Our purpose

REFRESH EUROPE, THE PACIFIC AND INDONESIA – GREAT BEVERAGES, GREAT SERVICES, GREAT PEOPLE. DONE SUSTAINABLY FOR A BETTER SHARED FUTURE.

Solid track record of delivery and execution

Leading portfolio of products and brands within a large and growing category

Aspiring to be the world's most **digitised** bottler

Solid balance sheet, strong free cash flow generation

Coca-Cola EUROPACIFIC PARTNERS

FURTHER TOGETHER

Great, **value** creating API acquisition

Highly engaged, talented & skilled **workforce**

Even **stronger** strategic relationship with The Coca-Cola Company

Leading sustainability agenda

Performance indicators

Financial

Data legend

Europe (€m)

2020 2021

API (€m)

2020 2021

Due to the significance of the Coca-Cola Amatil (CCL) acquisition during the year, revenue, comparable operating profit and ROIC have been presented on a pro forma basis to provide investors with relevant information about the combined Group. Refer to Business and Financial Review on **pages 50–63 for a reconciliation of our IFRS reported results to the pro forma financial information and non-GAAP performance measures.*

Key highlight

+7.5%

pro forma comparable Fx neutral revenue

Revenue on a pro forma comparable basis*

€14.8bn

The revenue increase was driven by a 4.5% increase in pro forma comparable volume, reflecting the reopening of the away from home channel and increased consumer mobility given the easing of COVID-19 restrictions. Solid trading in the home channel continued, benefitting from increased at home occasions as well as continued growth in online grocery.

Pro forma comparable Fx neutral revenue per unit case grew by 3.0%, reflecting positive pack and channel mix following the reopenings in the away from home channel, positive brand mix and favourable underlying rate.

Europe (€m)

€10,606m

€11,584m

API (€m)

€2,929m

€3,235m

Operating profit on a pro forma comparable basis*

€1.9bn

Pro forma comparable operating profit increased by 26.0%, reflecting the increased revenue. This increase in topline growth was moderated by an increase in variable expenses given higher volumes, as well as commodity inflation and higher concentrate costs. This was partially offset by structural efficiencies from Europe's Accelerate Competitiveness and API's Fighting Fit programmes, as well as combination benefits and our continuous efforts on discretionary spend optimisation.

Europe (€m)

€1,194m

€1,500m

API (€m)

€301m

€386m

Diluted earnings per share (EPS) on a comparable basis*

€2.83

Comparable diluted EPS increased by 57% driven by the increase in comparable operating profit.

Free cash flow*

€1.5bn

Despite the challenging backdrop and continued investments in our portfolio, people, sustainability initiatives and digital capabilities, we generated nearly €1.5 billion of free cash flow. This highlights the strength of our free cash flow generation, supported by our disciplined capital expenditure and working capital improvement initiatives.

Pro forma return on invested capital (ROIC)* (%)

8.0%

ROIC remains a high priority for us and we will continue to focus on driving profitable revenue growth, capital efficiencies and creating value from the Acquisition of CCL.

Performance indicators

CONTINUED

Sustainability

Data legend

Europe

2020 2021

API[A]

2020 2021

*For more about our sustainability commitments and progress, see **pages 18–36***

Key

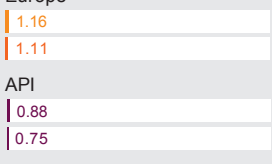
AU Australia
ID Indonesia
NZ New Zealand

(A) The acquisition of API completed on 10 May 2021. The API sustainability metrics are presented on a full year basis for 2021 and 2020 to allow for better period over period comparability.
(B) Our baseline year is 2019, following the approval of our new science based GHG emissions reduction target in 2020, in line with SBTi guidance. To analyse progress over a longer period, we also disclose a 2010 baseline year.
(C) 2020 data has been restated due to more accurate data becoming available.
(D) This covers all products including water, juice and dairy, excluding products that contain alcohol.
(E) This excludes the amount of water used for the production of products that contain alcohol.

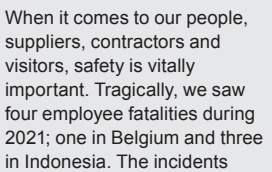
Safety

Total incident rate (number per 100 full time equivalent employees)

Europe



API



When it comes to our people, suppliers, contractors and visitors, safety is vitally important. Tragically, we saw four employee fatalities during 2021; one in Belgium and three in Indonesia. The incidents were investigated with the local authorities and we continue to improve our safety procedures to prevent recurrence.

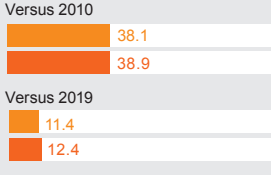
We are working towards world class safety standards and our Health, Safety and Mental Wellbeing policy ensures we are working to adopt best practices. We aim to reduce our total incident rate to below 1 by 2025.

GHG emissions

% GHG emissions reduction across our value chain[B]

Europe[C]

Versus 2010



Versus 2019

We take seriously the responsibility to reduce our greenhouse gas (GHG) emissions, to mitigate climate change and to protect the future of our planet.

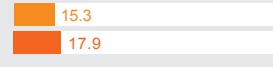
In Europe, we have a clear ambition to reduce our GHG emissions across our entire value chain by 30% by 2030 (versus 2019) and to reach net zero GHG emissions by 2040. Our GHG emissions reduction target is approved by the Science Based Targets initiative (SBTi) as being in line with a 1.5°C reduction pathway.

In 2022, we will set a new science based emissions reduction target, including our API territories.

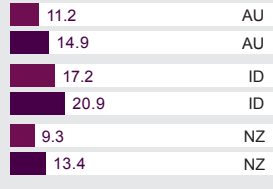
Sugar reduction

% sugar reduction in our soft drinks since 2015

Europe



API[D]



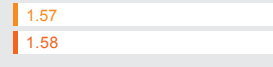
Concern about the health consequences of obesity, particularly among young people, is increasing. Health authorities, such as the World Health Organisation, and international governments are introducing regulations to control sugar consumption.

Together with The Coca-Cola Company (TCCC) and other franchisors, we are committed to meeting consumers' demands for a greater variety of drinks, including low and no calorie options. We will do this by reformulating our recipes and by providing greater choice, with and without sugar.

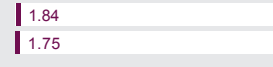
Water

Water use ratio (litres of water/ litre of product produced)

Europe



API[E]



Water is an essential resource for our business. It is the main ingredient in many of our products and is also essential for our manufacturing processes, and for the agricultural ingredients we depend upon.

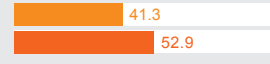
Climate change is altering weather patterns around the world, causing water shortages and droughts in some areas and floods in others.

We are committed to addressing these challenges by reducing our own water consumption on a continual basis and protecting local water sources in partnership with local communities.

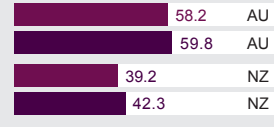
Packaging – Recycled plastic

% of PET used that is rPET

Europe



API



Extreme waste and pollution, particularly plastic and packaging waste, is a global issue. Packaging represents approximately 40% of our total value chain carbon footprint and we are taking action to drive down the carbon footprint of packaging as part of our path to achieving zero waste and net zero GHG emissions.

We aim to achieve this through the key pillars of our packaging strategy: removing unnecessary packaging; innovating in refillable and dispensed solutions; achieving 100% collection so that packaging can be recycled and reused; and by increasing the recycled content of our packaging.

Conversation with our Chairman and CEO

D

Damian Gammell
Chief Executive Officer

S

Sol Daurella
Chairman

How did CCEP perform in 2021 and what are you most proud of achieving in the year?

S We continued to demonstrate the resilience of our business and our ability to operate with agility in such a rapidly changing environment. I am proud of how our colleagues have continued to support our customers, consumers and communities. I'd like to extend my sincere gratitude to everyone at CCEP for their incredible commitment and hard work throughout the ongoing pandemic.

Last year was also an exciting year for everyone connected to the business. In May, Coca-Cola European Partners completed the acquisition of Coca-Cola Amatil and changed its name to Coca-Cola Europacific Partners. This transaction solidifies our position as the largest Coca-Cola bottler by revenue and creates a platform for accelerated growth and returns.

This combination of two great Coca-Cola bottlers is exciting and we can now grow together by combining the talent, learning and best practices of two fantastic companies, both with a strong shared sustainability focus. A more diverse and inclusive culture will translate into new thinking and new ideas and our people will have even more opportunities to grow and develop.

D 2021 was an extraordinary year for CCEP. We are a stronger, more diverse business, built on great people, great service and great beverages – done sustainably. Solid top line recovery, value share gains, operating margin expansion and remarkable free cash flow generation demonstrate our strong performance in a challenging environment. Our results also reflect the successful acquisition and integration of CCL, a fantastic business to have acquired, at the right time, and we look forward to an even brighter future together.

Together with TCCC and our other partners, our focus on core brands, in market execution and smart revenue growth management initiatives solidified our position in 2021 as the largest fast moving consumer goods (FMCG) value creator. In 2021, we created over €13 billion in retail value[(A)] for our home channel customers, a year on year increase of €600 million. Coca-Cola Zero Sugar, Coca-Cola Original Taste, Monster and Fanta were all top 10 non-alcoholic ready to drink (NARTD) brands for absolute value growth.

We also continued to make progress on our ambition to reach net zero emissions by 2040 and we are investing in making our packaging more sustainable. We continue to challenge our Sustainability commitments, bringing them forward where possible as evidenced by us achieving our 50% rPET commitment in Europe two years early.

How is the integration of Coca-Cola Amatil progressing?

D We are well underway with the integration and I am extremely pleased with the progress we have made since the Acquisition.

We now have a significantly bigger growth opportunity, having acquired a strong business with momentum and potential. We have a broader and more balanced footprint and the number of consumers who can enjoy our drinks is now over 600 million.

(A) Retail selling price (i.e. sales at end price to consumer) including retailer mark ups and sales and excise taxes.

FURTHER TOGETHER

> "We want to build on the best of both businesses, in key areas like sustainability, digital transformation and our people."

Sol Daurella, Chairman

Conversation with our Chairman and CEO

CONTINUED

S The Acquisition has allowed us to bring together two great companies. In doing so, we'll be able to go further and faster in pursuing our shared vision for growth, through our consumer led portfolio, collaborative customer relationships and innovation to meet changing consumer needs. I am excited by the prospect of what we can learn from each other and the opportunities to grow our business that this creates.

D Following the Acquisition we established a new segment within our operating model named Australia, Pacific and Indonesia (API). This structure ensures we remain close to our customers, communities and stakeholders. It allows us to make the most of our deep local insight, experience and market understanding, and meet the specific needs of our stakeholders.

We have key talent in place. Peter West leads the new API segment. Peter was previously the Managing Director of Coca-Cola Amatil, Australia. He has extensive knowledge of the FMCG sector and a proven ability to work with customers and partners to drive growth and deliver results.

I am extremely pleased with the quick progress we were able to make when integrating API into the wider business. Our pre-existing organisational structure enabled us to extend our combined central functions to support the new segment. From a digital perspective, we have started on the journey to bring our people, systems and processes together to allow us to collaborate to enable us to go further, together.

S We've developed a proven and successful playbook in Europe. We have a track record of creating value in developed markets – like Australia and New Zealand – through strong revenue growth management, route to market transformation and leading commercial capabilities. Indonesia's growth potential is particularly exciting, with CCEP now working in one of the world's most populous and dynamic emerging markets.

We want to build on the best of both businesses with our people – in key areas like sustainability, digital transformation and outlet execution – to drive growth and scale faster. We will also further strengthen our strategic relationships with TCCC and our other franchise partners.

How are you developing your future ready and entrepreneurial culture within CCEP?

S Our success is driven by our great people at CCEP. I'm consistently impressed by their expert local knowledge and passion for our brands and our business. I'm grateful for all they do every day to serve our customers and communities. I'd also like to thank Damian and his leadership team who are helping to create a winning and inclusive culture. I'm also grateful to my fellow Directors for their contribution over the year. I'd like to take this opportunity to thank Irial Finan who stepped down from the Board during 2021, for his outstanding contributions to our business. We welcomed Manolo Arroyo as a new member of the Board in 2021. Manolo brings a wealth of extensive experience working in the Coca-Cola system and as the Chief Marketing Officer at TCCC. His strategic marketing, commercial and bottling expertise will be an asset to the Board.

We have introduced platforms across our geographies to enable our people to share their questions and feedback, and connect with our leadership on all topics relating to our sustainable growth and innovation. This feedback culture and ability to share ideas through various platforms and surveys enables great ideas to rise to the top.

We continue to value and invest in our early career talent and support initiatives that help young people gain employability, skills and confidence. This includes offering internships, apprenticeships and graduate programmes.

We have also launched three new inclusion, diversity and equity (ID&E) learning modules on practising inclusive leadership, starting an ID&E conversation and allyship. We've been working hard to create a workplace where everyone feels welcome to contribute and be at their best. We want to create an environment that empowers everyone to thrive, where everyone can contribute to the growth of CCEP and where everyone feels respected and able to share their ideas and perspectives.

D Our people strategy, Me@CCEP, sets out how we are building a winning culture where a diverse range of talents can grow and collaborate together. We encourage an environment where different perspectives and insights are valued at all levels of the organisation, and we have put inclusion right at the heart of our working culture. We have a focus on agile ways of working and creating an ownership mindset, where people feel empowered and confident to take appropriate risks and win together.

We have provided training to develop core capabilities in leadership, commercial and customer service and supply chain. We continue to progress plans for working flexibly as we emerge from the pandemic.

How are you promoting the health, safety and wellbeing of your colleagues?

S Our people's physical, mental and social wellbeing remain our priority and we continue to promote this in our workplace.

Amid the stress and disruption caused by the COVID-19 pandemic, it's more important than ever that we look after our people's wellbeing and mental health.

We have grown our Wellbeing First Aider initiative to build an internal support network for mental health.

D Despite our focus and drive for continuous health and safety improvement, tragically four colleagues lost their lives in 2021 and one colleague lost their life in early 2022 while working for CCEP. Four fatal incidents occurred in Indonesia and one in Belgium. My heart goes out to their families, friends and colleagues.

The safety and wellbeing of our people is vitally important. We have learned lessons from these terrible tragedies. It is our aim that the health of our colleagues, both physical and mental, is not detrimentally impacted by working at CCEP. We aspire for all employees to feel happy, healthy and to work with integrity and respect, enabling us all to thrive at work and in our home lives.

Conversation with our Chairman and CEO

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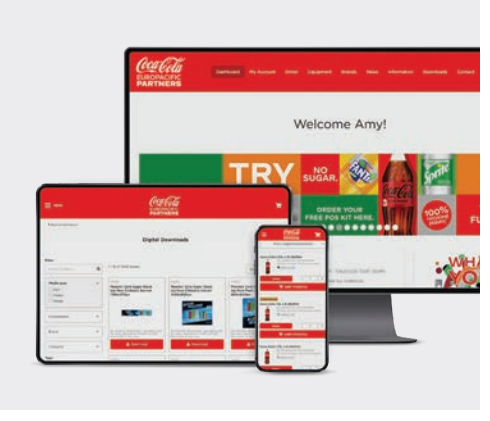


"Our customer portal My.CCEP.com is an important part of our digital acceleration."

Damian Gammell, Chief Executive Officer

How is CCEP developing its digital capabilities?

D Technology is not only shaping the way that our consumers and customers interact with us, but also how we operate as a business. It is becoming increasingly important to modernise the way that people connect and communicate with each other in a more digital workplace. Using technology will enable us to become more efficient, and help us drive revenue and manage our costs.

At CCEP we are evolving into an ever increasingly data driven organisation as we effectively and consistently utilise data in our decision making process across all levels of the organisation.

Our journey to become the world's most digitised bottler will benefit all areas of our business. From the way we procure, to platforms we use to drive sales, using digital technology will unlock growth and new opportunities.

We will also be able to use data analytics to improve our demand and supply chain planning, enabling us to continue to make the drinks consumers want, when they want them. To improve our demand planning, we are combining machine learning and advanced analytics to improve performance for case fill on time, forecast accuracy and manufacturing adherence.

S Digital technology and innovation have always been a key focus for CCEP, and we are continually looking for ways to improve our service and making it even easier to do business with us.

We're turning data and analytics into a competitive differentiator. This will be delivered by evolving our data and analytics team and capabilities, harmonising our data foundations so data can be managed as an asset, driving a company wide awareness and interest in data, and executing our multi year strategic roadmap to incrementally derive business value from data.

We are also investing in our workplace tools to promote collaboration across our teams.

D Over the past two years we've seen significant behavioural shifts in society. Changes in how people live, shop and work continue to inform how we serve our customers and get our products to consumers. This gives us an opportunity to leverage our digital capabilities and grow our business, as well as create even more value for our customers and retail partners.

Our customer portal My.CCEP.com is an important part of our digital acceleration. It is helping us be the best online partner to our customers and drive revenue growth for our business. The platform is now live in all of our European markets, following its successful launch in Germany at the end of 2021. With 76,000 customers, we've doubled the amount of customers on the platform since last year.

Changes in routines brought many new shoppers into the online grocery channel. In many markets our online share of soft drinks is higher than in store, reflecting our dedicated efforts to drive e-commerce sales together with our customers.

Through our innovation investment programme, CCEP Ventures, we aim to identify and implement transformative ways of doing business. Business to business (B2B) e-commerce is just one exciting growth area that is a focus for CCEP Ventures.

We also continued to grow through our first ever direct to consumer platform Your Coca-Cola in GB. This platform allows consumers to stock up on their favourite drinks brands as well as popular, harder to find products like Diet Coke Caffeine Free, often in slightly larger packs than those currently available through traditional retail channels. This move will help us tap into the rapid growth of online shopping and offer consumers even more choice.

Digital solutions will help us continue to win with our customers and grow our business. The COVID-19 pandemic has shown the important role digital platforms play for customers and consumers, and we will continue to harness this opportunity.

What progress has CCEP made with its sustainability commitments?

D COP26 made clear the urgency for businesses to deliver bold climate action. We took a significant step in 2020, by setting an ambition to reach net zero emissions by 2040 and reduce our GHG emissions across our entire value chain by 30% by 2030 (vs. 2019).

These are ambitious targets, and we are accelerating the decarbonisation of our business. Our targets are aligned with a 1.5˚C pathway and are approved by the SBTi. This means that we have a credible goal that will require meaningful and sustained action. This year we will update our 2030 science based emission reduction target to include API.

S Sustainability is absolutely fundamental to everything we do as a business. We will continue to push ourselves to go further, faster to decarbonise our business. Our continued listing on the Dow Jones Sustainability Index (DJSI) reinforces the ongoing progress we are making.

In 2021 CCEP was recognised for leadership in corporate sustainability by global environmental non-profit CDP for the sixth consecutive year, securing a place on its prestigious 'A List' for climate, as well as water security. CCEP is one of 53 companies globally to have achieved an 'A' position for both climate and water, which demonstrated the focus we place on sustainability.

In Australia and Indonesia, we are investing in new PET recycling facilities. These collaborations are a step forward towards creating a circular economy for PET and will contribute to further accelerating our journey towards the ultimate goal of using 100% recycled or renewable plastic.

In 2021, we completed a three year solar panel project at our production facility Cibitung in Indonesia, the second largest rooftop solar project in South East Asia and the fourth largest in the world. As part of our path to net zero we've already transitioned three production facilities to become certified as carbon neutral as part of a pilot programme that aims for at least eight sites to become carbon neutral certified by the end of 2023.

We are closely connected to our local communities. We are committed to protecting our environment and support environmental programmes through investment and volunteering.

Sustainability is a subject that I personally feel very strongly about. I would like to thank all of our colleagues, customers, partners, suppliers and stakeholders who are working with us to take the action required to tackle climate change. We still have a long way to go and we are determined to work together to achieve our sustainability ambitions.

Conversation with our Chairman and CEO

CONTINUED

How is CCEP's relationship with TCCC developing?

D CCEP has always been closely aligned with TCCC strategically and the relationship has grown even stronger over the past year. TCCC's support for the Acquisition was a further endorsement of the strong alignment we have built since the formation of CCEP.

The relationship has continued to develop and grow, demonstrated through our agile collaboration and decision making during the year against a challenging backdrop. Together, we ensured the continuity of supply of the products our consumers wanted to buy by prioritising core brands and packs. We also continued to launch and scale new brands into our markets such as Costa Coffee and Topo Chico, which we look forward to developing further in 2022.

S We worked closely with TCCC following the completion of the Acquisition. We are partnering closely with them to develop value creating plans across the API region. Our strong platform and alignment with TCCC, built on the success of operations in Europe, is an asset that we're clearly going to translate together into an even better future for our API segment.

We have already started to work on reorienting our portfolio in Australia and New Zealand. We have reviewed our portfolio in these markets to assess the size and future growth opportunities within the different NARTD categories. We've established a future vision for our portfolio, customer and consumer environment plans that we will use with TCCC to execute and win in the market.

Our strong relationship with TCCC is also driving forward our sustainability strategy, which works side by side with TCCC's World Without Waste strategy.

What's next for CCEP?

D We continue to protect our business for the short term and are confident in our ability to mitigate near term inflationary pressures and navigate global supply chain challenges. Key levers are pricing, mix, procurement initiatives and our transformational efficiency programmes. We're combining these levers with disciplined investments for long-term future growth, particularly in our portfolio, our people, digital and sustainability.

The integration of API is well underway, and it is very much now part of the CCEP family as our sixth geographical business unit. We are very excited with the growth plans we are developing with TCCC, both in applying our proven playbook in developed markets as well as unlocking the long-term transformation potential of Indonesia.

We will continue to expand our total beverage portfolio while strengthening core capabilities that will drive sustainable success. We will continue to invest in our supply chain. Last year saw us invest €560 million.

I would like to thank our people for their extraordinary efforts during the year and our customers, suppliers and all of our stakeholders for their interest and partnership.

We are deeply concerned and saddened by the conflict and suffering in Ukraine. CCEP has joined the Coca-Cola system in providing support to the humanitarian relief efforts in Ukraine and neighbouring countries. We are contributing financial aid to the International Federation of the Red Cross and local Red Cross branches, and product donations to refugee centres.

We join others across the world in calling for peace to return to Ukraine.

S We will continue to invest in our people and developing an inclusive and safe environment for people to be at their best.

Working with our franchise partners, we have exciting plans for our portfolio, and we are focused on the capabilities and technologies needed to offer our customers a great experience. Above all, we are acutely aware of the challenges facing society and we are committed to building a better future – for our business, for people and for the planet.

We are making a difference and believe we have the right foundation to drive sustainable growth and, as evidenced by our 2021 dividend being our largest ever, delivering increased shareholder value.

We remain focused on the next stage of our journey and I'd like to thank all our stakeholders and investors for continuing to be a part of it.

> "We also continued to launch and scale new brands into our markets such as Costa Coffee and Topo Chico, which we look forward to developing further in 2022."

Damian Gammell, Chief Executive Officer

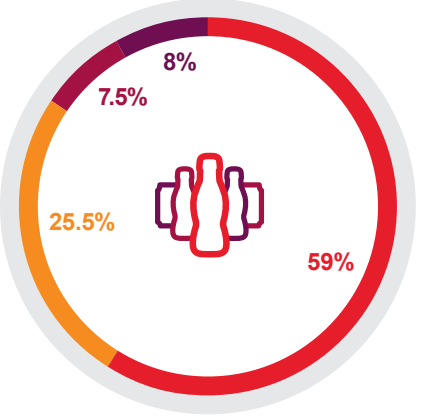
Our portfolio

We work with franchise partners to offer consumers a wide range of drinks for every taste and occasion, with or without sugar, to create value for our customers.

We are reducing the environmental impact of our manufacturing, distribution and packaging while reducing sugar across our portfolio and making it easier for people to manage their sugar consumption.

Our focus is on growing our core brands and expanding into categories like ready to drink (RTD) tea, coffee and alcohol.

2021 Brand category volume of sales



Coca-Cola®

Our Coca-Cola brands come in a range of variants that offer consumers a great choice of flavours, with or without sugar.

2021 saw the launch of a new brand identity for Coca-Cola Original Taste, Diet Coke/ Coca-Cola Light and Coca-Cola Zero Sugar designed to stand out on shelf and make it easier to navigate the different Coca-Cola variants. Coca-Cola also introduced a new marketing platform, Real Magic, and a new "Hug" logo. Coca-Cola Zero Sugar continued to grow with volume up 8.5% from 2020.

We also marked UEFA EURO 2020 with limited edition pack designs and in store displays across all channels and customers. This activity focused on attracting consumers at various touch points in the path to purchase journey.

We ended the year with consumer campaigns to make Coca-Cola a part of festive meal occasions.

Flavours, mixers and energy

In 2021, and in partnership with Monster Energy, we continued to expand our Monster range with the introduction of four new Monster variants including Monster Mule. With gaming an interest for many Monster consumers, we supported a partnership with Apex Legends and launched Monster Ultra Watermelon.

We continue to build our presence in the functional energy category with the rollout of more Reign flavours, all of which contain no sugar, no calories and no artificial colours or flavours.

Fanta continued to grow, supported by a marketing campaign and strong in store execution during Halloween. The launch of What The Fanta Launch Zero Sugar, was supported by great on and off shelf execution, driving sales above expectations. Fanta also benefitted from a strong period in Indonesia during Ramadan.

Hydration

The hydration category is typically heavily reliant on immediate consumption, with consumers buying hydration products in on the go stores, which continued to see an impact from the pandemic in 2021. The performance of our hydration products continued to reflect this ongoing impact of COVID-19 and changes in consumer behaviour. However, the category grew by 9.5% in the fourth quarter of 2021, reflecting fewer restrictions and increased mobility in the quarter.

RTD tea, RTD coffee, juices and other

The rollout of Costa Coffee continued across our European markets with launches in Belgium, Norway and Spain. More markets will be added in 2022.

Fuze Tea remains an important part of our portfolio, growing by 9.5% compared to 2019. We celebrated the festive winter period with a Fuze Tea Winter edition.

As COVID-19 restrictions eased, the juice category grew, particularly Capri-Sun, which benefitted from increased on the go consumption.

We continue to pursue opportunities in alcohol, led by Topo Chico. To simplify our alcohol portfolio, we announced that we would exit the production, sale and distribution of beer and apple cider products in Australia.

What we do and how we do it

Great people

- A great place to work, where people can grow, be happy and be well
- A safe, open, diverse and inclusive workplace
- Winning capabilities, agility and a performance mindset
- Following our Code of Conduct (CoC)

*Find out more about where our people work on **pages 10–11***

Powered by our people

We employ around 33,000 people across our business. They make and sell our great beverages and help our customers grow by providing great service. They work with our communities as we seek to work sustainably and help them thrive.

Great service

- Decision making close to the customer, with the benefits of scale
- Easy to do business with
- Known for world class execution
- Agile and flexible

Source raw materials

We use ingredients such as water, sugar, coffee, juices and syrup to make our drinks. We also rely on materials like glass, aluminium, PET, pulp and paper to produce packaging. We require our suppliers to meet strict targets around workplace policies and practices, health and safety, ethics and human rights, environmental protection and business integrity.

Distribute to our customers

We distribute our products to customers and vending partners directly and by working closely with logistics partners.

Work closely with customers who sell to consumers

Our nearly 12,900 strong commercial team work with a huge range of customers, ranging from small local shops, supermarkets and wholesalers to restaurants, bars and sports stadiums, so consumers can enjoy our great products wherever they are and whenever they want. We also provide cold drink equipment (CDE) and supply vending machines so people can find our drinks on the go.

Great beverages

- Category leadership with great-tasting drinks for every occasion and brands people love
- Top quality and right every time
- Brought to life through powerful partnerships with brand owners

*Find out more about our portfolio of drinks on **page 8***

Work with TCCC and other franchisors

TCCC and other franchisors make and sell concentrates, beverage bases and syrups, own the brands and are responsible for consumer brand marketing. We operate under bottler agreements with TCCC and other franchisors, and purchase the concentrates, beverage bases and syrups to make, sell and distribute packaged beverages to our customers and vending partners.

Make great tasting drinks

Our production facilities make and bottle our wide range of drinks. We're continually improving our production facilities. We produce safe, high quality products for our customers and consumers. Over 90% of the drinks we sell are produced in the country in which they are consumed.

Done sustainably

- Unwavering commitment to our sustainability action plan, This is Forward
- Ambition to reach net zero emissions by 2040, lead the way toward a circular economy and provide a great choice of low and no calorie drinks

*See our This is Forward sustainability action plan on **page 18***

Work with partners, encouraging 100% collection to reuse packaging

Although 98%[A] of our bottles and cans are recyclable, they don't always end up being recycled. That needs to change. We're determined to lead the way towards a circular economy for our packaging where, working with partners, we encourage the collection of all packaging so that materials are recycled and reused.

(A) Europe only.

For a better shared future

–

Creating value for all our customers, big and small

–

Contributing to local economies

–

Supporting our communities

–

Trusted by shareholders and stakeholders

Our operations – API

Following the Acquisition, we established a new segment within our operating model: Australia, Pacific and Indonesia (API). This structure ensures we remain close to our customers, communities and stakeholders.

In API, we employ around 11,000 people and service around 600,000 customers.

Much of our ability to create value for our customers depends on the quality of the service we provide and how we execute in the market.

*Read more about how we are succeeding in a changing landscape on **page 17***

Region	Revenue by geography[A]	No. of employees[B]	Production facilities[C]
Australia	62.4%	3,539	13
New Zealand and Pacific Islands	17.3%	1,785	12
Indonesia and Papua New Guinea	20.3%	6,131	11

(A) Revenue shown is percentage of total reported revenue as at 31 December 2021.
(B) Number shown is number of employees as at 31 December 2021.
(C) Production facilities include NARTD, alcoholic beverage and other manufacturing sites.

Map legend

- Production facility
- Where we operate
- 2x production facilities

*See our interactive map on **www.cocacolaep.com/about-us/places***

Our operations – Europe

In Europe, we have around 22,000 people serving 1.1 million customers across 13 countries.

We invest, employ, manufacture and distribute locally, maintaining a strong commitment to the wellbeing of our communities.

Our ambition is to be the number one supplier in FMCG for our customers.

*Read more about how we are succeeding in a changing landscape on **page 17***

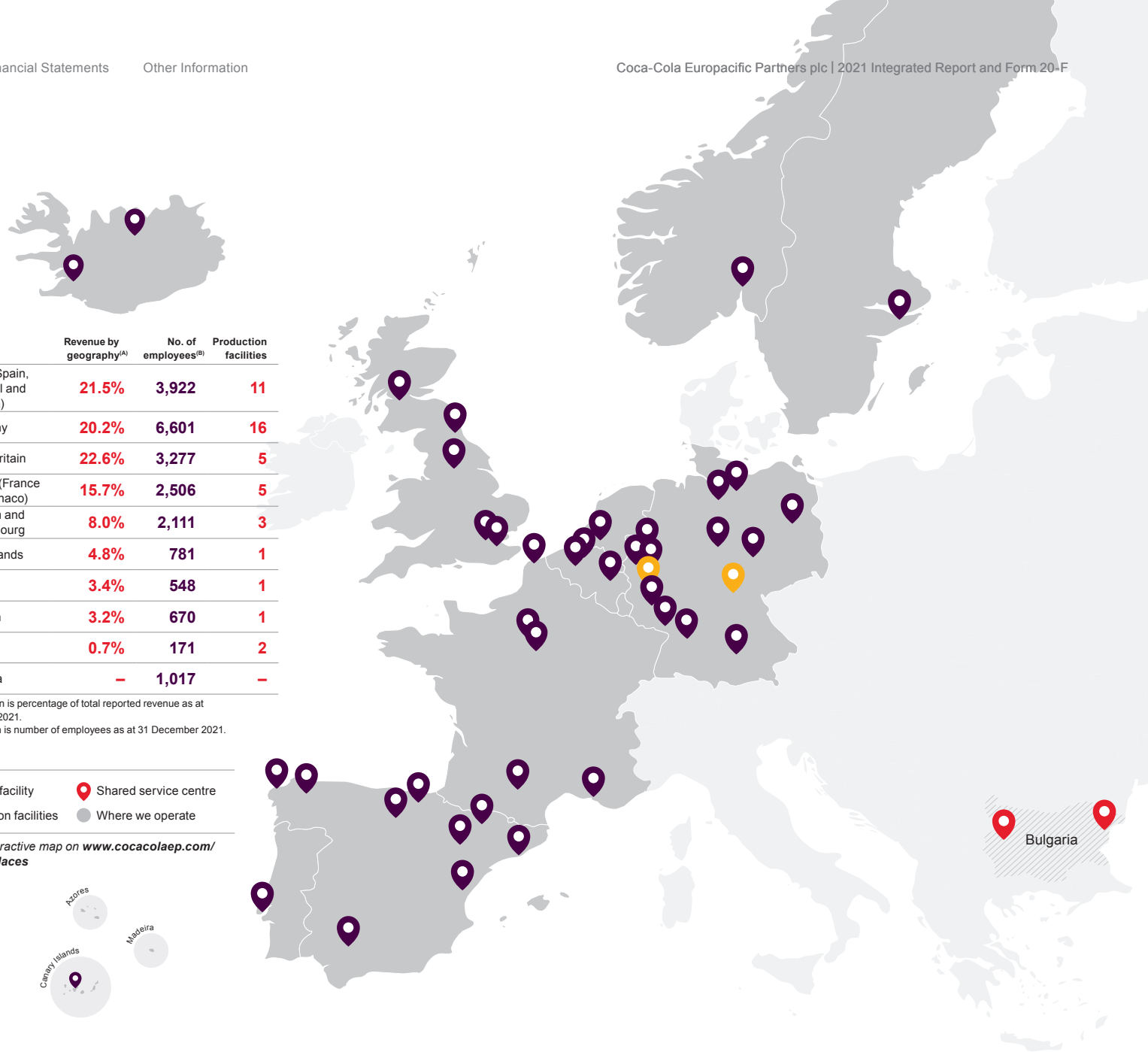
Region	Revenue by geography[A]	No. of employees[B]	Production facilities
Iberia (Spain, Portugal and Andorra)	21.5%	3,922	11
Germany	20.2%	6,601	16
Great Britain	22.6%	3,277	5
France (France and Monaco)	15.7%	2,506	5
Belgium and Luxembourg	8.0%	2,111	3
Netherlands	4.8%	781	1
Norway	3.4%	548	1
Sweden	3.2%	670	1
Iceland	0.7%	171	2
Bulgaria	–	1,017	–

(A) Revenue shown is percentage of total reported revenue as at 31 December 2021.
(B) Number shown is number of employees as at 31 December 2021.

Map legend

- Production facility
- Shared service centre
- 2x production facilities
- Where we operate

*See our interactive map on **www.cocacolaep.com/about-us/places***



Our stakeholders

Our stakeholders are part of our business and play a vital role in our success at every stage in our value chain. From the suppliers that provide our raw materials, to the communities where we operate and the people who make and sell our products, we seek to work together to refresh our markets and make a difference.

Our people

We are driven by a passion for people and what we do, fostering a diverse, inclusive and safe working environment where everyone's individuality is valued and they are equipped with the training, tools and opportunity to succeed. Greater diversity creates a powerful platform, boosting creativity and innovation. Our business depends on the great people who make, sell and distribute our products every day.

How we engage

It's key our people feel that they have a voice and we provide the opportunity for two way engagement, as teams and individuals, through a range of direct and indirect measures.

To encourage engagement with leadership and to ensure our people are kept informed about the matters that affect them as employees, management including the CEO, hold regular town hall meetings and issue other forms of communications. These communications provide a regular cadence of updates regarding CCEP's results and other developments within the business, including informal drop in opportunities to meet colleagues, such as 'Share a Coke with…' Regular market and factory visits also take place. We issue regular pulse surveys on vital topics to listen and act on the voice of our people. These were enhanced during 2021 to provide more opportunity for employees to feedback on how they were feeling and covered topics on wellbeing, engagement and culture, and Inclusion, Diversity and Equity (ID&E). Our Speak Up line enables our people to raise concerns anonymously, free from retaliation. Employees have access to employee portals, Redline in Europe and Workplace in API, where news can be shared, in addition to receiving email updates.

We engage and consult with social partners on matters relating to labour relations. Our European Works Council has two plenary and three select committee meetings each year, attended by either the CEO or members of the senior leadership team, to give business updates and insights. In each of our countries we have structural consultation with trade unions. Local work environment committees have been established as well as health and safety committees. Topics arising are shared on a monthly basis with the Group's leadership team.

How the Board engaged

Designated Directors

Two Non-executive Directors (NEDs), Chairmen of the Remuneration and Nomination Committees, are responsible for ensuring the concerns of the workforce are taken into account by the Board and for reporting to the Board on employee related matters. During the year, the Nomination Committee requested regular feedback from management in relation to employee wellbeing and progress towards our ID&E plan. The Remuneration Committee considered employee incentives in light of the Acquisition and the reward projects and integration activities planned, including the need for a fair and consistent approach across our workforce.

In addition, the Board received, as part of the regular update from the CEO, insights into health and safety of our people and the continued challenges presented by COVID-19.

Employee town hall

In May 2021, a virtual town hall was held following the Acquisition. Over 2,100 of our people were invited to attend the online session and to submit questions to a panel of Directors. The town hall was an opportunity for insights into the first couple of weeks of the combined CCEP, the reactions of various stakeholders, the perceived impact on company performance and next steps. The importance of employee safety and wellbeing was emphasised. Employees challenged the panel with tough questions including on CCL's integration and wellbeing.

Other employee interaction

The ongoing pandemic restricted travel in 2021. In person meetings were limited to a session with "One Young World" at the October Board meeting where delegates were given an opportunity to ask the Board questions and to discuss how to accelerate positive social impact. The Board were also unable to conduct any physical site visits but a number were attended virtually.

*Read more about our people and culture on **pages 37–39***

Our stakeholders

CONTINUED

Our shareholders

Our shareholders provide the equity capital for our business, holding management to account on financial performance and discussing key environmental, social and governance (ESG) issues. We seek support from our shareholders through voting at the AGM and continued investment by long-term shareholders.

We maintained our dividend payout ratio of c.50% in 2021, which, following our strong performance during the year, resulted in dividend payouts of €638 million.

*Read more about our sources of funding on **pages 56–58***

How we engage

Led by Investor Relations (IR), our comprehensive annual investor engagement plan covered: a virtual Capital Markets Day following the Acquisition explaining how the deal would create significant value for shareholders and strengthen our profile as an attractive and sustainable total return investment opportunity; the AGM; investor roadshows (including ESG specific conferences); analyst meetings; proxy advisor engagement and consulting major shareholders on executive remuneration; half yearly earnings presentations and webcast conference calls; trading updates with webcast conference calls.

Our Company Secretary and IR team engage with investors' governance teams predominantly around the AGM.

How the Board engaged

The CEO attends investor conferences, participates in roadshows and is available to shareholders. The Chairman of the Remuneration Committee engages with shareholders on the Remuneration Policy and its implementation. Directors attended the AGM, which provides an opportunity for shareholders to ask questions. In 2021 it was a closed meeting, due to COVID-19.

IR provides quarterly updates to the Board covering share price, analyst comments and city reaction, IR activity and the shareholder register and investor feedback. Periodic deep dives are provided along with brokers and analysts sessions, most recently in September 2021.

Our Franchisors

We conduct business primarily under agreements with TCCC and a limited number of franchisors. These generally give us exclusive rights to make, distribute and sell beverages in approved packaging in specified territories. We drive sales to customers so that our franchisor's brands are available where and when consumers want them.

How we engage

We prioritise regular management contact with all our franchisors at different functional, sales and marketing levels, including regular top level meetings with TCCC. Our General Managers (GMs) have ongoing dialogue with franchisors. Annually, from September to February, our GMs present business plans to customers, and we often ask franchisors to join us at these presentations. If an incident or crises arises on product-related issues we will proactively engage with franchisors to resolve the issue.

How the Board engaged

Our Board engages both directly and indirectly with our franchisors. The Board receives regular updates on franchisors through reports from the CEO and the Chief Commercial Officer, as well as the Affiliated Transaction Committee (ATC) updates including on performance, relationships and key issues. The Board also received an update from the Chairman and CEO of TCCC and his leadership team at the September Board meeting on growth opportunities and strategy.

*Read about our relationship with TCCC and other franchisors on **page 201***

Our Suppliers

In Europe we have a network of around 13,200 suppliers and additional local suppliers across our API markets. They supply a wide range of commodities and services such as ingredients, packaging, utilities, equipment, facilities management, fleet and logistics, sales and marketing, information technology and general administration. We rely on a process to ensure we engage with suppliers, including in areas such as business continuity. Partnering and collaboration with suppliers on sustainability is helping to drive progress on delivering our This is Forward commitments, while sustainable sourcing ensures security of supply of all the commodities and services needed to make, sell and distribute our drinks.

How we engage

We encourage strategic relationships with our suppliers, encouraging collaboration and fostering investment to find innovative solutions to business challenges. This partnership approach helps to ensure suppliers provide high quality, safe and sustainable products and services.

In 2021, we engaged with strategic suppliers across Europe and API following the Acquisition, working together under our Supplier Relationship Management (SRM) programme. Due to COVID-19, face to face interaction was limited but we compensated with virtual meetings held at the most senior levels, focusing on supply security and progress on sustainability.

We hold supplier days in Europe and API; the last supplier day in Europe was virtual, pre Acquisition in October 2020 with more than 200 unique suppliers in attendance. Prior to the Acquisition, CCL held a supplier day in early 2021.

How the Board engaged

As part of operating with integrity, we have guidelines approved at Board level setting out expectations and requirements of our suppliers in relation to expected conduct, for example, in relation to human rights, health and safety and other matters.

As well as attending our supplier days, the CEO and CFO informs the Board on key supplier relationships and payments. Supplier risk management is also a topic of discussion at the Audit Committee generally as part of the Enterprise Risk Management discussions.

Further, due to COVID-19, and in addition to the impacts of Brexit resulting in a shortage of lorry drivers during the latter part of 2021, frequent discussions were held by the Board in relation to the responses of key suppliers, notably their ability to continue to provide services at the required standards within COVID-19 restrictions that may have applied globally from time to time.

*Read more about action we're taking on our supply chain on **pages 35–36***

Our stakeholders

CONTINUED

Our Customers

We strive to be our customers' preferred partner. We foster strong relationships with our customers and aim to supply the drinks people want, where and when they want them. Our customer centric operating model is focused on delivering the strongest execution to our frontline and reaching a broad range of outlets, while making it easier to do business with us.

How we engage

Thousands of our sales force call on our customers every day across all our territories (subject to COVID-19).

Our GMs own customer relationships and, together with our sales teams, regularly engage with customers. In 2021, our customer engagement included a four day event with Metro and a customer event in our Spain office.

We also engage with customers internationally through TCCC's Global Customer Governance Board, where certain international customers request this single point of contact within the Coca-Cola system. This engagement is limited to our markets under strict legal protocols.

During the COVID-19 pandemic, we continued to focus on supporting our customers and keeping retailers stocked. For example, we adjusted production to ensure we were delivering the products that people wanted in store.

How the Board engaged

The Board has limited direct engagement with customers but receives periodic presentations from select customer leaders. In 2021, the Board invited Asda's CEO to present. The discussion centred on Asda's commercial proposition and how, in GB, it partners with suppliers and customers.

The Board remains committed to understanding our markets and customers. Virtual market visits were arranged in 2021, to mitigate the COVID-19 health and safety risks of in person visits. The Board received insights on matters including field sales activation, marketing and adding value for retailers.

The CEO provides regular updates to the Board on customer relationships, development and engagement including on home channel customer satisfaction metrics and on AFH equivalents when available. The Board is updated regularly on key channel growth, together with changes in coverage and execution performance supporting growth for our customers. Customers were also discussed at the Board strategy session in September 2021.

Our Consumers

Drinking motivations and occasions drive demand for a range of drinks. We work with our customers to ensure that the drinks reaching consumers are high quality, safe and taste great. Our franchisors generally own the relationship with the consumers.

How we engage

Our teams partner with franchisors to understand consumer needs. Customers also provide feedback on consumers.

We have limited direct engagement with consumers, although they buy and consume our products. Our consumer care line provided on all our packaging gives consumers the opportunity to give feedback directly and our nutritional labelling on products provides consumers with the information they need to make an informed choice.

How the Board engaged

The Board attends presentations on trends and behavioural patterns that could affect consumers and our interaction with them. The ATC oversees CCEP's relationships with franchise partners, through which we are able to keep focus on development and diversification of our portfolio. An update from the Chairman of the ATC is provided at each Board meeting and the CEO also provides updates to the Board as necessary. The Audit Committee receives updates on any material incidents affecting consumers.

The Board has limited direct engagement with consumers but is able to directly engage through market visits. This was limited in 2021 due to COVID-19.

Our Communities

We have a strong local heritage and presence. We seek to make a positive difference, addressing challenges our communities face by supporting local partnerships and by tackling key local sustainability issues such as litter, health, water stress and youth unemployment. We recognise the economic, social and environmental interaction between our business and our communities. Our people live in our local communities and we use local resources, such as water and transport systems, to make, sell and distribute our products.

How we engage

We engage with our communities on many different levels. Our local management and Public Affairs, Communications and Sustainability (PACS) team engages directly and employees engage through volunteering. Many of our local charitable and community partnerships, such as local water replenishment projects and youth development programmes, are delivered in partnership with NGOs.

Our Group management and PACS team engage more widely in communities on important issues such as the environment, ID&E, and empowering and supporting young people. They also engage with TCCC on key issues as part of a wider social framework, partnering with pan-European and global NGOs.

How the Board engaged

Information and updates on CCEP's community partnerships are provided to the Corporate Social Responsibility (CSR) Committee (the Committee) who has reviewed reports on local water stress and the health of watersheds. Deep dives are provided on key topics of interest to our Committees and the Chairman of the Committee provides the Board with detailed updates at each Board meeting following Committee meetings.

*Read more about the work we do in local communities on **pages 29–30***

Section 172(1) statement from the Directors

During 2021, we acted in good faith to promote the long-term success of CCEP.

In accordance with the directors' duties set out in section 172 of the Companies Act, the Board supervises the profitable operation and development of CCEP to maximise its equity value over the long term, without regard to the individual interests of any shareholder. A minority of our Non-executive Directors (NEDs) were appointed by major shareholders of CCEP. However, each Director understands their responsibility under the Companies Act to act in a way that would promote the long-term success of the Company for all its stakeholders.

We recognise that to deliver our strategy in a sustainable way, we need to consider the commercial, social and environmental impacts of our business. During the year, we have monitored, assessed and challenged CCEP's progress against our annual business plan and our sustainability targets. When taking decisions of strategic importance, we endeavour to balance the interests of all our stakeholders in ways that are compatible with CCEP's long-term, sustainable growth. Throughout the year, CCEP has engaged with stakeholders across all areas of the business. The Board strives to gain stakeholder perspectives to inform its decision making through direct engagement, where feasible, as well as through regular communication with senior management.

We identify our key stakeholder groups as those with significant interactions with our business model and that we impact in the course of our business operations. We detail about how our business interacts with our stakeholders, and the impacts of these interactions, throughout this Integrated Report.

Ensuring our business operates responsibly is fundamental to ensuring our long-term success. The Board oversees a corporate governance framework that enables the right people to take the right decisions at the right time. This includes our CoC and system of delegated authorities.

The Board made several principal decisions during 2021, where the Directors had regard to the relevant matters set out in section 172(1)(a)-(f) of the UK Companies Act 2006 (the Companies Act) when discharging their duties. Here we outline how we approached the Acquisition as a principal decision.

Amatil

In May 2021, CCEP completed the Acquisition of CCL, cementing our position as the world's largest Coca-Cola bottler by revenue and one of the leading FMCG companies in the world. The proposed Acquisition was announced in October 2020 and was approved by the Board in April 2021.

The Board was supported in its decision making by a panel including Board committees (Audit Committee, ATC) and management committees (M&A Committee and the Transaction Committee and Integration Committee), spearheaded by the CEO to ensure a successful integration.

The Board took into account numerous factors including the impact of the Acquisition on the stakeholder groups below.

Shareholders

The transaction was aligned with CCEP's strategy of pursuing inorganic expansion opportunities in developed markets. Management conducted an investment appraisal and financial analysis to support the Board in its decision making, demonstrating that the Acquisition would be consistent with CCEP's long-term growth ambitions. Management identified that value enhancing opportunities could be achieved through the implementation of CCEP's proven developed market growth strategies. Using valuation modelling techniques, the analysis provided a range of CCL acquisition values, and post acquisition deleveraging projections demonstrated how the return to target leverage in the short-term could be achieved. Once completed, the transaction would be immediately EPS accretive, leading to an increased dividend for shareholders. Using these insights, the Board concluded that the Acquisition would result in value creation for shareholders.

Franchisors

Franchisors are a key stakeholder group, given the importance of maintaining a strong relationship and alignment with TCCC. Insights from CCEP's growth trajectory highlighted the importance of our relationship with TCCC and our shared vision of growth. TCCC was confident in the value accretion opportunity from the transaction and agreed to sell their ownership interest in CCL at a discount to the public shareholders.

Employees

Engaging and retaining our people is a key consideration, ensuring that everyone has a voice and feels valued. The Acquisition created a more diverse workforce and inclusive culture at CCEP. This translates into new thinking and new ideas, providing more opportunities to grow and develop. The Board reviewed day one readiness people plans across the Group, to ensure we had the necessary collaboration processes in place to enable CCL's integration and provide continuity. It was important to have communication and engagement support available to all employees, so that they felt involved and listened to, and could raise any concerns.

Consumers

The Acquisition significantly enhances CCEP's consumer reach. It brings new brands and increasing access to broader need states, such as alcohol and coffee, as well as lessons and experimentation on different pack types to share across geographies.

Community and customers

API and Europe run local community initiatives with similar priorities, from supporting disadvantaged youth to local environmental groups. It is important that we continue to gain deep local insight in all our territories, building experience and market understanding to meet the specific needs of these stakeholders.

Environment

CCL's strong sustainability profile was a key consideration for the Board. With carbon reduction at its core, CCL's approach to sustainability was very much in line with CCEP.

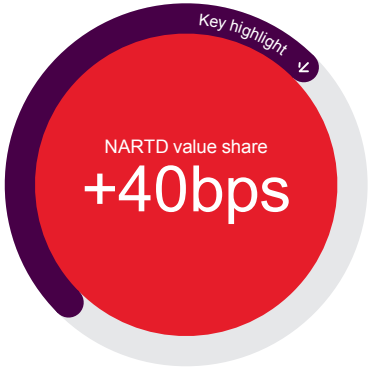
Together we can build a sustainable tomorrow for our people, customers, communities and shareholders.

*Read how our Corporate governance framework works in practice on **pages 74–81***

*How the Directors, and CCEP more widely, have engaged with our key stakeholders this year is set out on **pages 12–14***

Our strategy

We're a leader in a soft drinks category that is worth nearly €125 billion across our markets, with brands that are so popular and so widely consumed that we serve millions of people, businesses and communities in our markets every day. Our category is robust, resilient and set to keep growing in the long term. Our goal is to outperform the market – growing faster and building share.



We have a track record of creating value for our customers, helping them become more profitable businesses with world class execution.

This strong platform for growth needs to be supported by the right choices and a clear focus on priorities to enable us to win.

Growth platform

01 Grow the sparkling category and our share where we lead (e.g. Coca-Cola® and Fanta)

02 Build share where we don't lead (e.g. Sprite, Fuze Tea and Tropico)

03 Double our energy business through our Monster portfolio

04 Build a platform for growth in coffee (Costa and Grinders)

05 Smart revenue growth management (RGM) to drive mix and profit

06 Utilise digital, data and analytics as a competitive differentiator

07 Winning channel strategy and outlet coverage to drive unrivalled execution

Supported by

Accelerate competitiveness

- Manage our cash
- Targeted approach to investment
- Competitive cost base
- Reduce complexity

Future ready culture

- Challenge status quo
- Inclusion, diversity and equity
- Enhanced wellbeing
- Agility and performance mindset

Digital future

- Advance digital and online revenue
- Empower sales force
- Leverage analytics and artificial intelligence
- Enable future workplace

Green future

- Accelerate This is Forward
- Science based and measurable carbon reduction targets

Ultimately driving sustainable returns for all stakeholders.

Succeeding in a changing landscape

From rapid acceleration towards digital platforms to macroeconomic impacts, our business is affected by a range of market trends.

We have a business model and culture that enable us to adapt and thrive in this changing environment.

Digital commerce

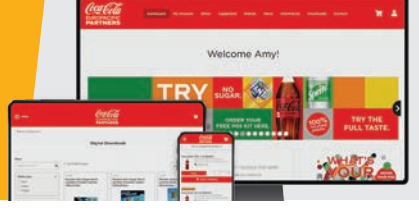
Macro trend

- Changes to routines and behaviours have accelerated the digital evolution and adoption of new digital channels.
- More consumers are choosing to buy groceries or order a takeaway online.
- Our customers and suppliers are also moving more towards digital platforms and other technologies.

Our response and some examples

- We've continued to invest in our Business to Business (B2B) platform (My.CCEP.com) and in 2021 online ordering grew to over €1bn.
- e-grocery optimisation resulted in value share gains of +120bps.
- We continue to develop our direct to consumer (D2C) platform, yourcoca-cola.co.uk.
- Through CCEP Ventures we've formed new collaborations and developed existing partnerships, launching eB2B platforms e.g. Wabi (PT), StarStock (GB) and Foodl (NL).

*Find out more on **www.cocacolaep.com/ventures/***



Technology and data

Macro trend

- It's becoming increasingly important to modernise the way that people connect and communicate with each other in a more digital workplace.
- Advances in technology mean that we have a greater capacity to access and analyse data.

Our response and some examples

- We continue to invest in technology to enhance our employee experience, drive efficiencies and become more digitally enabled.
- We aim to develop richer insights by managing data that is valuable as an asset, to lay the foundations for insightful analytics.
- In 2021 we launched Compass, a portal which brings all of our digital workplace services together, making it easier for our colleagues to find the tools they need.
- We created a new partnership with SAP Ariba, a market leading provider of source to pay solutions, and expect to save more than 100,000 hours from implementing this solution.

Sustainability

Macro trend

- Consumers, customers and multiple stakeholders expect more from manufacturers and governments to help reduce the impact that their decisions and behaviours have on the environment.
- Investors are increasingly using environmental, social and governance (ESG) criteria as a lens to inform their investment and portfolio decisions.
- Regulatory changes and governmental commitments continue to develop and COP26 underlined the urgent need to increase the pace of implementing the Paris Climate Agreement.

Our response and some examples

- A green future is at the heart of our vision for the business, as demonstrated by our This is Forward sustainability action plan and the passion shown by our great people.
- In 2021 we accelerated our use of rPET so that 53% of material used for our bottles was rPET and announced the first three carbon neutral production facilities.
- Through CCEP Ventures we seek out new technologies and solutions.

*Read more about our GHG emissions targets on **pages 23–26***

Evolving consumer trends

Macro trend

- Consumers want different drinks to suit a range of moments, occasions and broad need states.
- Some consumer occasions are shifting towards at home consumption, including socialising, working or exercising.
- Many consumers are willing to spend more to replicate Away From Home (AFH) moments at home, requiring brands to offer premium products.
- Economic disruption and an inflationary environment is impacting consumer sentiment, meaning affordability is increasingly important for some consumers.

Our response and some examples

- We have a great portfolio of the world's best brands and continue to diversify our drinks portfolio and packaging to suit the changing needs of our consumers.
- We're expanding our presence in exciting new areas such as hard seltzers, through the Topo Chico brand.
- We're accelerating our coffee ambition by readily expanding the Costa Coffee brand across our markets in Europe with different coffee solutions in multiple channels.

*Read more about portfolio of brands on **page 8***

Transparency

Macro trend

- Consumer interest in health and wellness is increasing, with people looking not only for organic offerings, but also those with less sugar and for functional products.
- Governments and regulators are demanding increasing transparency from companies, both through packaging labelling and reporting.

Our response and some examples

- We publish information about CCEP and our performance through regular disclosures, including this report.
- We're committed to providing transparent product information on our packaging and on our website.

Sustainability

We are taking action on sustainability by using our business and brands to build a better future. For people. For the planet.

ACTION ON

We are growing our business and brands as a force for good, managing our social and environmental impact and aiming to make our people and our stakeholders proud of our actions.

Our focus on long-term value creation and innovation positions sustainability at the heart of everything we do. We are proud pioneers; we were one of the first companies to set a science based emissions reduction target before COP21 in 2015 and we actively participated in discussions during COP26 in Glasgow in 2021.

We continue to set ambitious sustainability targets. We are doing this through our sustainability action plan – This is Forward – created with TCCC, and developed through continuous consultation with our stakeholders in Europe. Through This is Forward, we are taking action on six key social and environmental areas where we know we can have a significant impact, and which our stakeholders want us to prioritise: climate action, consumer health and wellbeing, sustainable packaging, water stewardship, the wellbeing of our people and those across our value chain and our contribution to our local communities.

We are making progress in these areas but we can't stand still. We will continue to challenge ourselves, using our voice to drive action on sustainability and leading by example, to create a better, greener future. In May 2021, we acquired Coca-Cola Amatil and we are focused on extending our sustainability action plan, This is Forward, to include all of our territories in Europe and API.

As the world adjusts to a new normal, living with COVID-19, we need to go further and act faster on tackling global climate-related challenges. A mindset based on sustainability is a strong basis. We believe partnerships and collaboration are vital to accelerate decarbonisation and build a sustainable tomorrow for our people, customers, communities and shareholders.

Read more in our corporate governance report ***pages 74–81***

Find out more at ***www.cocacolaep.com/sustainability***

THIS IS FORWARD

Climate
We'll aim to reach net zero by 2040 and reduce our emissions by 30% by 2030.

Packaging
We'll collect all of our packaging so that none of it ends up as litter or in the oceans.

Drinks
We'll be a total beverage company, offering consumers an even greater choice of drinks with reduced sugar.

Society
We'll be a force for good by championing inclusion and economic development in society – with our employees and our communities.

Water
We'll handle water with the care it deserves across our business and our value chain.

Supply chain
We'll source our main ingredients and raw materials sustainably and responsibly.

CDP A LIST 2021 CLIMATE WATER · CDP SUPPLIER ENGAGEMENT LEADER 2021 · Bloomberg Gender Equality Index 2022 · Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA · ecovadis 2021 · FTSE4Good · Corporate ESG Performance Prime ISS ESG · MSCI ESG RATINGS AAA

*MSCI disclaimer: www.cocacolaep.com/sustainability/disclosures-and-recognition – see tab MSCI

Sustainability

CONTINUED

This is Forward, our sustainability action plan, relates to our activities in Europe.

In 2022 we will extend our commitments to include all of our territories in Europe and API.

Our commitments

Climate *Pages 23–26*

SDG commitments

- We'll aim to reach net zero GHG emissions across our entire value chain[(A)] by 2040.
- We'll cut GHG emissions by 30% across our entire value chain by 2030 versus 2019.[(B)]
- We'll aim for 100% of our strategic suppliers to set their own science based targets and transition to 100% renewable electricity by 2023.
- We'll continue to purchase 100% renewable electricity.

Packaging *Pages 27–28*

SDG commitments

- We'll make sure that 100% of our primary packaging is recyclable or reusable.
- We'll work with local and national partners to collect 100% of our packaging in Western Europe, including support for well designed deposit return schemes where a proven alternative does not exist.[(C)]
- We'll remove all unnecessary or hard to recycle packaging from our portfolio.[(C)]
- We'll make sure that at least 50% of the material we use for our PET bottles comes from recycled plastic (rPET) by 2023 and we'll aim to reach 100% recycled or renewable plastic by the end of the decade.[(C)]
- We'll use the reach of our brands to inspire everyone to recycle.
- We'll innovate in refillable and dispensed solutions and services as a key strategic route to eliminate packaging waste and reduce our carbon footprint.

Society *Pages 29–30*

SDG commitments

- We'll foster a diverse and inclusive culture in our business and make sure that women hold at least 40% of our management positions.
- We'll expand the contribution we make to society by increasing our employee volunteering and supporting local community partnerships.
- We'll support initiatives which help young people gain the employability, skills and confidence they need to succeed.

Drinks *Pages 31–32*

SDG commitments

- We'll reduce the sugar in our soft drinks by 10% between 2015 and 2020, and that's in addition to the 5% reduction achieved in the previous five years.[(D)]
- We'll aim for 50% of our sales to come from low or no calorie drinks.[(E)]
- We'll continuously evolve our recipes and portfolio to offer a greater choice of drinks.
- We'll make it easier for consumers to cut down on sugar with straightforward product information and smaller pack sizes.
- We'll make sure we don't advertise to children under 12 and that our sales and marketing practices evolve in line with external expectations.

Water *Pages 33–34*

SDG commitments

- We'll protect the sustainability of the water sources we use for future generations.
- We'll reduce the water we use in manufacturing by 20% and address water impacts in our supply chain.[(F)]
- We'll replenish 100% of the water we use in areas of water stress.

Supply Chain *Pages 35–36*

SDG commitments

- We'll make sure 100% of our main agricultural ingredients and raw materials come from sustainable sources.
- We'll continue to embed sustainability, ethics and human rights into our supply chain.[(G)]

Baseline is 2010 and target date is 2025 unless otherwise stated

(A) Value chain covers Scope 1, 2 and 3 emissions.
(B) In addition to a 30.5% absolute reduction already achieved between 2010 and 2019.
(C) 2019 enhanced Action on Packaging commitments.
(D) Sparkling soft drinks and non-carbonated soft drinks only. Does not include water or juice. This commitment is for CCEP and TCCC Western European Business Unit. Baseline is 2010 and includes historical, consolidated data for Coca-Cola Enterprises, Coca-Cola Iberian Partners, S.A. and Coca-Cola Erfrischungsgetränke AG that was recalculated after the Merger. Target to be updated in 2022.
(E) Total CCEP sales. Does not include coffee, alcohol, beer or freestyle. Low-calorie beverages ≤ 20kcal/100ml. Zero calorie beverages <4kcal/100ml.
(F) Water use ratio, litres of water per litre of finished product produced.
(G) We'll do this through our global Supplier Guiding Principles and Human Rights Policies.

Sustainability governance framework

At CCEP our aim is to ensure we have strong governance over sustainability issues, including climate-related risks. The Board, each of its key Committees and management has a role to play as outlined below. The roles and responsibilities of each will continue to remain under review during 2022 to ensure that all relevant matters continue to be addressed in line with changing stakeholder requirements.

The Board

The Board's role is to ensure the long-term sustainable success of CCEP by setting our strategy through which we can deliver sustainable growth, create value for all our stakeholders and build a better future for our business, our communities and the planet.

The Board, led by our Chairman Sol Daurella, has ultimate responsibility for our sustainability action plan This is Forward. Each of the Board Committees plays a role in supporting the Group's sustainability strategy including the Corporate Social Responsibility (CSR) Committee which has been delegated responsibility by the Board for oversight of This is Forward.

Sustainability is a key topic of discussion at Board meetings and the Chairman of the CSR Committee provides the Board with a detailed update at every Board meeting. The Board also receives out of cycle communications and Directors attend training sessions on sustainability-related matters including climate, packaging and water.

Informing

Corporate Social Responsibility (CSR) Committee

Meeting frequency: At least five times per year.

Responsible for identifying, analysing, evaluating and monitoring the social, political, environmental, sustainability and public policy trends, issues and concerns which could affect our business or performance. Oversees Group performance against This is Forward strategy and goals, including reviewing climate-related risks, targets and actions as well as packaging, water and other environmental risks and opportunities.

Nomination Committee

Meeting frequency: At least five times per year.

Regularly reviews the structure, size, composition and skills of the Board to ensure it remains effective. Sustainability is listed as a key Board skill and the majority of the Directors have good or very good experience in this area. Expertise in this area will continue to be a consideration in succession planning and recruitment going forward. The Committee considers inclusion, diversity and equity across the broader workforce and assesses and monitors Group culture.

Remuneration Committee

Meeting frequency: At least six times per year.

Aligns the Group's remuneration policy to reinforce the achievement of our sustainability aims. To note, CCEP operates a Long-Term Incentive Plan (LTIP) for our most senior leaders which includes a performance measure focused on the reduction of GHG emissions across our entire value chain, which has a 15% weighting. In addition, part of every senior leader's Individual Performance Objectives continues to be based on leading the development of our "Future ready culture" (e.g. talent, inclusion, diversity, equity and specific "Green Future" objectives).

Audit Committee

Meeting frequency: At least six times per year.

Ensures that risk is effectively managed across the Group, including climate-related risks and opportunities. The Committee is responsible for overseeing the Group's financial and non-financial reporting obligations including ESG-related reporting. It also gives consideration to climate-related risks as part of the overall Enterprise Risk Management Framework.

Read more in our Governance and Directors' Report ***pages 64–111***

Reporting

Informing

The Chief Executive and the CCEP leadership team

Ownership and governance for sustainability-related risk and sustainability strategy and commitments are embedded within our business. Responsibility for climate-related issues sits with our CEO, our Chief Customer Service and Supply Chain (CCSSC) Officer and our Chief PACS Officer.

Reporting

The CCEP leadership team delegates certain climate-related risk and opportunity oversight matters to its management committees. In 2022 a new Sustainability SteerCo has been set up with members of the Executive Leadership Team to discuss a range of issues and will aim to form part of the reporting to the CCEP Board.

Sustainable Packaging Office

Our Sustainable Packaging Office (SPO) streamlines all the technical and exploratory sustainable packaging work across our geographies, accelerates our innovation and supports progress towards our enhanced packaging targets in order to reduce the carbon impact of our packaging. This work is undertaken in partnership with TCCC.

Strategic Risk

There are a number of groups and forums led by the risk function that play different roles in considering sustainability-related risks, including climate, packaging and water, related to CCEP. There is an annual top down Enterprise Risk Assessment which encompasses the reassessment of the current risks but also the identification of emerging risks and opportunities. This is done with input from the Board and our Top 150 Executives. In addition there are regular (approximately eight times per year) One Risk Office meetings where all the risk function teams (13 teams across five departments) meet and discuss risks, including emerging risks and ESG topics.

The Enterprise Risk Management Team is partnering on several ESG topics with key internal stakeholders to mature our risk sensing and scenario planning capabilities.

Read more on ***pages 42–47***

Task Force on Climate-related Financial Disclosures (TCFD)

CCEP is committed to implementing the recommendations of the TCFD and, through the Group's Enterprise Risk Management (ERM) programme, takes a risk based approach in responding to the physical and transitional risks and opportunities that are associated with climate change. The assessment and mitigation of climate-related risks is an integral part of our annual Enterprise Risk Assessment process. The following table provides a summary of the key elements grouped into the four themes (strategy, governance, risk management, metrics and targets) along with a redirect to specific sections in this Integrated Report and our 2021 CDP submission for further information.

2019

In 2019, together with TCCC, we completed a climate-related risk assessment, in line with guidance from the TCFD. The assessment identified the physical and transition risks we could face as a result of climate change.

2020

In 2020, we voluntarily published our first disclosure against the recommendations of TCFD on our corporate website in order to report transparently on climate-related risks and opportunities. We will continue to do this on an annual basis.

2021

In 2021, we began work to assess how our business may be impacted in the long term from climate-related risks, with a particular focus on production facilities and the availability of key ingredients in our value chain. This work was planned for 2020 but the timetable was delayed due to COVID-19.

2022

2022 is the first year where we disclose our alignment to the TCFD recommendations in our Integrated Report.

TCFD Key elements	Key elements of summarised disclosures/Key messages	Reference to chapters in our 2021 Integrated Report and our 2021 CDP disclosure[A]
STRATEGY Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning, where such information is material	**❶ Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term** **Significant risks** – Increased severity and frequency of extreme weather events such as cyclones and floods may disrupt or limit our ability to produce or distribute our products. – Water stress or water scarcity may cause disruption to our production or lead to us being unable to produce our products. – Changing weather and precipitation patterns may impact the cost and/or availability of ingredients we use in our beverages. – Regulation related to GHG emissions may increase costs across our value chain, including increased costs related to the packaging we use, our manufacturing and distribution of our CDE. – Regulation related to water stress or water scarcity may disrupt or restrict our production capability. **Significant opportunities** – The adoption of energy and water efficiency measures across CCEP's core business operations provides a significant opportunity for our business to reduce emissions and build long-term resilience. – The use of renewable electricity provides a significant opportunity for our business to significantly reduce both our Scope 2 emissions, and our value chain carbon footprint. **❷ Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning** Whilst it is difficult to accurately estimate the financial impact of any climate-related disruption to our manufacturing and distribution operations, even a small percentage decline in our manufacturing and/or distribution capabilities due to extreme weather events, could have a significant impact on our business in the future. Changes in precipitation patterns exacerbated by climate change could limit the availability and therefore increase the cost of key ingredients, like sugar beet. In the future, this could result in supply restrictions and/or increased costs for our business. Increased water scarcity, water shortages or restrictions on water consumption, particularly in water stressed areas could increase the cost of water or impact our ability to produce. **❸ Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario** CCEP uses both qualitative and quantitative scenario analysis to inform our strategy. In 2019, as part of work to identify climate-related risks to our business, we undertook some high level scenario analysis to help us consider and predict what the world might look like in the future and to help us assess future impacts to our business. This included both a "business as usual" scenario, where global temperatures continue to increase and a "2°C" scenario where the world does not exceed 2°C warming. In 2022 we will build on this work by completing a detailed assessment of the physical risks we could face across our operations and owned assets as a result of climate change. This work will consider two climate scenarios: RCP 2.6 (where global temperature increase will be limited to between 1.5°C–2°C by 2100); and RCP 8.5 (where global temperatures will increase by up to 5°C by 2100). In addition, we will use a wider range of climate scenarios to explore further the physical and transition risks that we may face across our entire value chain.	**2021 Integrated Report** Read about our Principal risks on ***pages 42–47*** and our Risk factors on ***pages 195–202*** **CDP questionnaire 2021** ❶ C2.3a, C2.4a ❷ C2.3a, C2.4a ❸ C3.2a

(A) Our disclosures are set out in greater detail in a separate CDP questionnaire to make it easier for readers to find the relevant information.

*See **www.cocacolaep.com/assets/sustainability/documents/b2610a8278/CDP-climate-response-2021.pdf***

Task Force on Climate-related Financial Disclosures (TCFD)

CONTINUED

TCFD Key elements	Key elements of summarised disclosures/Key messages	Reference to chapters in our 2021 Integrated Report and our 2021 CDP disclosure[A]
GOVERNANCE Disclose the organisation's governance around climate-related risks and opportunities	**❶ Describe the Board's oversight of climate-related risks and opportunities** CCEP has a strong governance framework with a Board of Directors overseeing the interests of all stakeholders. The Board is primarily responsible for CCEP's strategic plan, risk appetite, systems of internal control and corporate governance policies, to ensure the long-term success of CCEP, underpinned by sustainability. It retains control of key decisions and ensures there is a clear division of responsibilities. The Board also has responsibility for CCEP's sustainability action plan This is Forward, which includes forward-looking, science based carbon reduction targets. To demonstrate our commitment to sustainability, one of the five committees that supports the Board is the CSR Committee. The Board has delegated responsibility for oversight of This is Forward to the CSR Committee. **❷ Describe management's role in assessing and managing climate-related risks and opportunities** Ownership and governance for sustainability-related risks and sustainability commitments are embedded within our business. At management level, responsibility for climate-related issues sits with our CEO, our CCSSC Officer and our PACS Officer.	**2021 Integrated Report** Find out more in our Corporate governance report ***pages 74–81*** **CDP questionnaire 2021** ❶ C1.1b ❷ C1.2, C1.2a
RISK MANAGEMENT Disclose how the organisation identifies, assesses and manages climate-related risks	**❶ Describe the organisation's processes for identifying and assessing climate-related risks** The process for identifying, assessing and responding to climate-related risks – including those to our direct operations, as well as upstream and downstream risks – is integrated into CCEP's ERM processes and our overarching governance processes. Through our ERM we identify, measure and manage risk, and embed a strong risk culture across our business. CCEP's risk management framework looks at both risks and opportunities. As well as supporting the management of risks, it also guides how we can capitalise on opportunities. **❷ Describe the organisation's processes for managing climate-related risks** The responsibility for identifying and assessing individual risks, including climate-related risks, resides with the five Committees of CCEP's Board. The Audit Committee has overall responsibility for risk management at CCEP. Our ERM processes are overseen by our Chief Compliance Officer (CCO) who leads CCEP's Compliance and Risk Department. The CCO chairs CCEP's Compliance and Risk Committee, which is comprised of a cross functional group of leaders and risk management experts. The Compliance and Risk Committee has overall responsibility for making decisions related to certain risk management activities, including the review and approval of our risk management strategy, policies and frameworks. The Compliance and Risk Committee is responsible for overseeing and approving company wide enterprise risk practices, and ensuring that management has identified and assessed all material risks faced by the organisation, and has established an infrastructure capable of addressing those risks. **❸ Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management** The CCO presents at meetings of the Audit Committee, Compliance and Risk Committee and leadership team meetings on risk management and shares the results of the top down annual ERA and other bottom up risk assessments. Our PACS Officer is the ELT member with overall management responsibility for CCEP's CSR Committee. They have primary ownership of sustainability issues – including climate-related risks, GHG emissions reporting, public disclosure of climate-related risks and other policy and sustainability-related topics. Our CEO, CCSSC Officer and PACS Officer are responsible for providing management updates on topics related to climate change (including packaging and GHG emissions) and water stewardship to CCEP's Board of Directors, and its CSR Committee. This includes sustainability-related issues of importance to our stakeholders, legislative and regulatory issues affecting CCEP, and updates on progress and performance against CCEP's publicly stated sustainability goals.	**2021 Integrated Report** Read about our Principal risks on ***pages 42–47*** **CDP questionnaire 2021:** ❶ C2.2 ❷ C2.2 ❸ C2.2
METRICS AND TARGETS Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material	**❶ Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process** We use a variety of metrics to track our progress on climate action. Our comprehensive disclosure includes transparency on Scope 1, 2 and 3 emissions across all of our markets, including a breakdown of greenhouse gases and CO_2e by emissions source. We report Scope 2 emissions on a market and location based approach. In addition, we also report absolute and normalised emissions data. **❷ Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks** We disclose our Scope 1, 2 and 3 emissions within the framework of our annual carbon footprint reporting process. **❸ Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets** Through our This is Forward sustainability strategy we measure, monitor and manage our sustainability targets. We launched a new climate strategy in December 2020, including an ambition to reach net zero emissions by 2040 and to reduce our absolute GHG emissions across our value chain by 30% by 2030 (versus 2019). Our 2030 GHG reduction target has been approved by the SBTi as being in line with a 1.5˚C reduction pathway, as recommended by the Intergovernmental Panel on Climate Change. Our targets were set for our business in Europe, and in 2022 we will set a new science based emissions reduction target, including our API territories.	**2021 Integrated Report** Read more in the Action on climate section on ***pages 23–26*** **CDP questionnaire 2021** ❶ C4.2, C9.1 ❷ C6.1, C6.3, C6.5 ❸ C4.1, C4.1a, C4.2

(A) Our disclosures are set out in greater detail in a separate CDP questionnaire to make it easier for readers to find the relevant information.

*See **www.cocacolaep.com/assets/sustainability/documents/b2610a8278/CDP-climate-response-2021.pdf***

Action on – Climate

COP26 has underlined that urgent climate action is needed if we are to limit global temperature increase to 1.5°C. We're committed to decarbonising our business, aiming to reach net zero emissions by 2040 – 10 years ahead of the Paris Climate agreement.

The world is at a critical point. The Intergovernmental Panel on Climate Change (IPCC) has outlined the urgency of reaching net zero emissions by 2050 at the latest. Governments and businesses around the world must take urgent action now.

That is why we launched a new climate strategy in December 2020, including an ambition to reach net zero emissions by 2040 and to reduce our absolute GHG emissions across our value chain by 30% by 2030 (versus 2019). Our 2030 GHG reduction target has been approved by the SBTi as being in line with a 1.5˚C reduction pathway, as recommended by the IPCC. Our targets were set for our business in Europe, and in 2022 we will set a new science based emissions reduction target, including our API territories.

Over 90% of our value chain GHG emissions come from our supply chain. So we have committed to supporting our strategic suppliers to set their own science based carbon reduction targets and to shift to 100% renewable electricity by 2023.

To support our climate strategy and drive reductions in GHG emissions across our business, we have included a GHG emissions reduction target in our LTIP for senior management. This metric has a 15% weighting and is included alongside traditional financial metrics, including EPS and ROIC.

Carbon reduction roadmaps

When we launched our net zero 2040 ambition, we identified a series of initiatives to reduce our GHG emissions over three years supported by a €250 million investment.

In 2021, we began to develop carbon reduction roadmaps for each of our European markets. These roadmaps will help to prioritise initiatives to reduce our GHG emissions, including programmes across our value chain in packaging, operations, transportation and CDE.

We have also established an executive governance structure, supported by work streams across our business, to ensure that our climate strategy is embedded throughout CCEP and that we have a framework in place to evaluate our carbon reduction progress.

Transitioning to a low-carbon future

Using renewable electricity is a key element of our sustainability journey. In Europe we have purchased 100% renewable electricity since 2018; we're targeting 100% renewable electricity in Australia and New Zealand by 2025 and in other API territories by 2030.

We continue to invest in renewable and low-carbon energy projects at our production facilities, including direct solar, wind, combined heat and power and hydropower located at our own facilities.

Solar energy is a key part of our renewable electricity strategy and eight production facilities across Belgium, France and GB now source electricity from on-site solar installations. In 2021, we also completed a three year solar panel project at our Cibitung production facility in Indonesia, the second largest rooftop solar project in South East Asia and the fourth largest in the world.

We continue to invest in our production facilities to make them energy efficient and reduce carbon emissions. For example, our carbon neutral certified mineral water production facility in Vilas de Turbón, Spain, has reduced

Case study

Carbon neutral production facilities

As part of our net zero ambition, we are aiming for at least eight of our production facilities to be PAS2060 certified as carbon neutral by the end of 2023.

In 2021, three of our production facilities, in Belgium, Spain and Sweden, were certified as carbon neutral. All three sites use 100% renewable electricity and have changed their production processes to significantly reduce their carbon emissions.

To offset remaining carbon emissions at the sites, we have purchased Gold Standard certified carbon credits from a project in Colombia which will support an area of savannah, that has been damaged by agricultural activity, through reforestation and the restoration of its ecosystem.

Action on – Climate

CONTINUED

its total emissions over the past five years by 36% per litre of product produced by installing energy efficient LED lighting across the site, and by the installation of a biomass boiler that uses sustainably sourced wood pellets in place of fossil fuels. In the next five years, we will be investing €13 million in switching from gas to battery powered fork lift trucks across our GB production facilities, which will reduce our GHG emissions by 1,500 tonnes CO_2 emissions every year.

We are working with our CDE suppliers to make our equipment more energy efficient across our territories, including by removing older, inefficient models from the market and replacing them with newer, more efficient equipment. This has enabled us to reduce the electricity our customers use by 9.9% versus 2020.

Together with our customers, we are creating sustainable solutions, such as supporting the hospitality industry on its net zero journey. For example, our Net Zero Pubs, Bars and Restaurants Initiative in GB enables businesses to reduce carbon emissions across their value chain. Pubs, bars and restaurants that follow the net zero protocol can either be certified as net zero or have a net zero target date endorsed.

> "CCEP committed to power its entire operations across API with 100% renewable electricity. Setting this target in this region sets a strong example for other companies to follow."

Jon Dee, Australian Coordinator RE100

Cutting carbon in transport

We work hard to reduce the GHG emissions of our transportation and distribution networks. In 2021, we joined The Climate Group's EV100 initiative, committing to accelerate our transition to electric vehicles by 2030 in Europe. To support this goal, in Germany we have a target to switch over 2,000 company cars in our sales fleet to electric vehicles by 2025.

Our other carbon reduction initiatives include shifting the transportation of our products from road to rail freight. For example, at 13 of our production facilities in Germany we are working with freight provider, DB Cargo, to facilitate the long distance transportation of our products via rail.

In 2022, in the Netherlands, all of our third party logistics providers will switch to using HVO100 (hydrotreated vegetable oil), a biofuel, to transport our drinks. As biofuel emits 90% less CO_2 than fossil fuel, this change will reduce the impact of the 7.5 million kilometres that are driven annually transporting our products in the Netherlands. We are the first soft drinks company in the Netherlands to make this switch.

Carbon offsetting

We are taking a limited approach to the use of carbon offsetting, in line with SBTi net zero best practice guidance. We are focused on decarbonising our business in line with a 1.5˚C reduction pathway, and when we can no longer reduce our emissions, we will offset where necessary to help us reach net zero.

In the short term, to offset the remaining emissions from some areas of our business – such as our carbon neutral sites – we will be using Gold Standard, or Verra/VCS certified carbon credits from existing carbon removal projects. Over the long term, we will look to work with partners to develop nature based solutions that can provide carbon removal, water replenishment and biodiversity benefits.

Using our voice for change

As an influential global business, we use our voice to guide public policy and drive transition to a low-carbon future. In 2020, with the launch of our new climate ambition, we joined The Climate Pledge, which brings together international businesses committed to reaching net zero GHG emissions by 2040, 10 years ahead of the Paris Agreement deadline.

In 2021, we joined over 700 of the world's largest organisations in the We Mean Business Coalition to call for G20 nations to step up their climate ambitions and adopt stronger targets to mitigate the worst effects of climate change.

We are a proud member of The Climate Group's RE100 initiative across Europe and API, a group of organisations committed to 100% renewable electricity. We are also a member of the Corporate Leaders Group, supporting European Union (EU) policymakers in their work to increase the EU's GHG emissions reduction targets for 2030, in line with the EU's goal to become carbon neutral by 2050.

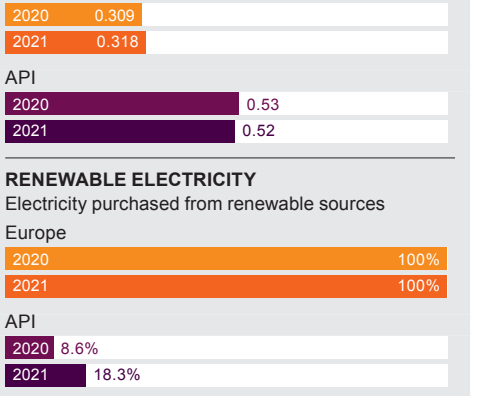
Working with our suppliers

Together with TCCC, we are working with our suppliers to reduce the carbon footprint of our ingredients and packaging, the largest contributors to the carbon footprint of our supply chain. See action on packaging pages 27–28 and action on supply chain pages 35–36 for more information about the progress we are making in helping our suppliers to reduce their emissions.

Our progress[(A)]

ENERGY USE

Energy use ratio (MJ/litre of product produced)



RENEWABLE ELECTRICITY

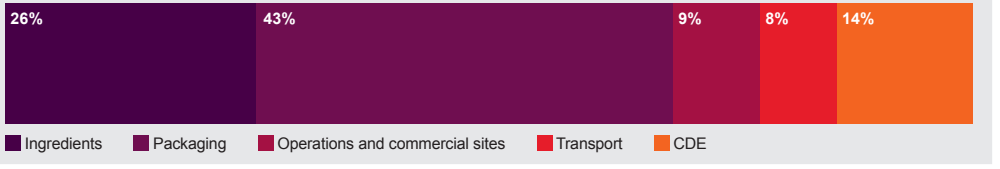
Electricity purchased from renewable sources

(A) The acquisition of API completed on 10 May 2021. The API sustainability metrics are presented on a full year basis for 2021 and 2020 to allow for better period over period comparability.

*Read more at **www.cocacolaep.com/sustainability/this-is-forward/action-on-climate***

*See our website for our disclosure against the recommendations of TCFD **www.cocacolaep.com/sustainability/download-centre***

GHG emissions across our value chain in Europe



Action on – Climate

CONTINUED

EUROPE

GHG emissions (Scope 1, 2 and 3)

Details of our Scope 1, 2 and 3 GHG emissions in tonnes of CO_2 equivalent (stated as CO_2e) during 2021 are set out in table 1. Our Scope 1 and 2 emissions are independent of any GHG trades, and our Scope 2 emissions are reported using both a location based and a market based approach.

Details about our Scope 3 GHG emissions in our value chain (including emissions related to our ingredients, packaging, CDE and third party transportation), are also reported in the table. Additional Scope 3 figures will be included in our 2021 CDP response.

Our carbon footprint is calculated in accordance with the WRI/WBCSD GHG Protocol Corporate Standard, using an operational control approach to determine organisational boundaries.

Our total Scope 1, 2 and 3 GHG emissions (full value chain) have reduced by 12.4% versus 2019 and by 38.9% versus 2010.

Intensity ratios

CCEP – Europe

GHG emissions (Scope 1 and 2) per litre of product produced (market based Scope 2 approach): 17.17g CO_2e/litre of product produced.

GHG emissions (Scope 1 and 2) per euro of revenue (market based Scope 2 approach): 18.10g CO_2e/euro of revenue.

UK and UK offshore

GHG emissions (Scope 1 and 2) per euro of revenue (market based Scope 2 approach): 14.35g CO_2e/euro of revenue.

Note on sources of data and calculation methodologies

Under the WRI/WBCSD GHG Protocol, we measure our emissions in three scopes, except for CO_2e emissions from biologically sequestered carbon, which we report separately outside these scopes. Our baseline year has been updated to 2019, following approval of our new science based GHG emissions reduction target at the end of 2020. Our baseline figures for 2019 and our 2020 data have been restated to include new emission sources and more accurate data.

Data is consolidated from a number of sources across our business and is analysed centrally. We use a variety of methodologies to gather our emissions data and measure each part of our carbon footprint, including packaging and ingredients, natural gas and purchased electricity, refrigerant gas losses, CO_2 fugitive gas losses and transport fuel, water supply, wastewater and waste management and CDE. We use emission factors relevant to the source data including UK Department for Business, Environment and Industrial Strategy (BEIS) 2021 and International Energy Agency (IEA) 2019 emission factors.

Scope 1 figures include direct sources of emissions such as the fuel we use for manufacturing and our own vehicles plus our fugitive emissions of CO_2.

Scope 2 figures include indirect sources from the generation of electricity we use at our sites. We report against this on both a location based and a market based approach. Commitments and key performance indicators are tracked using the market based approach.

Scope 3 figures include emissions from purchased goods and services (specifically the packaging we put on the market and the ingredients we use in our products); fuel and energy-related activities not already included in Scope 1 and 2 (e.g. emissions from well-to-tank and transmission and distribution); upstream transportation and distribution; waste generated in operations; business travel (including employee business travel by rail and air); upstream leased assets (including the home charging of company vehicles); use of sold products (including CO_2 emissions released by consumers); end of life treatment of sold products; and downstream leased assets (including the electricity used by our hot and cold drink equipment at our customers' premises). This accounts for over 90% of our Scope 3 emissions. Additional Scope 3 emissions, from capital goods, employee commuting and the use of sold products, are not included in our value chain figures below, and we will report on these separately as part of our 2021 CDP response. All other Scope 3 categories are not currently applicable to CCEP.

Emission factors used include industry and supplier data, Defra/BEIS 2021 and IEA 2019 emission factors. 0.13% of our value chain carbon footprint is based on estimated emissions (e.g. leased offices where energy invoices or the square metre footage size of the site is not available). The figures for 2021 in table 1, along with selected information on our website, are subject to independent assurance by DNV GL in accordance with the ISAE 3000 standard. The full assurance statement with DNV GL's scope of work, and basis of conclusion, will be published on our website in May 2022.

API

Over the course of 2021 and 2022, we are working to develop a full GHG emissions inventory for API markets, including Scope 1, 2 and 3 GHG emissions.

For 2021 our reporting is limited to Scope 1 and 2 GHG emissions for our API markets. Our intention is to report Scope 1, 2 and 3 GHG emissions for API markets in future years.

GHG emissions (Scope 1 and 2)

Details of our Scope 1 and 2 GHG emissions in tonnes of CO_2 equivalent (stated as CO_2e) during 2021 are set out in table 2. Our Scope 1 and 2 emissions are independent of any GHG trades, and our Scope 2 emissions are reported using both a location based and a market based approach.

Our scope of GHG reporting covers our bottling and production facilities for alcoholic and non-alcoholic beverages under our operational control, or where we have significant financial control. This excludes warehouses, packaging production sites and corporate offices. It also excludes emissions from our own vehicles, or fugitive emissions of CO_2.

Intensity ratios

CCEP – API

We have not reported GHG intensity ratios for API, as the different scope of GHG emissions reporting compared to Europe would not allow a meaningful comparison.

Note on sources of data and calculation methodologies

Data is consolidated from a number of sources across our business and is analysed centrally. We use a variety of methodologies to gather our emissions data and measure each part of our operational carbon footprint, including natural gas and purchased electricity data. We use emission factors relevant to the source data including Australia National Greenhouse Accounts factors.

Scope 1 figures include direct sources of emissions such as the fuel we use for manufacturing.

Scope 2 figures include indirect sources from the generation of electricity we use at our sites. We report against this on both a location based and a market based approach.

For 2021, we have not reported Scope 3 for API markets.

The figures for 2021 in table 2, along with selected information on our website, are subject to independent assurance by DNV GL in accordance with the ISAE 3000 standard. The full assurance statement with DNV GL's scope of work, and basis of conclusion, will be published on our website in May 2022.

Action on – Climate

CONTINUED

Table 1
CCEP – EUROPE

Tonnes of CO_2e		2021	2020	2019 Baseline
Scope 1	Direct emissions (e.g. fuel used in manufacturing, own vehicle fleet, as well as process and fugitive emissions)	205,244	196,926	229,748
Scope 2 (market based approach)	Indirect emissions (e.g. electricity)	4,396	4,768	6,006
Scope 2 (location based approach)	Indirect emissions (e.g. electricity)	123,838	143,888	170,112
Scope 3	Third party emissions, including those related to our ingredients, packaging, CDE, third party transportation and distribution, waste in our operations and business travel	3,074,649	3,122,105	3,514,382
GHG emissions Scope 1, 2[A] and 3 (full value chain)		**3,284,289**	3,323,799	3,750,136

Energy use		
Direct energy consumption (Scope 1) (kWh)	747,192,658	703,792,425
Direct energy consumption (Scope 2) (kWh)	590,521,094	576,193,660

CCEP – UK and UK offshore

Tonnes of CO_2e		2021	2020
Scope 1	Direct emissions (e.g. fuel used in manufacturing, own vehicle fleet, as well as process and fugitive emissions)	37,494	35,152
Scope 2 (market based approach)	Indirect emissions (e.g. electricity)	2	12
Scope 2 (location based approach)	Indirect emissions (e.g. electricity)	16,728	16,906
GHG emissions Scope 1, 2[A]		**37,496**	35,164

Energy use		
Direct energy consumption (Scope 1) (kWh)	153,723,412	148,595,600
Direct energy consumption (Scope 2) (kWh)	85,389,551	78,464,328

(A) Market based approach only.

Table 2
CCEP – API[A]

Tonnes of CO_2e		2021	2020
Scope 1	Direct emissions (e.g. fuel used in manufacturing, own vehicle fleet, as well as process and fugitive emissions)	57,290	54,215
Scope 2 (market based approach)	Indirect emissions (e.g. electricity)	111,044	131,237
Scope 2 (location based approach)	Indirect emissions (e.g. electricity)	125,644	131,237
GHG emissions Scope 1, 2[B]		168,334	185,452

Energy use		
Direct energy consumption (Scope 1) (kWh)	306,210,138	283,523,540
Direct energy consumption (Scope 2) (kWh)	191,187,578	196,021,935

(A) The acquisition of API completed on 10 May 2021. The API sustainability metrics are presented on a full year basis for 2021 and 2020 to allow for better period over period comparability.
(B) Market based approach only.

Action on – Packaging

We are taking action to reduce the impact of our packaging and delivery solutions. We are innovating to use less packaging and driving packaging circularity, with a focus on reducing our use of fossil-fuel based plastic.

Packaging represents approximately 40% of our total value chain carbon footprint. We are taking action to drive down the footprint of our packaging as part of our path to zero: zero waste and net zero GHG emissions.

We aim to achieve this through the key pillars of our packaging strategy: removing unnecessary packaging; innovating in refillable and dispensed solutions; achieving 100% collection so that packaging can be recycled and reused; and increasing the recycled content of our packaging.

Packaging collection is critical to achieving a circular economy for packaging. While we have made good progress in Europe, Australia and Indonesia, challenges remain in markets which do not have deposit return schemes (DRS) and in regions where formal waste collection systems are not well established such as Fiji, Papua New Guinea and Samoa.

We are committed to partnering with governments, industry and civil society, and spearheading voluntary action, where needed, to drive the acceleration of well designed collection systems. This includes systems such as DRS (also known as container deposit schemes (CDS)) and directly funded models for packaging collection.

Our SPO streamlines all the technical and exploratory sustainable packaging work across our geographies, accelerates our innovation and supports progress towards our goals.

Reduce and remove

We continue to innovate with our partners and suppliers to reduce and remove packaging.

In 2021, we introduced a newly designed lighter weight neck on our PET bottles for carbonated soft drinks in Germany. Other European markets will convert to the new neck finish in 2022. This move will save 15,000 tonnes of CO_2e and 9,100 tonnes of plastic a year by 2024. Implementation ran in parallel with the trial and roll out of our solution for tethered closures, required by 2024 as provision of the EU's Single Use Plastic Directive.

In 2021, we continued to shift our can portfolio from steel to aluminium in Europe. As aluminium is lighter than steel, this will contribute to a carbon footprint reduction of about 100,000 tonnes of CO_2e by 2024.

We also continue to replace hard to recycle shrink wrap with 100% sustainably sourced, recyclable cardboard for multi pack cans in Europe. This includes Keel Clip, an innovative, minimalist paperboard solution, introduced in France in 2021. This new type of secondary packaging not only replaces the plastic wrap but also minimises the amount of paper and card required.

"Through our PET recycling facility, Amandina, we can increase our use of recycled plastic in Indonesia, and reduce the negative impact of plastic waste on the environment."

Emmeline Hambali, President Director at Amandina Bumi Nusantara

In 2021, we began the trial and roll out of tethered closures, a provision of the EU's Single Use Plastic Directive.

Case study

Partnership to progress circularity in Indonesia

Our Indonesian PET recycling plant is a joint venture with Dynapack Asia and construction commenced in 2021.

The state of the art rPET facility, run by Amandina Bumi Nusantara, will enable us to create a closed loop plastic packaging supply chain by producing food grade PET pellets made from post-consumer plastic bottles collected locally. The recycling plant is on track to enable us to start using rPET in our 390ml carbonated soft drinks bottles in 2022 in Indonesia.

We also established Mahija Parahita Nusantara, a non-profit foundation, working to improve the lives and welfare of 3,500 waste pickers working in the informal waste sector collecting high quality feedstock for the recycling plant in Indonesia.

Action on – Packaging

CONTINUED

In 2021, together with TCCC, we initiated a cross system approach to drive innovation in refillable packaging and dispensed delivery models, offering consumers new and convenient ways to enjoy our drinks, while eliminating packaging waste.

As part of this, we extended trials of new dispensed equipment in Europe, offering smaller on the go and at work locations the opportunity to provide consumers with their favourite drinks on demand. This innovation can have a lower carbon footprint compared to bottles or cans and will help us to reduce GHG emissions in Europe by 30% by 2030.

In 2021, we introduced soda syrups in Germany, a self-pour dispensed technology trial in Spain and a dispensed and refillable vessel trial in Sweden.

In France and GB, we work in partnership with Loop™, a ground-breaking zero waste shopping platform, which provides an alternative to single use packaging. In 2021, we extended an online trial into 10 stores with Tesco in GB, using refillable packaging that customers return after use, resulting in less plastic waste.

Driving circularity

In Europe, we continue to advocate for a well designed DRS and have been instrumental in establishing Circularity Scotland, which will help develop and administer the DRS we expect to see established in 2023. We are also supporting the introduction of DRS legislation in England and Wales.

In Fiji, we operate Mission Pacific, a plastic bottle and can recycling scheme, and we extended the scheme, in Samoa in 2021. We are also supporting the establishment of a container deposit scheme in New Zealand.

In Australia and Indonesia we are increasing onshore recycling capacity by investing in joint venture PET recycling plants. In Australia, two new plants will build a combined annual capacity of 40,000 tonnes of rPET by 2025. In Indonesia, an initial 15,000 tonnes a year in 2022 is expected to rise to 25,000 tonnes per year by 2023, with plans to expand to 50,000 tonnes a year by 2024.

In 2021, we accelerated our use of rPET in our PET bottles in both Europe and API, and announced further transitions to 100% rPET in Belgium, France and Germany. We moved to 100% rPET for single-serve bottles across GB, Australia and New Zealand and completed our transition to 100% rPET bottles in the Netherlands.

We continue to use the power of our brands to encourage recycling via on pack messages for Coca-Cola in Australia and New Zealand. In Australia our popular integrated marketing campaigns for Mount Franklin continued in 2021.

+50,000

tonnes more rPET produced in Indonesia a year by 2024

+40,000

tonnes more rPET produced in Austraila a year by 2025

Our progress[(A)]

PACKAGING RECYCLABILITY

Primary packaging that is recyclable or reusable[(B)]

Europe

2020	98.0%
2021	98.3%

RECYCLED PLASTIC

Percentage of PET used that is rPET

Europe

2020	41.3%
2021	52.9%

API

Australia

2020	58.2%
2021	59.8%

New Zealand

2020	39.2%
2021	42.3%

(A) The acquisition of API completed on 10 May 2021. The API sustainability metrics are presented on a full year basis for 2021 and 2020 to allow for better period over period comparability.
(B) Data only available for Europe.

*Read more at **www.cocacolaep.com/sustainability/this-is-forward/action-on-packaging***

Action on – Society

We are closely connected to our local communities, acting as a force for good and making a difference by supporting young people, promoting inclusion and diversity and protecting the environment.

Many of our local communities face significant challenges, from high levels of youth unemployment to social exclusion.

We are committed to supporting grassroots community partnerships, investing in initiatives that equip young people from disadvantaged backgrounds with the skills, confidence and employability to succeed in life. We also invest in projects that protect the environment and promote inclusion and diversity.

Our volunteering policy enables our people to support community activities from litter clean up campaigns to charity fundraising events and skills based volunteering.

We measure the social impact of our investments and contribution to local communities through the Business for Societal Impact Framework.

"Thanks to Projekt: LokalLiebe's donation, we were able to help people in need and provide clothing, sleeping bags and mats, fleece blankets, tents, food, drinks, masks and hygiene items."

Petra Höh, Chairwoman Care 4 Cologne e.V.

Community investment

Our community partnerships cover wide-ranging issues including youth development, diversity and inclusion and disaster resilience. We support our partners by providing financial investment, employee volunteering and product donations.

Youth development

Across our territories we have many community partnerships which support young people. In 2021, some of our activities were impacted by COVID-19 but we remain committed to our partnerships. This includes our work with FIER.E.S in France, an initiative that helps to build self-confidence and provides a pathway to employment for young people. In Germany, we support the German Foundation of Integration with Geh Deinen Weg, a two year mentoring programme helping young people with an immigrant background to integrate into German society and find opportunities. In New Zealand, we partner with Youthline, an organisation that supports young people who are struggling (with their mental health or other issues), as well as those who want to learn, grow and give back to their community.

+58,000

people supported in 2021 through our community programmes in Europe

Protecting our environment

We are committed to protecting our environment and support environmental programmes through investment and volunteering. These include our community based water replenishment partnerships in Belgium, France, GB, Portugal and Spain, and our land-based and marine litter clean up programmes across our territories.

Social inclusion

From our refugees and newcomers programmes in Belgium and the Netherlands, to supporting local foodbanks and food distribution charities across Europe and API, we help local communities and vulnerable groups. With TCCC, we support Special Olympics, the world's largest sports organisation for people with intellectual disabilities in Belgium, France, GB, Germany and the Netherlands. In Spain, supported by our Chairman, Sol Daurella, who acted as guest speaker at the event, we organised the fifth edition of GIRA Mujeres, a training programme for women who want to develop a business idea through entrepreneurship.

Disaster response and resilience

In 2021, in Fiji and Indonesia, we assisted first responders in times of environmental disaster and social upheaval by donating bottled drinks for communities. In Germany, many people and our production facility in Bad Neuenahr, were impacted by severe floods in July 2021. Together with TCCC we donated €400,000 to the Red Cross to support disaster relief in the affected regions, and distributed drinks to people in need.

Case study

Chaudfontaine for Chaudfontaine

In July 2021, floods in the Walloon region of Belgium caused enormous damage. Many homes, schools and roads were destroyed by the inexorable force of the water and our production facility in Chaudfontaine was severely impacted.

Together with TCCC and The Coca-Cola Foundation we donated €1 million to support the local community. This included a €250,000 donation (via The Coca-Cola Foundation) to the Belgian Red Cross to provide hot meals to flood victims. Together with TCCC we ran an on pack marketing campaign via our Chaudfontaine brand which included a €750,000 donation to help rebuild two schools in the local area.

In addition, more than 300 of our employees in Belgium volunteered their time to help the Chaudfontaine community response to the disaster.

Action on – Society

CONTINUED

Partnerships with our customers

In 2021, we worked with customers in remote indigenous communities in Australia to establish recycling programmes. In France, we partnered with social entrepreneurship NGO Groupe SOS to support 1,000 cafés, an initiative for rural communities to meet. In Germany, we continued our Projekt: LokalLiebe to enable participating local restaurants and bars to support charities and community groups. Through the initiative we donated two cents for every reusable glass bottle of ViO, Apollinaris and Honest brands sold. In 2021, over €53,000 was donated to 60 charitable projects nominated by participating outlets.

Support for local communities

Our "Support my Cause" initiative enables our people to nominate grassroots charitable and community causes for CCEP to support. In 2021, we donated €220,000 to 44 local charities and community groups across our European markets. In addition, we donated over €520,000 to support 158 grassroots charitable and community partnerships located close to our sites and offices. In API, we run many similar initiatives including our Employee Connected Grants programme in Australia, which is a partnership with the Coca-Cola Australia Foundation.

Volunteering in the community

We encourage our people to participate in volunteering activities connected to our sustainability commitments, such as litter clean up campaigns and charity fundraising events. Our employees in Europe can spend up to two paid working days each year volunteering for a charity or cause of their choice.

While we currently operate different regional policies related to employee volunteering, we will align our approach in 2022.

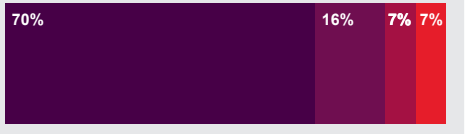
We develop volunteering programmes in collaboration with community investment partnerships and in 2021, our people took part in several volunteering activities across our territories. In GB, employees volunteered in the Treasure Your River campaign and we have active partnerships with Keep Britain Tidy, Keep Scotland Beautiful, Keep Wales Tidy and Rivers Trust; Mares Circulares in Portugal and Spain; River clean up and Dokano in Belgium; and Nature Protection Trinkwasserwald in Germany. In Indonesia, we support the Bali Beach Clean Up programme and Coca-Cola Forests, a tree planting and environmental education programme. In Fiji, we operate Mission Pacific, for the collection and recycling of our packaging, and support the Mamanuca Environment Society.

In Spain, during the 2021 Christmas season, over 150 volunteers worked alongside local NGOs, foodbanks and charities to distribute 16,000 meals to vulnerable people. As part of this initiative we donated over €278,000 to local charities.

*Read more at **www.cocacolaep.com/sustainability/this-is-forward/action-on-society-our-community***

TOTAL COMMUNITY CONTRIBUTION[(A)] €10.92 million

Europe €9.16 million



API €1.76 million

Total cash | Total in kind | Total volunteer time | Total management costs (cash and time)

(A) The acquisition of API completed on 10 May 2021. The API sustainability metrics are presented on a full year basis for 2021 and 2020 to allow for better period over period comparability.

*Read about our support for our people in our people section on **pages 37–39** and **www.cocacolaep.com/sustainability/this-is-forward/action-on-society-our-people***

17,102

hours volunteered by our employees in Europe to support local community projects in 2021

Action on – Drinks

From one iconic drink we've evolved into a total beverage company, offering consumers a greater choice of drinks, with and without sugar.

We support the current recommendation by several leading health authorities, including the World Health Organisation, that people should limit their intake of added sugar to no more than 10% of their total calorie consumption.

Working with TCCC and other franchisors, we are evolving our portfolio across all our territories, introducing new low and no calorie options, reformulating our recipes and promoting our low and no calorie drinks to consumers. We also offer drinks produced with organic, Fairtrade and Rainforest certified ingredients in our portfolio – never compromising on taste.

Our focus is on empowering consumers to make more informed choices by providing transparent product information, offering smaller pack sizes and championing responsible marketing.

In addition, we are working to deliver the highest product quality and safety to our consumers by incorporating The Coca-Cola Operating Requirements (KORE), which define operational controls and prioritise sustainable sourcing of our ingredients.

Great taste, less sugar

Working with TCCC and other franchisors, in Europe we have already made great progress in reducing the amount of sugar used in our soft drinks by 17.9% between 2015 and 2021; representing a reduction of 22.2% since 2010, equivalent to 232k tonnes of sugar removed.

We are a long standing member of the Union of European Soft Drinks Associations (UNESDA) which represents Europe's soft drinks industry and we support its industry led pledge to reduce average added sugars in soft drinks by another 10% by 2025 versus 2019 across Europe.

In 2021, we introduced new low and no calorie drinks, including Monster Ultra Fiesta in France and GB, Chaudfontaine Bio in Belgium and Fuze Tea Peach Elderflower in Germany, Norway and Sweden.

In Australia, Indonesia and New Zealand, we have clear sugar reduction targets across our drinks portfolio. In Australia we are committed to reducing average sugar per 100ml by 20% by 2025 (versus 2015). In Indonesia we are committed to reducing average sugar per 100ml by 35% by 2025 (versus 2015); and by 20% by 2025 (versus 2015) in New Zealand.

In 2021, we introduced new reduced sugar drinks including Fanta Raspberry in Fiji and Schweppes Ginger Ale and Tonic Water in Indonesia.

In Europe, we are aiming for 50% of our sales to come from low or no calorie drinks by 2025 and we actively influence people to reduce their daily sugar intake by raising awareness of our low-calorie drinks through our point of sales communications. In API, we continue to implement our wellbeing initiatives by introducing and promoting low and no sugar drinks. This includes our promotion of Coca-Cola No Sugar in remote Indigenous communities in Australia in respectful collaboration with our retail partners and their communities. Since 2015, this work has delivered a 26.1% decrease in average sugar per 100ml sold through our 134 partner stores.

Across our territories, we are also innovating to help consumers control their calorie and sugar intake by offering choice for every occasion. In Europe 4% of our sparkling soft drinks by volume is now in packs of 250ml or less.

Since 2010 we have introduced

790

low and no calorie drinks and changed the recipe for 235 products to reduce sugar content in Europe

Case study

Reformulation of Coca-Cola Zero Sugar

Globally, our reformulation of Coca-Cola Zero Sugar (or "Coca-Cola No Sugar" in some countries) is the result of years of innovation to deliver a new and improved taste as close as possible to Coca-Cola Classic, with no sugar.

We launched this new Coca-Cola Zero Sugar in 2021 across many of our European and API territories, and New Zealand will follow in 2022.

Action on – Drinks

CONTINUED

Enjoy choice, enjoy taste

To offer consumers more choice we have increased our portfolio of drinks to include RTD teas, organic soft drinks, beverages with nutritious benefits, coffee and alcohol with TCCC and our franchisors.

In 2021, we launched Ocean Spray Pink in France, a sparkling juice blend with the flavour of cranberries for a light and refreshing taste. In Portugal, we also launched Fanta Guaraná, the first zero sugar guaraná flavoured beverage in the market.

The expansion of our coffee portfolio across Europe saw the launch of Costa Coffee in Belgium, Norway and Spain in 2021, following its launch in Germany in 2020.

Our coffee brand Grinders in Australia is now Rainforest Alliance certified, supporting more sustainable practices for about two million farmers in 63 communities.

Clear, straightforward information

We are committed to providing clear and transparent nutritional product information, including detailed sugar and calorie content.

In 2009, we were one of the first companies to voluntarily introduce Guideline Daily Amount labelling on all of our packaging.

Since 2017, our bottles in Europe and Australia have featured a servings per pack icon to show the amount of 250ml portions in a multi serve pack.

We align with all global and local legislation and are encouraged to see growing support for colour based interpretive product labelling across the EU. We are closely monitoring developments related to the EU-led process for nutrition labelling.

In Australia, we adopted the voluntary front of pack Health Star Rating on all our non-alcoholic drinks. The labelling system rates the nutritional profile of our drinks and helps consumers make healthier choices.

Responsible marketing

Our clear policies and guidelines ensure we market our drinks responsibly. In Europe, through UNESDA we commit not to advertise in printed media, online or during broadcast programmes aimed specifically at children. Across our territories, we do not advertise or market any products to children under 12.

Through our Responsible Sales and Marketing Principles we provide clear guidance to ensure that we are honest and transparent in everything we do, that we aim to never mislead consumers, and that we should take every opportunity to help consumers make informed choices about what they drink. In 2021, we updated these principles and briefed all our sales and marketing teams.

Where we distribute drinks that contain alcohol, we respect the local code of practice for responsible marketing and promotion, including messaging on responsible drinking and marketing products in channels such as hospitality where consumers are adults over local legal purchase age.

> "CCEP has been our partner for many years in remote Australia, and has ensured consistency of supply as well as support for strategic initiatives such as the wellbeing strategy to address community health, resulting in economic and employment benefits for local communities."

Ian Copeland, CEO, Community Enterprise Queensland

Our progress[A]

SUGAR REDUCTION SINCE 2015

Reduction in average sugar per litre in our soft drinks portfolio since 2015

Europe

2020	15.3%
2021	17.9%

API

Australia

2020	11.2%
2021	14.9%

Indonesia

2020	17.2%
2021	20.9%

New Zealand

2020	9.3%
2021	13.4%

SUGAR REDUCTION SINCE 2010

Reduction in average sugar per litre in our soft drinks portfolio since 2010

Europe

2020	19.8%
2021	22.2%

LOW AND NO CALORIES

Products sold that are low or no calorie

Europe

2020	47.7%
2021	48.6%

API[A]

Australia

2020	41%
2021	44%

Indonesia

2020	14.3%
2021	31.8%

New Zealand

2020	35.5%
2021	37.4%

(A) The acquisition of API completed on 10 May 2021. The API sustainability metrics are presented on a full year basis for 2021 and 2020 to allow for better period over period comparability.

*Read more at **www.cocacolaep.com/sustainability/this-is-forward/action-on-drinks***

Action on – Water

We are committed to responsible water use: reducing our own water consumption and sustainably managing local water sources in partnership with local communities.

Climate change impacts are continuing to exacerbate water scarcity and water quality, which provide a significant risk to the economy and wider society.

CCEP relies upon a sustainable and high quality water supply. It is the main ingredient in our products, is essential for our manufacturing processes and is critical for our ingredients. A reduction in the availability or quality of water where we produce our products or source our ingredients could significantly impact our business.

To address these challenges and protect our water resources, we have adopted a value chain approach to water management. Our approach to water stewardship is aligned with TCCC's 2030 water strategy. This approach to water security allows us to prioritise the areas of our value chain – both operations and sourcing regions – most at risk from water stress. We are developing water reduction targets across our European and API operational sites, reflecting the needs of our local sites and sourcing regions.

We measure performance through our water use ratio, which is the average amount of water we need to produce a litre of product. In 2021, our water use ratio in Europe was 1.58 litres of water per litre of product produced – a reduction of 13% since 2010. In API our water use ratio was 1.75 per litre of product produced. In 2022, we will update our water use targets as part of our This is Forward sustainability action plan.

We return 100% of our wastewater safely to nature and our community based partnerships across our territories replenish the water we use in areas of water stress.

Water approach

Our water risk mapping is based upon a series of risk assessments. All our sites are assessed through a global enterprise water risk assessment which uses the World Resources Institute's (WRI) global water risk mapping. This is supported by local Facility Water Vulnerability Assessments (FAWVAs).

Through the WRI Aqueduct Water Stress mapping tool, we know that 22 of our 45 production facilities in Europe, and three of our 24 production facilities in API are located in areas of high baseline water stress[(A)]. In 2021, these sites used 10.7 million m³ of water in our production volume in Europe, and 1.37 million m³ of water in API. This represented 55.6% of our total production volume in Europe, and 22.6% in API.

In 2020, all of our production facilities completed their first annual FAWVA, allowing us to assess a wider range of physical, regulatory and social risks. We used this assessment to categorise our sites into "leadership", "advanced efficiency" and "contributing locations" (based on the level of local water risk) and set local context-based targets. Based upon the FAWVAs, eight of our production facilities in Europe, and four in API have been identified as "leadership locations", representing 7.9 million m³ of our total water volume.

Sites in leadership locations are those which rely on vulnerable water sources or have a high level of water dependency. These sites have the highest water reduction targets, and aim to achieve 100% regenerative water use. This means finding a beneficial use for our wastewater and replenishing any remaining water through replenishment projects in the local watershed.

The FAWVAs are supported by source vulnerability assessments (SVAs), which are undertaken at a local level every five years and are aligned to the Alliance for Water Stewardship Standard. The FAWVAs and SVAs feed into our site water management plans (WMPs), which support target management, climate resilience, data sharing and reporting. In 2021, all our non-alcoholic drinks production facilities had SVAs and WMPs in place.

Improving water security

Our manufacturing and cleaning processes are as water efficient as possible and we continue to invest in our equipment in order to reduce our water use.

In 2021, we reduced the rinsing time of our glass bottles at our Jordbro production facility in Sweden and saved 1.2 million litres of water a year. In Belgium, we will save up to six million litres of water using new vacuum pump fillers for beverage filling processes that we introduced in 2021. We are piloting a project in Spain to track production line water usage through metering and online live tracking, and we aim to roll this out across Europe and API over 2022 and 2023.

Water replenishment

We aim to achieve 100% regenerative water use in the areas where it matters most: leadership locations where we have identified local water risks. This means we will aim to reduce the water we use in these facilities as much as possible, find a beneficial use for any wastewater and replenish 100% of the water used in these locations.

We also aim to continue to replenish 100% of the water that we use where it is sourced from areas of water stress.

(A) Soft drink production facilities only. In 2021, we closed two of our production facilities in Europe, but the production volumes from these facilities are included up until point of closure.

"With the support of the Coca-Cola Foundation, we will be able to restore biotopes such as fens and wet heath in order to return unique plants and animals to nature."

Filip Hebbrecht, Responsible Partnerships at Natuurpunt

Case study

Water replenishment project Catalyst

Project Catalyst, a joint collaboration between The Coca-Cola Foundation, sugar cane farmers in Queensland, Australia, WWF Australia, natural resource management bodies and the Federal Government, aims to reduce the agricultural runoff impacting the Great Barrier Reef.

The project supports sugar cane growers to adopt beneficial and sustainable farming practice changes, and improve the quality of waters impacting the reef.

Since 2009, the initiative has grown to include more than 130 farmers, improving the quality of 150 billion litres of water flowing into the reef and has reduced runoff by 180 tonnes per year. In 2021, 8.1 billion litres of water have been replenished through the project.

Action on – Water

CONTINUED

In 2021, together with TCCC and The Coca-Cola Foundation, we managed 22 water replenishment projects in Europe and 6 in API. As a result, we replenished 27 million m³ of water across our territories; including 15.5 million m³ in Europe and 11.5 million m³ in API. This represents 226% of the water we sourced to make our drinks in areas affected by water stress in Europe, and 463% in API.

Our water replenishment programmes include a programme with The Coca-Cola Foundation and Natuurpunt in Belgium to replenish 247 million litres of water per year over the next four years, through the redesign of heath and fenlands located in the same river basin as our production facility in Antwerp. In Spain, we continue supporting Misión Posible: Desafío Guadalquivir (Mission Possible: Guadalquivir Challenge) a project based in Seville and Cádiz and run in partnership with WWF and The Coca-Cola Foundation. The project aims to improve the irrigation of agricultural crops in the area and the biodiversity of the Guadalquivir river by restoring a nearby marsh.

Water work with local government

We collaborate with NGOs, local authorities, businesses and communities throughout our territories to improve water efficiency and protect the health of our watersheds.

In 2021, we met the French government to discuss water allowances at our production facility in Dunkirk and will commence a water replenishment programme in 2022.

In 2021, we also met with local water supplier Brabant Water in the Netherlands to discuss reduction, reuse and replenishment opportunities at our production facility in Dongen, and had our water extraction permit extended, acknowledging our strong long-term water management strategy.

Restoring nature

Preservation of natural ecosystems is key to our long-term success and sustainability. We aim to leave nature in a better state than how we found it, building adaptation and resilience into our key operating and sourcing regions.

We are committed to restoring and enhancing biodiversity and nature by investing in nature based solutions that remove GHG emissions, support our water stewardship goals and eliminate deforestation across our value chain.

In 2022, we aim to develop clear commitments and set measurable, time bound targets on biodiversity and deforestation across our combined business. We will also expand our existing understanding of biodiversity risks within our own operations, by conducting a biodiversity risk assessment.

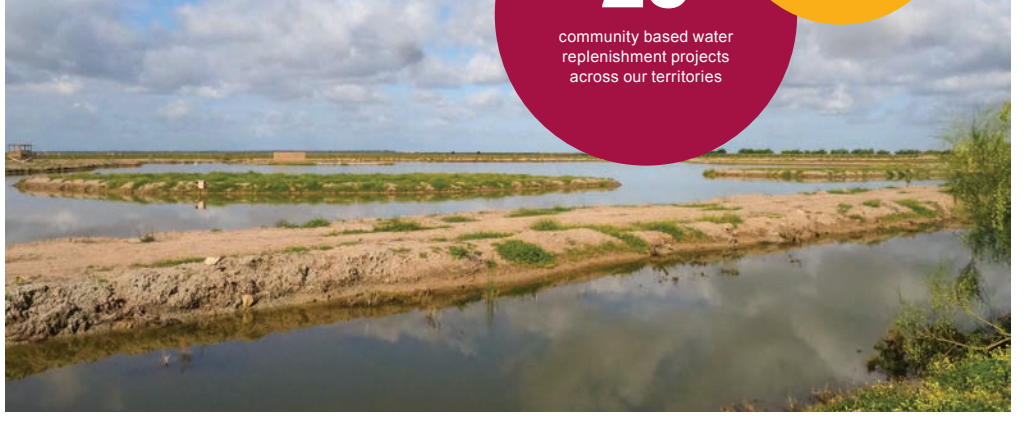
ALLIANCE FOR WATER STEWARDSHIP

EUROPEAN WATER STEWARDSHIP

Already holding a gold European Water Stewardship certificate since 2013, our mineral water bottling plant in Chaudfontaine, Belgium, obtained a platinum certificate for sustainable water management from the worldwide Alliance for Water Stewardship in 2021, as did our production facility in Dongen – the first site to receive this standard in the Netherlands.

27 million m³ water replenished across our territories

28 community based water replenishment projects across our territories



Our progress[A]

WATER USE

Water use ratio (litres of water/litre of product produced)

Europe

2020	1.57
2021	1.58

API[B]

2020	1.84
2021	1.75

WATER REPLENISHMENT

Amount of replenished water we used in our drinks, sourced from areas of water stress

Europe[C]

2020	275%
2021	226%

API[D]

2020	486%
2021	463%

(A) The acquisition of API completed on 10 May 2021. The API sustainability metrics are presented on a full year basis for 2021 and 2020 to allow for better period over period comparability.
(B) Excludes the amount of water used for the production of products that contain alcohol.
(C) Based upon production volumes from 22 sites assessed as being in areas of baseline water stress (WRI).
(D) Based upon production volumes from three sites assessed as being in areas of baseline water stress (WRI).

*Read more at **www.cocacolaep.com/sustainability/this-is-forward/action-on-water***

Action on – Supply chain

The quality and integrity of our products depends on sustainable global supply chains with successful and thriving farming communities and ecosystems where human rights are respected.

We rely on global supply chains to make, sell and distribute our products, yet these supply chains are under increasing pressure from population growth, increased demand for food products and climate change.

We are committed to sustainably sourcing 100% of our agricultural ingredients and raw materials. Together with TCCC, we work collaboratively with our suppliers to support biodiversity and ecosystems, to respect and protect the human rights of everyone working across our supply chain and create systemic and sustainable change. We believe sustainable supply chains offer solutions to major challenges including human rights, water security, climate resilience, GHG emissions reduction and women's empowerment.

We ensure our suppliers respect our Code of Conduct and make a positive impact on society, in line with the United Nations' Guiding Principles on Business and Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the United Nations' Global Compact.

Responsible sourcing

In Europe, we source products from around 13,200 suppliers and 83% of our spend (excluding concentrate and juices purchased from TCCC and other franchisors) is with suppliers based in our territories.

We are committed to sustainably sourcing ingredients for our drinks, including water, sugar beet, sugar cane, coffee, tea and fruit juices, and raw materials for our packaging such as glass, aluminium, PET and paper. While we currently operate different regional principles to measure supplier compliance on sustainability and track progress, we are aligning our activities in Europe and API to create a single global responsible sourcing programme, which we will launch in 2022.

In Europe, we operate TCCC's Supplier Guiding Principles (SGPs) and Principles for Sustainable Agriculture (PSA). In API, we track compliance on sustainability through Responsible Sourcing Guidelines (RSGs), SGPs and PSA. The SGPs set minimum requirements for labour conditions, health and safety, and human rights. The PSAs apply to agricultural ingredients and raw material suppliers, covering sustainable farm management, including the protection of woodlands from deforestation and minimising impacts on biodiversity. Our RSGs cover supplier performance related to business ethics, human and workplace rights, the environment, and providing benefits to communities.

TCCC commissions independent audits to monitor how our ingredients and packaging suppliers comply with SGPs and RSGs. PSA compliance is verified through adherence to global third party sustainable agriculture standards approved by TCCC.

We work in partnership with EcoVadis, an independent evaluation company to rate the sustainability performance of our suppliers, including environment, carbon management, human rights and fair business practices. In Europe, we are aiming for our suppliers to achieve an average overall score of 65 by 2025. In 2021, these suppliers had an average overall score of 59 out of 100.

Case study

Reaching net zero with our suppliers

Over 90% of our value chain GHG emissions come from our supply chain and we are collaborating with our suppliers, helping them to reduce their emissions.

A year after we launched our net zero 2040 ambition and 2030 emissions reduction target in Europe, we are making significant progress with our suppliers.

We have asked them to take action on three key areas by 2023: set SBTi validated GHG emissions reduction targets; commit to using 100% renewable electricity across their own operations; and to share their carbon footprint data with CCEP.

By the end of 2021, 47% of our "carbon strategic suppliers" in Europe (i.e. those suppliers that account for over 80% of our Scope 3 emissions) were engaging directly with SBTi to set their own science based targets. This represents a significant increase from 2020.

We are also working to understand supplier specific emission factors for carbon strategic suppliers across core aspects of our supply chain, such as packaging. This will be critical in helping us to build a more accurate picture of our Scope 3 emissions and reflect the impact of our suppliers' actions.

Action on – Supply chain

CONTINUED

In 2021, CCEP was awarded platinum status by EcoVadis, with a total score of 81 out of 100. This places CCEP in the top 1% of companies in our sector.

Protecting inherent rights and freedoms

Human rights are fundamental to how we run our business and the communities in which we operate. We are committed to ensuring everyone who works at CCEP and in our supply chain is treated with dignity and respect. In 2021, we provided human rights training to all procurement employees in Europe.

We continue to improve the validation and proactive management of our suppliers in key areas such as human rights and modern slavery. This includes our collaboration with EcoVadis, via technology platform IQ, which allows us to screen our entire supply base and understand inherent risks by country and industry. In 2021, we started using data gathered through IQ to proactively manage sustainability risks across our supply base. In addition, in partnership with Resilinc, we successfully piloted an artificial intelligence tool for proactively identifying potential risks that could impact our business through our supply network beyond our direct suppliers. We will roll out the tool across our territories in 2022.

In API, we drive positive social outcomes via specific social procurement programmes, and focus on supporting and upholding the human rights of vulnerable or disadvantaged groups. In 2021, we spent approximately €3 million with social enterprises that support employment opportunities for disadvantaged groups in Australia.

> "Together with CCEP we are taking action towards a low carbon future by reducing our emissions through a commitment to science based targets. Sustainability is at the centre of our recently published strategy. Nordzucker is proud to work with a company that shares our goals."

Alexander Godow, COO Nordzucker AG

Our progress[(A)]

SPEND COVERED BY GUIDING PRINCIPLES

Our spend with suppliers that are covered by the SGPs

Europe

2020	97%
2021	97%

Our spend with suppliers that are covered by the RSGs

API[(B)]

2020	91.6%
2021	90.3%

SUSTAINABLY SOURCED SUGAR

Sugar sourced from suppliers that comply with the PSA

Europe

2020	100%
2021	100%

API

2020	92%
2021	100%

SUSTAINABLY SOURCED PULP AND PAPER

Pulp and paper sourced from suppliers that comply with the PSA

Europe

2020	100%
2021	100%

API[(C)]

2021	96%

(A) The acquisition of CCL completed on 10 May 2021. The API sustainability metrics are presented on a full year basis for 2021 and 2020 to allow for better period over period comparability.
(B) Supplier spend in Australia, Indonesia and New Zealand only.
(C) 2021 is the first year we track PSA compliance for pulp and paper.

*Read more at **www.cocacolaep.com/sustainability/this-is-forward/action-on-supply-chain***

Our people

We are grateful for the passion, talent and hard work our people contribute to create our company culture and deliver sustainable growth. We provide a workplace that promotes wellbeing, inclusion and respect, where people at every level can be heard, grow and have a positive experience.

Being well

Our people's physical and mental wellbeing remain our priority and we promote this in our workplace. Throughout the COVID-19 pandemic, we have taken measures to ensure our people can continue to work safely and feel supported. At a global level, physical safety ranked number one and personal wellbeing scored positively in our engagement and culture pulse survey in June 2021.

We continue to embed a strong health and safety culture, systems, processes and programmes, including a target to reduce our total incident rate to below 1 by 2025. Tragically there were four employee fatalities during 2021; one in Belgium and three in Indonesia. The incidents were investigated with the local authorities and we continue to improve our safety procedures to prevent a reoccurrence. In Europe, our total incident rate was 1.11 per 100 full time equivalent employees, and in API this was 0.75. Further information about our safety performance and incident rates will be available on our website from May 2022.

In cases where our people are injured or suffer any mental or physical health issues while employed by CCEP, we endeavour to make any reasonable adjustments to their duties and working environment to support their recovery and continued employment.

Over 2021, we've grown our Wellbeing First Aider initiative to build an internal mental health support network of over 600 trained employees globally. More than 1,000 people have received support and benefitted from our Employee Assistance Programme, a 24/7 independent service offering free professional care and counselling, self-help programmes, interactive tools and educational resources for our people and their family members. In 2021, we've done more to promote these initiatives, including our "Don't bottle it up" campaign featuring some of our colleagues' experiences of wellbeing support in our workplace.

For more information about our people go to ***www.cocacolaep.com/sustainability/this-is-forward/action-on-society-our-people/***

Case study

Not all disabilities are visible

On the UN International Day of Persons with Disabilities 2021, we worked with TCCC to produce a new bottle label that voices our values on disability inclusion. The label features purple, the colour increasingly associated with disability inclusion and sparking conversations worldwide. It also features the statement that "Not all disabilities are visible", a reminder that some disabilities are not immediately apparent. Currently for internal use, we are gathering feedback from key stakeholders, so we can further develop and improve this initiative.

ME@CCEP

Me@CCEP defines the experience we want our people to have at CCEP

It is about

01 Being well

The safety and wellbeing of our people is vitally important. We want everyone to feel happy and healthy and to work with integrity and respect so we can all thrive at work and at home.

02 Being connected

We're powerful when we work as part of a winning team – championing communication, connection and collaboration.

03 Being valued

We are at our best when we can be ourselves at work, when we can be heard, share our perspectives and insights and build upon our strengths.

04 Being developed

Our experiences make us stronger and we support our people in exploring opportunities to develop – providing possibilities to continually learn, grow in their role and get to where they want to be.

05 Being recognised

All our people have a part to play in CCEP's growth and we recognise, reward and celebrate the great work they do every day. We do this in ways that are simple, transparent and consistent.

06 Being inspired

We strive to be a force for good – for people and for the planet. We're passionate about what we do and what we stand for, and our people are empowered to make a difference.

Our people

CONTINUED

Being connected

Good communication is an essential part of building a motivated, engaged workforce. Our people have access to news and information about CCEP in local languages through internal communication platforms, Redline in Europe and Workplace in API. There is also direct dialogue through business talks and all hands meetings. CCEP management gives updates about CCEP's overall, and local, performance through these channels.

We're committed to communicating clearly and transparently with our people. We continue to invest to improve our people's access to information. In 2021, we introduced Compass, a new online platform bringing together all apps and digital services our people use in one place. We have improved the interface and experience of our people platform, Genie, in response to employee feedback. Our people use platforms to ask questions, provide feedback, and connect with our leadership on all topics from sustainability to innovation.

CCEP meets regularly with European, national and local works councils and trade unions that represent our people. When required, we consult with our people and their representatives to discuss proposed measures before making decisions. We encourage constructive and meaningful dialogue. During consultation, our employee representatives have the opportunity to ask questions, share views and propose alternatives to proposals before management makes a final decision.

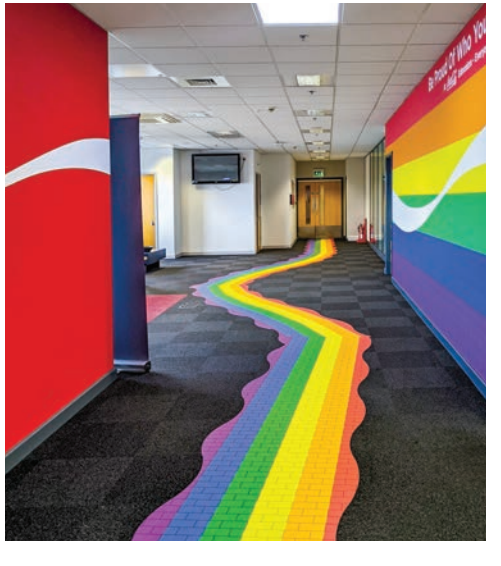
*Read more about how our Directors, and CCEP engage with our people on **page 12***

Our policies and procedures ensure consistency and fairness across CCEP. Our policies are written in an understandable way and are accessible in local languages. Every year we review our policies to ensure they are up to date with legal requirements and relevant for business and social strategies. In 2021, we took the opportunity to harmonise policies across Europe and API.

Being valued

Our philosophy is that "everyone's welcome to be themselves, be valued and belong" at CCEP. We are committed to building a diverse workforce, with an inclusive culture and equity at its core. We have created an environment with opportunities for people of every culture, faith, ethnicity, heritage, ability, gender, sexual orientation and age. We believe this commitment will enable us to take positive action for people, better represent the society we serve and support our sustainable business growth.

Led by our ID&E Centre of Expertise and sponsored by our ELT members, we deliver our ID&E strategy by listening to our people's lived experiences, developing action plans and tracking progress against our five pillars: culture and heritage; disability; gender; LGBT+; and multi generations.



We have dedicated groups of employees and ELT sponsors catalysing action at scale to remove identified barriers to inclusion. In 2021, we ran a year-long campaign aimed at breaking barriers that stand in the way of equality in the workplace. As part of this campaign, we delivered a panel conversation with our Chairman, CEO, sponsors and employee ambassadors about gender based stereotypes. We ran ID&E workplace audits on disability and LGBT+ matters to identify best practices for implementation. We featured colleague experiences of working successfully across generations at CCEP. We shared videos featuring advice from our employees on using culturally inclusive words and the importance of allyship.

For the first time, we ran a voluntary, anonymous survey focused on ID&E in the majority of our countries in 2021. This provided our people with the opportunity to give feedback on their inclusion experience at CCEP and self-declare personal diversity information. Employees participated in Europe, Australia and New Zealand. We expect the outcomes to enable us to better understand the diversity of our workforce at all levels, improve the inclusivity of our people's experience and ensure equity is embedded in our infrastructure and people policies.

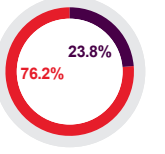
As part of our commitment to inclusive, diverse and equitable workplace practices, we continue to partner with organisations and bodies such as European Network Against Racism, the Valuable 500, the Business Disability Forum, LEAD Network, the United Nations Women's Empowerment Principles, Stonewall and the Social Mobility Index.

*Read more about ID&E at CCEP on **page 85***

Workforce diversity in 2021

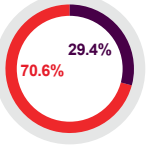
Male Female

Total employees (including part time employees)[A]



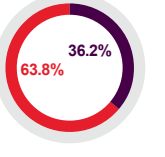
25,182
7,876
Total: **33,059**

Board of Directors



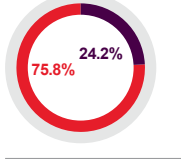
12
5
Total: **17**

Leadership (senior management grade including ELT)[B][C]



2,082
1,183
Total: **3,265**

Directors of subsidiary companies[C]



91
29
Total: **120**

(A) Includes one employee who identified as non-binary.
(B) The members of the ELT and their direct reports consists of 55 female and 71 male employees.
(C) 20 female and 53 male directors of subsidiary companies are also included in the workforce diversity statistic under leadership.

Our people

CONTINUED

A key target of our sustainability action plan, This is Forward, is to ensure that at least 40% of our management positions (senior management and above) in Europe are held by women by the end of 2025. In 2021, 37.3% of leadership positions were held by women, up from 35.6% in 2020. We have been reaccredited recognition for our continued commitment to gender balance in the workplace, including the Gender Tick in New Zealand, the Equal Pay Certificate in Iceland, +Fières en 2021 and 99 score on the Gender Index in France and via the Global Bloomberg Gender Equality Index.

We are committed to being an equal opportunities employer. We make decisions about recruitment, promotion, training and other employment matters solely on the grounds of individual ability, achievement, expertise and conduct. We don't discriminate on the basis of gender, gender identity, race, religion, ethnicity, cultural heritage, age, social background, mental or physical ability or disability, national origin, sexual orientation or any other reason not related to job performance or prohibited by applicable law.

Being developed

We are committed to creating a workplace where our people can be heard, grow and advance. We have increased our cadence of confidential pulse surveys to provide our people with more opportunities to share how they're feeling throughout the year and to gain insights to strengthen our workplace culture, improve our people's experience at work and our business. In June 2021, 24,245 (79%) employees participated in our global engagement and culture pulse survey. On a global level, employee engagement scores are above benchmarks, and our people recommend CCEP as a great place to work. We continue to develop and deliver action plans in each of our countries and corporate functions to act upon the valued voice of our people.

We have refreshed our talent philosophy "everyone has talent and everyone can grow" reflecting our commitment to develop talent internally, winning capabilities for the future and accelerate succession for targeted roles.

We have training programmes and platforms to develop core capabilities in leadership, commercial, customer service and supply chain at every level of our business.

We continue to deliver our wellbeing training modules to our employees. Almost 7,000 managers have now completed this training. We have also launched three new ID&E learning modules on practising inclusive leadership, starting an ID&E conversation and allyship. Underpinning this formal learning is a series of resources, which include conversation guides on LGBT+, allyship, inclusive language, discussing disability and addressing age stereotypes, as well an accessible communication toolkit. We are progressing plans for working flexibly.

We continue to value and invest in our early career talent and support initiatives that help young people gain employability, skills and confidence. This includes offering internships, apprenticeships and graduate programmes. For the sixth year, we partnered with One Young World. CCEP delegates attended the summit and an internal post-development programme. They joined over 1,800 young leaders to engage, learn, challenge and discuss important sustainability issues the world faces, covering topics from climate change to poverty alleviation.

Being recognised

We pay salaries in line with appropriate market rates, as well as providing our people with a range of other benefits. These vary according to their country and level in the organisation. Benefits include medical or dental insurance, life insurance, eyecare vouchers, holiday time and leave packages to cover sickness, post natal childcare, bereavement or a long-term illness in the family. Depending on the country, level and grade, we also offer pension plans.

Employee ownership

In 2021, we announced the new global CCEP Employee Share Purchase Plan, which will give our employees the opportunity to buy shares in CCEP on a regular basis from 2022. In recognition of this investment, for every share an employee purchases, CCEP will provide a matching share, up to an agreed limit.

Around three quarters of our employees participate in annual variable remuneration plans. We offer a consistent annual bonus plan to around 13,000 people across the organisation.

In addition, sales incentive plans are in operation for 25% of our people and a further 24% participate in local incentive plans.

*Read our Directors' remuneration report on **page 92–107***

Being inspired

We are determined to draw on our people's passion for what we do and empower them to make a positive difference in our local communities. In 2021, we ran a series of sessions engaging our new colleagues in API to ensure that everyone feels welcome at CCEP, that they belong, can contribute to our shared purpose, strategy, culture and ways of working.

Our people in Europe can spend up to two paid working days each year volunteering for a charity or cause of their choice. While we currently operate different regional policies related to employee volunteering, we will align our approach in 2022.

*Read more about our Action on society on **pages 29–30***

Case study

Being a Wellbeing First Aider

"We all experience highs and lows so when we are feeling low, we need to take care of mental health just like we would take care of ourselves if we had the cold or flu. Sometimes, it's hard to prioritise our mental health but that's why I became a Wellbeing First Aider, to help colleagues better understand the importance of maintaining mental wellbeing. Being a Wellbeing First Aider is something that I am proud of because I feel that I can make a difference by supporting someone who may be struggling."

Justin McKenzie, Sales Manager for On Premise in the Victorian Licensed Team, Australia

Operating with integrity

We live up to our responsibilities as a business by being accountable, ethical and aware of the risks in everything we do.

Corporate governance

At CCEP we hold ourselves accountable to the highest standards of corporate governance and aim to provide transparent and timely information in respect of our activities to our stakeholders. CCEP has a strong corporate governance framework with a Board overseeing the interests of all stakeholders.

Management has a Compliance and Risk Committee chaired by CCO which advises the ethics and compliance (E&C) function and provides management input regarding the E&C programme.

*Read more about our corporate governance on **pages 64–81***

Ethics and compliance

Our E&C programme ensures we are conducting our operations in a lawful and ethical manner. The programme is applicable to our people, officers and Directors. It also supports how we work with our customers, suppliers and third parties.

Code of Conduct

Our Code of Conduct (CoC) seeks to ensure that we act with integrity and accountability in all our business dealings and relationships, in compliance with all applicable laws, regulations and policies.

We expect everyone working at CCEP to adhere to the CoC, which was updated in 2021. We also expect all third parties who work on our behalf to act in an ethical manner consistent with our CoC and to comply with our SGPs.

The CoC has been formally adopted in all our territories, as well as our shared service centres in Bulgaria. All employees are required to undergo CoC training, which is part of the induction process for new employees. Training on specific topics related to their roles is also provided where needed. Our CoC specifically calls out manager responsibilities and includes a matrix to help with decision making and guidance on situations such as bullying and harassment.

Preventing bribery and corruption

We aim to prevent all forms of bribery and corruption in our business dealings. Our CoC sets out our principles and standards to prevent bribery and corruption, including conflicts of interest and the exchange of gifts and entertainment.

Our Anti-bribery, Gifts and Entertainment Policy and our Conflicts of Interest Policy apply to all employees. They are required mandatory training for a targeted audience.

Raising concerns

Any employee who wishes to raise concerns about wrongdoing at CCEP is encouraged to speak to a line manager and/or raise a report through our Code Resources which include our dedicated Speak Up channels. When any employee raises a concern through our Code Resources in relation to the CoC, CCEP will act promptly and appropriately.

Code of Conduct reports by type

	January – June 2021				July – December 2021	
	Europe		API		CCEP consolidated	
	Number	%[A]	Number	%[A]	Number	%[A]
Ask a question	–	–	–	–	1	1
Avoiding conflicts of interest	3	6	1	5	2	1
Creating an inclusive and respectful workplace	17	36	2	9	25	16
Dealing fairly with customers, business partners and suppliers	1	2	–	–	3	2
Delivering high quality products	2	5	–	–	–	–
Getting involved in political activities	–	–	–	–	1	1
Integrity with business records[B]	4	9	–	–	60	40
Integrity with our financial records	–	–	–	–	–	–
Other concerns – financial	–	–	–	–	–	–
Other concerns – non-financial	1	2	–	–	3	2
Preventing bribery and corruption	–	–	8	36	1	1
Protecting information	3	6	–	–	1	1
Respecting global and local laws and customs	3	6	–	–	1	1
Responsible communications	1	2	–	–	2	1
Using company assets responsibly – non-financial	6	13	5	23	32	21
Working in a safe and healthy environment	6	13	6	27	18	12
Grand total	**47**	**100**	**22**	**100**	**150**	**100**
Number of employees resigned or dismissed	**18**		**–[D]**		**50**	
Number of disciplined employees still employed[C]	**20**		**–[D]**		**92**	

(A) % versus overall reports.
(B) Not limited to our financial records. Business records include records such as payroll, timecards, travel and expense reports, job applications, quality reports, field sales measures, customer agreements, and inventory and sales reports.
(C) Some cases involve more than one employee.
(D) No data available for API.

Operating with integrity

CONTINUED

Respect for human rights

We consider human and workplace rights to be inviolable and fundamental to our sustainability as a business. We are committed to ensuring that everyone working throughout our operations and within our supply chain is treated with dignity and respect.

Our principles regarding human rights are set out in CCEP's Human Rights Policy, which is aligned with accepted international standards such as the UN Guiding Principles on Business and Human Rights. Further information is provided in the SGPs and the PSA in Europe and within the RSGs and SGPs in API. RSGs set out the expectations towards our suppliers' performance related to business ethics, human and workplace rights, the environment, and providing benefits to communities. In API, 90% of our spend in 2021 was with suppliers which comply with our RSGs.

We have a zero tolerance approach to modern slavery of any kind, including forced labour, and any form of human trafficking within our operations and supply chain. In 2017, CCEP published our first Modern Slavery Statement and continue to update this annually. Prior to the Acquisition, CCL published its first Modern Slavery Statement in 2020.

In 2019, CCEP conducted its first human rights risk assessment and identified nine key areas posing the greatest risk to our people at work and across our value chain. In 2019, CCL also conducted its first human rights risk assessment and identified twelve key areas comprising the same nine key areas identified by CCEP in its human rights risk assessment plus three additional key areas: (i) freedom from bribery and corruption; (ii) cultural rights of minorities; and (iii) children and young people's protection from exploitation. These key areas are our priority issues for Europe and API summarised in the Human rights risk assessment table below.

In Europe, we initially prioritised compliance and action on four of the key areas (i) health, safety and security; (ii) equality and non-discrimination; (iii) working hours; and (iv) migrant and temporary workers. In 2020, we also developed action plans for: (i) freedom of association; right to privacy; and data protection. We prioritised additional measures to ensure the health and safety of everyone working for CCEP during COVID-19 which delayed us taking action on forced labour and wages. We started a deep dive on these priority issues in 2021.

We manage our human rights obligations, risks, and the actions required to mitigate those risks, by implementing a strong governance framework. We recognise that all our employees and supply partners have a role in identifying and mitigating the risks of human rights across our business. Employees and managers are empowered to recognise and address human rights risks and issues as they conduct their work and this extends to the arrangements we agree with worker and trade unions, membership of which we always foster.

Our human rights training was refreshed in 2021 to focus on the process of human rights case management for all procurement managers who interact with suppliers. Following the Acquisition, we rolled out compliance training packages across API on several key areas such as CoC, human rights, anti-competitive practices, preventing bribery and corruption, data protection, whistle blower protection and human rights training targeted at all employees.

For more information about our approach to human rights go to ***www.cocacolaep.com/sustainability/human-rights***

See our modern slavery statement at ***www.cocacolaep.com/sustainability/download-centre***

Human rights risk assessment: priority issues for Europe and API

Principal risks

Our Enterprise Risk Management framework addresses the principal risks we face as a business and how we identify, assess and manage them.

Our approach to risk

The Board has overall responsibility for risk management at CCEP. The Board is closely involved in identifying risks and the strategic response to them, and monitoring management actions to achieve its strategic objectives. To support this, risk management is firmly embedded within our everyday business activities and culture. We identify and assess risk with appropriate risk management strategies, implemented at various levels of our business.

CCEP's enterprise risk management (ERM) framework looks at risks we face and how we can capitalise on opportunities.

Since the creation of CCEP and more recently the Acquisition, we have continually evolved our risk management capabilities through seamless collaboration across the business. We review and adapt our risk and internal control systems to address the changing risk environment and to adopt best practice.

Through our One Risk Office (a forum to exchange information between all second and third line of defence teams) we discuss and manage risks, responding swiftly through established processes including incident management, business continuity planning (BCP) and risk transfer mechanisms (e.g. insurance).

During the ongoing COVID-19 pandemic, the risk framework has allowed us to respond rapidly to a continuously changing environment. We leverage our learnings to strengthen our risk management framework and better prepare for future challenges.

Assessing risk

To gain an understanding of the risks CCEP faces, we assess risks top down and bottom up.

Our annual enterprise risk assessment (ERA) gives us a top down strategic view of risk at the enterprise level. During this assessment we carry out a risk survey with our top business leaders, followed by interviews with the Board, Audit Committee, and our Executive Leadership Team (ELT) to identify current and emerging risks. We periodically review and update our assessment processes. In 2021, we received feedback from over 120 of our top leaders, including all Board members.

In 2021, we started to group our enterprise risks into six themes to facilitate focused discussions among the Board and respective risk owners: revenue; supply chain; business continuity, IT and finance; license to operate including ESG; economic and political; and the franchise model.

To gain a bottom up view of risk, from an operational perspective, we carry out risk assessments at a business unit (BU), functional and project level. Each BU has established local compliance and risk review processes, undertaken by its local leadership team. The local leadership teams review and update risk assessments, ensuring that risk management is incorporated into daily business routines. In 2021, we introduced a BU business partner model, giving dedicated support to the BU from a ERM team member, which is shown on page 43.

The day to day work is overseen by the management committee, (Compliance and Risk Committee, chaired by the Chief Compliance Officer). Every quarter, the committee invites risk owners to share updates on key risks and how they are being managed. In 2021, these included updates on: COVID-19 and business continuity management; API specific risks; key suppliers; training; packaging; human rights; policy changes; data privacy; cyber security; and sharing and discussing results of targeted risk exercises such as assessments, scenarios and simulations.

In 2021, following the Acquisition we started to integrate API's risk management into our existing risk management framework by updating our enterprise risks and performing API country risk assessments. We continued to include important key areas such as employee health and safety, food safety, fraud, legal and tax. These functional risk assessments are integrated into our annual business planning routine. We also completed deep dives into new legislation and water scarcity.

Targeted risk assessment and management projects for topical issues within each BU, such as Brexit and COVID-19, were also completed through risk deep dives.

Measuring and managing risk

Once risks are identified, we analyse them to understand the likelihood of the risk happening and its potential impact. We consider how we manage risks, putting action plans in place and reviewing impact scales annually. In 2021, we reassessed these with a focus on financial impact following the Acquisition, giving each BU local financial impact scales to assess local risks. In addition to likelihood and impact, our risk assessment methodology considers velocity, to understand the speed at which a materialising risk may impact our business.

Since the implementation of risk appetite statements in 2020, we have used this tool to support business decision making aligned with our strategic objectives. We compare the as-is risk profile (outcome of ERA) during quarter one with our current risk appetite statements and to-be risk profile. Risk appetite statements are reviewed annually by the Compliance and Risk Committee and the Audit Committee with actions defined as necessary.

We will adapt the risk appetite statements for operations by defining key risk indicators for each statement with the risk owners. The management of the key risk indicators will be done via our risk and compliance governance tool, Riskonnect. Adverse trends and breaches of thresholds will be reported to the Compliance and Risk Committee following a defined escalation protocol.

In 2021, we conducted further operational scenario analysis and planning to understand how key risks such as water scarcity impact us (for example exercises in Belgium and Spain).

We are exploring opportunities to improve our strategic scenario planning capabilities to support strategic decision making, such as for climate and cyber risk scenarios. We are looking to partner with external providers to apply state of the art scenario planning tools and methodologies.

To improve our capability to identify emerging risks earlier, we have partnered with an external provider to use an artificial intelligence supported risk sensing tool to extract relevant information and trends from all available external and internal sources.

We manage risk through the framework, our processes and policies. Our annual policy review ensures the policies and related policy guidance within CCEP are valid. Changes within the documents have been approved by the Compliance and Risk Committee. New policies, for example, the Travel Security Policy, the Data Management and Retention Policy and the Anti-facilitation of Tax Evasion Policy, have been approved by the Board and the Compliance and Risk Committee. In 2021, an analysis of the CCEP landscape showed that all CCEP policies are related to a risk.

The following pages set out a summary of our principal risks based on the findings of our most recent ERA. The Board has carried out a robust assessment of these principal risks. This summary is not intended to include all risks that could impact our business and the risks are presented in no particular order. In this year's report, we have showed how each principal risk links to and underpins the relevant aspect of our strategy.

Beyond principal risks, CCEP faces other operational risks which are managed as part of our daily routines, such as employee health, safety and wellbeing, fraud and human rights.

*Read about our risk factors on **pages 195–202***

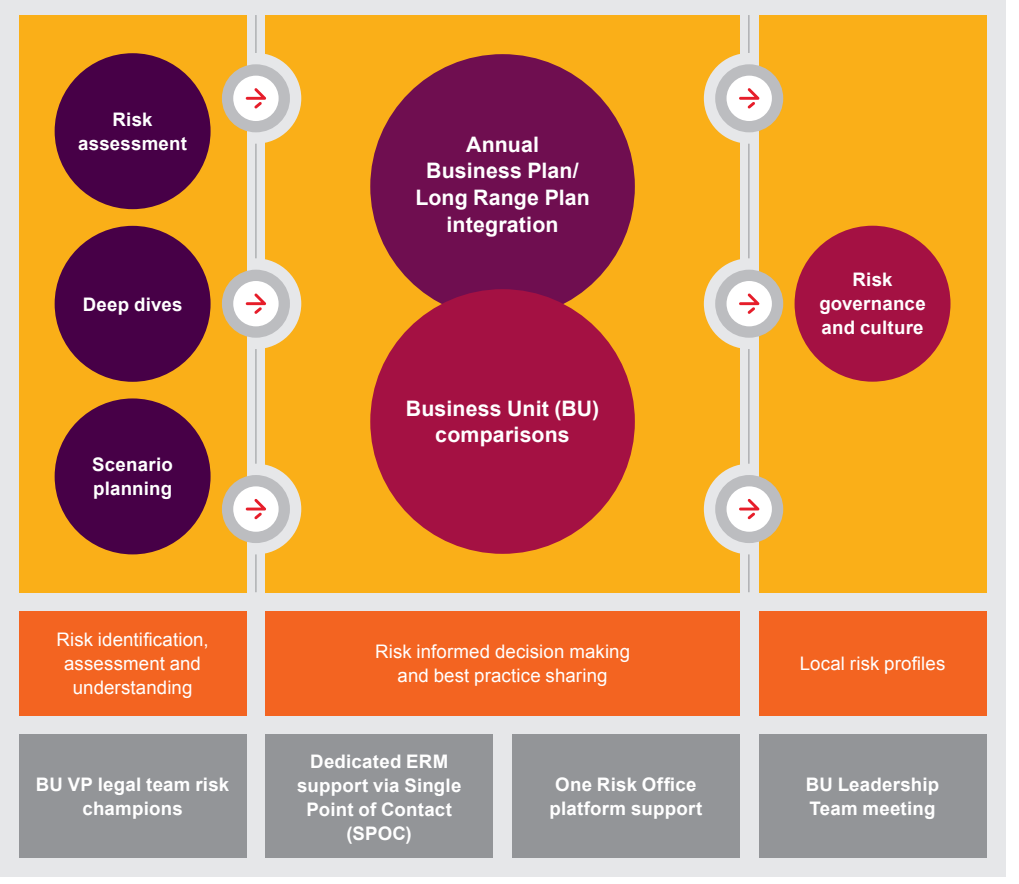
Principal risks

CONTINUED

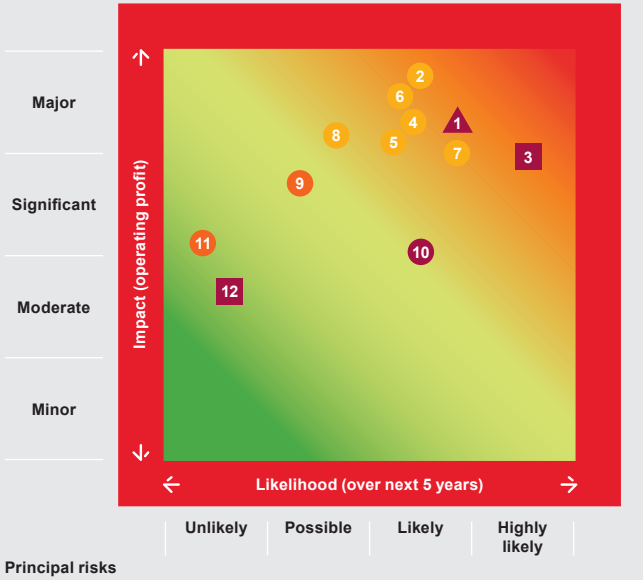
How we embed Enterprise Risk Management (ERM) within our business

(Business Unit Risk Model)

*More information on Our operations can be found on **pages 10–11***



Principal risk map[A]



Principal risks

1 Geodemographic
2 Packaging
3 Cyber and social engineering attacks and IT infrastructure
4 Economic and political conditions
5 Market
6 Legal, regulatory and tax
7 Climate change and water
8 Perceived health impact of our beverages and ingredients, and changing consumer buying trends
9 Competitiveness, business transformation and integration
10 People and wellbeing
11 Relationships with TCCC and other franchisors
12 Product quality

Velocity scale: (speed to impact)

■ **Very rapid** (Less than one month)
▲ **Rapid** (Less than one year)
● **Moderate** (One to three years)
○ **Slow** (Greater than three years)

External
External opportunities and risks, such as macroeconomic, socio/political and competition risks, that could fundamentally impact business strategy. Typically managed by teams that respond to significant shifts in government relations, consumer or supplier behaviour.

Strategic
Internal opportunities and risks that could impede the achievement of strategic objectives and targets, such as poor resource allocation or decision making. Typically managed by senior leaders responsible for delivering strategic initiatives set by the Board.

Operational
Opportunities and risks that could impact day to day operations in areas such as production, logistics or sales. Managed across all business areas through controls embedded in processes and procedures.

Extreme events
Opportunities and risks that would have an extreme impact on the business (such as war, cyber attack, global financial crisis, natural disasters, etc.). These can materialise in any part of the business and may coincide with other risks in particular scenarios. Note: extreme events could occur in any principal risk and are, therefore, not allocated to any single specific category.

(A) Changes in risk are as against the Principal risks section of CCEP's Integrated Report/ Annual Report on Form 20-F for the year ended 31 December 2020, as updated and supplemented in CCEP's Results for the six months ended 2 July 2021 and COVID-19 update.

Principal risks

CONTINUED

Link to strategy:

Accelerate competitiveness | Future ready culture | Digital future | Green future

Table 1[(A)]

The table below shows our principal risks

Principal risk	Definition and impact	Key mitigation	Change	Link to strategy
1 Geodemographic	Our business is vulnerable to a range of risks that may materialise and cause disruption. These include threats and risks such as impacts of war, physical attacks (e.g. terrorism), cyber terrorism and attacks on third parties, and supplier failure as well as natural hazards such as fire, flood, severe weather and pandemics. Working with teams across the business, we develop business continuity plans and resilience arrangements to ensure the delivery of our products and services no matter what the cause of disruption. This is to protect our people, our environment, our reputation and our overall financial condition. In some cases, such as the current COVID-19 pandemic, health, economic and legal effects could have a direct or indirect impact on our ability to operate.	– Continually updating our response to the situation and our people's needs – Customers: working closely with suppliers, partners and TCCC to ensure we best serve our customers and respond to their needs – Communities: working closely with TCCC to support our communities – Governance: strong frameworks, business continuity plans, incident management teams, strategic business continuity scenario testing, risk reassessments used in business planning, increased frequency of reviews with country leadership teams, Board and TCCC incorporating learnings from the Coca-Cola system – Effective management of liquidity, costs and discretionary spend – Operational, technology and strategic resilience towers developed as part of our newly created business continuity and resilience strategy to enable further resilience and risk mitigation for CCEP – Training and awareness to build BCR capabilities throughout CCEP to improve buy in and skills when it comes to preparing for and responding to incidents – Business impact analysis (BIA) to analyse and identify critical people (roles), property, technology, equipment and suppliers (value chain) across CCEP and their associated maximum acceptable outages, recovery time objectives and recovery point objectives – Scenario planning exercise with stakeholders across facilities and functions to determine scenarios that could lead to the unavailability of critical dependencies identified in the BIA and the associated impacts if the scenarios were to occur – BCP development with colleagues across the business to mitigate risks identified during the BIA, scenario planning and risk assessment and having them available to use in following waves – Risk assessments to identify the likelihood and impact of identified scenarios occurring, enabling BCPs to be developed in a targeted, meaningful way – Testing and exercising to validate BCPs are effective, giving teams capabilities to respond to incidents that may occur, through table top and live simulated exercises with stakeholders across CCEP, within sites and functions	→	Accelerate competitiveness Future ready culture

2 Packaging	Due to our concerns, and those of our stakeholders, about the environmental impacts of litter and GHG emissions, our packaging (especially single use plastic packaging) is under increasing scrutiny from regulators, consumers, customers, and NGOs. As a result, we may have to change our packaging strategy and mix over both the short and long term. This could result in a reduction in the use of single use plastic packaging and the introduction of new pack formats such as dispensed and reusable packaging, and we may be liable for increased costs related to the design, collection, recycling and littering of our packaging. We may be unable to respond in a cost effective manner and our reputation may be adversely impacted.	– Continued sustainability action plan focused on packaging, including our commitments to:
		  – Ensure that 100% of our primary packaging is recyclable or reusable
		  – Drive higher collection rates, aiming to ensure that 100% of our packaging is collected for reuse or recycling
		  – Ensure that by 2025 at least half of the material we use for our PET bottles comes from recycled plastic, aspiring to achieve 100% by 2030
		  – Invest in rPET infrastructure to help secure access to recycled material where needed
		– Work with TCCC to explore alternative sources of rPET and innovative new packaging materials
		– Work with TCCC to encourage consumers to recycle their packaging using existing collection infrastructure
		– Cross functional SPO with a dedicated focus on packaging collection and to ensure all sustainable packaging strategies are implemented on time
		– Support for well designed DRS across our markets as a route to 100% collection and increased availability of rPET
		– Support the establishment and management of Packaging Recovery Organisations (PROs) to deliver 100% collection in countries where no formal legislated collection structure exists for beverage packaging
		– Work to expand delivery mechanisms that do not rely on single use packaging, for example reusable packaging and dispensed delivery
		– Investment in depolymerisation recycling technology
		– We continue to develop the business models for packageless solutions (such as Freestyle) to provide an alternative offering for customers who do not want to use packaging
		– We also continue to develop the business models for reusable packaging to provide an alternative offering for customers who want fully circular alternatives to single use packaging
		– Increase use of recycled content in films
		– Moving from hard to recycle plastic shrink to sustainable board for multi packs
			→	Green future

(A) Changes in risk are as against the Principal risks section of CCEP's Integrated Report/Annual Report on Form 20-F for the year ended 31 December 2020, as updated and supplemented in CCEP's Results for the six months ended 2 July 2021 and COVID-19 update.

Principal risks

CONTINUED

Principal risk	Definition and impact	Key mitigation	Change	Link to strategy
3 Cyber and social engineering attacks and IT infrastructure	We rely on a complex IT landscape, using both internal and external systems, including some systems that are outside our direct control where employees work from home. These systems are potentially vulnerable to adversarial and accidental security and cyber threats, and user behaviour. This threat profile is dynamically changing, including as a result of the COVID-19 pandemic, as potential attackers' skills and tools advance. This exposes us to the risk of unauthorised data access, compromised data accuracy and confidentiality, the loss of system operation or fraud. As a result, we could experience disruption to operations, financial loss, regulatory intervention, or damage to our reputation.	– Proactive monitoring of cyber threats and implementing preventive measures – Business awareness and training on information security and data privacy – Business continuity and disaster recovery programmes – A programme to identify and resolve vulnerabilities – Third party risk assessments – Corporate security business intelligence – Appropriate investment in updating systems – Hardware lifecycle process in place – Regular internal and external testing of our security controls (red teaming, pentesting) – Global Security Operations Centre, operated 24/7 – Executive Team and Board of Directors are actively engaged in the cyber strategy process	↑	
4 Economic and political conditions	Our industry is sensitive to economic conditions such as commodity and currency price volatility, short-term interest rate volatility and inflation changes and expectations, political instability, low consumer confidence, lack of liquidity and funding resources, widening of credit risk premiums, unemployment and the impact of war, the widespread outbreak of infectious disease such as COVID-19. This exposes us to the risk of an adverse impact on CCEP and our consumers, driving a reduction of spend within our category or a change in consumption channels and packs. As a result, we could experience reduced demand for our products, fail to meet our growth priorities and our reputation could be adversely impacted. Adverse economic conditions could also lead to increased volatility, inflation, energy and commodity cost, customer and supplier delinquencies and bankruptcies, while restrictions on the movement of goods in response to economic, political or other conditions, such as COVID-19, could affect our supply chain.	– Diversified product portfolio and the geographic diversity of our operations assist in mitigating our exposure to any localised economic risk – Our flexible business model allows us to adapt our portfolio to suit our customers' changing needs during economic downturns – We regularly review our business results and cash flows and, where necessary, rebalance capital investments – Macro economic and political developments continue to be closely monitored to ensure that business is prepared to manage emerging situations – Monitoring of societal developments – We have a very robust and forward-looking hedging policy for managing the financial risks like Fx, commodity and interest rate risks	→	
5 Market	Our success in the market depends on a number of factors. These include actions taken by our competitors, route to market, our ability to build strong customer relationships and create value together (which could be affected by customer consolidation, buying groups, and the changing customer landscape) and government actions, including those introduced as a result of COVID-19 such as social distancing, the forced closure of some of our customer channels, restricted tourism and restrictions on large gatherings. This exposes us to the risk that market forces may limit our ability to execute our business plans effectively. As a result, it may be more challenging to expand margins, increase market share, or negotiate with customers effectively, and COVID-19 may also further adversely impact the market in previously unforeseen ways.	– Shopper insights and price elasticity assessments – Pack and product innovation – Promotional strategy – Commercial policy – Collaborative category planning with customers – Growth centric customer investment policies – Business development plans aligned with our customers – Diversification of portfolio and customer base – Realistic budgeting routines and targets – Investment in key account development and category planning – Continuous evaluation and updating of mitigation plans – Responded to COVID-19 by developing and investing in routes to market, for example, online channel, so our products remain available to consumers	↑	
6 Legal, regulatory and tax	Our daily operations are subject to a broad range of regulations at EU and national level. These include regulations covering manufacturing, the use of certain ingredients, packaging, labelling requirements, and the distribution and sale of our products. This exposes us to the risk of legal, regulatory or tax changes that may adversely impact our business. As a result, we could face new or higher taxes, higher labour and other costs, stricter sales and marketing controls, or punitive or other actions from regulators or legislative bodies that negatively impact our financial results, business performance or licence to operate. COVID-19 has resulted in both short-term and long-term changes to legislation and regulation. It may also lead to future increases in taxes to finance the cost of government responses to COVID-19. In addition to the changes that took immediate effect from 11pm GMT on 31 December 2020, we expect Brexit could, over time, lead to increased diversity of regulation and consequent costs of compliance including inability to or difficulties in standardising product and process between the UK and CCEP's other markets.	– Continuous monitoring of new or changing regulations and appropriate implementation – Dialogue with government representatives and input to public consultations on new or changing regulations – Effective compliance programmes and training for employees – Measures set out elsewhere in this table in relation to legal, regulatory and tax changes with respect to any of the other principal risks, and in particular in relation to packaging, perceived health impact of our beverages and ingredients, and changing consumer preferences – Increasing recycled content level in specific countries to mitigate tax impact	↑	

Principal risks

CONTINUED

Principal risk	Definition and impact	Key mitigation	Change	Link to strategy
7 Climate change and water	Political and scientific consensus indicates that increased concentrations of carbon dioxide and other GHGs are causing climate change and exacerbating water scarcity. Such GHG emissions occur across our entire value chain including our production facilities, cold drink equipment and transportation. GHG emissions also occur as a result of the packaging we use and ingredients we rely on. Our ingredients and production facilities also rely heavily on the availability of water. This exposes us to the risk of negative impacts related to our ability to produce or distribute our products, or the availability and price of agricultural ingredients and raw materials as a result of increased water scarcity. Failure to address these risks may cause damage to our corporate reputation or investor confidence, a reduction in consumer acceptance of our products and potential disruption to our operations.	– Set science based carbon reduction targets for our core business operations and our value chain – Carbon reduction plans for our production facilities, distribution and CDE – Supplier carbon footprint reduction programme launched in support of CCEP's 2040 net zero ambition with focus on suppliers setting SBTi targets and using 100% renewable electricity by 2023 – Transition to 100% renewable electricity across our own operation – External policy leadership and advocacy to support a transition to a low-carbon economy – Life cycle analysis to assess carbon footprint of packaging formats – Use of recycled materials for our packaging, which have a lower carbon footprint – SVAs to protect future sustainability of local water sources and FAWVA and water management plans – Supplier engagement on carbon reduction and sustainable water use – Assessment on climate-related risks and future climate scenario planning – Comprehensive disclosure of GHG emissions across our value chain in line with GHG Protocol – Water scarcity simulation test and exercise of IMTs to ensure an appropriate response to water related incidents	↑	
8 Perceived health impact of our beverages and ingredients, and changing consumer buying trends	We make and distribute products containing sugar and alternative sweeteners. Healthy lifestyle campaigns, increased media scrutiny and social media have led to an increasingly negative perception of these ingredients among consumers. This exposes us to the risk that we will be unable to evolve our product and packaging choices quickly enough to satisfy changes in consumer preferences. We will also face new pressure from the EU Commission with the Farm to Fork Strategy, at the heart of the European Green Deal, aiming to make food systems fair, healthy and environmentally friendly. As a result, we could experience sustained decline in sales volume, which could impact our financial results and business performance.	– Reducing the sugar content of our soft drinks, through product and pack innovation and reformulation managing our product mix to increase low and no calorie products – Making it easier for consumers to cut down on sugar by providing straightforward product information and smaller pack sizes – EU wide soft drink industry calorie reduction commitment with the Union of European Soft Drinks Associations (UNESDA) – Adopting calorie and sugar reduction commitments at country level – Dialogue with government representatives, NGOs, local communities and customers – Employee communication and education – Responsible sales and marketing codes – Proactive introduction of colour coded front of pack guideline daily amount labelling as a fact based and non-discriminatory way of informing consumers in an understandable way – Encourage the European Commission to evaluate and develop EU harmonised guidance for nutritional labelling, to address potential unfair targeting of the sparkling soft drinks industry – Work with International Sweeteners Association to promote and protect the reputation of alternative sweeteners and, through UNESDA, working with the European food safety authority on their opinions that will inform EU and national government action	↓	
9 Competitiveness, business transformation and integration	We are continuing our strategy of continuous improvement, which should enable us to remain competitive in the future. This includes technology transformation, supporting home working, improvements in our supply chain and in the way we work with our partners and franchisors, and our Acquisition of CCL and subsequent integration activities. This exposes us to the risk of ineffective coordination between BUs and central functions, change fatigue among our people and social unrest. As a result, we may not create the expected value from these initiatives or execute our business plans effectively. We may also experience damage to our reputation, a decline in our share price, industrial action and disruption of operations.	– Regular competitiveness reviews ensuring effective steering, high visibility and quick decision making – Dedicated programme management office and effective project management methodology – Continuation of strong governance routines – Regular ELT and Board reviews and approvals of progress and issue resolution – Analysis and review of acquisition related activities such as integration and business performance risk indicators and capital allocation risk reviews – Building a performant and resilient workforce with priority focus on health and safety and mental wellbeing initiatives especially in the front lines roles *See People and wellbeing principal risk for further details on* ***pages 200–201***	↑	

Principal risks

CONTINUED

Principal risk	Definition and impact	Key mitigation	Change	Link to strategy
10 People and wellbeing	The advent of the COVID-19 pandemic is likely to result in a higher degree of mental health issues and higher absence rates for employees. There is growing awareness of stress related illness due to more demand and responsibility on employees, especially where restructuring takes place, which exposes us to the risk of long-term absence and a loss of production. Our response to these topics, the change in working conditions and the upcoming importance of "future of work" and "working flexibly" will affect the perception of CCEP as an employer and our ability to attract, retain and motivate existing and future employees. This exposes us to the risk of not having the right talent with the required technical skillset. As a result, we could fail to achieve our strategic objectives and could experience a decline in employee engagement, industrial action, suffer from reputational damage or litigation.	– CCEP CoC – CCEP wide wellbeing network – Regular communication – External EAP support and internal wellbeing (mental health) first aiders – Flexible working – Working from home – Safety measures – Appropriate incentivisation – Talent reviews – Tools for employees to take ownership of careers – People related training and reskilling, risk assessments, action plans and compliance – Manager and employee wellbeing training – Wellbeing material available to managers and employees via CCEP platforms to support our employees – Human Rights Policy	↑	↗↗
11 Relationships with TCCC and other franchisors	We conduct our business primarily under agreements with TCCC and other franchisors. This exposes us to the risk of misaligned incentives or strategy, particularly during periods of low category growth or crisis, such as COVID-19. As a result, TCCC or other franchisors could act adversely to our interests with respect to our business relationship.	– Clear agreements govern the relationships – Incidence pricing agreement with TCCC – Aligned long range planning and annual business planning processes – Ongoing pan-European and local routines between CCEP and franchise partners – Increased frequency of meetings and maintenance of positive relationships at all levels – Regular contact and best practice sharing across the Coca-Cola system – Improve visibility and ways of working with TCCC	↓	↗↗

12 Product quality	We produce a wide range of products, all of which must adhere to strict food safety requirements. This exposes us to the risk of failing to meet, or being perceived as failing to meet, the necessary standards, which could lead to compromised product quality. As a result, our brand reputation could be damaged and our products could become less popular with consumers.	– TCCC standards and audits
		– Hygiene regimes at production facilities
		– Total quality management programme
		– Robust management systems
		– ISO certification
		– Internal governance audits
		– Quality monitoring programme
		– Customer and consumer monitoring and feedback
		– Incident management and crisis resolution
		– Every CCEP production facility has:
		  – a hazard analysis critical control points assessment and mitigation plan in place
		  – a quality monitoring plan based on risk and requirements
		  – a food fraud vulnerability assessment and mitigation plan based on risk and requirements
		  – a food defense threat assessment and mitigation plan based on risk and requirements
			↓	↗↗

Internal control procedures and risk management

CCEP's internal controls are designed to manage rather than eliminate risk, and aim to provide good but not absolute assurance against misstatement.

The Board has overall responsibility for the Company's system of internal controls and for reviewing its adequacy and effectiveness. To discharge its responsibility in a manner that complies with law and regulation and promotes effective and efficient operation, the Board has established clear operating procedures, lines of responsibility and delegated authority.

The Audit Committee has specific responsibility for reviewing the internal control policies and procedures associated with the identification, assessment and reporting of risks to check they are adequate and effective.

Our internal control processes include:

– Board approval for significant projects, transaction and corporate actions
– Either senior management or Board approval for all major expenditure at the appropriate stages of each transaction
– Regular reporting covering both technical progress and our financial affairs
– Board review, identification, evaluation and management of significant risks

Read more about our approach to internal control and risk management in the audit committee report on ***pages 86–91***

Viability statement

In accordance with provision 31 of the 2018 UK Corporate Governance Code (the UKCGC), the Directors have assessed the prospects for the Group. The Directors have made this assessment over a period of three years, which corresponds to the Group's planning cycle.

The assessment considered the Group's prospects related to revenue, operating profit, EBITDA and free cash flow. The Directors considered the maturity dates for the Group's debt obligations and its access to public and private debt markets, including its committed multi currency credit facility. The Directors also carried out a robust review and analysis of the principal risks facing the Group, including those risks that could materially and adversely affect the Group's business model, future performance, solvency and liquidity.

Stress testing was performed on a number of scenarios, including different estimates for operating income and free cash flow. Among other considerations, these scenarios incorporated the potential downside impact of the Group's principal risks, including those related to:

- Continued or new COVID-19 related restrictions and the impact on the AFH channel
- Legal and regulatory intervention, including in relation to plastic packaging
- Risk of cyber and social engineering attacks
- Adverse changes in relationships with large customers
- Severe weather events

Based on the Group's current financial position, stable cash generation and access to liquidity, the Directors concluded that the Group is well positioned to manage principal risks and potential downside impacts of such risks materialising, to ensure solvency and liquidity over the assessment period.

From a qualitative perspective, the Directors also took into consideration the Group's past experience of managing through adverse conditions and the Group's strong relationship and position within the Coca-Cola system. The Directors considered the extreme measures the Group could take in the event of a crisis, including decreasing or stopping non-essential capital investment, decreasing or stopping shareholder dividends, renegotiating commercial terms with customers and suppliers or selling non-essential assets.

Based upon the assessment performed, the Directors confirm that they have a reasonable expectation the Group will be able to continue in operation and meet all liabilities as they fall due over the three year period covered by this assessment.

Non-financial information statement

This Integrated Report contains a combination of financial and non-financial reporting throughout. As required by sections 414CA and 414CB of the Companies Act 2006 (the Companies Act), the following non-financial information can be found in the pages of this Strategic Report stated in the table below. These pages contain, where appropriate, details of our policies and approach to each matter.

Non-financial information	Page(s)
Environmental matters	Action on climate on pages 23–26, Action on packaging on pages 27–28 and Action on water on pages 33–34
Employee matters	Our stakeholders on pages 12–14 and Our people on pages 37–39
Social matters	Action on society on pages 29–30
Human rights	Operating with integrity on page 41
Anti-corruption and anti-bribery matters	Operating with integrity on pages 40–41
Our business model	What we do and how we do it on page 9
Risk and principal risks	Principal risks on pages 42–47 and Risk factors on pages 195–202
Non-financial performance indicators	Performance indicators on page 3

Business and financial review

Our business

CCEP is a leading consumer goods group in Western Europe and the Asia Pacific region, making, selling and distributing an extensive range of primarily non-alcoholic ready to drink beverages. We make, move and sell some of the world's most loved brands – serving 600 million consumers and helping 1.75 million customers across 29 countries grow. We combine the strength and scale of a large, multi-national business with an expert, local knowledge of the customers we serve and communities we support.

On 10 May 2021, Coca-Cola European Partners plc (Legacy CCEP) acquired Coca-Cola Amatil Limited (referred to as CCL pre acquisition, and API post acquisition), and subsequently changed its name to Coca-Cola Europacific Partners plc (the Company, or Parent Company). CCL was one of the largest bottlers and distributors of ready to drink non-alcoholic and alcoholic beverages and coffee in the Asia Pacific region and was the authorised bottler and distributor of The Coca-Cola Company's (TCCC) beverage brands in Australia, New Zealand and Pacific Islands, Indonesia and Papua New Guinea. In November 2020, CCEP and CCL entered into a binding Scheme Implementation Deed (the Scheme) for the acquisition of 69.2% of the entire existing issued share capital of CCL, which was held by shareholders other than TCCC. CCEP also entered into a Co-operation and Sale Deed with TCCC with respect to the acquisition of TCCC's 30.8% interest in CCL (the Co-operation agreement), conditional upon the implementation of the Scheme. During the first half of 2021, the Company acquired 100% of the issued and outstanding shares of CCL.

Shareholders other than TCCC received A$13.32 per share in cash, totalling cash consideration paid of A$6,673 million. TCCC received A$9.39 and A$10.57 per share for 10.8% and 20%, respectively, of the remaining CCL shares held by TCCC. Cash consideration paid to TCCC was A$893 million and USD1,046 million. The fair value of the consideration transferred at the acquisition date was €5,752 million.

The Acquisition has allowed us to bring together two great companies. In doing so, we'll be able to go further and faster in pursuing our shared vision for growth, through our consumer led portfolio, collaborative customer relationships and innovation to meet changing consumer needs.

Note regarding the presentation of pro forma financial information and alternative performance measures

Pro forma financial information

Pro forma financial information has been provided in order to illustrate the effects of the acquisition of Coca-Cola Amatil Limited (referred to as CCL pre acquisition, API post acquisition) on the results of operations of CCEP and allow for greater comparability of the results of the combined group between periods. The pro forma financial information has been prepared for illustrative purposes only and because of its nature, addresses a hypothetical situation. It is based on information and assumptions that CCEP believes are reasonable, including assumptions as at 1 January 2021 and 1 January 2020 relating to acquisition accounting provisional fair values of API assets and liabilities which are assumed to be equivalent to those that have been provisionally determined as of the acquisition date and included in the financial statements for the year ended 31 December 2021, on a constant currency basis. The pro forma information also assumes the interest impact of additional debt financing reflecting the actual weighted average interest rate for acquisition financing of c.0.40% for all periods presented. Acquisition costs included in 2020 pro forma financial information are assumed to be equivalent to those incurred in 2021.

The pro forma financial information does not intend to represent what CCEP's results of operations actually would have been if the acquisition had been completed on the dates indicated, nor does it intend to represent, predict or estimate the results of operations for any future period or financial position at any future date. In addition, it does not reflect ongoing cost savings that CCEP expects to achieve as a result of the acquisition or the costs necessary to achieve these cost savings or synergies. As pro forma information is prepared to illustrate retrospectively the effects of future transactions, there are limitations that are inherent to the nature of pro forma information. As such, had the acquisition taken place on the dates assumed, the actual effects would not necessarily have been the same as those presented in the pro forma financial information contained herein.

Alternative performance measures

We use certain alternative performance measures (non-GAAP performance measures) to make financial, operating and planning decisions and to evaluate and report performance. We believe these measures provide useful information to investors and as such, where clearly identified, we have included certain alternative performance measures in this document to allow investors to better analyse our business performance and allow for greater comparability. To do so, we have excluded items affecting the comparability of period-over-period financial performance as described below. The alternative performance measures included herein should be read in conjunction with and do not replace the directly reconcilable GAAP measures.

For purposes of this document, the following terms are defined:

'As reported' are results extracted from our consolidated financial statements.

'Pro forma' includes the results of CCEP and API as if the Acquisition had occurred at the beginning of the period presented, including acquisition accounting adjustments relating to provisional fair values. Pro forma also includes impact of the additional debt financing costs incurred by CCEP in connection with the Acquisition for all periods presented.

'Comparable' is defined as results excluding items impacting comparability, which include restructuring charges, acquisition and integration related costs, inventory fair value step up related to acquisition accounting, the impact of the closure of the GB defined benefit pension scheme, net costs related to European flooding and net tax items relating to rate and law changes. Comparable volume is also adjusted for selling days.

'Pro forma comparable' is defined as the pro forma results excluding items impacting comparability, as described above.

'Fx neutral' is defined as period results excluding the impact of foreign exchange rate changes. Foreign exchange impact is calculated by recasting current year results at prior year exchange rates.

'Capex' or **'Capital expenditures'** is defined as purchases of property, plant and equipment and capitalised software, plus payments of principal on lease obligations, less proceeds from disposals of property, plant and equipment. Capex is used as a measure to ensure that cash spending on capital investment is in line with the Group's overall strategy for the use of cash.

'Free cash flow' is defined as net cash flows from operating activities less capital expenditures (as defined above) and interest paid. Free cash flow is used as a measure of the Group's cash generation from operating activities, taking into account investments in property, plant and equipment and non-discretionary lease and interest payments. Free cash flow is not intended to represent residual cash flow available for discretionary expenditures.

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'Adjusted EBITDA' is calculated as Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), after adding back items impacting the comparability of period over period financial performance. Adjusted EBITDA does not reflect cash expenditures, or future requirements for capital expenditures or contractual commitments. Further, adjusted EBITDA does not reflect changes in, or cash requirements for, working capital needs, and although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised are likely to be replaced in the future and adjusted EBITDA does not reflect cash requirements for such replacements.

'Net Debt' is defined as the net of cash and cash equivalents and short-term investments less borrowings and adjusted for the fair value of hedging instruments related to borrowings and other financial assets/liabilities related to borrowings. We believe that reporting net debt is useful as it reflects a metric used by the Group to assess cash management and leverage. In addition, the ratio of net debt to adjusted EBITDA is used by investors, analysts and credit rating agencies to analyse our operating performance in the context of targeted financial leverage.

'ROIC' or **'Return on invested capital'** is defined as comparable operating profit after tax attributable to shareholders divided by the average of opening and closing invested capital for the year. Invested capital is calculated as the addition of borrowings and equity attributable to shareholders less cash and cash equivalents and short-term investments. ROIC is used as a measure of capital efficiency and reflects how well the Group generates comparable operating profit relative to the capital invested in the business.

'Dividend payout ratio' is defined as dividends as a proportion of comparable profit after tax.
Unless otherwise stated, percent amounts are rounded to the nearest 0.5%.

Key financial measures[A] Reported to Pro forma comparable Unaudited, Fx impact calculated by recasting current year results at prior year rates	Year ended 31 December 2021						
	€ millions			% change vs prior year			
	As reported	Pro forma comparable	Pro forma Fx impact	As reported	Pro forma comparable	Pro forma Fx impact	Pro forma comparable Fx neutral
Revenue	13,763	14,819	240	30%	9.5%	2.0%	7.5%
Cost of sales	8,677	9,222	149	26.5%	8.0%	2.0%	6.0%
Operating expenses	3,570	3,711	54	22.0%	6.0%	1.5%	4.5%
Operating profit	1,516	1,886	37	86.5%	26.0%	2.5%	23.5%
Profit after taxes	988	1,369	27	98.5%	36.0%	2.5%	33.5%

(A) See Supplementary financial information – Income Statement section for reconciliation of reported to comparable and reported to pro forma comparable results.

Financial highlights

During 2021, we successfully acquired Coca-Cola Amatil, while delivering our growth objectives for revenue, profit, and diluted earnings per share. As we worked to integrate our business in 2021, solid top line recovery, value share gains, operating margin expansion and strong free cash flow generation demonstrated the resilience of our business in a challenging environment. These results were driven by our focus on core brands, in-market execution and effective revenue growth management initiatives. Additionally, 2021 was marked by a strong recovery following the impact of the pandemic on our business in 2020. We grew volume and revenue per unit case, benefitted from ongoing efficiency programmes and continued to focus efforts on discretionary spend optimisation, successfully offsetting higher concentrate costs, commodity inflation and adverse cost of sales mix. This enabled us to continue to return cash to shareholders, as demonstrated by the dividend paid in December. The net impact of the Acquisition on our key financial measures can be summarised as follows:

- Reported revenue totalled €13.8 billion, up 30.0% on a reported basis and 7.5% on a pro forma comparable and Fx neutral basis
- Volume increased 23.0% on a reported basis. Pro forma comparable volume increased 4.5% and pro forma comparable and Fx neutral revenue per unit case increased 3.0%
- Reported operating profit was €1.5 billion, up 86.5%. Pro forma comparable operating profit was €1.9 billion, up 26.0%, or up 23.5% on a pro forma comparable and Fx neutral basis
- Reported diluted earnings per share were €2.15 or €2.83, up 57%, on a comparable basis[A]
- Net cash flows from operating activities were €2.1 billion. Full year free cash flow[B] was €1.5 billion

(A) See Supplementary financial information – Income Statement section for reconciliation of reported to comparable results.
(B) See Liquidity and capital management section for a reconciliation between net cash flows from operating activities and free cash flow.

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Operational review

Revenue

Revenue totalled €13.8 billion, up 30% versus prior year on a reported basis, and 28.0% on an Fx neutral basis, driven by the inclusion of API in 2021. Pro forma comparable revenue was €14.8 billion, up 9.5% vs prior year, or up 7.5% on a pro forma comparable and Fx neutral basis. Revenue per unit case increased by 3.0% in 2021, on a pro forma comparable and Fx neutral basis. Volume increased 4.5% on a pro forma comparable basis.

	Year ended 31 December 2021					
Revenue[A] In millions of €	As reported	Pro forma comparable	Reported % change	Fx neutral % change	Pro forma comparable % change	Pro forma Fx neutral % change
Revenue	11,584	11,584	9.0%	8.0%	9.0%	8.0%
API	2,179	3,235	n/a	n/a	10.5%	7.0%
Total CCEP	13,763	14,819	30.0%	28.0%	9.5%	7.5%

(A) See Supplementary financial information – Income Statement section for reconciliation of reported to comparable and reported to pro forma comparable results.

Comparable volume – selling day shift In millions of unit cases, prior period volume recast using current year selling days[A]	Year ended 31 December 2021	31 December 2020	% change
Volume	**2,804**	**2,277**	**23%**
Impact of selling day shift	n/a	(7)	n/a
Comparable volume – selling day shift adjusted	**2,804**	**2,270**	**23.5%**
Pro forma impact API	215	616	n/a
Pro forma comparable volume	**3,019**	**2,886**	**4.5%**

(A) A unit case equals approximately 5.678 litres or 24 eight ounce servings, a typical volume measure used in our industry.

Volumes were up 23.0% on a reported basis and 23.5% on a comparable basis, driven by the inclusion of API in 2021. Pro forma comparable volume was up 4.5% versus 2020. This reflects the reopening of the away from home channel and increased consumer mobility given the easing of restrictions across most of our markets. The most significant impact was in the away from home channel where pro forma comparable volumes increased by 10.0% compared to 2020. We experienced improvement in volumes reflecting fewer restrictions and the recovery of immediate consumption packages, although the Omicron variant slowed the recovery during the fourth quarter of 2021 with restrictions reintroduced in some markets. Trading in the home channel was stable throughout the year with full year pro forma comparable volume growth of 1.5%, driven by growth in the online channel as well our continued revenue growth management initiatives. From a package perspective, immediate consumption grew across both channels in Europe with volumes up 17.0%. The volume of future consumption packs such as large PET and multipack cans grew during the year, particularly in the home channel.

Pro forma comparable volume by category	Year ended 31 December 2021 % of total	31 December 2020 % of total	% change
Sparkling	**84.5%**	**84.5%**	**4.5%**
Coca-Cola™	59.0%	60.0%	3.5%
Flavours, mixers and energy	25.5%	24.5%	7.0%
Stills	**15.5%**	**15.5%**	**5.0%**
Hydration	7.5%	8.0%	–
RTD tea, RTD coffee, juices and other[A]	8.0%	7.5%	10.0%
Total	**100.0%**	**100.0%**	**4.5%**

(A) RTD refers to Ready to Drink; Other includes Alcohol and Coffee.

On a brand category basis in 2021, Coca-Cola trademark volume increased by 3.5% versus 2020 on a pro forma comparable basis. This increase reflected the growth in Coca-Cola Original Taste and Lights driven by the continued rebound of the away from home channel and strong performance of Coca-Cola Zero Sugar, with volumes ahead of both 2020 (up 8.5%) and 2019 (up 11.5%) supported by our new look, new taste launch.

Flavours, mixers and energy volume increased by 7.0% versus 2020 on a pro forma comparable basis. Energy volumes were up 21.5% versus 2020, or 35.5% versus 2019, reflecting solid distribution in both channels and strong innovation. Schweppes Mixers volume increased by 1.5% versus 2019. Fanta grew volume driven by the continued rebound of the away from home channel.

Hydration volume was flat versus 2020 on a pro forma comparable basis. This reflects the delisting of some PET waters in Germany, offset by the growth of Sports category brands in API.

RTD teas, RTD coffees, juices and other drinks volume increased by 10.0% versus 2020 on a pro forma comparable basis. Juice drinks grew volume reflecting the continued rebound of the away from home channel. Capri-Sun volume increased by 16.5% versus 2019, reflecting solid growth in France and Great Britain. Fuze Tea volumes were up 9.5% versus 2019 and the brand continues to grow value share in Europe. Alcohol delivered strong growth in Australia driven by spirits and ready to drink beverages, with volumes up 5.0% versus 2019.

Business and financial review

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Revenue by segment: Europe

Revenue Europe In millions of €, except per case data which is calculated prior to rounding. Fx impact calculated by recasting current year results at prior year rates	Year ended 31 December 2021	31 December 2020	% change
As reported	**11,584**	**10,606**	**9.0%**
Adjust: Impact of Fx charges	(132)	n/a	–
Fx neutral	**11,452**	**10,606**	**8.0%**
Revenue per unit case	**4.81**	**4.66**	**3.5%**

Revenue in Europe totalled €11.6 billion, up 9.0% versus prior year on a reported basis, and 8.0% on an Fx neutral basis. Revenue per unit case in Europe increased by 3.5% in 2021, on a comparable and Fx neutral basis, reflecting positive package and channel mix driven by the improvement in away from home volume and growth in immediate consumptions packages, alongside favourable price and brand mix.

Revenue by geography In millions of €	Year ended 31 December 2021 As reported	Reported % change	Fx neutral % change
Great Britain	2,613	18.5%	14.0%
Germany	2,335	3.0%	3.0%
Iberia[(A)]	2,495	15.0%	15.0%
France[(B)]	1,813	6.0%	6.0%
Belgium/Luxembourg	926	4.0%	4.0%
Netherlands	557	5.5%	5.5%
Norway	391	(7.5)%	(12.5)%
Sweden	375	11.5%	7.5%
Iceland	79	13.0%	10.0%
Total Europe	**11,584**	**9.0%**	**8.0%**

(A) Iberia refers to Spain, Portugal and Andorra.
(B) France refers to continental France and Monaco.

Reported revenue in Great Britain was up 18.5% versus 2020. Foreign exchange translation positively impacted revenue growth by 4.5%. The additional increase in revenue was mainly driven by the continued recovery of the away from home channel, as well as increased domestic tourism and cycling soft comparables. The home channel showed solid performance versus 2020. Coca-Cola trademark, Fanta and Monster grew volumes ahead of 2019. Additionally, revenue per case growth was driven by favorable underlying price, alongside positive mix led by the growth in immediate consumption packages, including growth of 39.5% in small glass and 25.0% small PET.

Reported revenue in Germany was up 3.0% versus 2020. Volume was impacted mainly by adverse weather in the third quarter and varying levels of restrictions within HoReCa[(A)] throughout the year, slowing the overall recovery of the away from home channel. The home channel saw continued growth versus prior year. Coca-Cola Zero Sugar and Fuze Tea grew volume, both above 2019 levels. Additionally, revenue per case growth was driven by positive brand mix from Monster and the delisting of some PET waters, as well as favourable underlying price and positive package mix.

On a territory basis in 2021, reported revenue in Iberia was up 15.0% versus 2020. This was mainly driven by an increase in volume due to fewer restrictions and the cycling of soft comparables. Performance saw a strong rebound in the away from home channel, although the Omicron variant slowed the recovery in the fourth quarter as restrictions in HoReCa[(A)] were reintroduced. This volume increase was partly offset by lower international tourism and an increase of the Spanish VAT rate within the home channel. Coca-Cola Zero Sugar and Monster grew volume, both above 2019 levels. Additionally, revenue per case growth was positively impacted by package and channel mix given the ongoing recovery of the away from home channel in addition to favourable underlying price.

Reported revenue in France was up 6.0% versus 2020. This was mainly driven by an increase in volume due to fewer restrictions and the cycling of soft comparables. The away from home channel recorded a strong rebound, and the home channel showed a continued volume increase led by the growth in immediate consumption packages. Coca-Cola Zero Sugar and Monster continued to grow volume, both above 2019 levels. Additionally, revenue per case growth was supported by positive customer and package mix led by the recovery of the away from home channel as well as increased consumer mobility, including growth of 14.5% in small glass and 22.0% small PET.

Reported revenue in the Northern European territories (Belgium, Luxembourg, the Netherlands, Norway, Sweden and Iceland) was up 3.5% versus 2020. Foreign exchange translation positively impacted revenue growth by 1.5%. The additional increase in revenue was mainly driven by fewer restrictions in the away from home channel in the fourth quarter, partially offset by adverse weather in the third quarter, including the impact of flooding in Belgium in July. Coca-Cola Zero Sugar, Monster and Capri-Sun grew volume above 2019 levels. Additionally, revenue per case declined as a result of changes to Norwegian soft drink taxes, offsetting positive package and brand mix, alongside favourable underlying price.

(A) HoReCa = hotels, restaurants and cafes.

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Revenue by segment: API

Pro forma revenue API[A] In millions of €, except per case data which is calculated prior to rounding. Fx impact calculated by recasting current year results at prior year rates	Year ended 31 December 2021	31 December 2020	% change
As reported and comparable	**2,179**	**–**	**n/a**
Ads: Pro forma adjustments API	1,056	2,929	–
Pro forma comparable	**3,235**	**2,929**	**10.5%**
Adjust: Impact of Fx changes	(108)	n/a	–
Pro forma comparable and Fx neutral	**3,127**	**2,929**	**7.0%**
Pro forma revenue per unit case	**4.88**	**4.74**	**3.0%**

(A) See Supplementary financial information – Income Statement section for reconciliation of reported to comparable and reported to pro forma comparable results.

Revenue in API totalled €2.2 billion on a reported basis. Pro forma comparable revenue was €3.2 billion, up 10.5% vs prior year, or up 7.0% on a pro forma comparable and Fx neutral basis. Revenue per unit case increased by 3.0% in 2021, on a pro forma comparable and Fx neutral basis. Volume increased 4.0% on a pro forma comparable basis driven by the reopening of the away from home channel and increased consumer mobility given the easing of restrictions across most of our API markets.

Pro forma revenue by geography[A] In millions of €	Full year ended 31 December 2021 Reported	Pro forma comparable	Pro forma comparable % change	Pro forma Fx neutral % change
Australia	1,359	2,028	11.0%	5.5%
New Zealand and Pacific Islands	377	555	12.5%	7.5%
Indonesia and Papua New Guinea	443	652	7.5%	10.0%
Total API	**2,179**	**3,235**	**10.5%**	**7.0%**

(A) See Supplementary financial information – Income Statement section for reconciliation of reported to comparable and reported to pro forma comparable results.

Revenue in the Australia, Pacific and Indonesian territories (Australia, New Zealand and Pacific Islands, Indonesia and Papua New Guinea) was up 10.5% versus 2020 on a pro forma comparable basis. Foreign exchange translation positively impacted revenue growth by 3.5%. The additional increase in revenue was mainly driven by the continued recovery of the away from home channel in all markets and solid performance in the home channel. Coca-Cola No Sugar grew volume in Australia. Monster continued to grow in all markets. Additionally, revenue per case increased on a pro forma comparable and Fx neutral basis, as a result of positive package and brand mix, lower promotions in Australia and underlying favourable price.

Cost of sales

Reported cost of sales totalled €8.7 billion, up 26.5% versus prior year on a reported basis, and 24.5% on a comparable Fx neutral basis, driven by the inclusion of API in 2021. Pro forma comparable cost of sales was €9.2 billion, up 8.0% vs prior year, or up 6.0% on a pro forma comparable and Fx neutral basis driven in part by volume growth. Cost of sales per unit case increased by 1.5% on a pro forma comparable and Fx neutral basis.

Pro forma Cost of sales[A] In millions of €, except per case data which is calculated prior to rounding. Fx impact calculated by recasting current year results at prior year rates	Year ended 31 December 2021	31 December 2020	% change
As reported	**8,677**	**6,871**	**26.5%**
Add: Pro forma adjustments API	616	1,737	
Adjust: Transaction accounting adjustments	–	57	n/a
Adjust: Total items impacting comparability	(71)	(118)	
Pro forma comparable	**9,222**	**8,547**	**8.0%**
Adjust: Impact of Fx changes	(149)	n/a	n/a
Pro forma comparable and Fx neutral	**9,073**	**8,547**	**6.0%**
Cost of sales per unit case	**3.00**	**2.95**	**1.5%**

(A) See Supplementary financial information – Income Statement section for reconciliation of reported to comparable and reported to pro forma comparable results.

Cost of sales in Europe increased in part due to higher volume, which grew 5.0% versus 2020 on a comparable basis. Cost of sales per unit case increased as well, reflecting increased revenue per unit case driving higher concentrate costs. Commodities have been adverse driven by higher aluminium and PET prices, though solid hedge coverage throughout the year provided protection from some of the market volatility. Mix was adverse driven mainly by strong volume growth in energy and cans, partially offset by the favourable recovery of fixed manufacturing costs given higher volumes.

Cost of sales in API also increased reflecting higher volume, which grew 4.0% versus 2020 on a pro forma comparable basis. Operating leverage as well as continued efforts in managing production and logistics costs, offsetting increased labour and fuel costs, resulted in a cost per unit case improvement vs 2020. Throughout the year, efforts were made to navigate significant global supply chain disruptions, which resulted in shipping delays, pallet shortages and upward pressure on freight costs.

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Operating expenses

Reported operating expenses totalled €3.6 billion, up 22.0% versus prior year on a reported basis, and 28.5% on a comparable and Fx neutral basis, driven by the inclusion of API in 2021. Pro forma comparable operating expenses were €3.7 billion, up 6.0% vs prior year, or up 4.5% on a pro forma comparable and Fx neutral basis.

Pro forma Operating expenses[A] In millions of €. Fx impact calculated by recasting current year results at prior year rates	Year ended 31 December 2021	 31 December 2020	% change
As reported	**3,570**	**2,922**	**22.0%**
Add: Pro forma adjustments API	323	1,022	
Adjust: Transaction accounting adjustments	68	130	n/a
Adjust: Total items impacting comparability	(250)	(581)	
Pro forma comparable	**3,711**	**3,493**	**6.0%**
Adjust: Impact of Fx changes	(54)	n/a	n/a
Pro forma comparable and Fx neutral	**3,657**	**3,493**	**4.5%**

(A) See Supplementary financial information – Income Statement section for reconciliation of reported to comparable and reported to pro forma comparable results.

Approximately one third of operating expenses are variable in nature. Comparable operating expenses in Europe increased as volumes grew, reflecting the reopening of the away from home channel and increased consumer mobility given the easing of restrictions. To support our customers and the pandemic recovery, we made focused investments in trade marketing expenses (TME). Our business also experienced upward inflationary pressures in areas such as labour and haulage.

Continuing efforts on discretionary spend optimisation and progressing our previously announced efficiency programme helped to protect operating profit.

Pro forma comparable operating expenses in API reflected higher volumes, partially offset by the benefit of ongoing efficiency programmes and combination benefits. Continuing efforts on discretionary spend optimisation in areas such as trade marketing, travel and meetings as well as labour cost management further contributed to mitigating the increase in our cost base.

Restructuring and Acquisition related costs

Restructuring charges of €17 million and €136 million were recognised within reported cost of sales and reported operating expenses, respectively, for the year ended 31 December 2021 related principally to the continuation of the Accelerate Competitiveness programme announced in October 2020. This programme relates to initiatives across Europe aimed at improving productivity through the use of technology enabled solutions. Restructuring charges in 2021 include €51 million of severance costs related to productivity initiatives within the commercial organisation in Iberia.

Restructuring charges of €62 million and €306 million were recognised within reported cost of sales and reported operating expenses for the year ended 31 December 2020, the majority of which also relate to severance and accelerated depreciation in connection with the Accelerate Competitiveness programme. Charges included costs associated with closure of production sites in Germany and Iberia as well as the closure of five distribution centres and changes in the commercial organisation in Germany.

Acquisition and integration related costs of €49 million and €4 million were recognised within reported operating expenses and finance costs, respectively, for the year ended 31 December 2021 associated with the acquisition of CCL. This compares to €14 million of total acquisition related costs recognised during the year ended 31 December 2020.

Effective tax rate

The reported effective tax rate was 29% and 28% for the years ended 31 December 2021 and 31 December 2020, respectively.

For the year ended 31 December 2021, the effective tax rate included a €127 million impact related to the revaluation of deferred taxes due to enacted increases in the UK statutory income tax rate from 19% to 25% effective from 1 April 2023, the Netherlands statutory income tax rate from 25% to 25.8% effective from 1 January 2022 and an enacted law change in Indonesia which held its statutory income tax rate at 22% from 1 January 2022, reversing the previously enacted reduction from 22% to 20%.

The comparable effective tax rate was 21% and 24% for the years ended 31 December 2021 and 31 December 2020, respectively.

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Return on invested capital

ROIC is used as a measure of capital efficiency and reflects how well the Group generates comparable operating profit relative to the capital invested in the business. For the year ended 31 December 2021, reported ROIC increased by 160 basis points, to 9.2%, due to the inclusion of API comparable operating profit from the acquisition date. On a pro forma basis, which adjusts both invested capital and comparable operating profit to reflect the acquisition date as at 1 January 2021, ROIC increased by 40 basis points, to 8.0%, versus prior year.

ROIC In millions of €	Year ended 31 December 2021 Pro forma[c]	31 December 2021	31 December 2020
Comparable operating profit[A]	**1,886**	**1,772**	**1,194**
Taxes[B]	(399)	(367)	(286)
Non-controlling interest	(12)	(8)	–
Comparable operating profit after tax attributable to shareholders	**1,475**	**1,397**	**908**
Opening borrowings less cash and cash equivalents and short term investments[C]	12,498	5,664	6,105
Opening equity attributable to shareholders[C]	5,911	6,025	6,156
Opening invested capital	**18,409**	**11,689**	**12,261**
Closing borrowings less cash and cash equivalents and short term investments	11,675	11,675	5,664
Closing equity attributable to shareholders	7,033	7,033	6,025
Closing invested capital	**18,708**	**18,708**	**11,689**
Average invested capital	**18,559**	**15,199**	**11,975**
ROIC	**8.0%**	**9.2%**	**7.6%**

(A) Reconciliation from reported operating profit to comparable operating profit and to pro forma comparable operating profit is included in the Supplementary Financial Information – Income Statement section.
(B) Tax rate used is the comparable effective tax rate for the year (2021 pro forma: 21%; 2021: 21%; 2020: 24%).
(C) In light of the CCL acquisition and in order to provide investors with a more meaningful measure of capital efficiency for 2021, a pro forma ROIC measure has been presented. To derive this pro forma measure, opening borrowings, cash and cash equivalents, short term investments, and equity attributable to shareholders have been extracted from the unaudited pro forma condensed combined statement of financial position as of 31 December 2020 prepared in connection with proposed financing of the CCL acquisition and furnished on Form 6-K on 20 April 2021, and adjusted for any associated acquisition accounting fair value adjustments in the period through to 31 December 2021. These adjustments include an increase in borrowings of €38 million and a decrease in equity attributable to shareholders of €18 million.

Liquidity and capital management

Liquidity

Liquidity risk is actively managed to ensure we have sufficient funds to satisfy our commitments as they fall due. Our sources of capital include, but are not limited to, cash flows from operating activities, public and private issuances of debt securities and bank borrowings. We believe our operating cash flow, cash on hand and available short-term and long-term capital resources are sufficient to fund our working capital requirements, scheduled borrowing payments, interest payments, capital expenditures, benefit plan contributions, income tax obligations and dividends to shareholders. Counterparties and instruments used to hold cash and cash equivalents are continuously assessed, with a focus on preservation of capital and liquidity.

During 2021, subsequent to the Acquisition, the amount available under the Group's committed multi currency credit facility was increased from €1.5 billion to €1.95 billion. This amount is available for borrowing with a syndicate of 13 banks. This credit facility matures in 2025 and is for general corporate purposes and supporting the Group's working capital needs. Based on information currently available, there is no indication that the financial institutions participating in this facility would be unable to fulfil their commitments to the Group as at the date of this report. The Group's current credit facility contains no financial covenants that would impact its liquidity or access to capital. As at 31 December 2021, the Group had no amounts drawn under this credit facility.

Net cash flows from operating activities were €2,117 million in 2021, an increase of 42.0%, or €627 million, from €1,490 million in 2020, reflecting the inclusion of API and continued recovery from COVID-19. These cash flows were primarily generated from our operations and included restructuring cash outflows of €205 million.

In 2021, we continued to monitor our investment in capital expenditure programmes, given continued uncertainty. Our 2021 capital spend, which includes API from the date of the acquisition, on property, plant and equipment and capitalised software as part of our business capability programme was €446 million, compared to €408 million in 2020.

Free cash flow generation for the year was strong totalling €1,460 million, a significant increase relative to our 2020 total of €924 million following strong recovery from the impact of COVID-19 in 2020 and the inclusion of API.

Free cash flow In millions of €	Year ended 31 December 2021	31 December 2020
Net cash flows from operating activities	**2,117**	**1,490**
Less: Purchases of property, plant and equipment	(349)	(348)
Less: Purchases of capitalised software	(97)	(60)
Add: Proceeds from sales of property, plant and equipment	25	49
Less: Payments of principal on lease obligations	(139)	(116)
Less: Interest paid, net	(97)	(91)
Free cash flow	**1,460**	**924**

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In 2021, total borrowings increased by €6 billion. This was driven by new issue proceeds of €4,877 million in connection with the Acquisition, API borrowings of €1,632 million assumed as part of the Acquisition and changes in short-term borrowings of €276 million. This was partially offset by repayments on third party borrowings of €950 million and payments on principal and interest lease obligations of €149 million.

New issue proceeds include the following bonds: €800 million 0% Notes due 2025; €700 million 0.5% Notes due 2029; €1,000 million 0.875% Notes due 2033; €750 million 1.5% Notes due 2041; $850 million 0.5% Notes due 2023; $650 million 0.8% Notes due 2024 and $500 million 1.5% Notes due 2027, all issued in May 2021.

Repayments of bonds include repayments prior to maturity in June 2021 of $300 million 4.5% Notes due September 2021 and $250 million 3.25% Notes due August 2021. The following bonds were also repaid on maturity during the year: €350 million Floating Rate Notes; A$100 million 4.63% Notes; A$45 million 6.65% Notes; JPY3 billion 2.54% Notes; A$100 million 4.25% Notes and A$30 million 5.95% Notes.

Capital management

The primary objective of our capital management strategy is to ensure strong ratings and to maintain appropriate capital ratios to support our business and maximise shareholder value. Our credit ratings are periodically reviewed by rating agencies. We regularly assess debt and equity capital levels against our stated policy for capital structure. Our capital structure is managed and, as appropriate, adjusted in light of changes in economic conditions and our financial policy.

CCEP paid net cash consideration of €5.4 billion to CCL shareholders and funded the Acquisition through a combination of new external borrowings and existing cash increasing our net debt to €11.6 billion as at 31 December 2021, versus €5.7 billion as at December 2020. Refer to Note 4 of the consolidated financial statements for further information regarding the Acquisition. We do not expect this change in net debt to have a material negative impact on our liquidity or capital resources. Liquidity risk is actively managed to ensure we have sufficient funds to satisfy our commitments as they fall due. Our sources of capital include, but are not limited to, cash flows from operations, public and private issuances of debt securities and bank borrowings. We believe our operating cash flow, cash on hand and available short-term and long-term capital resources are sufficient to fund our working capital requirements, scheduled borrowing payments, interest payments, capital expenditures, benefit plan contributions, income tax obligations and dividends to shareholders. Counterparties and instruments used to hold cash and cash equivalents are continuously assessed, with a focus on preservation of capital and liquidity.

We also have amounts available for borrowing under a €1.95 billion multi-currency credit facility with a syndicate of 13 banks. This credit facility matures in 2025 and is for general corporate purposes and supporting our working capital needs. Our current credit facility contains no financial covenants that would impact our liquidity or access to capital. As at 31 December 2021, we had no amounts drawn under this credit facility.

Net debt In millions of €	As at 31 December 2021	31 December 2020
Total borrowings	13,140	7,187
Fair value of hedges related to borrowings[A]	(110)	36
Other financial assets/ liabilities[A]	42	–
Adjusted total borrowings[A]	**13,072**	**7,223**
Less: cash and cash equivalents[B]	(1,407)	(1,523)
Less: short term investments[C]	(58)	–
Net debt	**11,607**	**5,700**

Credit ratings As of 14 March 2022	Moody's	Fitch Ratings
Long-term rating	Baa1	BBB+
Outlook	Stable	Stable

Note: Our credit ratings can be materially influenced by a number of factors including, but not limited to, acquisitions, investment decisions and working capital management activities of TCCC and/or changes in the credit rating of TCCC. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

(A) Following the acquisition of CCL, Net Debt includes adjustments for the fair value of derivative instruments used to hedge both currency and interest rate risk on the Group's borrowings. As at 31 December 2020, the Group did not hold interest rate hedging instruments and adjusted Net Debt only for currency impacts. In addition, Net Debt also includes other financial assets/liabilities relating to cash collateral pledged by/to external parties on hedging instruments related to borrowings.

(B) Cash and cash equivalents as at 31 December 2021 includes €45 million of cash in Papua New Guinea Kina. Presently, there are government-imposed currency controls which impact the extent to which the cash held in Papua New Guinea can be converted into foreign currency and remitted for use elsewhere in the Group.

(C) Short term investments are term cash deposits held in API with maturity dates when acquired of greater than three months and less than one year. These short term investments are held with counterparties that are continually assessed with a focus on preservation of capital and liquidity. Short term term investments as at 31 December 2021 includes €44 million of assets in Papua New Guinea Kina, subject to the same currency controls outlined above.

The ratio of net debt to adjusted EBITDA is used by investors, analysts and credit rating agencies to analyse our operating performance in the context of targeted financial leverage, and so we provide a reconciliation of this measure. Net debt enables investors to see the economic effect of total borrowings, fair value impact of related hedges and other financial assets/liabilities, cash and cash equivalents and short-term investments in total. Adjusted EBITDA is calculated as EBITDA after adding back items impacting the comparability of year over year financial performance.

Adjusted EBITDA does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments. Further, adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs and, although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised are likely to be replaced in the future and adjusted EBITDA does not reflect cash requirements for such replacements.

Net debt to adjusted EBITDA

For 2021, we have provided a pro forma calculation for our net debt to adjusted EBITDA ratio as if the Acquisition had occurred at the beginning of 2021. We believe this calculation allows for a better understanding of our capital position in the context of CCEP. Pro forma adjusted EBITDA has increased in 2021 relative to the adjusted EBITDA in 2020 by €888 million, primarily driven by the inclusion of API. The ratio of net debt to pro forma adjusted EBITDA is 4.3 versus the net debt to adjusted EBITDA ratio of 3.2 in 2020, reflecting the increase in net debt due to acquisition financing, offset by the increase in pro forma adjusted EBITDA.

Business and financial review

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In millions of €	Year ended 31 December 2021 Pro forma[A]	31 December 2021	31 December 2020
Reported profit after tax	**988**	**988**	**498**
Taxes	394	394	197
Finance costs, net	129	129	111
Non-operating items	5	5	7
Reported operating profit	**1,516**	**1,516**	**813**
Pro forma adjustments API[B]	117		
Transaction accounting adjustments[C]	(68)		
Pro forma operating profit	**1,565**		
Depreciation and amortisation[D]	858	782	727
Reported EBITDA	**2,423**	**2,298**	**1,540**
Items impacting comparability:			
Mark-to-market effects[E]	–	–	2
Restructuring charges[F]	97	97	247
Defined benefit plan closure[G]	(9)	(9)	–
Acquisition and integration related costs[H]	110	49	11
Inventory step up costs[I]	48	48	–
European flooding[J]	15	15	–
Other[K]	4	–	–
Adjusted EBITDA	**2,688**	**2,498**	**1,800**
Net debt to EBITDA	**4.8**	**5.1**	**3.7**
Net debt to adjusted EBITDA	**4.3**	**4.7**	**3.2**

(A) Reconciliation from reported operating profit to comparable operating profit and to pro forma comparable operating profit is included in the Supplementary Financial Information – Income Statement section.
(B) Amounts represent adjustments to include CCL financial results prepared on a basis consistent with CCEP accounting policies, as if the Acquisition had occurred on 1 January 2021 and excludes CCL acquisition and integration related costs.
(C) Amounts represent transaction accounting adjustments for the period 1 January to 10 May as if the Acquisition had occurred on 1 January 2021.
(D) Includes the depreciation and amortisation impact relating to provisional fair values for intangibles and property plant and equipment. On a pro forma basis, it includes the depreciation and amortisation as if the Acquisition had occurred on 1 January 2021.
(E) Amounts represent the net out of period mark-to-market impact of non-designated commodity hedges.
(F) Amounts represent restructuring charges related to business transformation activities, excluding accelerated depreciation included in the depreciation and amortisation line.
(G) Amounts represent the impact of the closure of the GB defined benefit pension scheme to future benefits accrual on 31 March 2021.
(H) Amounts represent costs associated with the acquisition and integration of CCL.
(I) Amounts represent the non-recurring impact of the fair value step-up of API finished goods.
(J) Amounts represent the incremental net costs incurred as a result of the July 2021 flooding events, which impacted the operations of our production facilities in Chaudfontaine and Bad Neuenahr.
(K) Amounts represent charges incurred prior to Acquisition classified as non-trading items by CCL which are not expected to recur.

Dividends

In line with our commitments to deliver long-term value to shareholders, in December we paid a full year dividend of €1.40 per share, maintaining a payout ratio of approximately 50%, based on comparable diluted earnings per share, in line with our dividend policy. For the year ended 31 December 2021, dividend payments totalled €638 million (2020: €386 million).

Share buyback

In connection with the Company's share buyback programmes, we returned approximately €130 million to shareholders in 2020. No Shares were repurchased under the programme in 2021.

Business and financial review

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Supplementary financial information – Income Statement – reported to comparable

The following provides a summary reconciliation of CCEP's reported and comparable results for the full year ended 31 December 2021 and 31 December 2020:

Full year 2021 Unaudited, in millions of € except per share data which is calculated prior to rounding	As reported	Items impacting comparability						Comparable
	CCEP	Restructuring charges[A]	Defined benefit plan closure[B]	Acquisition and integration related costs[C]	Inventory step up costs[D]	European flooding[E]	Net Tax[F]	CCEP
Revenue	13,763	–	–	–	–	–	–	13,763
Cost of sales	8,677	(17)	3	–	(48)	(9)	–	8,606
Gross profit	**5,086**	**17**	**(3)**	**–**	**48**	**9**	**–**	**5,157**
Operating expenses	3,570	(136)	6	(49)	–	(6)	–	3,385
Operating profit	**1,516**	**153**	**(9)**	**49**	**48**	**15**	**–**	**1,772**
Total finance costs, net	129	–	–	(4)	–	–	–	125
Non-operating items	5	–	–	–	–	–	–	5
Profit before taxes	**1,382**	**153**	**(9)**	**53**	**48**	**15**	**–**	**1,642**
Taxes	394	43	4	10	13	3	(127)	340
Profit after taxes	**988**	**110**	**(13)**	**43**	**35**	**12**	**127**	**1,302**
Attributable to:								
Shareholders	982	109	(13)	43	34	12	127	1,294
Non-controlling interest	6	1	–	–	1	–	–	8
Profit after taxes	**988**	**110**	**(13)**	**43**	**35**	**12**	**127**	**1,302**
Diluted earnings per share (€)	**2.15**	**0.24**	**(0.03)**	**0.09**	**0.07**	**0.03**	**0.28**	**2.83**

(A) Amounts represent restructuring charges related to business transformation activities.
(B) Amounts represent the impact of the closure of the GB defined benefit pension scheme to future benefits accrual on 31 March 2021.
(C) Amounts represent cost associated with the acquisition and integration of CCL.
(D) Amounts represent the non-recurring impact of the fair value step-up of API finished goods.
(E) Amounts represent the incremental net costs incurred as a result of the July 2021 flooding events, which impacted the operations of our production facilities in Chaudfontaine and Bad Neuenahr.
(F) Amounts include the deferred tax impact related to income tax rate and law changes.
(G) Amounts represent the net out of period mark-to-market impact of non-designated commodity hedges.

Full year 2020 Unaudited, in millions of € except per share data which is calculated prior to rounding	As reported	Items impacting comparability				Comparable
	CCEP	Mark-to-market effects[G]	Restructing charges[A]	Total Acquisition Related Costs[C]	Net Tax[F]	CCEP
Revenue	10,606	–	–	–	–	10,606
Cost of sales	6,871	–	(62)	–	–	6,809
Gross profit	**3,735**	**–**	**62**	**–**	**–**	**3,797**
Operating expenses	2,922	(2)	(306)	(11)	–	2,603
Operating profit	**813**	**2**	**368**	**11**	**–**	**1,194**
Total finance costs, net	111	–	–	(3)	–	108
Non-operating items	7	–	–	–	–	7
Profit before taxes	**695**	**2**	**368**	**14**	**–**	**1,079**
Taxes	197	–	103	3	(45)	258
Profit after taxes	**498**	**2**	**265**	**11**	**45**	**821**
Attributable to:						
Shareholders	498	2	265	11	45	821
Non-controlling interest	–	–	–	–	–	–
Profit after taxes	**498**	**2**	**265**	**11**	**45**	**821**
Diluted earnings per share (€)	**1.09**	**–**	**0.58**	**0.03**	**0.10**	**1.80**

Business and financial review

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Supplementary financial information – Income Statement – reported to pro forma comparable

The following provides a summary reconciliation of CCEP's reported and pro forma comparable results for the full year ended 31 December 2021 and 31 December 2020:

Full year 2021 Unaudited, in millions of € except per share data which is calculated prior to rounding	As reported	Pro forma adjustments CCL[A]	Transaction accounting adjustments[B]	Pro forma combined	Items impacting com-parability[E]	Pro forma comparable
	CCEP			CCEP		CCEP
Revenue	13,763	1,056	–	14,819	–	14,819
Cost of sales	8,677	616	–	9,293	(71)	9,222
Gross profit	**5,086**	**440**	**–**	**5,526**	**71**	**5,597**
Operating expenses	3,570	323	68	3,961	(250)	3,711
Operating profit	**1,516**	**117**	**(68)**	**1,565**	**321**	**1,886**
Total finance costs, net	129	12	9	150	(4)	146
Non-operating items	5	(1)	–	4	–	4
Profit before taxes	**1,382**	**106**	**(77)**	**1,411**	**325**	**1,736**
Taxes	394	29	(20)	403	(36)	367
Profit after taxes	**988**	**77**	**(57)**	**1,008**	**361**	**1,369**
Attributable to:						
Shareholders	982	74	(58)	998	359	1,357
Non-controlling interest	6	3	1	10	2	12
Profit after taxes	**988**	**77**	**(57)**	**1,008**	**361**	**1,369**
Diluted earnings per share (€)	**2.15**	**0.16**	**(0.13)**	**2.18**	**0.79**	**2.97**

(A) Amounts represent adjustments to include CCL financial results prepared on a basis consistent with CCEP accounting policies, as if the Acquisition had occurred on 1 January 2021 and excludes CCL acquisition and integration related costs.

(B) Amounts represent transaction accounting adjustments for the period 1 January to 10 May as if the Acquisition had occurred on 1 January 2021. These include the depreciation and amortisation impact relating to provisional fair values for intangibles and property plant and equipment, the interest impact of additional debt financing reflecting the actual weighted average interest rate for Acquisition financing of c.0.40% and the inclusion of acquisition and integration related costs incurred by CCL prior to the Acquisition.

Full year 2020 Unaudited, in millions of € except per share data which is calculated prior to rounding	As reported	Historical adjusted CCL[C]	Transaction accounting adjustments[D]	Pro forma combined	Items impacting com-parability[E]	Pro forma comparable
	CCEP			CCEP		CCEP
Revenue	10,606	2,929	–	13,535	–	13,535
Cost of sales	6,871	1,737	57	8,665	(118)	8,547
Gross profit	**3,735**	**1,192**	**(57)**	**4,870**	**118**	**4,988**
Operating expenses	2,922	1,022	130	4,074	(581)	3,493
Operating profit	**813**	**170**	**(187)**	**796**	**699**	**1,495**
Total finance costs, net	111	37	19	167	(7)	160
Non-operating items	7	2	–	9	(4)	5
Profit before taxes	**695**	**131**	**(206)**	**620**	**710**	**1,330**
Taxes	197	44	(57)	184	142	326
Profit after taxes	**498**	**87**	**(149)**	**436**	**568**	**1,004**
Attributable to:						
Shareholders	498	109	(152)	455	542	997
Non-controlling interest	–	(22)	3	(19)	26	7
Profit after taxes	**498**	**87**	**(149)**	**436**	**568**	**1,004**
Diluted earnings per share (€)	**1.09**	**0.24**	**(0.33)**	**1.00**	**1.19**	**2.19**

(C) Amounts represent adjustments to reflect CCL financial results as if the Acquisition had occurred on 1 January 2020. The impact of adjustments made to CCL's historical financial statements in order to present them on a basis consistent with CCEP's accounting policies is provided in Note 1.

(D) Amounts represent transaction accounting adjustments for the period 1 January to 31 December as if the Acquisition had occurred on 1 January 2020. These include the depreciation and amortisation impact relating to provisional fair values for intangibles and property plant and equipment, the non-recurring impact of the provisional fair value step-up of API finished goods, the interest impact of additional debt financing reflecting the actual weighted average interest rate for Acquisition financing of c.0.40% and the inclusion of acquisition related costs.

(E) Items impacting comparability represents amounts included within pro forma Combined CCEP affecting the comparability of CCEP's year-over-year financial performance and are set out in the following table:

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Full year 2021 Unaudited, in millions of € except share data which is calculated prior to rounding	Items impacting comparability							
	Restructuring charges[A]	Defined benefit plan closure[B]	Acquisition and integration related costs[C]	Inventory step up costs[D]	European flooding[E]	Net tax[F]	Other[G]	Total items impacting comparability
Revenue	–	–	–	–	–	–	–	–
Cost of sales	(17)	3	–	(48)	(9)	–	–	(71)
Gross profit	**17**	**(3)**	**–**	**48**	**9**	**–**	**–**	**71**
Operating expenses	(136)	6	(110)	–	(6)	–	(4)	(250)
Operating profit	**153**	**(9)**	**110**	**48**	**15**	**–**	**4**	**321**
Total finance costs, net	–	–	(4)	–	–	–	–	(4)
Non-operating items	–	–	–	–	–	–	–	–
Profit before taxes	**153**	**(9)**	**114**	**48**	**15**	**–**	**4**	**325**
Taxes	43	4	27	13	3	(127)	1	(36)
Profit after taxes	**110**	**(13)**	**87**	**35**	**12**	**127**	**3**	**361**
Attributable to:								
Shareholders	109	(13)	87	34	12	127	3	359
Non-controlling interest	1	–	–	1	–	–	–	2
Profit after taxes	**110**	**(13)**	**87**	**35**	**12**	**127**	**3**	**361**
Diluted earnings per share (€)	**0.24**	**(0.03)**	**0.19**	**0.07**	**0.03**	**0.28**	**0.01**	**0.79**

Business and financial review

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Full year 2020 Unaudited, in millions of € except share data which is calculated prior to rounding	Items impacting comparability							
	Restructuring charges[A]	Acquisition and integration related costs[C]	Inventory step up costs[D]	Mark-to-market effects[H]	Net tax[F]	Impairment[I]	Other[G]	Total items impacting comparability
Revenue	–	–	–	–	–	–	–	–
Cost of sales	(70)	–	(48)	–	–	–	–	(118)
Gross profit	**70**	**–**	**48**	**–**	**–**	**–**	**–**	**118**
Operating expenses	(325)	(125)	–	(2)	–	(116)	(13)	(581)
Operating profit	**395**	**125**	**48**	**2**	**–**	**116**	**13**	**699**
Total finance costs, net	–	(7)	–	–	–	–	–	(7)
Non-operating items	–	–	–	–	–	–	(4)	(4)
Profit before taxes	**395**	**132**	**48**	**2**	**–**	**116**	**17**	**710**
Taxes	111	30	13	–	(45)	29	4	142
Profit after taxes	**284**	**102**	**35**	**2**	**45**	**87**	**13**	**568**
Attributable to:								
Shareholders	284	102	34	2	45	62	13	542
Non-controlling interest	–	–	1	–	–	25	–	26
Profit after taxes	**284**	**102**	**35**	**2**	**45**	**87**	**13**	**568**
Diluted earnings per share (€)	**0.62**	**0.23**	**0.07**	**–**	**0.10**	**0.14**	**0.03**	**1.19**

(A) Amounts represent restructuring charges related to business transformation activities.
(B) Amounts represent the impact of the closure of the GB defined benefit pension scheme to future benefits accrual on 31 March 2021.
(C) Amounts represent cost associated with the acquisition and integration of CCL.
(D) Amounts represent the non-recurring impact of the provisional fair value step-up of API finished goods. For 2021, these charges are included within the As reported results. For 2020, these charges are included within Transaction accounting adjustments.
(E) Amounts represent the incremental net costs incurred as a result of the July 2021 flooding events, which impacted the operations of our production facilities in Chaudfontaine and Bad Neuenahr.
(F) Amounts include the deferred tax impact related to income tax rate and law changes.
(G) Amounts represent charges incurred prior to Acquisition classified as non-trading items by CCL which are not expected to recur.
(H) Amounts represent the net out of period mark-to-market impact of non-designated commodity hedges.
(I) Amounts represent the charges recognised by CCL relating to the impairment of Indonesia and Fiji during H1 2020.

Business and financial review

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Note 1: Adjustments to API's financial statements

The financial statements below illustrate the impact of adjustments made to the historical financial statements of CCL in order to present them on a basis consistent with CCEP's accounting policies.

Full year 2020 Unaudited, in millions of €	Historical CCL[A] AUD (A$)	Reclassifications[B] AUD (A$)	Adjusted CCL AUD (A$)	Historical adjusted CCL[C] EUR (€)
Revenue	–	4,853	4,853	2,929
Trading revenue	4,762	(4,762)	–	–
Cost of sales	–	(2,877)	(2,877)	(1,737)
Cost of goods sold	(2,862)	2,862	–	–
Delivery	(221)	221	–	–
Gross profit	**1,679**	**297**	**1,976**	**1,192**
Other revenues	39	(39)	–	–
Operating expenses	(1,438)	(255)	(1,693)	(1,022)
Operating profit	**280**	**3**	**283**	**170**
Finance income	33	–	33	20
Finance costs	(95)	–	(95)	(57)
Total finance costs, net	**(62)**	**–**	**(62)**	**(37)**
Non-operating items	–	(3)	(3)	(2)
Profit before taxes	**218**	**–**	**218**	**131**
Taxes	–	(73)	(73)	(44)
Income tax expense	(73)	73	–	–
Profit after taxes	**145**	**–**	**145**	**87**
Attributable to:				
Shareholders	180	–	180	109
Non-controlling interest	(35)	–	(35)	(22)
Profit after taxes	**145**	**–**	**145**	**87**

(A) Historical income statement previously published by CCL for the period 1 January 2020 to 31 December 2020.
(B) Accounting policy and classification adjustments made to CCL's income statement in order to present on a basis consistent with CCEP.
(C) CCL income statement has been translated from Australian Dollars to Euros using the average exchange rate for the period of 0.6036.

Operating Profit by segment

Operating profit Europe In millions of €. Fx impact calculated by recasting current year results at prior year rate	Year Ended 31 December 2021	31 December 2020	% Change
As reported	**1,298**	**813**	**59.5%**
Adjust: Total items impacting comparability	202	381	n/a
Comparable	**1,500**	**1,194**	**25.5%**
Adjust: Impact of Fx changes	(22)	n/a	n/a
Comparable and Fx neutral	**1,478**	**1,194**	**24.0%**

Pro forma operating profit API In millions of €. Fx impact calculated by recasting current year results at prior year rates	Year Ended 31 December 2021	31 December 2020	% Change
As reported	**218**	**–**	**n/a**
Add: Pro forma adjustments API	117	170	
Adjust: Transaction accounting adjustments	(68)	(187)	n/a
Adjust: Total items impacting comparability	119	318	
Pro forma comparable	**386**	**301**	**28.0%**
Adjust: Impact of Fx changes	(15)	n/a	n/a
Pro forma comparable and Fx neutral	**371**	**301**	**23.5%**

The Company's Strategic Report is set out on **pages 2–63**. The Strategic Report was approved by the Board on 15 March 2022 and signed on its behalf by

Damian Gammell, Chief Executive Officer