



**Coca-Cola**  
**Hellenic Bottling Company**

COCA-COLA HBC AG

# Coca-Cola HBC Corporate Audit Department Charter

CORPORATE AUDIT

OCTOBER 2023

VERSION 1.14

PUBLICLY AVAILABLE DOCUMENT

# Table of Contents

<b>1. Coca-Cola HBC Corporate Audit Charter</b> .....	<b>3</b>
1.1 Coca-Cola HBC Corporate Audit Mission and Purpose.....	3
1.1.1 <i>Coca-Cola HBC Corporate Audit Mission Statements</i> .....	3
1.1.2 <i>Purpose and Role of CAD</i> .....	3
1.2 Authority and Access.....	3
1.2.1 <i>Authority of CAD</i> .....	3
1.2.2 <i>Reporting</i> .....	3
1.2.3 <i>Management role of Head of Corporate Audit</i> .....	4
1.2.4 <i>Access</i> .....	4
1.3 Independence and Objectivity of CAD .....	4
1.3.1 <i>Overall independence</i> .....	4
1.3.2 <i>Internal Control Framework (ICF) Responsibility</i> .....	4
1.3.3 <i>Professional Objectivity</i> .....	5
1.4 Accountabilities and Scope of Work .....	5
1.4.1 <i>Accountability</i> .....	5
1.4.2 <i>Scope of Internal Audit Activities</i> .....	6
1.4.3 <i>Audit Coverage</i> .....	7
1.4.4 <i>External Audit</i> .....	7
1.4.5 <i>Fraud</i> .....	7
1.4.6 <i>Other assurance providers</i> .....	7
1.5 Standards of Audit Practice .....	7
1.5.1 <i>Standards</i> .....	7
1.5.2 <i>Quality</i> .....	7
1.6 Approval.....	8
<b>2. Approvals</b> .....	<b>9</b>
2.1 Approval and authority .....	9
2.2 Authority .....	9

---

## 1. Coca-Cola HBC Corporate Audit Charter

---

### 1.1 Coca-Cola HBC Corporate Audit Mission and Purpose

#### 1.1.1 Coca-Cola HBC Corporate Audit Mission Statements

Corporate Audit is an independent and objective assurance and advisory function designed to add value and improve the operations of Coca-Cola HBC (“CCH”). It helps CCH accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The mission of Corporate Audit Department (CAD) is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight to the Board of Directors (BoD) and the Executive Leadership Team (ELT) as to whether the Group’s framework of risk management, including its Internal Control Framework, is operating effectively in every business unit and function of the Group.

#### 1.1.2 Purpose and Role of CAD

By fulfilling its mission statements above, the ultimate goal of CAD is to help the BoD and ELT to protect the assets, reputation and sustainability of the Coca-Cola HBC Group.

In order to accomplish this goal, CAD is divided into the following areas of responsibility:

- Financial, Operational and Digital & Technology Audit;
- Compliance Audit & Code Of Business Conduct (COBC) investigations;
- Data Analytics;
- Quality Assurance & Improvement.

CCH has adopted an internal control and governance structure referred to as the ‘Three Lines Model’ in order to ensure that it achieves its commercial aims, whilst at the same time meeting regulatory and legal requirements, and fulfilling its obligations to its shareholders, customers and employees. CAD operates as the third line, independent of the first and second lines. In cases where CAD performs similar testing or monitoring activities to those undertaken by the first or second lines, these are undertaken as part of CAD’s independent assurance role and are not to be relied upon by management as a substitute for, or a supplement to, the first and second lines.

---

## 1.2 Authority and Access

### 1.2.1 Authority of CAD

CAD derives its authority from the Audit & Risk Committee (ARC), which is a sub-committee of the BoD of CCH, to which it has open access. The ARC oversees the independence and performance of CAD, reviewing the effectiveness of the function, including its strategic focus, activities and plans. The CCH Group CFO has oversight for the staffing, qualifications and budget of CAD, with the caveat that CAD retains the right to approach the ARC directly if they feel that their effectiveness is fettered unreasonably by budgetary constraints.

### 1.2.2 Reporting

The Head of Corporate Audit reports functionally to the Chairman of the ARC and administratively to the Group CFO. The Head of Corporate Audit provides reports to the ELT of CCH as well as the management of the Business Unit, Function or sub-function affected by the report.

---

The Head of Corporate Audit reports periodically to ELT and the ARC regarding:

- The Department's purpose, authority, and responsibility.
- The Department's strategic & audit plan, achievements and performance relative to its plans.
- The Department's conformance with the IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the ARC.
- Results of recent audits or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to CCH.

The Head of Corporate Audit reports also quarterly to ARC major COBC violation findings.

Such reports are not subject to approval by any executive member of CCH management.

### 1.2.3 Management role of Head of Corporate Audit

The Head of Corporate Audit takes part in the Group CFO monthly meetings but does not take part in operational decision-making. Where the Head of Corporate Audit has, or is expected to have, roles and/or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity. Audit-related matters and reports are not subject to approval of the ELT or any other executive committee of CCH.

### 1.2.4 Access

For the purposes of its work, CAD has unrestricted access at any time to all the records, personnel, property and operations of the Group. The Head of Corporate Audit has unrestricted and regular access to the Chairman of the ARC, Chief Executive Officer, Group CFO and General Counsel as required.

---

## 1.3 Independence and Objectivity of CAD

### 1.3.1 Overall independence

The independence of CAD from day-to-day line management responsibility is fundamental to its ability to deliver objective coverage of all parts of the CCH Group. CAD must retain an impartial, unbiased attitude, and avoid any conflict of interest at all times. The internal audit team may provide assurance services where it had previously performed advisory services, provided the nature of the advisory services did not impair objectivity, and provided that individual objectivity is managed when assigning resources to the engagement. Internal auditors must refrain from undertaking assurance testing on operational processes for which they were previously responsible for a minimum period of 12 months.

CAD will remain free from interference by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing or report content to permit maintenance of a necessarily independent and objective mental attitude. The Head of Corporate Audit must disclose such interference to the board and discuss the implications.

### 1.3.2 Internal Control Framework (ICF) Responsibility

CAD is not responsible for the implementation of effective operation of the internal controls. This responsibility rests with management.

---

### 1.3.3 Professional Objectivity

Each of the Financial, Operational and Digital & Technology Audit team, the Data Analytics team, the Compliance Audit & COBC team and the Quality Manager report directly to the Head of Corporate Audit and remain independent from any executive management intervention. At the same time, all members of the CAD team strive to ensure collaboration and value-adding relationships with operational management at all times.

The Head of Corporate Audit will confirm to the ARC at least once annually whether they believe that CAD is organisationally independent.

CAD Internal Auditors and other team members must all exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. In performing their duties, internal auditors must at all times exercise due professional care and attention.

---

## 1.4 Accountabilities and Scope of Work

### 1.4.1 Accountability

CAD, and specifically the Head of Corporate Audit, is accountable for:

- Proposing the CAD risk-based audit plan and programme of work, which is approved by the ARC annually, or at such times as are deemed necessary, covering key risks, emerging risks, horizon risks and governance risks, as deemed appropriate by the Head of Corporate Audit and the CAD team;
- Maintaining an appropriate risk appetite to cover the key risks in alignment with the Enterprise Risk Management framework, any regulatory requirements and cyclical coverage through a 3-year annual audit plan;
- Reporting the methodology and frequency of audit cycle coverage to the ARC for approval;
- Implementing the approved audit plan, including completion of any special projects or tasks which have been allocated to the responsibility of the CAD team;
- Monitoring and evaluating governance and ethics processes;
- Monitoring and evaluating the effectiveness of the organization's risk management processes;
- Disclosing to the ARC the details of any impairment to independence or objectivity, whether in fact or appearance;
- Delivering audit work in accordance with the CAD methodology and the Operating Handbook;
- Recruiting, developing and retaining personnel with appropriate skills, knowledge, experience and professional certifications, in order to provide the appropriate mix of abilities to enable it to carry out its audit responsibilities (which may include challenge to the business) in order to meet the requirements of this Charter. Where additional expertise or knowledge is required, CAD may utilize co-sourced or guest auditors, or external service providers, to support the work needed as appropriate;
- Issuing Commencement Notices and Completed Audit Reports to the ELT and affected management which highlight the work to be performed and the results of such work, in a clear, understandable and constructive manner, to assist management in enhancing the effectiveness of the business;
- Completing and reviewing investigations into all allegations of violations of the Group Code of Business Conduct as well as taking part in Ethics and Compliance Committee meetings, which will be held as frequently as is needed;

- Establishing a follow-up process to track and monitor the effective implementation of management actions related to audit observations and recommendations;
- Reporting to the ARC on a quarterly basis.

### 1.4.2 Scope of Internal Audit Activities

The scope of internal auditing encompasses, but is not limited to, the objective examination of evidence for the purpose of providing independent assessments to the ARC and management, on the evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives.

CAD's scope is unlimited, and there are no aspects of the business which are out of scope for internal audit purposes.

The scope of the audit plan and the subsequent completion of the programme of work includes providing reasonable assurance to management and the BoD as to whether the Group's overall control environment and specifically its Internal Control Framework is operating effectively.

Internal audit assessments include evaluating whether:

- Risks relating to the achievement of CCH strategic objectives are appropriately identified and managed.
- The actions of CCH officers, directors, employees, and contractors are in compliance with CCH policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact CCH.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.
- The information presented to the board and its executive management for strategic and operational decision making.
- The risk and control culture of the organisation.
- The setting of, and adherence to, the risks the entity is willing to accept (risk appetite).

Advisory services may be provided where consistent with the mission of the internal audit department. Such advisory services will generally be related to assessing the impact of changes being considered or implemented in the organisation's risk management, control, and governance process, provided CAD does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

The audit plan is derived on an annual basis from a number of areas, including, but not limited to: the Group Risk Register, the Principal Risks listed as part of the Group's Annual Integrated Report, Financial indicators, indications of fraud, COBC violations, previous control history, major projects, and discussions with management. For the sake of clarity, and in accordance with the IIA's Position Paper of June 2009 on Enterprise Risk Management (ERM), the following statements are explicitly included here:

- management remains responsible for ERM; and

- CAD does not manage any of the risks identified by ERM on behalf of management.

### 1.4.3 Audit Coverage

The CAD audit plan and the assurance map aim to cover as many of the risks identified in the planning process as reasonably possible, whilst acknowledging that all risks cannot be covered each year. The Audit coverage that is achieved is done so using a combination of business and function governance audits, process and controls audits, risk management and other (themed, project, location) audits. In addition, CAD may carry out regulatory (e.g. ABAC) audits, investigations and special reviews. External parties are not within the scope of CAD.

### 1.4.4 External Audit

CAD maintains a close working relationship with the CCH Group's external auditors. External auditors are kept informed of CAD activities and results and are included on commencement memorandums and final audit reports as they are shared with executive management.

### 1.4.5 Fraud

Where material internal fraud occurs, CAD reviews the nature of the incident and the adequacy of recent audit coverage to ascertain whether the fraud could or should have been detected, and also whether any control weaknesses that gave rise to the fraudulent opportunity could or should have been detected. If such weaknesses are identified, appropriate remediating actions shall be suggested for immediate implementation. External Fraud and Security matters are not in scope for CAD. For such matters the Group Business Resilience Department is consulted.

### 1.4.6 Other assurance providers

CAD regularly interacts with other CCH assurance providers, coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed.

The Corporate Audit Department maintains open communication among different departments and external assurance providers and evaluate the effectiveness of the risk, compliance and finance functions as part of its plan.

---

## 1.5 Standards of Audit Practice

### 1.5.1 Standards

CAD adheres to the mandatory elements of The Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF) including the Definition of Internal Auditing, the Code of Ethics, the Core Principles for the Professional Practice of Internal Auditing and the Standards. In addition, CAD makes effective use of the non-mandatory elements of the IPPF and other guidance issued by the IIA to the extent that these apply.

### 1.5.2 Quality

The Quality Manager reports directly to the Head of Corporate Audit and is responsible for the operation of a quality assurance and improvement programme that covers all aspects of the internal audit activity. The programme includes an independent evaluation of the CAD activity's conformance with the Standards and this CAD Charter and the Operating Handbook, as well as an annual evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Head of Corporate Audit will communicate to the ARC on the internal audit activity's quality assurance and improvement program, including the scope and frequency of both the internal and external assessments, conclusion of assessors, corrective action plans and the qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest. External assessments are performed at least every five years, by a qualified, independent assessor or assessment team from outside CCH.

The Quality Manager is independent from those staff who carry out the audit procedures.

---

## 1.6 Approval

This Charter has been approved by the CCH ARC Chairman on behalf of the Audit & Risk Committee, the CCH General Counsel & Chief Corporate Development Officer and the CCH Group Chief Financial Officer. It is reviewed annually by the Head of Corporate Audit and any changes are approved by the same parties at a minimum annually, or as the need arises.



## 2. Approvals

### 2.1 Approval and authority

Reviewed by: Head of Corporate Audit, October 9, 2023.

Approved by:

Role	Date
ARC Chairman, on behalf of the Audit & Risk Committee	October 19, 2023
General Counsel & Chief Corporate Development Officer	October 9, 2023
Group Chief Financial Officer	October 9, 2023

### 2.2 Authority

Category	Approved by:	Authority delegated to:
Approval of CAD Annual Business Plan (ABP), including, but not limited to: Overall Resource Levels, Physical Location Decisions, Capital Appropriation Requests	Audit & Risk Committee	
Approval of CAD Annual Audit Travel Plan	Audit & Risk Committee	Group Chief Financial Officer
Expenditures (i.e., Head of Corporate Audit's expense reports, departmental invoices) <i>in line with the ABP</i>	Group Chief Financial Officer	
Any expenses, capital requests, or resource commitments <i>in excess of the ABP</i>	Audit & Risk Committee	
Transfers, Hires, Terminations, Vacations, Compensation and related decisions for members of CAD, excluding the Head of Corporate Audit	Head of Corporate Audit <i>and</i> CCH People & Culture Department	
Head of Corporate Audit's vacation and other work leave arrangements		Group Chief Financial Officer <i>or</i> Any member of CCH's ELT
Head of Corporate Audit's Annual Performance, Evaluation, Objectives and Development Plan	Audit & Risk Committee, with input from CCH Management and Group Chief Financial Officer	
Head of Corporate Audit's Compensation Structure (i.e., MIP, LTIP, Share Options)	Remuneration Committee, based on CCH Compensation Guidelines and input from the Audit & Risk Committee	