources Professional services Recycling	<b>Nationalities</b>	Australia Switzerland Hong Kong United States of America England
<b>Geographic experience</b>	Australia Europe Asia North America	<b>Spread of tenure</b>	< 2 years: 1 3 -5 years: 3 > 5 years: 4*

### Directors' independence

The Board has adopted specific principles in relation to Directors' independence. These state that to be deemed independent, a Director must not be a member of management and must comply with various criteria including:

- not being a substantial shareholder of the Company or otherwise associated directly or indirectly with a substantial shareholder of the Company;
- not, within the past three years, having been employed in an executive capacity by the Company or another Group member, or having been a Director within three years after ceasing to hold any such employment;
- not, within the past three years, having been a professional adviser to the Company or another Group member, either as a principal, material consultant or an employee materially associated with the service provided;
- not being a partner in or controlling shareholder, or executive officer, of a material supplier or customer of the Company or Group, or otherwise being associated, directly or indirectly (to any significant extent), with a material supplier or customer;

\* Excluding Mr John Thorn, whose resignation as a Director was announced on 18 August 2017 and will take effect following the conclusion of the Company's Annual General Meeting on 1 November 2017.

- not having a material contractual relationship with the Company or another Group member other than as a Director of the Company;
- not having served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company;
- being free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company;
- neither the Director, nor any family member of the Director, having received compensation in excess of US\$60,000 from the Group during the past year, other than in direct connection with the Director fulfilling his/her role as a director of the Company, previous employment with the Group or owning or disposing of securities in the Company;
- not, within the past three years, having been employed as an executive officer of any other body corporate in circumstances where an executive of the Company is a member of the remuneration committee of that body corporate; and
- not having any close family ties with a person who does not meet the above criteria.

Furthermore, the Board has determined that, in the absence of special circumstances, the tenure for Non-Executive Directors should be limited to a maximum of ten years, to ensure Directors remain demonstrably independent, with a view to the best representation of the interests of shareholders. The Board Charter reflects this policy.

The Board undertakes an annual review of the extent to which each Non-Executive Director is independent, having regard to the criteria set out in its Charter and any other relevant relationship that the Non-Executive Director may have. As part of this review process, each Director is required to make an annual disclosure of information based on the independence criteria to the Board.

### **Term of office held by each Director**

The term of office of each Director at the date of this report is outlined in the Directors' profiles, which are available at [www.amcor.com/about\\_us/corp\\_gov/about\\_board](http://www.amcor.com/about_us/corp_gov/about_board).

### **The role of the Chairman**

The Board Charter provides that the Chairman should be an Independent Director and should not be the Chief Executive Officer of the Company simultaneously. The Chairman is responsible for the leadership of the Board, including taking all reasonable steps to ensure that the Board functions effectively, and for communicating the views of the Board to the public. The particular responsibilities of the Chairman are outlined in the Board Charter, and include:

- setting the agenda for the matters to be considered at meetings of the Board;
- managing the conduct at, and frequency and length of, Board meetings so as to provide the Board with an opportunity to have a detailed understanding of issues affecting the Company; and
- facilitating open and constructive communications between members of the Board and encouraging their contribution to Board deliberations.

In accepting the position, the Chairman has acknowledged that it will require a significant time commitment and has confirmed that other positions will not hinder the effective performance of the role of Chair.





## Nomination Committee

The Nomination Committee of the Board oversees the appointment and induction process for Directors and Board Committee members, and the selection, appointment and succession planning process of the Company's Managing Director and Chief Executive Officer. Details of the nomination, selection and appointment processes are available in the Nomination Committee Charter in the Corporate Governance section of the Company's website.

The Nomination Committee's Charter sets out the Committee's responsibilities, which include making recommendations to the Board on the appropriate skill mix, personal qualities, expertise and diversity of the members of the Board. When a vacancy exists or there is a need for particular skills, the Committee, in consultation with the Board, determines the selection criteria based on the skills deemed necessary. The Committee identifies potential candidates with advice from an external consultant where appropriate. The Board then appoints the most suitable candidate. Board appointees must stand for election at the next Annual General Meeting of shareholders.

The Committee also makes recommendations to the Board and oversees implementation of the procedure for evaluating the Board's performance, as well as overseeing and making recommendations to the Board in respect of ongoing training requirements of Directors.

The Nomination Committee comprises four Independent Non-Executive Directors, and the Chairman of the Board is Chairman of the Committee. The names of the members as at the date of this report are set out below and further details of their profiles are available at [www.amcor.com/about\\_us/corp\\_gov/about\\_board](http://www.amcor.com/about_us/corp_gov/about_board).

G R (Graeme) Liebelt (Chairman)  
Independent Non-Executive Director

K J (Karen) Guerra  
Independent Non-Executive Director

A (Armin) Meyer  
Independent Non-Executive Director

J G (John) Thorn  
Independent Non-Executive Director

All Nomination Committee matters were dealt with by the full Board during the financial year ending 30 June 2017.

## Individual Director responsibilities

Directors are appointed pursuant to a formal letter of appointment and a deed of appointment, which set out the key terms relevant to the appointment, including the responsibilities and expectations of Directors in relation to attendance and preparation for all Board meetings, appointments to other boards, the procedures for dealing with conflicts of interest, and the availability of independent professional advice.

Non-Executive Directors are expected to spend a reasonable time each year preparing for and attending Board and Committee meetings and associated activities. The Directors held 10 Board meetings and 13 Committee meetings during the year ending 30 June 2017. The number of meetings attended by each Director is disclosed on page 29 of the 2017 Annual Report. In addition to Board meetings, the Directors visited operational sites of the Company in the United States during the year.



It is the Company's practice to allow its executive Directors to accept appointments outside the Company with prior written approval of the Board. The commitments of Non-Executive Directors are considered by the Nomination Committee prior to the Directors' appointment to the Board of the Company and are reviewed each year as part of the annual performance assessment.

### **Director induction and education**

Amcor has in place a formal process to educate new Directors about the operation of the Board and its Committees, financial, strategic, operations and risk management issues, the corporate strategy and the expectations of performance of Directors. Directors also have the opportunity to visit Amcor facilities and meet with management to gain a better understanding of business operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

### **Independent professional advice and access to information**

Each Director has the right to access all relevant Company information and to the Company's executives and, subject to prior consultation with and approval from the Chairman, may seek independent professional advice from an adviser suitably qualified in the relevant field at the Company's expense. A copy of the advice received by the Director is made available for all other members of the Board.

### **Executive Committee**

The Executive Committee's Charter sets out the responsibilities of the Executive Committee. The Charter is available on the Company's website. The Committee deals with matters referred to it by the Board or with urgent matters that may not be deferred until the next meeting of the Board. A majority of the Committee must be independent. The names of the members of the Committee as at the date of this report are set out below and further details of their profiles are available at [www.amcor.com/about\\_us/corp\\_gov/about\\_board](http://www.amcor.com/about_us/corp_gov/about_board).

G R (Graeme) Liebelt (Chairman)  
Independent Non-Executive Director

P V (Paul) Brasher  
Independent Non-Executive Director

R S (Ron) Delia  
Managing Director and Chief Executive Officer

A (Armin) Meyer  
Independent Non-Executive Director

J G (John) Thorn  
Independent Non-Executive Director

All other Non-Executive Directors receive the Executive Committee agendas and papers and are encouraged to attend meetings of the Executive Committee as available. The Committee met on three occasions during the year ending 30 June 2017 and members' attendance at these meetings is disclosed in the table of Directors' meetings on page 29 of the 2017 Annual Report.

## **Principle 3: Promote ethical and responsible decision-making**

### **Conflict of interest**

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The Board has developed procedures to assist Directors to disclose potential conflicts of interest and, each year, all Non-Executive Directors complete independence declarations. Where the Board believes that a significant conflict exists for a Director on a Board matter, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered.

Details of Director related entity transactions with the Company are set out in note 5.3 to the Financial Statements set out in the 2017 Annual Report.

### **Code of Conduct and Ethics**

Amcor recognises the importance of honesty, integrity and fairness in conducting its business, and is committed to increasing shareholder value in conjunction with fulfilling its responsibilities as a good corporate citizen. All Directors, managers and co-workers are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Amcor believes that it is not only required to abide by the national laws in each country in which it operates, but that it must also conduct its business in accordance with internationally accepted practices and procedures. These core principles, which the Board and senior management of Amcor are committed to upholding, are enshrined in Amcor's values and encapsulated in Amcor's Corporate Code of Conduct and Ethics Policy, which is available in the Corporate Governance section of the Company's website.

Every co-worker has a nominated supervisor to whom they may refer any issues arising from their employment. Alternatively, co-workers may use the Whistleblower procedures in place.

### **Whistleblower Policy**

Amcor encourages co-workers to report any wrongdoing in good faith and aims to provide an environment free from victimisation so that the Board and senior management can address any improper conduct. The Company operates a Whistleblower Service through an independent third party to facilitate reporting of potential misconduct within the Company and has also established a Whistleblower Committee which is responsible for protecting co-workers from being victimised as a result of making a report of alleged wrongdoing.

The Whistleblower Service enables co-workers to report potential misconduct of any kind, including illegal activity, breach of the Code of Conduct and Ethics Policy, fraudulent or corrupt practices, harassment or discrimination, misleading or deceptive conduct, unethical behaviour and health, safety or environmental hazards. Matters raised under the Whistleblower Service are reported to the Board through either the Audit and Compliance Committee or the Human Resources Committee. The Whistleblower Service is periodically reviewed for its effectiveness.

A Third Party Complaints email is also available on the Company's website to enable third parties such as suppliers, consumers, contractors and customers to report potential misconduct within the organisation.

The Whistleblower Policy and the Whistleblower Committee Charter can be found in the Corporate Governance section of the Company's website.

### **Fraud Prevention Policy**

The Amcor Corporate Fraud Prevention Policy and associated program outlines the responsibilities and strategies to identify, prevent, detect and respond to allegations of fraud within the Group, and the processes for reporting instances of fraud and recovery of losses. This policy applies to all activities, co-workers and other representatives of Amcor globally.

### **Anti-Bribery and Corruption Policy**

Amcor prohibits bribery and corruption in all of its business dealings and has in place a standalone Anti-Bribery and Corruption Policy. The policy sets out Amcor's approach in relation to facilitation payments, gifts and hospitality and dealing with third parties and intermediaries. The policy outlines the framework Amcor has in place to implement anti-bribery measures and monitor the occurrence of bribery and corruption. The policy also provides guidance on how to raise a concern.

Amcor's Anti-Bribery and Corruption Policy applies to all of Amcor's co-workers and parties who are employed or engaged by Amcor to act as its representative. Amcor has rolled out on-line and face-to-face training to relevant co-workers throughout the organisation.

Amcor expects its suppliers and contractors to uphold the same standards set out in the policy.

### **Trading in Company securities by Directors and co-workers**

Amcor has a Share Trading Policy that outlines insider trading laws and prohibits Directors, co-workers and certain associates from trading in Amcor's securities during specified 'blackout periods'. The blackout periods are the period from the close of trading on 31 December each year until the day of the announcement to the ASX of the Company's half year results (usually in the third week of February), the period from the close of trading on 30 June each year until the day of the announcement of the Company's full year results (usually in the third week of August) and any other period that the Board specifies from time to time. Trading of securities during a blackout period can only occur in exceptional circumstances and with the approval of the Company Secretary.

Under the policy, Directors and senior executives are required to certify their compliance with the policy at the end of each financial year.

The policy meets the requirements of the ASX Listing Rules on trading policies and is available in the Corporate Governance section of the Company's website.

Amcor also has a Minimum Shareholding Policy that requires the Managing Director and Chief Executive Officer and his direct reports to hold a minimum number of shares in the Company. This policy also prohibits senior executives from engaging in hedging arrangements over unvested securities issued pursuant to any employee option or share plans and certain vested securities that are subject to the Minimum Shareholding Policy.

## People at Amcor

At Amcor, our co-workers are our most valuable asset and the foundation of our success. We want to work with the best people, who are engaged and passionate about our business and our customers.

During the 2016/17 financial year, we continued to focus on engagement, leadership and diversity for Amcor's co-workers globally.

## Co-worker Engagement

In 2016, Amcor conducted its third Global Engagement Survey to identify opportunities to enhance co-worker engagement. The Company received a very strong response rate of 94%, indicating a continuing strong level of workforce engagement and, compared to the previous survey (in 2014), almost all survey items were rated more favourably. Amcor continues to take action to address issues identified in the survey results.

Amcor's CEO Outperformance Awards program continued to run during the 2016/17 financial year. This program recognises co-workers from around the business for their outstanding achievements in Safety, Customer Focus and "Being Amcor" – our Values and Operating Model, The Amcor Way.

The Company continues to work on leadership, diversity and engagement and is committed to creating an inclusive environment that supports high performance, engagement and passion to succeed.

## Leadership

Amcor is committed to providing a safe, rewarding and motivating environment to support co-workers in reaching their potential. The Amcor Leadership Framework acts as the foundation for all human resources processes, including induction and onboarding programs, recruitment, performance management and leadership development.

Amcor runs leadership programs in all regions of the business to support the development of our leaders and to help them realise their potential. Amcor is also committed to improving the people management skills of our managers through structured training across all levels of the organisation, from senior leadership to front line management, all of which are based on The Amcor Leadership Framework.

In 2015 Amcor launched the Accelerated Career Development Program focused on building a pipeline of future commercial leaders and, in 2016, launched the Executive Development Program focused on the development of executive leaders. Both programs have continued in 2017.

## Principle 4: Safeguard integrity in financial reporting

### Audit and Compliance Committee

The Audit and Compliance Committee has a documented Charter approved by the Board, which is the subject of regular review. The Audit and Compliance Committee's Charter is available in the Corporate Governance section of the Company's website.

The Audit and Compliance Committee Charter provides that all members of the Audit and Compliance Committee must be Non-Executive Directors, the majority of whom must meet the independence

requirements established by the Board and the ASX Principles, and the Chairman cannot be the Chairman of the Board.

The Audit and Compliance Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting processes of the Company, the audits of the Company's financial statements, the performance of the Company's internal and external auditors and the Company's processes to manage financial risk. The Committee Charter provides that the Committee will have the authority and resources necessary to discharge its duties and responsibilities, including meeting with the auditors without management present.

The Committee is responsible for the appointment, compensation, retention and oversight of the external auditor, including the independence of the external auditor, and review of any non-audit services provided by the external auditor. The Company's Audit and Compliance Committee's policy is to review the performance of the external auditor regularly regarding quality, costs and independence. The Committee also approves the appointment, and dismissal, of the head of the Company's internal audit function, who provides regular reports directly to the Committee.

The Audit and Compliance Committee is required under the Charter to meet at least quarterly and otherwise as necessary. The Committee met four times during the year ending 30 June 2017 and Committee members' attendance records are disclosed in the table of Directors' meetings on page 29 of the 2017 Annual Report. The names of the members of the Committee as at the date of this report are set out below and further details of their qualifications are set out at [www.amcor.com/about\\_us/corp\\_gov/about\\_board](http://www.amcor.com/about_us/corp_gov/about_board).

P V (Paul) Brasher (Chairman)  
Independent Non-Executive Director

G R (Graeme) Liebelt  
Independent Non-Executive Director

J G (John) Thorn  
Independent Non-Executive Director

The internal and external auditors, the Managing Director and Chief Executive Officer and the Executive Vice President Finance and Chief Financial Officer, are invited to the Audit and Compliance Committee meetings at the discretion of the Committee.

### **External auditor**

PricewaterhouseCoopers was appointed as external auditor by the shareholders in 2007. Mr John Yeoman was appointed the Company's audit engagement partner for the 2016/17 financial year.

It is the policy of the external auditor to provide an annual declaration of their independence to the Audit and Compliance Committee. This declaration is set out on page 47 of the 2017 Annual Report. Fees paid to the external auditor, including a breakdown of fees for non-audit services, are reported in note 6.1 to the Financial Statements.

The external auditor met with the Audit and Compliance Committee without management being present at each Committee meeting held during the 2016/17 financial year. The external auditor attends the Annual General Meeting and is available to answer any questions concerning the audit and the content of the auditor's report.



## Reports from Management

Before the Board approves the Company's financial statements, the Managing Director and Chief Executive Officer and the Executive Vice President Finance and Chief Financial Officer give the Board a declaration that, in their opinion:

- the Company's financial records have been properly maintained;
- the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company; and
- the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

## Principle 5 & Principle 6: Make timely and balanced disclosure and respect the rights of shareholders

Amcor has established policies and procedures to ensure timely and balanced disclosure of all material matters concerning the Company, and to ensure that all investors have access to information on Amcor's financial performance. These policies and procedures include a comprehensive Disclosure Policy that includes identification of matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting relevant information on the Company's website and issuing media releases. The Company has also established an investor relations program to facilitate effective two-way communication with investors and to allow investors and other market participants to gain a greater understanding of the Company's business, governance, financial performance and prospects.

Details of other forms of shareholder communication are set out in the Shareholder Communications Policy. This policy, and the Disclosure Policy, is available on the Company's website. The Shareholder Communications Policy describes Amcor's approach to promoting effective communication with shareholders, which includes:

- the Annual Report, including relevant information about the operations of the consolidated entity during the year, key financial information and changes in the state of affairs. The Annual Reports for the current year and for several previous years are available under the Investors section of the Amcor website;
- the half year and full year financial results are announced to the ASX and are available to shareholders via the Amcor and ASX websites;
- all ASX announcements, media releases and financial information (including presentations to investors and information provided to analysts or the media during briefings) are made available to all shareholders under the Investors section of the Amcor website after they are released to the ASX; and
- a live webcast of the Chairman's address is available on the Company's website at the time of the Annual General Meeting, and an archived webcast of the Chairman's address is available in the Investors section of the Amcor website, together with other Annual General Meeting materials, including notices of meetings and associated explanatory material.

Shareholders may send communications to the Company or its share registry electronically and are given the option of receiving communications electronically.

The Board encourages full participation by shareholders at the Annual General Meeting to ensure a high level of Director accountability to shareholders and shareholder identification with the Company's strategy and goals. Notices for general meetings and other communications with shareholders are drafted to ensure that they are honest, accurate and not misleading, and that the nature of the business of the meeting is clearly stated and explained where necessary. Important issues are presented to the shareholders as single resolutions. The shareholders are requested to vote on matters such as the election and aggregate remuneration of Directors, the adoption of the Company's Remuneration Report, the granting of options and shares to Directors and changes to the Constitution.

A copy of the Constitution is available to any shareholder who requests it, and can be viewed on the Company's website.

## **Principle 7: Recognise and manage risk**

### **Risk Management Framework**

Managing business risk to deliver opportunities is a key element of all our business activities and is undertaken using a practical and flexible framework that provides a consistent and sustained approach to risk evaluation aligned with the principals of ISO 31000.

Business risks, which may be strategic, operational, financial, environmental or reputational, are understood and visible. The business context determines in each situation the level of acceptable risk and controls in line with our risk appetite.

The Group's risk management framework is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. There is a continuous process in place for identifying, assessing, managing, monitoring and reporting on the significant risks faced by individual Business Groups and by the Company as a whole.

Key features of our risk management framework include:

- Group statements on strategic priorities, purpose, values and ethics;
- clear business objectives and business principles;
- an established Risk Policy;
- a Group risk strategy;
- a continuous process for identification and evaluation of significant risks to the achievement of business objectives;
- management processes to mitigate significant risks to an acceptable level;
- continual monitoring of significant risks and internal and external environmental factors that may change our risk profile;
- a regular review of both the type and amount of external insurance purchased, bearing in mind the availability of cover, its cost and the likelihood and magnitude of the risks involved;
- strategic planning, internal audit and other risk control specialist processes are integrated into line management's risk processes; and



- key reports that identify, assess and monitor strategic, financial, reputational and operational risks in each Business Group, Business Unit and the Company as a whole.

In achieving effective risk management, Amcor recognises the importance of leadership. As such, rather than having a separate Risk Committee, the Board has responsibility for overseeing risk and senior executives have responsibility for driving and supporting risk management across the Group. The Audit and Compliance Committee has responsibility for reviewing the risk management framework annually to ensure it remains sound. The last review was undertaken in June 2017.

Executive management, on behalf of the Board, has specific responsibility for implementing the Group's risk management framework and views the careful and appropriate management of risk as a key management role. It reviews our significant risks and subsequently reports to the Board on material changes and the associated mitigating actions.

### **Internal control**

Our systems of internal control are designed and operated to support the identification, evaluation and management of risks affecting the group. These not only include controls in relation to the financial reporting process and the preparation of consolidated accounts, but also extend across all areas of operations. They are subject to continuous review as circumstances change and new risks emerge.

### **Internal audit**

Amcor's Directors accept the responsibility for oversight of the effectiveness of the Group's internal control environment.

The Board's policies on internal control governance are comprehensive and include clearly drawn lines of accountability and delegation of authority, as well as adherence to the Code of Conduct and Ethics. In order to effectively discharge these responsibilities, the Company has a number of assurance functions (including the internal audit function) to independently review the control environment and provide regular reports to Directors and management committees. These reports and associated recommendations are considered and acted upon to maintain or strengthen the internal control environment.

Amcor's internal audit function assists the Board to ensure compliance with the internal controls and risk management programs by regularly reviewing the effectiveness of the Company's compliance and control systems. Amcor's Group internal audit team plays a key role in reviewing the effectiveness of Amcor's risk management framework and reports findings to the Audit and Compliance Committee. The Audit and Compliance Committee is responsible for approving the scope of the internal audit plan, overseeing the performance of the internal audit team and reporting to the Board on the status of the risk management system.

The combined strength of Amcor's culture of integrity, management control activities, risk management and assurance function provide the Group with an effective and sound risk management framework.

## Principle 8: Remunerate fairly and responsibly

### Human Resources Committee

The Human Resources Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Managing Director and Chief Executive Officer, senior executives and Non-Executive Directors.

It is also responsible for oversight of the Company's policies and procedures for retention of senior management, incentive performance schemes, executive development leadership and succession plans, and human resource plans for each business. The majority of members must be independent, and the Chairman of the Committee is an Independent Non-Executive Director. The Committee reviews the remuneration of the Managing Director and Chief Executive Officer, senior executives and Non-Executive Directors, taking advice from external advisers where appropriate. No individual is directly involved in deciding their own remuneration. The Human Resources Committee's Charter is available in the Corporate Governance section of the Company's website.

The names of the members of the Human Resources Committee as at the date of this report are set out below and further details of their profiles are set out at [www.amcor.com/about\\_us/corp\\_gov/about\\_board](http://www.amcor.com/about_us/corp_gov/about_board). The Human Resources Committee meets at least quarterly and, otherwise, as and when required. The Committee met four times during the year ending 30 June 2017 and Committee members' attendance records are disclosed in the table of Directors' meetings on page 29 of the 2017 Annual Report.

A (Armin) Meyer (Chairman)  
Independent Non-Executive Director

K J (Karen) Guerra  
Independent Non-Executive Director

G R (Graeme) Liebelt  
Independent Non-Executive Director

J L (Jeremy) Sutcliffe  
Independent Non-Executive Director

The Managing Director and Chief Executive Officer is not a member of this Committee, but attends meetings by invitation. The Managing Director and Chief Executive Officer will not attend for matters relating to the remuneration of the Managing Director and Chief Executive Officer.

### Remuneration policies and practices

Details of the Company's remuneration, recruitment, retention and termination policies and procedures for senior executives, and details of senior executives' remuneration and incentives are set out in the Remuneration Report, on pages 33 to 46 of the 2017 Annual Report. Information regarding the structure of Non-Executive Director remuneration, superannuation for Non-Executive Directors and the Company policy on retirement benefits is contained in the Remuneration Report, on page 43.

Senior executives and their associates are prohibited from engaging in hedging arrangements (including, for example, the use of put and call options or other derivative instruments) over unvested securities issued pursuant to any employee or director option or share plan. In addition, any hedging over vested securities is subject to Amcor's Share Trading Policy and, if applicable, Amcor's Minimum Shareholding Policy.

