# Governance and Directors' Report

## IN THIS SECTION

# Chairman's introduction

Dear Shareholder

As I look back on 2020 and how Coca-Cola European Partners (CCEP) responded to the COVID-19 pandemic, I am proud to be Chairman of CCEP. We prioritised protecting the wellbeing of our people, we supported our customers and we provided help and relief to our communities.

Strong governance underpins a healthy culture and good corporate behaviour, which CCEP has demonstrated in our response to the crisis.

Throughout the COVID-19 pandemic, we kept our focus on our sustainability ambitions. Our Group wide sustainability action plan, This is Forward, is key to our return to growth and to preserve the long-term future of our business.

The Board devoted additional time to COVID-19 and met weekly through the peak of the pandemic. There is a brief summary of the Board's activities during 2020 in table 1 on page 76, with some more details on specific activities elsewhere in this report. This year, as well as our normal agenda we focused on:

- Our response to COVID-19 and its impact on our stakeholders
- Protecting the safety and wellbeing of our people
- Implementing our inclusion and diversity policy
- Training the Board on a range of topics to give the Directors a deeper knowledge of the business and the context in which we operate
- The proposed acquisition of Coca-Cola Amatil Limited (CCL)

> "STRONG GOVERNANCE UNDERPINS A HEALTHY CULTURE AND GOOD CORPORATE BEHAVIOUR, WHICH CCEP HAS DEMONSTRATED IN OUR RESPONSE TO THE CRISIS."

## Our governance framework

The 2018 UK Corporate Governance Code (the UKCGC) applies to accounting periods beginning on or after 1 January 2019. We continued to apply the UKCGC voluntarily on a comply or explain basis during 2020.

Our governance framework on page 74 aims to embed good corporate governance throughout CCEP. As best practice for corporate governance continues to evolve, we continue to enhance our governance practices.

## Looking to the future

The Board is responsible for leading CCEP and overseeing the Group's governance, by setting its culture, values and standards, while keeping our stakeholders' interests front of mind. Along with its regular schedule of topics, the Board has the following activities planned for 2021:

### Our people

As we embark on new ways of working due to COVID-19, the wellbeing of our people is paramount. With the Nomination Committee we will continue to focus on making CCEP more inclusive and promoting a strong and positive culture.

### Growth

We will support management in establishing a strong strategy to enable CCEP to return to growth and become a greener and more digital business.

### Coca-Cola Amatil

At CCEP we have a robust governance framework and we are committed to sustainability. As the business grows organically and inorganically, we will continue to ensure our strong governance processes and sustainability pillars support the business. In my conversation with Damian on pages 14 to 17 you can read about the proposed acquisition of CCL.

**Sol Daurella, Chairman**
12 March 2021

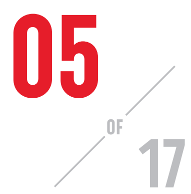


# Board of Directors

Our Board of Directors is diverse, experienced and knowledgeable, bringing together the skills needed for our long-term success in line with our skills matrix.

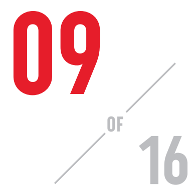
## Directors' skills and experience(A)


## Women on the Board(A)

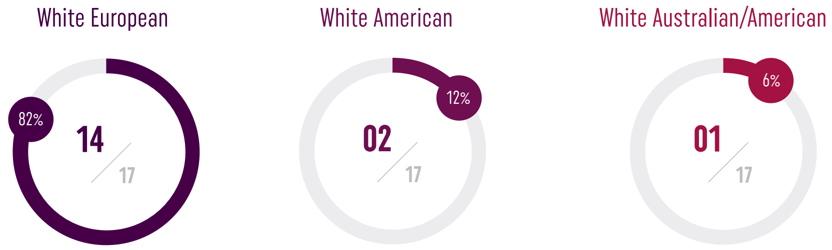



## Independent Directors on the Board(A)

(excluding the Chairman)




## Ethnicity/nationality of Directors on the Board(A)




(A) Numbers shown are number of Directors.

# Directors' biographies


## Sol Daurella, Chairman

**Date appointed to the Board:** May 2016 | **Independent:** No

**Key strengths/experience:**
- Experienced director of public companies operating in an international environment
- A deep understanding of fast moving consumer goods (FMCG) and our markets
- Extensive experience at Coca-Cola bottling companies
- Strong international strategic and commercial skills

**Key external commitments:** Co-Chairman and member of the Executive Committee of Cobega, S.A., Executive Chairman of Olive Partners, S.A., Co-Chairman of Grupo Cacaolat, S.L., director of Equatorial Coca-Cola Bottling Company, S.L., director and a member of the Appointments, Remuneration and Responsible Banking, Sustainability and Culture Committees of Banco Santander

**Previous roles:** Various roles at the Daurella family's Coca-Cola bottling business, director of Banco de Sabadell, Ebro Foods and Acciona

## Damian Gammell, Chief Executive Officer (CEO)

**Date appointed to the Board:** December 2016 | **Independent:** No

**Key strengths/experience:**
- Strategy, risk management, development and execution experience
- Vision, customer focus and transformational leadership
- Developing people and teams and promoting sustainability
- Over 25 years of leadership experience and in depth understanding of the non-alcoholic ready to drink (NARTD) industry and within the Coca-Cola system

**Key external commitments:** N/A

**Previous roles:** A number of senior executive roles in the Coca-Cola system including Australia and Russia, also Managing Director and Group President of Efes Soft Drinks, and President and CEO of Anadolu Efes S.K.

### Key

- AT Affiliated Transaction Committee
- A Audit Committee
- C Corporate Social Responsibility Committee
- N Nomination Committee
- R Remuneration Committee
- ◯ Committee Chairman




## Jan Bennink, Non-executive Director

**Date appointed to the Board:** May 2016 | **Independent:** Yes

**Key strengths/experience:**
- Chairman/CEO of multinational public companies
- Extensive experience in FMCG, including the food and beverage industry
- Thorough understanding of global and Western European markets
- Strong strategic, marketing and sales experience relevant to the beverage industry

**Key external commitments:** Chairman of the Bennink Foundation, director of Wonderflow B.V. and IEFIC1, Executive Partner at Xn, and Advisor to Artisan Partners

**Previous roles:** Executive Chairman of Sara Lee Corporation, CEO of Royal Numico N.V., Chairman and CEO of DE Masterblenders 1753 N.V., director of Kraft Foods Inc., Boots Company plc and Dalli-Werke GmbH & Co KG and a member of the Advisory Board of ABN Amro Bank


## John Bryant, Non-executive Director

**Date appointed to the Board:** January 2021 | **Independent:** Yes

**Key strengths/experience:**
- Chairman/CEO of a multinational public company
- Expert in strategy, mergers and acquisitions, restructuring and portfolio transformation
- 30 years' experience in consumer goods
- Strong track record of finance and operational leadership

**Key external commitments:** Non-executive director of Ball Corporation, Compass Group plc and Macy's Inc.

**Previous roles:** Executive Chairman and CEO of Kellogg Company and other senior roles in the Kellogg Company including Chief Financial Officer (CFO), Chief Operating Officer (COO), President America and President International, and strategy advisor at A.T. Kearney and Marakon Associates


## José Ignacio Comenge, Non-executive Director

**Date appointed to the Board:** May 2016 | **Independent:** No

**Key strengths/experience:**
- Extensive experience of the Coca-Cola system
- Broad board experience across industries and sectors
- Knowledgeable about the industry in our key market of Iberia
- Insights in formulating sustainable strategy drawn from leadership roles in varied sectors

**Key external commitments:** Director of Olive Partners, S.A., ENCE Energía y Celulosa, S.A., Compañía Vinícola del Norte de España, S.A., Ebro Foods S.A., Barbosa & Almeida SGPS, S.A., and Ball Beverage Can Ibérica, S.L.

**Previous roles:** Senior roles in the Coca-Cola system, AXA, S.A., Aguila and Heineken Spain, Vice-Chairman and CEO of MMA Insurance


## Christine Cross, Non-executive Director

**Date appointed to the Board:** May 2016 | **Independent:** Yes

**Key strengths/experience:**
- In depth experience working in the food and beverage industry
- Consults on international business strategy, marketing and sustainable business development
- Global perspective on CCEP's activities
- Experience of chairing remuneration committees

**Key external commitments:** Director of Christine Cross Ltd, Hilton Food Group plc, Clipper Logistics plc and Pollen Estate, member of the Supervisory Board of Zooplus AG and Chairman of Oddbox Delivery Ltd

**Previous roles:** Director of Brambles Limited, Fenwick Limited, Kathmandu Holdings Limited, Next plc, Woolworths (Au) plc, Sobeys (Ca) plc, Plantasgen, Fairmont Hotels Group plc, Sonae – SGPS, S.A., Premier Foods plc and Taylor Wimpey plc

# Directors' biographies continued


## Irial Finan, Non-executive Director

**Date appointed to the Board:** April 2016 | **Independent:** No

**Key strengths/experience:**
- Extensive international management experience
- Strong track record of growing businesses
- Extensive experience of working in the Coca-Cola system
- International strategy
- Possesses a strong network at The Coca-Cola Company (TCCC)

**Key external commitments:** Director of Coca-Cola Bottlers Japan Holdings Inc., Fortune Brands Home & Security, Inc. and the Smurfit Kappa Group plc

**Previous roles:** Director and senior roles in the Coca-Cola system throughout his career including as CEO of Coca-Cola HBC AG, President of Bottling Investments Group, Executive Vice President of TCCC and director of Coca-Cola Amatil, Coca-Cola Enterprises, Inc., G2G Trading, Coca-Cola East Japan and Coca-Cola FEMSA


## Nathalie Gaveau, Non-executive Director

**Date appointed to the Board:** January 2019 | **Independent:** Yes

**Key strengths/experience:**
- Successful tech entrepreneur
- Expert in e-commerce and digital transformation, mobile, data and social marketing
- Strong financial background
- International consumer goods experience

**Key external commitments:** Senior Advisor to BCG Digital Ventures, director of Calida Group and President and director of Tailwind International Acquisition Corp

**Previous roles:** Founder and CEO of Shopcade, Interactive Business Director of the TBWA Tequila Group, Asia Pacific E-business and CRM Manager for Club Med, co-founder and Managing Director of Priceminister, Financial Analyst for Lazard and director of HEC Paris

## Álvaro Gómez-Trénor Aguilar, Non-executive Director

**Date appointed to the Board:** March 2018 | **Independent:** No

**Key strengths/experience:**
- Broad knowledge of working in the food and beverage industry
- Extensive understanding of the Coca-Cola system, particularly in Iberia
- Expertise in finance and investment banking
- Strategic and investment advisor to businesses in varied sectors

**Key external commitments:** Director of Olive Partners, S.A., Global Omnium (Aguas de Valencia, S.A.) and Sinensis Seed Capital SCR de RC, S.A.

**Previous roles:** Various board appointments in the Coca-Cola system, including as President of Begano, S.A., director and Chairman of the Audit Committee of Coca-Cola Iberian Partners, S.A., as well as key executive roles in Grupo Pas and Garcon Vallvé & Contreras


## Thomas H. Johnson, Non-executive Director and Senior Independent Director (SID)

**Date appointed to the Board:** May 2016 | **Independent:** Yes

**Key strengths/experience:**
- Chairman/CEO of international public companies
- Manufacturing and distribution expertise
- Extensive international management experience in Europe
- Investment and finance experience

**Key external commitments:** CEO of The Taffrail Group, LLC and director of Universal Corporation

**Previous roles:** Chairman and CEO of Chesapeake Corporation, President and CEO of Riverwood International Corporation, director of Coca-Cola Enterprises, Inc., GenOn Corporation, Mirant Corporation, ModusLink Global Solutions, Inc., Superior Essex Inc. and Tumi, Inc.




## Dagmar Kollmann, Non-executive Director

**Date appointed to the Board:** May 2019 | **Independent:** Yes

**Key strengths/experience:**
- Expert in finance and international listed groups
- Thorough understanding of capital markets and mergers and acquisitions
- Extensive commercial and investor relations experience
- Strong executive and senior leadership experience in global businesses
- Risk oversight and corporate governance expertise

**Key external commitments:** Deputy Chairman of the Supervisory Board of Deutsche Pfandbriefbank, a non-executive director of Unibail-Rodamco-Westfield SE, Deutsche Telekom and KfW IPEX Bank, and Commissioner in the German Monopolies Commission

**Previous roles:** CEO and Country Head in Germany and Austria for Morgan Stanley, member of the board of Morgan Stanley International Ltd in London and Associate Director of UBS in London


## Alfonso Líbano Daurella, Non-executive Director

**Date appointed to the Board:** May 2016 | **Independent:** No

**Key strengths/experience:**
- Developed the Daurella family's association with the Coca-Cola system
- Detailed knowledge of the Coca-Cola system
- Insight to CCEP's impact on communities from experience as trustee or director of charitable and public organisations
- Experienced corporate social responsibility (CSR) committee chair

**Key external commitments:** Vice Chairman and member of the Executive Committee of Cobega, S.A., director of Olive Partners, S.A., Chairman of Equatorial Coca-Cola Bottling Company, S.L., director of Grupo Cacaolat, S.L., Vice-Chairman of MECC Soft Drinks JLT, director of The Coca-Cola Bottling Company of Egypt, S.A.E, Chair of the Polaris Committee and member of the Ambassadors' Circle of the Family Business Network and member of the board of the American Chamber of Commerce in Spain

**Previous roles:** Various roles at the Daurella family's Coca-Cola bottling business, director and Chairman of the Quality & CRS Committee of Coca-Cola Iberian Partners, S.A.


## Mark Price, Non-executive Director

**Date appointed to the Board:** May 2019 | **Independent:** Yes

**Key strengths/experience:**
- Extensive experience in the retail industry
- A deep understanding of international trade and markets
- Strong strategic, digital and sustainable development skills

**Key external commitments:** Member of the House of Lords, Founder of WorkL, Member of Council at Lancaster University, Chair of Trustees of the Fairtrade Foundation UK and President and Chairman of the Chartered Management Institute

**Previous roles:** Managing Director of Waitrose and Deputy Chairman John Lewis Partnership, Non-executive Director and Deputy Chairman of Channel 4 TV and Minister of State for Trade and Investment and Trade Policy, Chair of Business in the Community and The Prince's Countryside Fund


## Mario Rotllant Solá, Non-executive Director

**Date appointed to the Board:** May 2016 | **Independent:** No

**Key strengths/experience:**
- Deep understanding of the Coca-Cola system
- Extensive international experience in the food and beverage industry
- Experience of dealing with regulatory and political bodies
- Experience of chairing a remuneration committee

**Key external commitments:** Vice-Chairman of Olive Partners, S.A., Co-Chairman and member of the Executive Committee of Cobega, S.A., Chairman of the North Africa Bottling Company, Chairman of the Advisory Board of Banco Santander, S.A. in Catalonia and a director of Equatorial Coca-Cola Bottling Company, S.L.

**Previous roles:** Second Vice-Chairman and member of the Executive Committee and Chairman of the Appointment and Remuneration Committee of Coca-Cola Iberian Partners, S.A.

## Directors' biographies continued


### Brian Smith, Non-executive Director

**Date appointed to the Board:** July 2020 | **Independent:** No

**Key strengths/experience:**
- Extensive experience of working in the Coca-Cola system
- Deep understanding of in market executional leadership
- Strong talent development and deployment skills
- Broad knowledge of global field operations at TCCC

**Key external commitments:** President and COO at TCCC

**Previous roles:** President of TCCC's Europe, Middle East and Africa group, President of TCCC's Latin America group, Executive Assistant to TCCC's COO and Vice Chairman, President of Brazil division, President of the Mexico division and also Latin America group manager for mergers and acquisitions at TCCC


### Dessi Temperley, Non-executive Director

**Date appointed to the Board:** May 2020 | **Independent:** Yes

**Key strengths/experience:**
- Financial and technical accounting expertise
- Strong commercial insights and knowledge of European markets
- International consumer brands experience
- Skilled in technology

**Key external commitments:** Group CFO of Beiersdorf and member of the Supervisory Board of Tesa SE

**Previous roles:** Head of Investor Relations at Nestlé, CFO of Nestlé Purina Europe, Middle East and North Africa and CFO of Nestlé South East Europe and finance roles at Cable & Wireless plc and Royal Dutch Shell plc


### Garry Watts, Non-executive Director

**Date appointed to the Board:** April 2016 | **Independent:** Yes

**Key strengths/experience:**
- Extensive business experience in Western Europe and the UK, including as CEO of a global consumer goods business
- Served as executive and non-executive director in a broad variety of sectors and previously chaired the Audit Committee of a sizeable company
- Financial expertise, experience and skills
- Formerly an auditor

**Key external commitments:** Chairman of Spire Healthcare Group plc and Senior Independent Director of Circassia Pharmaceuticals plc

**Previous roles:** Audit partner at KPMG LLP, CFO of Medeva plc, CEO of SSL International, director of Coca-Cola Enterprises, Inc., Deputy Chairman and Audit Committee Chairman of Stagecoach Group plc and Protherics plc and Chairman of BTG plc and Foxtons Group plc

**Board members that stepped down during the year**

- Orrin Ingram, resigned effective 27 May 2020
- Francisco Crespo Benítez, resigned effective 9 July 2020
- Javier Ferrán, resigned effective 31 December 2020



# Senior management

The senior management and Damian Gammell together constitute the members of the Executive Leadership Team (ELT).

### Nik Jhangiani, Chief Financial Officer

**Appointed** May 2016

Nik has more than 25 years of finance experience, including 20 years within the Coca-Cola system, latterly as Senior Vice President and CFO for Coca-Cola Enterprises, Inc.. Nik started his career in New York at accountancy firm Deloitte & Touche before spending two years at Bristol-Myers Squibb as International Senior Internal Auditor. He then joined the Colgate-Palmolive Company in New York where he was appointed Group Financial Director for the Nigerian operations, before moving to TCCC in Atlanta. He is a Certified Public Accountant.

### Clare Wardle, General Counsel and Company Secretary

**Appointed** July 2016

Clare leads legal, risk, compliance, security and company secretariat. Prior to joining CCEP, she was Group General Counsel at Kingfisher plc, Commercial Director, General Counsel and Company Secretary at Tube Lines and held senior roles at the Royal Mail Group. She began her career as a barrister before moving to Hogan Lovells. Clare is a non-executive director of The City of London Investment Trust plc and senior independent director of Modern Pentathlon GB.

### José Antonio Echeverría, Chief Customer and Supply Chain Officer

**Appointed** September 2019

José Antonio leads CCEP's end to end supply chain. He is focused on creating a superior experience for our customers, while delivering an expanded and sustainable portfolio of drinks and packaging. He has been a part of the Coca-Cola system since 2005, serving as Vice President of Strategy and Transformational Projects for the Iberia business unit, and Vice President, Strategy and Coordination for supply chain across CCEP.

### Peter Brickley, Chief Information Officer (CIO)

**Appointed** November 2016

Peter leads business solutions, support services and technology infrastructure at CCEP, including steering CCEP's investments in technology solutions. Peter has over 20 years' experience leading technology for global businesses including Heineken, Centrica and BAT. More recently, he was Global CIO and Managing Director of Global Business Services at SABMiller. Peter is also non-executive chairman of Newbury Building Society and a trustee of the Brain and Spine Foundation.

### Lauren Sayeski, Chief Public Affairs, Communications and Sustainability Officer

**Appointed** May 2016

Lauren leads CCEP's strategic engagement with media, policymakers, civil society and community stakeholders. Lauren has worked in the Coca-Cola system for over 17 years in roles across the spectrum of public affairs, communications and sustainability.

### Victor Rufart, Chief Strategy Officer

**Appointed** October 2016

Victor leads business strategy and business transformation. Prior to joining CCEP, he was CEO of Coca-Cola Iberian Partners, S.A. and spent 25 years at Cobega, S.A.. While with Cobega, S.A., he held a number of senior roles including Director of New Business, Head of Finance, advisor in the formation of the Equatorial Coca-Cola Bottling Company and Head of Tax Planning.

### Véronique Vuillod, Chief People and Culture Officer

**Appointed** November 2020

Véronique heads CCEP's people and culture function. Having joined the Coca-Cola system more than 20 years ago, she has worked in senior human resources (HR) positions across business units, commercial and supply chain functions overseeing HR strategy and partnering with business leaders. Most recently, Véronique was Vice President, People and Culture in France. She began her career as a management consultant with PricewaterhouseCoopers. She supports the promotion of diversity, HR best practices and innovations networks.

### Leendert den Hollander, General Manager, Northern Europe Business Unit

**Appointed** September 2020

Leendert is responsible for CCEP's business unit in Northern Europe, including Belgium, Luxembourg, the Netherlands, Sweden, Norway and Iceland. Previously, he was general manager of Great Britain (GB). Prior to Coca-Cola, Leendert was CEO of Young's Seafood and Managing Director at Findus Group Ltd. Earlier in his career, Leendert spent 15 years at Procter & Gamble in senior marketing positions.

### Frank Molthan, General Manager, Germany Business Unit

**Appointed** May 2016

Frank leads CCEP's business unit in Germany and has over 30 years' experience in Germany's Coca-Cola system. He started his career at Coca-Cola bottling operations in Schleswig-Holstein and North Rhine-Westphalia. He has held a range of regional and commercial leadership roles, latterly as HR Director for Coca-Cola Germany. He was also Managing Director of Coca-Cola Deutschland Verkauf GmbH and Co. KG.

### Francesc Cosano, General Manager, Iberia Business Unit

**Appointed** May 2016

Francesc leads CCEP's business unit in Spain, Portugal and Andorra. He was previously the Operations Director then Managing Director of Coca-Cola Iberian Partners, S.A.. Francesc has been part of the Coca-Cola system for over 30 years, and involved in a number of sales management positions, ultimately as Sales Director then Deputy General Manager. He has also worked as Regional Director for the Leche Pascual, S.A. group, in Anglo Española de Distribución, S.A..

### François Gay-Bellile, General Manager, France Business Unit

**Appointed** July 2020

François is responsible for CCEP's business unit in France. His career began at Pernod-Ricard as a brand manager in Germany and France. François joined TCCC in France in 1996. Over his 23 years at TCCC he held roles of increasing responsibility in marketing, commercial and general management in the US, Japan, Asia and Europe. Before joining CCEP, François was general manager of France for TCCC. He is a director of the French Soft Drinks Association (Boissons Rafraîchissantes de France) and of the French Food and Beverage Association (Association Nationale de l'Industrie Alimentaire).

### Stephen Moorhouse, General Manager, Great Britain Business Unit

**Appointed** September 2020

Stephen is responsible for CCEP's business unit in GB. He has 25 years' experience in the Coca-Cola system, leading business operations and supply chain. Stephen has held a number of other senior executive roles throughout Europe, most recently as general manager of Northern Europe. Prior to joining, he worked overseas for the Swire Group in the US and Asia Pacific region. Stephen is a member of the British Soft Drinks Association.

# Corporate governance report

## Statement of compliance

The governance framework of the Company is set out in its Articles of Association (the Articles) and the Shareholders' Agreement. These provide a high level framework for the Company's affairs, governance and relationship with its stakeholders and its shareholders. The Articles and information about the governance framework are available on the Company's website at www.cocacolaep.com/about-us/governance.

### Statement of compliance with the UK Corporate Governance Code

We follow the UKCGC on a comply or explain basis. CCEP is not subject to the UKCGC as it only has a standard listing of ordinary shares on the Official List. However, we have chosen to apply the UKCGC to demonstrate our commitment to good governance as an integral part of our culture. This Corporate governance report explains how we have applied the UKCGC during the year ended 31 December 2020.

The instances where CCEP's practices vary from the principles and provisions of the UKCGC are set out below. Save as set out below, CCEP complies with the UKCGC.

A copy of the UKCGC is available on the Financial Reporting Council's (FRC) website: www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code.

#### Chairman

**UKCGC provision 9**

The Chairman, Sol Daurella, was not independent on either her appointment or election, within the meaning of the UKCGC. However, we benefit from her vast knowledge of, and long-term commitment to, the Coca-Cola system and her extensive experience and leadership skills, gained from her roles as director and CEO of large public and private institutions across many different sectors.

#### Annual re-election

**UKCGC provision 18**

Sol Daurella, the Chairman, will not be subject to re-election during her nine year tenure following the completion of the Merger. Her extended term recognises the importance of her extensive experience and knowledge of the beverage industry, and the significant shareholding of Olive Partners, S.A. (Olive Partners) in the Company.

To provide stability, none of the Independent Non-executive Directors (INEDs) were put up for election at an Annual General Meeting (AGM) before the AGM in 2019 when three INEDs were put up for election. At the AGM in 2020, three INEDs were put up for election and three INEDs were put up for re-election. Three additional INEDs will be put up for election at the AGM in 2021. Therefore, in total all nine INEDs will be put up for election or re-election at the 2021 AGM (Jan Bennink, John Bryant, Christine Cross, Nathalie Gaveau, Thomas H. Johnson, Dagmar Kollmann, Mark Price, Dessi Temperley and Garry Watts). From the point of their first election at an AGM, an INED will be subject to annual re-election. This arrangement was in place to ensure effective representation of public shareholders and to retain INEDs' influence over the Company's strategic direction and operation, following the completion of the Merger.

#### Remuneration

**UKCGC provision 32**

The Remuneration Committee is not comprised solely of INEDs, although it is comprised of a majority of INEDs. The Shareholders' Agreement requires that the Remuneration Committee comprises at least one Director nominated by:

- Olive Partners, for as long as it owns at least 15% of the Company
- European Refreshments (ER), a subsidiary of TCCC, for as long as it owns at least 10% of the Company

The Remuneration Committee, and its independent chairman, benefit from the nominated Directors' extensive understanding of the Group's market.

#### Remuneration

**UKCGC provision 33**

The Remuneration Committee is not solely responsible for setting the remuneration of the Chairman, CEO and Non-executive Directors (NEDs). Instead, the Board (excluding any Director whose remuneration is linked to the decision) determines their remuneration on the recommendation of the Remuneration Committee and following rigorous analysis and debate. To date, the Board has followed all of the Remuneration Committee's recommendations.



### Differences between the UKCGC and the New York Stock Exchange (NYSE) corporate governance rules (the NYSE Rules)

The Company is classed as a Foreign Private Issuer (FPI). It is therefore exempt from most of the NYSE Rules that apply to domestic US listed companies, because of its voluntary compliance with the UKCGC. However, under the NYSE Rules, the Company is required to provide an annual written affirmation to the NYSE and disclose significant differences between its corporate governance practices and those followed by domestic US companies listed on the NYSE. The significant differences are summarised below.

#### Director independence

The NYSE Rules require a majority of the Board to be independent. The UKCGC requires at least half of the Board (excluding the Chairman) to be independent. The NYSE Rules contain different tests from the UKCGC for determining whether a director is independent. The independence of CCEP's NEDs is reviewed by the Board on an annual basis, taking into account the guidance contained in the UKCGC and criteria established by the Board. It has been determined that a majority of the Board is independent, without explicitly taking into consideration the independence requirements outlined in the NYSE Rules.

#### Board Committees

CCEP has a number of Committees whose purpose and composition are broadly comparable in purpose and composition to those required by the NYSE Rules for domestic US companies. However, other than the Audit Committee, the Committee members are not all INEDs, although in all cases the majority are. Each Committee has its own terms of reference (broadly equivalent to a charter document) which can be found on our website at www.cocacolaep.com/about-us/governance/committees. A summary of the terms of reference, roles and activities of the Audit Committee and the Remuneration Committee can be found in the Committees' respective reports. The Remuneration Committee's terms of reference include responsibility for matters relating to remuneration policy, share-based incentive plans, employee benefit plans and implementation of the remuneration policy.

#### Audit Committee

More information about the Audit Committee is set out in its report, including compliance with the requirements of Rule 10A-3 under the US Securities Exchange Act of 1934, as amended, and Section 303A.06 of the NYSE Rules. The Audit Committee is comprised only of INEDs (complying with the NYSE Rules). However, the responsibilities of the Audit Committee (except for applicable mandatory responsibilities under the Sarbanes-Oxley Act (SOX)) follow the UKCGC's recommendations rather than the NYSE Rules, although they are broadly comparable. One of the NYSE's similar requirements for the Audit Committee states that at least one member of the Audit Committee should have accounting or related financial management expertise. The Board has determined that John Bryant, Dagmar Kollmann, Dessi Temperley and Garry Watts possess such expertise and are therefore deemed the audit committee financial expert as defined in Item 16A of Form 20-F.

#### Corporate governance guidelines

The NYSE Rules require relevant domestic US companies to adopt and disclose corporate governance guidelines. There is no equivalent recommendation in the UKCGC. However, the Nomination Committee reviews the Board's governance guidelines, as required by its terms of reference.

#### Shareholder approval of equity compensation plans

The NYSE Rules for domestic US companies require that shareholders must be given the opportunity to vote on all equity compensation plans and material revisions to those plans. CCEP complies with UK requirements that are similar to those of the NYSE Rules. However, the Board does not explicitly take into consideration the NYSE's detailed definition of "material revisions".

#### Code of Conduct

The NYSE Rules require relevant domestic US companies to adopt and disclose a code of business conduct and ethics for their directors, officers and employees. CCEP has a Code of Conduct (CoC) that currently applies to all Directors and the senior financial officers of the Group. If the Board amends or waives the provisions of the CoC, details of the amendment or waiver will appear on the website. No such waiver or amendment has been made or given to date.

SEE OUR COC AT **WWW.CCEPCOKE.ONLINE/CODE-OF-CONDUCT-POLICY**

Our CoC applies to all our people. We also expect all third parties who work on our behalf, such as suppliers, vendors, contractors, consultants, distributors and agents, to act in an ethical manner consistent with our CoC and in compliance with our Supplier Guiding Principles.

The CoC covers issues such as share dealing, anti-bribery, data protection, environmental regulation, human rights, health, safety, wellbeing and respect for others. It aligns with the UN Global Compact, the US Foreign Corrupt Practices Act, the UK Bribery Act, the UKCGC, the EU General Data Protection Regulation, the Spanish and Portuguese Criminal Codes and Sapin II. CCEP considers that the CoC and related policies address the NYSE Rules on the codes of conduct for relevant domestic US companies. We received no fines for CoC violations in 2020.

SEE DETAILS OF COC REPORTING ON **PAGE 43**

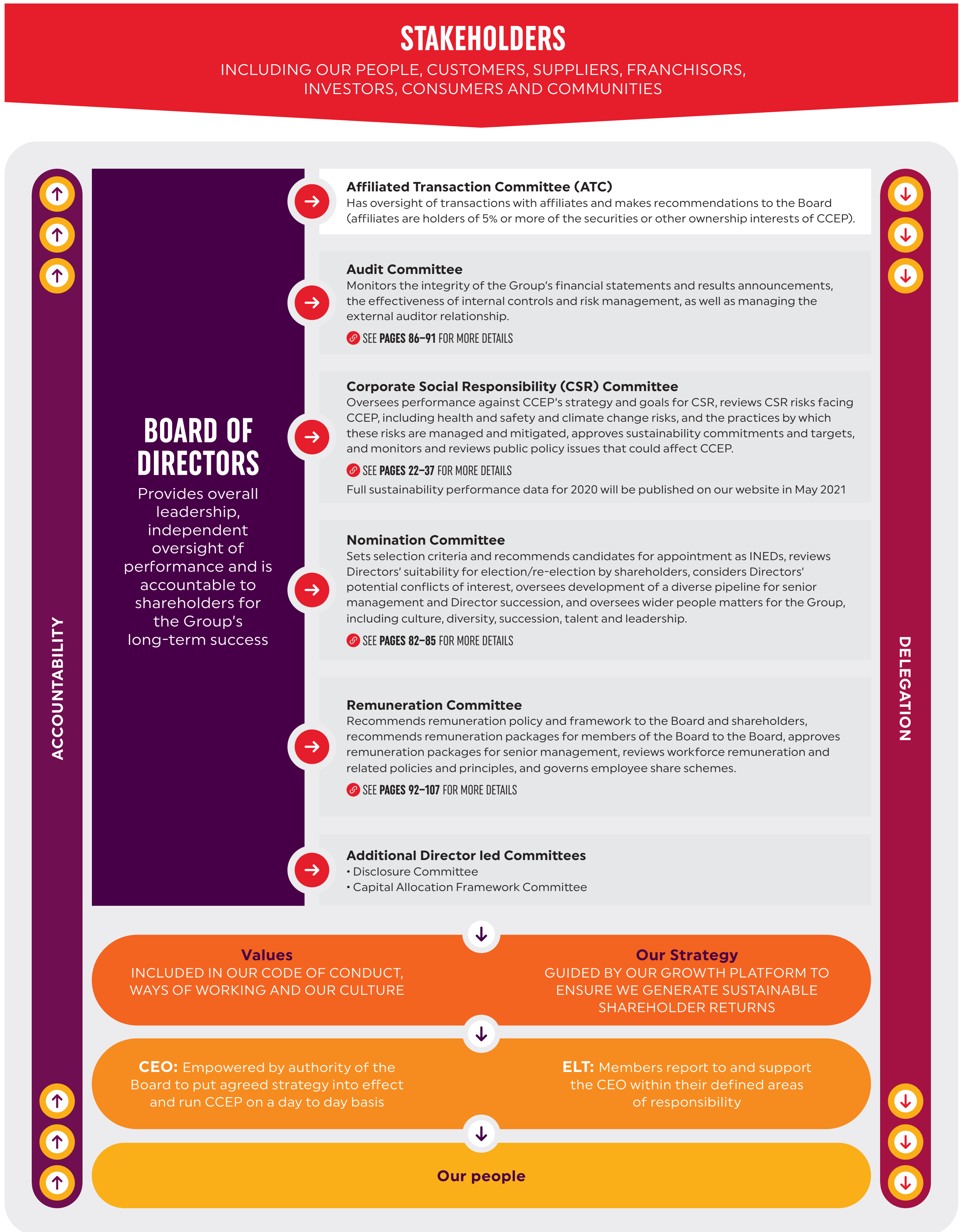
#### NED meetings

The NYSE Rules require NEDs to meet regularly without management and independent directors to meet separately at least once a year. The UKCGC requires NEDs to meet without the Chairman present at least once annually to appraise the Chairman's performance. The NEDs have regular meetings without management present. There are also meetings of the INEDs as required and at least once a year.

# Corporate governance report continued

Our corporate governance framework is summarised below with further detail provided on the following pages.

## Governance framework






## Board leadership and company purpose

### Role of the Board

The Board is primarily responsible for the Group's strategic plan, risk appetite, systems of internal control and corporate governance policies, to ensure the long-term success of the Group, underpinned by sustainability. To retain control of key decisions and ensure there is a clear division of responsibilities, there is a formal schedule of matters reserved to the Board, which sets out the structure under which the Board manages its responsibilities, and provides guidance on how it discharges its authority and manages its activities. Key matters include:

- Strategic decisions
- Approval of annual and long-term business plans
- Suspension, cessation or abandonment of any material activity of the Group
- Material acquisitions and disposals
- Approvals relating to listings
- Change of the Company's country of incorporation
- Amendment or repeal of the constitution of the Company
- Material commitment or arrangement of the Group outside the normal course of business and/or not specifically identified in the annual business plan

The Board, through the Nomination Committee, assesses and monitors the Group's culture to ensure it aligns with the Group's purpose, values and strategy set by the Board.

READ MORE ABOUT OUR STRATEGY ON PAGES 20–21

SEE OUR NOMINATION COMMITTEE'S REPORT ON PAGES 82–85

### Stakeholders

The Board recognises the importance of stakeholders to CCEP – both their inputs to our business and our impact on them. We use a matrix, which the Board reviews annually, to help ensure it has the right engagement and information to enable it to consider stakeholders' interests in its decision making.

Regular engagement with both existing and potential shareholders is important to the Board. On behalf of the Board, our CEO, CFO and the investor relations team engage with investors and analysts throughout the year, this year virtually. The Board receives regular updates on the views of shareholders and the investor relations programme.

The terms of reference and remit of the Remuneration Committee includes remuneration policy and strategy at all levels across the Group. The Nomination Committee's terms of reference and remit include key people issues such as culture, succession planning and diversity. The Chairmen of these two Committees are responsible for championing and reporting back to the Board on these matters and sit on each other's Committees to ensure seamless coverage of the full range of people matters. The Board also takes the opportunity to engage with our people directly.

READ MORE IN THE NOMINATION COMMITTEE REPORT ON PAGES 82–85

Our people are able to raise any concerns they have online or by telephone in confidence through Speak Up, CCEP's whistleblowing hotline. The Audit Committee reports to the Board on whistleblowing arrangements, reports and investigations.

READ MORE IN THE AUDIT COMMITTEE REPORT ON PAGES 86–91

SEE A SUMMARY OF OUR STAKEHOLDER ENGAGEMENT ON PAGES 10–13

### Board activities during the year

The Chairman sets the Board agenda, which consists of the following discussion matters:

- Updates from the CEO, the CFO and other key senior executives on the business performance and key business initiatives
- Governance matters
- Strategy, diversity, sustainability, material expenditure and other Group matters

The key areas of focus for the Board's activities and topics discussed during the year are set out in table 1 on page 76.

Strategy remained a key focus for the Board during 2020. The Board met regularly during the peak of the COVID-19 pandemic to consider our short-term strategy in response to the crisis. Throughout the course of the year, the Board received briefings from management on the potential acquisition of CCL. It also considered and debated our future strategy with a focus on competitiveness and capital allocation.

### Training and development

Training and development opportunities are regularly provided to Directors following their induction to ensure they continue to provide constructive challenge to management. Following feedback from the Board evaluation, the training programme for Directors was enhanced this year to include virtual training on a wide range of topical areas. The programme for 2020 is set out in table 2 on page 76.

## Conflicts of interest

The UK Companies Act 2006 (the Companies Act), the Articles and the Shareholders' Agreement allow the Directors to manage situational conflicts (situations where a Director has an interest that conflicts, or may conflict, with our interests). The Nomination Committee considers issues involving potential situational conflicts of interest of Directors. Each Director is required to declare any interests that may give rise to a situational conflict of interest with CCEP on appointment and subsequently as they arise. Directors are required to review and confirm their interests annually.

The Board is satisfied that the systems for the reporting of situational conflicts are operating effectively.

# Corporate governance report continued

## Table 1

### Board activities in 2020

| Area of focus | Discussion topics |
|---|---|
| Growth platform | • COVID-19: protecting our people, serving our customers, supporting our communities and preserving the long-term future of the business<br>• Increasing consumer choice by innovating on flavours and growing our portfolio of products and monitoring performance of innovations<br>• Route to market development<br>• Front line sales strategy<br>• Retail environments and customer challenges<br>• Customer capabilities and world class key account management |
| Accelerate competitiveness | • Assessing acquisition opportunities<br>• The 2020 and 2021 annual business plans, including strategic priorities<br>• Long-range planning<br>• Transformation and competitiveness initiatives<br>• Capital allocation and expenditure<br>• Share buyback programme<br>• Treasury matters including delegations of authority to management<br>• Competitor review and analysis |
| Future ready culture | • Enterprise risk management, including risk appetite and risk assessment<br>• CCEP Ventures, our innovation investment fund<br>• Engagement with CCEP's key and other stakeholders<br>• Brexit planning<br>• Approval of 2019 Modern Slavery Statement, published in May 2020<br>• Approval of tax strategy<br>• Investor engagement plan<br>• Relationship with TCCC<br>• People strategy including performance acceleration, employee engagement, talent, learning and development<br>• Purpose and culture and their role in supporting the strategy<br>• Inclusion, diversity and equality<br>• Enhanced wellbeing with a focus on mental health and disability<br>• Wider workforce remuneration<br>• Attendance at virtual employee town hall |
| Digital future | • Progress of the digital transformation programme<br>• Digital recovery<br>• Cybersecurity and risk mitigation |
| Green future | • Green recovery<br>• Sustainable packaging strategy<br>• Climate strategy and carbon reduction commitments |
| Corporate governance | • Approval of financial results and associated viability and going concern statements<br>• Approval of trading updates<br>• Approval of interim dividend payment<br>• Approval of Integrated Report and Form 20-F for 2019, subject to final sign off by a sub committee<br>• Approval of Notice of AGM, subject to final sign off by a sub committee<br>• Board evaluation feedback and action plan<br>• Reviewing and updating the governance guidelines for our Board<br>• Consideration of public policy and regulatory developments affecting CCEP<br>• Succession planning for the Board<br>• Approval of revised policies, including quality, environment, safety and health<br>• Approval of new INED appointments: Dessi Temperley and John Bryant<br>• Approval of the updated global chart of authority |

## Table 2

### Director training and development programme

| Form of training | Purpose | Subject |
|---|---|---|
| Briefings | Focused on in depth studies of matters of topical interest to CCEP as well as on relevant commercial, legal and regulatory developments | Separate deep dives regarding:<br>• People and culture<br>• Investor relations<br>• Voice of the customer |
| Development sessions | To address requests from Directors | • TCCC bottling system: the relationship between the bottler and TCCC<br>• Governance and stakeholders in a COVID-19 world<br>• The remuneration policy<br>• $CO_2$ targets<br>• Cybersecurity |
| Site visits | Visits to Group businesses, factories and commercial outlets to enhance knowledge of CCEP operations and meet employees, suppliers and customers | • Virtual market tours: France, GB, Germany, Sweden and Spain<br>• Opportunity to attend annual kick off meetings in business units and supply chain taken up by some Directors |
| External speakers | To receive insights from experts and engage with stakeholders | • Tim Brett, President of TCCC's Western Europe business unit<br>• Walter Susini, Senior Vice President for Marketing, TCCC<br>• James Quincey, Chairman and CEO, TCCC<br>• Roland Turnill, Partner, Slaughter & May<br>• Paddy McGuiness, Senior Advisor, Brunswick Group<br>• Keith Tuffley, Global Co-Head, Sustainability & Corporate Transitions, Citi Group<br>• Bill Cohen, Partner, Global Employer Services, Deloitte<br>• James Harris, Director, Executive Compensation Services, Deloitte<br>• Rami Baitieh, Executive Director France, Carrefour |



## Division of responsibilities

### Governance structure

The Board, led by the Chairman, is responsible for the management of the Group. While both the Executive Director and NEDs have the same duties and constraints, they have different roles on the Board (see table 3). There is a clear, written division of responsibilities between the Chairman and the CEO. The Board has approved a framework of delegated authority to ensure an appropriate level of Board contribution to, and oversight of, key decisions and the management of daily business that support its long-term sustainable success. This framework has been designed to enable the delivery of the Company's strategy and is outlined in our governance framework on page 74.

The Board delegates certain matters to its Committees. Each of the five Committees has its own written terms of reference, which are reviewed annually. These are available at www.cocacolaep.com/about-us/governance/committees.

The CEO with the ELT manages the day to day business. All decisions are made in accordance with our chart of authority, which defines our decision approval requirements and ensures that all relevant parties are notified of decisions impacting their area of responsibility. The chart of authority was reviewed and updated during the year to ensure it remained fit for purpose.

The NED terms of appointment are available for inspection at the Company's registered office and at each AGM. Among other matters, these set out the time commitment expected of NEDs. On appointment, the Board took into account the other demands on the time of John Bryant, Brian Smith and Dessi Temperley. The Board has delegated authority to the Chairman and the Company Secretary to approve changes to Directors' external appointments. The Board is satisfied that the other commitments of all Directors do not interfere with their ability to perform their duties effectively.

SEE THE SIGNIFICANT COMMITMENTS OF OUR DIRECTORS IN THEIR BIOGRAPHIES ON **PAGES 66–70**

### Board and Committee meetings

The Board held six formal meetings during 2020, with additional ad hoc meetings with Board and Committee members held in line with business needs. The Board met informally weekly during the peak of the COVID-19 pandemic to stay connected as the situation evolved. Directors and Committee members are expected to attend every meeting. If a Director is unable to attend a meeting, the relevant meeting papers are provided to that Director in advance of the relevant meeting so that comments can be given to the Chairman or Committee Chairman, as applicable, who relays them at the meeting. After the meeting, the Chairman or Committee Chairman, as applicable, also briefs the Director on the matters discussed.

Attendance during 2020 is set out in table 4 on page 79. The Chairman attends most Committee meetings. The Chairman of the Audit Committee sits on the Remuneration Committee. This helps ensure remuneration outcomes align with the underlying performance of CCEP. The Chairman of the Nomination Committee sits on the Remuneration Committee and the Chairman of the Remuneration Committee sits on the Nomination Committee. This reflects CCEP's joined up approach to investing in and rewarding our people.

Cross membership between Committees enables active collaboration and liaison across Committees. Committee cross membership is set out on the Company's website at www.cocacolaep.com/about-us/governance/committees.

At the end of most Board meetings, two sessions are held: one that all Directors attend, without management present, and the other that all the NEDs attend, without management or the CEO present. Directors may raise any matter they wish for discussion at these sessions.

## Table 3

### Roles on the Board

| Role | Responsibilities |
|---|---|
| Chairman | • Operating, leading and governing the Board<br>• Setting meeting agendas, managing meeting timetables<br>• Promoting a culture of open debate between Directors and encouraging effective communication during meetings<br>• Creating the conditions for overall Board and individual Director effectiveness |
| CEO | • Leading the business<br>• Implementing strategy approved by the Board<br>• Overseeing the operation of the internal control framework |
| SID | • Advising and supporting the Chairman by acting as an alternative contact for shareholders and as an intermediary to NEDs |
| NEDs | • Providing constructive challenge, strategic guidance, external insight and specialist advice to the Board and its Committees<br>• Hold management to account<br>• Offering their extensive experience and business knowledge from other sectors and industries |
| Company Secretary | • Assisting the Chairman by ensuring that all Directors have full and timely access to relevant information<br>• Advising the Board on legal, compliance and corporate governance matters<br>• Organising the induction and ongoing training of Directors |

# Corporate governance report continued

## Board support

Board meetings are scheduled at least one year in advance, with ad hoc meetings arranged to suit business needs. These meetings are normally held in a variety of locations, reflecting our engagement with all aspects of our international business. Due to the COVID-19 pandemic, the Directors were unable to meet in person during lockdown and Board and Committee meetings were held virtually.

The agenda of Board meetings follows our annual Board programme. This sets out the standing items at each meeting, such as periodic activities (including results and AGM documentation), business plan and the assessment of Board evaluation results.

Before the Board meeting, the Chairman, CEO and Company Secretary agree the final agenda. This covers discussion items such as the status of ongoing projects and stakeholder considerations. Comprehensive briefing papers are circulated electronically to all Directors, to allow time to review the matters which are to be discussed.

Throughout the year Directors have access to the advice and services of the Company Secretary and independent professional advice, at the Company's expense.

## Independence of Non-executive Directors

The Board reviewed the independence of all the NEDs against the UKCGC and also considered the requirements of SEC Rule 10A-3 in relation to the Audit Committee. It determined that Jan Bennink, John Bryant (from his appointment), Christine Cross, Javier Ferrán (until his resignation), Nathalie Gaveau, Orrin Ingram (until his resignation), Thomas H. Johnson, Dagmar Kollmann, Mark Price, Dessi Temperley (from her appointment) and Garry Watts are independent and continue to make effective contributions. The Board recognises that seven of CCEP's NEDs, including the Chairman, cannot be considered independent. However, they continue to demonstrate effective judgement when carrying out their roles and are clear on their obligations as Directors, including under section 172 of the Companies Act.

Our CEO, Damian Gammell, is not considered independent because of his executive responsibilities to the Group.

Consequently, the majority of the Directors and the NEDs are independent.

## Composition, succession and evaluation

### Board diversity and composition

The composition of the Board and its Committees is set out in table 4 on page 79. This includes details of appointments and resignations during 2020. As their biographies on pages 66–70 show, our Board members have a range of backgrounds, skills, experiences and nationalities, demonstrating a rich cognitive diversity beyond gender.

SEE AN OVERVIEW OF OUR DIRECTORS' SKILLS AND EXPERIENCE ON **PAGE 65**

Our commitment to diversity begins at the top, with clear leadership from our Board, and is embedded at every level of our business through our Inclusion and Diversity Policy, This is Forward and the CoC. Our Board took steps towards women making up 33% of its Directors in 2020. The Nomination Committee is committed to overseeing a diverse pipeline for senior management and Director positions.

READ MORE ABOUT SUCCESSION PLANNING ON **PAGE 83**

SEE THE BOARD'S DIVERSITY POLICY IN THE CRITERIA FOR SELECTION OF INEDS AT **WWW.COCACOLAEP.COM/ABOUT-US/GOVERNANCE**

READ MORE ABOUT THE GROUP'S APPROACH TO DIVERSITY ON **PAGES 38–41**

### Board evaluation

The Board determined that a concise evaluation process was appropriate in 2020. The Board appointed Lintstock to support a questionnaire based exercise, alongside interviews of all Directors by the SID. Lintstock has no other connection with CCEP or any individual Director.

The questionnaire and interview responses were collated and reports produced on the performance and effectiveness of the Board, each Committee and the Directors. The Board discussed the results openly and constructively. The Board confirmed that it continued to work effectively and overall scores had improved versus 2019. Board composition, stakeholder oversight and Board dynamics were highly rated but some areas for further improvement were identified. These are set out in table 5 on page 80.

In line with best practice, we conduct an external Board evaluation at least once every three years. This has been recommended to the Board by the Nomination Committee for 2021.



**Table 4**

### Meeting attendance by Board and Committee members[A]

| | Independent or nominated by Olive Partners or ER[B] | Board of Directors | Affiliated Transaction Committee | Audit Committee | CSR Committee | Nomination Committee | Remuneration Committee |
|---|---|---|---|---|---|---|---|
| **Chairman** | | | | | | | |
| Sol Daurella | Nominated by Olive Partners | 6 (6) | 5 (5) | | | 4 (5)[I] | |
| **Executive Director** | | | | | | | |
| Damian Gammell | CEO | 6 (6) | | | | | |
| **Non-executive Directors** | | | | | | | |
| Jan Bennink | Independent | 6 (6) | 5 (5)[G] | | 5 (5) | | |
| José Ignacio Comenge | Nominated by Olive Partners | 6 (6) | 5 (5) | | | | |
| Francisco Crespo Benítez[C] | Nominated by ER | 2 (2) | | | 2 (2) | | |
| Christine Cross | Independent | 6 (6) | | | | 5 (5) | 6 (6)[G] |
| Javier Ferrán[D] | Independent | 6 (6) | 4 (5)[H] | 6 (7)[H] | | | |
| Irial Finan | Nominated by ER | 6 (6) | | | | 5 (5) | 6 (6) |
| Nathalie Gaveau | Independent | 6 (6) | | | 5 (5) | | |
| Álvaro Gómez-Trénor Aguilar | Nominated by Olive Partners | 6 (6) | | | | | |
| Orrin H. Ingram II[E] | Independent | 2 (2) | | 4 (4) | | | |
| Thomas H. Johnson | SID | 6 (6) | | | | 5 (5)[G] | 6 (6) |
| Dagmar Kollmann | Independent | 6 (6) | 5 (5) | 7 (7) | | | |
| Alfonso Líbano Daurella | Nominated by Olive Partners | 6 (6) | | | 5 (5)[G] | | |
| Mark Price | Independent | 6 (6) | | | 5 (5) | 5 (5) | |
| Mario Rotllant Solà | Nominated by Olive Partners | 6 (6) | | | | | 6 (6) |
| Brian Smith[C] | Nominated by ER | 4 (4) | | | 3 (3) | | |
| Dessi Temperley[F] | Independent | 4 (4) | | 3 (3) | | | |
| Garry Watts | Independent | 6 (6) | | 7 (7)[G] | | | 6 (6) |

(A) The maximum number of scheduled meetings in the period during which the individual was a Board or Committee member is shown in brackets. John Bryant, an INED, joined the Board on 1 January 2021 and so did not attend any meetings as a Board or Committee member in 2020. He joined the December 2020 Board meeting to observe as part of his induction.
(B) Nominated pursuant to the Articles of Association and terms of the Shareholders' Agreement.
(C) Brian Smith was appointed as a Director by ER when Francisco Crespo Benítez stepped down on 9 July 2020.
(D) Javier Ferrán stepped down as an INED on 31 December 2020.
(E) Orrin Ingram stepped down as an INED on 27 May 2020.
(F) Dessi Temperley was appointed as an INED on 27 May 2020.
(G) Chairman of the Committee.
(H) Javier Ferrán missed one meeting of the Audit Committee and ATC in October 2020 due to a prior engagement and appointed Garry Watts as his alternate.
(I) Sol Daurella missed one meeting of the Nomination Committee in October 2020 due to an unforeseen urgent engagement.

# Corporate governance report continued

## Election and re-election of Directors

The Board has determined that the Directors, subject to continued satisfactory performance, shall stand for election and re-election at each AGM with the exception of the Chairman as explained on page 72. All Directors appointed by Olive Partners (other than the Chairman) plus Jan Bennink, Damian Gammell, Nathalie Gaveau, Thomas H.Johnson, Dagmar Kollmann, Mark Price and Dessi Temperley will submit themselves for re-election at the 2021 AGM. INEDs John Bryant, Christine Cross and Garry Watts will stand for election at the 2021 AGM along with ER nominated Director Brian Smith. Following its performance assessments of Directors, the Board is confident that each continuing Director will carry on performing their duties effectively and remain committed to CCEP.

## Audit, risk and internal control and Remuneration

Disclosures of compliance with provisions of the Audit, risk and internal control and Remuneration sections of the UKCGC are located elsewhere in this Integrated Report. These disclosures include descriptions of the main features of CCEP's internal control and risk management systems as required by rule 7 of the Disclosure Guidance and Transparency Rules (DTRs). Table 6 sets out where each respective disclosure can be found.

**Table 5**

### 2020 Board evaluation findings and actions

| | Board focus | Governance | Induction |
|---|---|---|---|
| 2020 findings | Improve Board oversight of Committees | Skills and knowledge gap to be reviewed to ensure effective succession planning | Enhance training programme for Directors on various topics |
| Actions undertaken in 2020 | • Directors invited to attend Committees to better understand the dynamic of the Committee<br>• Increase awareness of access to all Committee briefing papers | • Review and update the Board skills matrix to reflect additional competencies<br>• Nomination Committee and CEO to keep Board informed regarding management succession planning | • Regular Board training sessions scheduled<br>• Induction of new Directors to include introduction to the Coca-Cola system from a bottlers' perspective |

**Table 6**

### Disclosure of compliance with provisions of the Audit, risk and internal control and Remuneration sections of the UKCGC

| Items located elsewhere in the 2020 Integrated Report | Page(s) |
|---|---|
| Directors' responsibilities statement | 111 |
| Directors' statement that they consider the Integrated Report and financial statements, taken as a whole, to be fair, balanced and understandable | 111 |
| Going concern statement | 110 |
| Assessment of the Group's principal risks | 44–51 |
| Viability statement | 52 |
| Risk management and internal control systems and the Board's review of their effectiveness | 50 |
| Audit Committee report | 86–91 |
| Directors' remuneration report | 92–107 |



## Annual General Meeting

The AGM continues to be a key date in our annual shareholder engagement programme. Due to public health guidance from the UK Government prohibiting gatherings of more than two people and non-essential travel during the COVID-19 pandemic, CCEP's 2020 AGM was conducted as a closed meeting.

We were pleased that all resolutions were passed by more than 80% of those voting.

If allowed, the 2021 AGM of the Company will be held in May at Pemberton House, Bakers Road, Uxbridge, UB8 1EZ, United Kingdom. Otherwise, we will make alternative arrangements for the AGM as we did in 2020. The Notice of AGM will set out a full description of the business to be conducted at the meeting. This will be available on our website from the time of its posting to shareholders in April 2021.

The Chairman, SID, and Committee Chairmen are available to shareholders for discussion throughout the year to discuss any matters under their areas of responsibility, by contacting the Company Secretary.

READ MORE ABOUT OUR ENGAGEMENT WITH INVESTORS ON **PAGE 11**

**Sol Daurella,** Chairman

12 March 2021

# Nomination Committee Chairman's letter

## Dear Shareholder

I am pleased to report on the work of the Nomination Committee during this challenging year.

As our Chairman explains in her introduction to the Governance and Directors' Report, since the beginning of the COVID-19 crisis, the priority for management and the Board has been protecting our people. Therefore, this year our activities have focused on the health and wellbeing of our people.

We also focused on INED, ELT and senior management succession to ensure we have the right mix of skills on the Board and in management to lead CCEP today and in the future as we emerge from the COVID-19 crisis.

A brief summary of these activities is provided in table 1 on page 84. We give more details about some of these activities throughout the rest of this Nomination Committee report.

### Protecting the wellbeing of our people

Last year, we committed to dedicate time to promote diversity, succession and talent policies and practices that were in line with our purpose and values and supported our desired culture.

On behalf of the Board, we have monitored the actions by management who have acted to create a culture that promotes health and wellbeing.

I am proud of the resilience that our people have shown, whether that be adapting to home working, managing COVID-19 risk in our production facilities or front line sales teams responding to the change in market conditions.

I believe, like our Chairman, that strong governance underpins a healthy culture and good corporate behaviour and I am also proud that the Nomination Committee has played its part in supporting that culture.

> **"OUR ACTIVITIES HAVE FOCUSED ON THE HEALTH AND WELLBEING OF OUR PEOPLE."**

### Looking forward to 2021

We will continue to dedicate time to:

- Advocate diversity, succession and talent policies and practices that are in line with our purpose and values and support our desired culture
- Oversee the development of a diverse pipeline for senior management positions as well as the Board
- Assess and monitor the operationalisation of our approach to talent and succession
- Ensure an inclusive culture is embedded throughout CCEP on behalf of the Board
- Oversee investment into the capabilities we need to lead our recovery and growth with confidence
- Promote actionable insights from our people reporting framework
- Encourage the Board to hear, understand and consider the voice of our people in its decision making
- Promote accountability and good governance

### Availability to shareholders

I am available to shareholders throughout the year to answer any questions about the work of the Committee.

**Thomas H. Johnson,** Chairman of the Nomination Committee
12 March 2021



# Nomination Committee report

### Nomination Committee role and membership

The key duties and responsibilities of the Nomination Committee are set out in its terms of reference.

These are available at www.cocacolaep.com/about-us/governance/committees. They cover the following areas:

- Corporate governance
- Director selection, re-election and review
- Potential conflicts of interest
- Evaluations of the Board and succession planning
- Culture and workforce

The Nomination Committee has five members.

SEE NOMINATION COMMITTEE MEMBERSHIP ON **PAGE 79**

### Activities of the Nomination Committee during the year

The Nomination Committee has a process for planning its future meeting agendas and topics to be considered. Table 1 on page 84 sets out the matters considered by the Committee during 2020. More detail about some of these matters is provided in the rest of this report. The Committee formally met five times during the year, with two additional ad hoc meetings in line with business needs.

SEE DETAILS OF ATTENDANCE AT MEETINGS ON **PAGE 79**

### Succession

#### Independent Non-executive Director succession

We continue to focus on maintaining a well balanced Board with the right mix of individuals who can apply their wider business knowledge and experience to overseeing and guiding the delivery of the Group's strategy. To support this, we use a matrix of skills required on the Board to support the Group's future plans. The skills matrix was reviewed and updated during the year. The review identified that all skills remained appropriately represented. Also, our INED selection criteria reflect the importance of selecting candidates who can give voice to stakeholder interests effectively, particularly to help discharge the Board's duties under section 172 of the Companies Act 2006.

SEE OUR CRITERIA FOR THE SELECTION OF INEDS AT **WWW.COCACOLAEP.COM/ABOUT-US/GOVERNANCE**

To ensure we maintain the right balance of skills and experience on the Board, we continue to plan for the managed succession of INEDs. We have drawn up INED candidate specifications based on our existing selection criteria, our stated diversity targets and the gaps identified through our skills matrix. Following our review of the skills matrix during the year, we were able to identify the likely skills that could be lost through Board refreshment.

We engaged MWM Consulting, a firm of external recruitment consultants, to identify potential INED candidates with the skills set identified while also having in mind the desirability of increasing diversity. From the initial list of potential candidates, a shortlist was identified for interview by members of the Committee, the Chairman and other Board members. They were assessed objectively against the candidate specifications.

John Bryant was appointed to succeed Javier Ferrán with effect from 1 January 2021. John brings a wealth of strategic and operational experience to the Board and over 30 years' experience in consumer goods. John serves as an Audit Committee member for three other listed companies and succeeds Javier as an Audit Committee member. The Board is satisfied that John's external Audit Committee memberships will not impair his ability to serve as an effective member of the Board or Audit Committee.

MWM Consulting supported some of CCEP's specialist recruitment activities in 2017. It has no other connection to CCEP and has no connection to any individual Director. It is a signatory to the UK's Standard Voluntary Code of Conduct for Executive Search Firms and is one of the firms accredited under the Enhanced Code for its leading work on promoting board diversity.

#### Appointments during the year

Dessi Temperley was appointed to succeed Orrin H. Ingram with effect from 27 May 2020. She brings valuable deep financial expertise, commercial insight and knowledge of European markets. In July 2020, in accordance with the Company's Articles and the Shareholders' Agreement, ER nominated Brian Smith to replace Francisco Crespo Benítez.

# Nomination Committee report continued

### Induction

All new Directors receive a suite of induction materials explaining:

- Their role and responsibilities
- Attributes of an effective board
- Their legal duties and responsibilities, including in relation to section 172 of the Companies Act
- The calendar of Board and Committee meetings
- Governance documents, policies and procedures
- Committee terms of reference
- Our CoC
- Our share dealing code
- Background information about the Group

Established Directors mentor new Directors. Meetings with members of the Board and the ELT and site visits in a number of our markets are also arranged. Dessi, Brian and John each undertook a comprehensive induction programme. This was tailored to their individual requirements and phased to allow feedback and further customisation of meetings and other development activities.

### Executive Leadership Team

During 2020 we considered succession plans for the Group's ELT. Ben Lambrecht departed as General Manager France at the end of August 2020. François Gay-Bellile was appointed to succeed him. In September 2020, Leendert Den Hollander and Stephen Moorhouse switched roles. Leendert became General Manager for Northern Europe and Stephen became General Manager for GB. Nick Wall retired as Chief People and Culture Officer at the end of October 2020. Véronique Vuillod was appointed to succeed him. As part of Véronique's recruitment process, she was interviewed by members of the Board.

## Evaluation

We recommend the process to be used to evaluate the performance of the Board and its Committees. We recommended to the Board that a more in depth evaluation process be undertaken in early 2021, similar to that undertaken in 2018. The Board accepted our recommendation and appointed Ffion Hague of Independent Board Evaluation to carry out an externally facilitated Board evaluation.

READ MORE ABOUT THE 2020 EVALUATION EXERCISE ON **PAGE 78**

## Diversity

### Diversity on the Board

Cognitive diversity is important to good decision making, and we have paid particular attention to this in our succession planning. This is driven by diversity of background, including gender and ethnic diversity. It is part of the INED selection criteria and diversity is a key factor in considering potential INED candidates.

Gender diversity is going in the right direction. In 2020, female representation on the Board increased to 29.4% compared to 23.5% in 2019. We have not yet reached the 33% target set by the Board and our INED selection criteria. In addition, our INED selection criteria states our ambition to appoint at least one Director from an ethnic minority to the Board, which we have not reached. We take meeting these targets seriously and are pleased to see movement in the right direction. Nevertheless, we have more to do and we continue to be committed to paying attention to gender and ethnic diversity in our succession planning and pipeline.

**Table 1**

### Matters considered by the Nomination Committee during 2020

| Meeting date | Key agenda items |
|---|---|
| February 2020 | • Director succession, particularly INEDs<br>• Succession planning for ELT and senior management |
| March 2020 | • Wellbeing of our people<br>• Director succession, particularly INEDs<br>• Director skills matrix<br>• Committee evaluation<br>• Succession planning for ELT and senior management |
| May 2020 | • Director succession, particularly INEDs<br>• Culture development and people strategy<br>• Succession planning for ELT and senior management<br>• Review of the Board's governance guidelines |
| July 2020 | • Succession planning for ELT and senior management<br>• Senior leadership assessment<br>• Our people: engagement, wellbeing, inclusion and diversity and commercial capability<br>• Director skills matrix |
| September 2020 | • Director succession, particularly INEDs<br>• Succession planning for ELT and senior management |
| October 2020 | • Inclusion and diversity: focusing on disability<br>• New ways of working<br>• Director succession, particularly INEDs |
| December 2020 | • Building the right leaders and the right leadership for CCEP<br>• Transformation and competitiveness initiatives<br>• Director succession, particularly INEDs<br>• Inclusion and diversity: 2020 conclusions and 2021 plans |

### Inclusion and diversity

We are committed to fostering an inclusive environment and building diverse talent within the Group as set out in our Inclusion and Diversity (I&D) Policy. In 2020, the I&D Policy was translated into an I&D framework to embed an inclusive culture, promote accountability, empower our people to be drivers of change and establish a diverse leadership and pipeline.

We received updates on the progress of I&D initiatives and the actions being taken to accelerate the "Everyone's Welcome" philosophy across CCEP. We provided challenge and feedback on those actions and initiatives.

We monitor progress towards I&D objectives in the business, in particular the target to have 40% of our management positions held by women by 2025.

READ MORE ABOUT OUR APPROACH TO DIVERSITY ON **PAGES 38–41**

## Our people

We oversee the approach to culture, succession planning and talent management, including diversity, for the whole Group. We regularly receive data and insights about our people through the people and culture reporting dashboard. Metrics include female leadership headcount, annual voluntary turnover, engagement score, safety performance and promotion rate. The metrics were chosen based on external benchmarks, best practice, business relevance and availability of accurate data.

### Engagement

In 2020, we conducted a pulse engagement survey with a focus on wellbeing. We considered the results and action plans with management. The survey helped us to understand the experiences of our people during the COVID-19 pandemic.

Our people appreciated how CCEP had communicated and made decisions during the pandemic. Results also demonstrated how people were adjusting to new ways of working and indicated increased levels of stress and feelings of uncertainty. The responses informed our wellbeing strategy that was launched in 2020. Initiatives included the roll out of wellbeing training, training of mental health first aiders and awareness campaigns.

READ MORE ABOUT HOW WE ENGAGE WITH OUR PEOPLE ON **PAGE 10**

### Capability and talent

We believe that our people are the key to delivering our growth strategy and future ready culture.

We operationalise our approach to talent and succession by regularly reviewing employee potential, identifying critical roles, updating succession plans and nurturing emerging leaders.

In 2020, learning has been organised into a single framework, the CCEP capability development framework, categorised into three development areas:

- Core skills for everyone
- Targeted training aimed at specific groups to develop technical and functional skills
- Strategic initiatives to shape strategy and culture

We continue to believe that building our leadership capability is a key differentiator for performance. Since 2017, our top 500 leaders have taken part in our leadership development programme and training to accelerate performance. A leadership development series was launched virtually in November 2020.

During 2020, we have further invested in the capabilities we need to lead our recovery and growth with confidence. Key account managers have been through a comprehensive assessment centre to gauge their capabilities. They then undertook targeted leadership and commercial training.

In 2020, our top 120 leaders also took part in inclusive leadership training.

## Independence

SEE THE LIST OF NON-EXECUTIVE DIRECTORS DETERMINED TO BE INDEPENDENT ON **PAGE 78**

**Thomas H. Johnson,** Chairman of the Nomination Committee
12 March 2021

# Audit Committee Chairman's letter

## "WE ARE CONFIDENT THAT CCEP'S MATERIAL CONTROL PROCESSES, INCLUDING THE AUDITS OF THESE PROCESSES, REMAIN ROBUST AND FIT FOR PURPOSE."

Dear Shareholder

I am pleased to present the report of the Audit Committee for 2020. During the year, we carried out our responsibilities in accordance with the UKCGC and continued to provide support and advice to the Board on the matters set out in the Committee's terms of reference, and on other matters at the request of the Board. Further information on the Committee's role and responsibilities is set out on page 87.

The COVID-19 pandemic presented a unique set of challenges for the Committee this year. We have seen large scale changes to our people's ways of working, with the introduction of additional workplace health and safety measures, travel restrictions across our territories and a widespread shift to working from home. The Committee worked closely with senior management to ensure the associated risks of such changes were duly assessed, and that our internal control procedures continued to operate as intended.

Work undertaken in prior years to optimise and automate our internal controls, particularly for Sarbanes-Oxley Act (SOX) compliance, as it applies to CCEP as a US FPI, has proven beneficial and we are confident that CCEP's material control processes, including the audits of these processes, remain robust and fit for purpose.

We continued to oversee the Group's internal control and risk management framework and, supported by our external audit team, to monitor and review the integrity of the Group's financial statements. We have challenged management's accounting treatment and judgements during the year, along with EY's conclusions, to ensure clarity, fairness and completeness of our financial disclosures, particularly in consideration of the impact of COVID-19. Further information about the Committee's involvement in respect of our internal control systems is available in the Audit Committee report.

Our 2020 agenda covered a range of topics, with a focus on accounting and reporting, risk and internal controls, internal and external audits, ethics and compliance, business continuity management, enterprise risk management (ERM) and information technology and cybersecurity.

We dedicated significant time during the year to overseeing CCEP's information and operational technology and cybersecurity programmes, from a risk and control perspective. We received regular reports from senior management on their continued assessment of the risks associated with the use of certain technologies, supplemented by reports from our internal and external audit teams. Looking forward to 2021, CCEP continues to embrace new digital capabilities and technology will continue to feature on the Audit Committee agenda as part of our oversight of business continuity and ERM.

### Availability to shareholders

I am available to shareholders throughout the year to answer any questions on the work of the Committee.

**Garry Watts,** Chairman of the Audit Committee
12 March 2021



# Audit Committee report

### Main responsibilities of the Audit Committee

The role and responsibilities of the Audit Committee are set out in its terms of reference, which are available on the Company's website at www.cocacolaep.com/about-us/governance/committees. Key responsibilities include:

- Monitoring the integrity of the Group's annual audited financial statements and other periodic financial statements and reviewing any key judgements contained in them
- Reviewing the adequacy and effectiveness of the Group's internal control processes
- Oversight of the Group's compliance, operational and financial risk assessments as part of the broader ERM programme
- Review and assessment of the scope, operation and effectiveness of the internal audit function
- Making recommendations to the Board regarding appointment, reappointment or removal of the external auditor
- External auditor terms of engagement, remuneration and independence
- Supporting the Board in relation to specific matters including oversight of the annual and long-term business plans, dividend and capital structure and capital expenditure

The Committee Chairman provided regular updates to the Board on the Committee's activities during the year.

### Composition of the Audit Committee

The Group follows UK corporate governance practices, as allowed by the NYSE Rules for FPIs. In accordance with the UKCGC, the Committee comprised four NEDs in 2020, each of whom the Board has deemed to be independent. The Board is satisfied that each member of the Committee has competence relevant to the fast moving consumer goods sector, in which the Group operates.

In accordance with SEC Rules, as applicable to FPIs, the Group's Audit Committee must fulfil the independence requirements set out in SEC Rule 10-3A. The Board has determined that the Audit Committee satisfies these requirements and that Garry Watts, John Bryant, Dagmar Kollmann and Dessi Temperley may each be regarded as an audit committee financial expert, as defined in Item 16A of Form 20-F.

READ MORE ABOUT THE AUDIT COMMITTEE MEMBERS ON **PAGES 66–70**

### Matters considered by the Audit Committee during 2020

The Committee met seven times during the year. Reports from the internal and external auditors were presented as standing agenda items, along with reports from senior management on the following topics in the Committee's remit:

- Accounting and reporting matters
- Legal matters
- Ethics and compliance matters, including whistleblowing and CoC breaches
- Business continuity management
- ERM
- Capital projects review and approval

The Committee's interactions with the internal audit function and the external auditor during the year are discussed in more detail later in this report. A summary of key matters considered by the Audit Committee in 2020, in addition to standing items, is set out in table 1 on page 88.

SEE DETAILS OF ATTENDANCE AT MEETINGS ON **PAGE 79**

### Financial reporting, significant financial issues and material judgements

As a result of COVID-19, the Committee met regularly with management to understand and assess the key accounting impacts and considerations for the Group. The Committee specifically considered several accounting matters, including:

- Potential goodwill and intangible asset impairments arising as a result of the significant impact on the away from home channel
- Expected credit losses arising due to the closure of outlets in the away from home channel and a corresponding allowance for future losses on trade receivables
- Net realisable value of inventory specific to the away from home channel

The Committee met with management prior to each market announcement to consider the significant accounting judgements and estimates made, and their appropriateness. Details regarding the significant reporting matters identified and the related Committee considerations, including its consideration of the potential goodwill and intangible asset impairments, is set out in table 2 on page 89.

For the remaining matters, the Committee agreed with management that the appropriate accounting considerations had been given and the impact of each item was not material to the Group's financial statements.

SEE OUR VIABILITY STATEMENT ON **PAGE 52**

# Audit Committee report continued

## Table 1

### Matters considered by the Audit Committee during 2020

| Meeting date | Key matters considered in addition to standing agenda items[(A)] |
|---|---|
| February 2020 | • 2019 preliminary Q4 and full year results, including significant estimates and judgements<br>• Pay for performance<br>• IAS 36, "Impairment"<br>• Tax matters |
| March 2020 | • 2019 Integrated Report, including the viability and going concern statements, accounting policies and related significant judgements and estimates, and consideration of pandemic risk (particularly COVID-19) and associated disclosures<br>• IFRS 16, "Leases" update<br>• Sarbanes-Oxley Act (SOX) section 404 (s404) compliance<br>• Group risk appetite framework<br>• 2020 internal audit plan<br>• Updated global chart of authority<br>• Reappointment of the external auditor<br>• Treasury matters<br>• Audit Committee evaluation |
| April 2020 | • 2020 Q1 trading update<br>• Dividend payments |
| May 2020 | • Accounting considerations<br>• Business continuity<br>• Capital allocation and expenditure<br>• IT/cybersecurity update<br>• Insurance and credit risk update<br>• Tax strategy<br>• External audit process and procedures |
| July 2020 | • 2020 half year results, including significant estimates and judgements<br>• Pay for performance<br>• SOX s404 compliance and internal controls<br>• Group risk appetite framework<br>• Capital allocation and expenditure<br>• Tax update<br>• Treasury matters |
| October 2020 | • Q3 trading update<br>• SOX s404 compliance and internal controls<br>• Operational technology and cybersecurity<br>• External quality assessment of the internal audit function |
| December 2020 | • Pay for performance<br>• IAS 36, "Impairment"<br>• SOX s404 compliance<br>• Operational technology and cybersecurity |

(A) During February and March 2021, the Committee discussed matters regarding the year ended 31 December 2020, which included:
- Reviewing the 2020 preliminary Q4 and full year results and the 2020 Integrated Report, including its significant estimates and judgements, accounting policies, viability and going concern statements
- Advising the Board on whether, in the Committee's opinion, the 2020 Integrated Report is fair, balanced and understandable
- Independent auditor's report on the 2020 full year results
- Approval of this Audit Committee report
- Transition to IFRS for the 2020 Company financial statements

## Audit Committee assessment of the 2020 Integrated Report

The Committee undertook a review of a developed draft of the 2020 Integrated Report and provided its feedback, which was applied.

The Committee considered whether the Group's position, strategic approach and performance during the year were accurately and consistently portrayed throughout the 2020 Integrated Report. As part of its review, the Committee referred to the management reports it had received and considered during the year, together with the findings and judgements of the internal and external auditors.

The estimates and judgements made on the significant financial reporting matters regarding financial statements are summarised in table 2 on page 89. The Committee reviewed these in depth, along with management's assessment of the Group as a going concern and the statement of long-term viability contained in the Strategic Report. The Committee concluded that they are appropriate and acceptable in light of the risks facing the business and all significant matters brought to the Committee's attention during the year. The 2020 Integrated Report is, in the opinion of the Committee, fair, balanced and understandable and provides the information necessary for shareholders to assess CCEP's performance, business model and strategy.



## Table 2

### Significant reporting matters in relation to financial statements considered by the Audit Committee during 2020

| Accounting area | Key financial impacts | Audit Committee considerations |
|---|---|---|
| Deductions from revenue and sales incentives | Cost of customer marketing programmes in 2020: €3.2 billion<br><br>Accrual at 31 December 2020: €775 million | The Group participates in various programmes and arrangements with customers designed to increase the sale of products. Among the programmes are arrangements under which allowances can be earned by customers for attaining agreed upon sales levels, or for participating in specific marketing programmes. For customer incentives that must be earned, management must make estimates related to the contractual terms, customer performance and sales volume to determine the total amounts earned. Under IFRS 15, these types of variable consideration are deducted from revenue. There are significant estimates used at each reporting date to ensure an accurate deduction from revenue has been recorded. Actual amounts ultimately paid may be different from these estimates. At each reporting date, the Committee received information regarding the amount of customer marketing spend of the Group along with period end accruals. The Committee also discussed and challenged management on key judgements and estimates applied during the period with a specific focus on the impact of COVID-19 on customer activities and performance. |
| Tax accounting and reporting | 2020 book tax expense: €197 million<br><br>2020 cash taxes: €273 million<br><br>2020 effective tax rate: 28.3% | The Group evaluated a number of tax matters during the year, including legislative developments across tax jurisdictions, risks related to direct and indirect tax provisions in all jurisdictions, the deferred tax inventory and potential transfer pricing exposure. Throughout the year, the Committee received information from management on the critical aspects of tax matters affecting the Group, considered the information received, and gained an understanding of the level of risk involved with each significant conclusion.<br><br>The Committee also considered and provided input on the Group's disclosures regarding tax matters, including the balance sheet classification of uncertain tax positions. |
| Asset impairment analysis | Franchise intangible assets with indefinite lives: €8.1 billion<br><br>Goodwill: €2.5 billion | The Group performs an annual impairment test of goodwill and intangible assets with indefinite lives, or more frequently if impairment indicators are present. The testing is performed at a cash generating unit (CGU) level, which for the Group are based on geography and generally represent the individual territories in which the Group operates.<br><br>COVID-19 was an impairment indicator for the Group, which resulted in an interim impairment test in July 2020, based on adjusting the cash flow projections used in the Group's 2019 impairment testing to reflect the estimated impact of COVID-19 using a range of potential downside scenarios. The Group performed its impairment test in the last quarter of 2020, based upon updated cash flow projections and assumptions. The Group did not record any impairment charges as a result of the tests conducted in 2020.<br><br>The Committee received information from management on the impairment tests performed, focusing on the most critical assumptions such as the terminal growth rate, the discount rate and operating margin, as well as changes from the prior year. The Committee reviewed and challenged sensitivity analyses provided by management to understand the impact of changes in these critical assumptions. The Committee also discussed the key judgements and estimates for the Iberia CGU given the extensive COVID-19 impact on the away from home channel.<br><br>The Committee was satisfied with the assumptions utilised by the Group and also considered and reviewed the Group's disclosures about its impairment testing. |
| Restructuring accounting | Restructuring cost recorded in 2020: €368 million<br><br>Restructuring provision at 31 December 2020: €208 million | During 2020, the Group commenced new restructuring initiatives, including the Accelerate Competitiveness programme aimed at reshaping CCEP using technology to improve productivity. Included in these proposals was the closure of certain production facilities in Germany and Iberia. The Committee was regularly updated by management on the nature of such initiatives and key assumptions underpinning the related provision in the financial statements.<br><br>The Committee reviewed the Group's restructuring provision balance as at 31 December 2020 and continued to agree that it does not contain significant uncertainty.<br><br>The Committee was satisfied with the appropriateness of the restructuring accounting during the year and the disclosures included in the financial statements. |

# Audit Committee report continued

## External audit

### Effectiveness of the external audit process

The Committee has responsibility and oversight of the Group's relationship with its external auditor, Ernst & Young LLP (EY), and for assessing the effectiveness of the external audit process. EY was appointed as the external auditor in 2016 and the lead audit partner is Karl Havers. In accordance with UK and SEC auditor independence rules, on completion of the 2020 audit, Karl Havers stepped down as CCEP's lead audit partner and Sarah Kokot was appointed to replace him for CCEP's 2021 audit. The Committee confirms voluntary compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, as published by the UK Competition and Markets Authority.

In 2020, the Committee agreed the approach and scope of the audit work to be undertaken by EY for the financial year. It also reviewed EY's terms of engagement and agreed the appropriate level of fees payable in respect of audit and non-audit services.

SEE DETAILS OF THE AMOUNTS PAID TO THE EXTERNAL AUDITOR IN NOTE 17 TO THE CONSOLIDATED ACCOUNTS ON **PAGE 160**

EY provided the Committee with regular reports on the status of the audit, its assessment of the agreed areas of audit focus and findings, and conclusions to date. In response to the COVID-19 pandemic, EY had regular discussions with management to identify the potential business and financial risks for CCEP and ensure that correct accounting treatment was adopted in response. Updates on this progress were included in EY's reports to the Committee, along with regular updates on the practical impacts of COVID-19 on the external audit process.

The Committee reviewed the experience and expertise of the audit team, the fulfilment of the agreed audit plan and any variations to it, feedback from the Group's businesses and the contents of the external audit report. The Committee confirmed its satisfaction with the effectiveness of the external auditor.

### External auditor independence

The continued independence of the external auditor is important for an effective audit. The Committee has developed and implemented policies that govern the use of the external audit firm for non-audit services and limit the nature of the non-audit work that may be undertaken. The external auditor may, only with pre-approval from the Committee, undertake specific work for which its expertise and knowledge of CCEP are important. It is precluded from undertaking any work that may compromise its independence or is otherwise prohibited by any law or regulation. During the year, the Committee updated the Policy Governing Independence of the Public Accounting Firm, to ensure continued compliance with the Financial Reporting Council's Revised Ethical Standard 2019.

The Committee received a statement of independence from EY in March 2021 confirming that, in its professional judgement, it is independent and has complied with the relevant ethical requirements regarding independence in the provision of its services. The report described EY's arrangements to identify, manage and safeguard against conflicts of interest.

The Committee reviewed the scope of the non-audit services proposed by EY during the year, to ensure there was no impairment of judgement or objectivity, and subsequently monitored the non-audit work performed to ensure it remained within the agreed policy guidelines. It also considered the extent of non-audit services provided to the Group. The Committee determined, based on its evaluation, that the external auditor was independent.

### Reappointment of the external auditor

The Committee has responsibility for making a recommendation to the Board regarding the reappointment of the external auditor. Based on its continued satisfaction with the audit work performed to date and EY's continued independence, the Committee has recommended to the Board, and the Board has approved, that EY be proposed for reappointment by shareholders as the Group's external auditor at CCEP's 2021 AGM.

## Internal audit

The internal audit function provides an independent and objective assessment of the adequacy and effectiveness of the Group's integrated internal control framework, which combines risk management, governance and compliance systems. The internal audit function reports directly to the Audit Committee and comprises approximately 25 full time, professional audit staff based in London, Berlin, Madrid and Sofia, with a range of business expertise working across multiple disciplines.

### Effectiveness of the internal audit function

At the start of the year, the Committee reviewed the internal audit plan for 2020 and agreed its scope, budget and resource requirements for the year.

Through regular management reports containing key internal audit observations, proposed improvement measures and related timeframes agreed with management, the Committee monitored the effectiveness of the internal audit function against the approved internal audit plan. As the year progressed, amendments were made to ensure compatibility of internal audits with prevailing public health guidance in relation to COVID-19. This included the introduction of remotely conducted audits. The Chief Audit Executive attended the scheduled meetings of the Committee during 2020 to raise any key matters with the Directors.

In accordance with CCEP's Internal Audit Charter, and in line with the Chartered Institute of Internal Auditors' Code of Practice, an independent third party (KPMG), was engaged in 2020, to assess the internal audit function's conformance to applicable standards, namely, the International Standards for the Professional Practice of Internal Auditing (the IIA Standards) and International Professional Practices Framework (IPPF). The Committee reviewed and considered the findings of KPMG's evaluation, which concluded that the internal audit function overall "generally conformed" with the IIA Standards and IPPF. Minor improvements suggested by KPMG during the evaluation process were noted and would, where appropriate, inform the future development of the internal audit function.

The Chief Audit Executive confirmed to the Committee that there was no known impairment to the internal audit function's independence or objectivity in undertaking the internal audit work performed during 2020.

## Internal control and risk management

The Group depends on robust internal controls and an effective risk management framework to successfully deliver its strategy. The Audit Committee is responsible for monitoring the adequacy and effectiveness of the Group's internal control systems, which includes its compliance with relevant sections of the UKCGC and the requirements of SOX, specifically sections 302 and 404, as it applies to US FPIs.

### Effectiveness of the internal control and risk management systems

Regular reports were presented to the Committee on the Group's internal audit assessments of the adequacy and effectiveness of CCEP's integrated internal control framework, risk management, governance and compliance functions. The Committee was asked to consider the internal control framework and the remediation of any identified control deficiencies during the year.

The Committee was given regular updates on the implementation of the Group's business continuity plans, including the implications of COVID-19 and resulting adaptations and risk mitigation actions to be taken by management.

In 2020, management undertook a top down assessment of business unit (BU) and functional risk systems. This included an assessment of the Group's risk appetite across identified enterprise risks, to gauge and promote alignment of risk appetite with CCEP's long range plan. The Committee reviewed the findings, approved changes to the enterprise risk management rankings and concluded that management's approach to risk and to risk appetite was satisfactory.

The Group's material controls were deemed to be designed and operating effectively during the year.

FURTHER INFORMATION ABOUT HOW WE MEASURE AND MANAGE RISK IS SET OUT ON **PAGES 44–45**

## Raising concerns

In each of our territories, we have established ways for our people to raise concerns in relation to possible wrongdoing in financial reporting, suspected misconduct, or other potential breaches of our CoC. These include options to contact a line manager, or people and culture representative, in confidence, or to share information through our dedicated, independent and confidential "Speak Up" channels. The Committee is responsible for reviewing the adequacy and security of these arrangements and ensuring they allow appropriate follow up action. In accordance with our CoC, retaliation against anyone for making a genuine report, or for cooperating in an investigation, is prohibited.

The Committee receives and considers reports from management regarding concerns raised by our people and provides the Board with key information for its consideration as appropriate.

Investigations into potential breaches of our CoC are overseen in each BU by the BU's CoC committee, chaired by the BU's Vice President, Legal. All potential CoC breaches and corrective actions are overseen by the Group CoC committee, which is a sub committee of the Group compliance and risk committee and is chaired by the Chief Compliance Officer. The Group CoC committee also:

- Ensures that all reported breaches have been recorded, investigated in a timely manner and a conclusion reached
- Evaluates trends
- Ensures consistent application of the CoC across CCEP

As required under the Spanish Criminal Code, the Iberia BU has an ethics committee formed of members of the Iberia BU leadership team. It is responsible for any ethics and compliance activities, including overseeing the local crime prevention model. It reports to the board of the Iberia BU and the Chief Compliance Officer.

There were no whistleblowing matters that required Committee or Board attention in 2020.

**Garry Watts,** Chairman of the Audit Committee
12 March 2021

# Statement from the Remuneration Committee Chairman

## Dear Shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for CCEP (or the Group) for the year ended 31 December 2020. This includes a summary of our remuneration policy (page 95) which was approved by over 99% of our shareholders at the 2020 AGM and our Annual report on remuneration (ARR), which sets out how we implemented the policy during 2020 and how we intend to do so in 2021, and will be subject to an advisory vote at our 2021 AGM.

### Resilience in the face of COVID-19

Like all businesses, 2020 was an extraordinary year for CCEP which presented a number of challenges.

Throughout the pandemic we prioritised the wellbeing and safety of our people and the continuity of service to our customers. This included pulse surveys to better understand people's experiences and needs, the launch of the Coronavirus Support Hub to provide tools and guidance to support their wellbeing as well as implementing wellbeing training, which reached over 5,300 employees.

We continued to implement salary increases for employees in 2020 and the vast majority of employees remained on full pay throughout the year, with government support schemes only used in countries where it was in line with local legislation and general market practice to do so (e.g. no UK Government support was received). Incentive schemes for front line workers remained in place and continued to pay out.

In respect of business performance, despite the impact of COVID-19 we remained agile and showed resilience, which is reflected in our financial and sustainability performance indicators.

SEE OUR KEY PERFORMANCE INDICATORS (KPI) ON **PAGES 2–3**

Our objective was to protect the short term without compromising the long term. Discretionary operating expenditure (opex) and capital expenditure (capex) savings of €260 million and around €200 million respectively helped us generate strong free cash flow of €924 million which, supported by a solid balance sheet, enabled us to maintain our full year dividend payout ratio for shareholders, who also benefitted from resilient share price performance. Continued investment, especially in digital, sustainability and our portfolio, put us in a stronger position as we move into 2021.

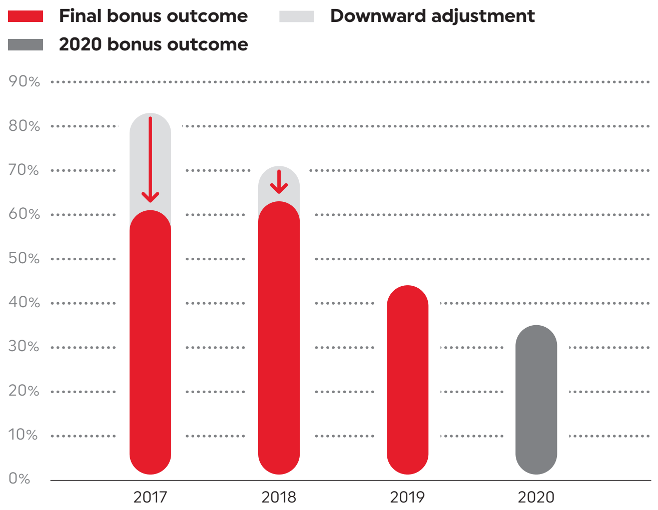
### Aligning remuneration to performance

For the Remuneration Committee, a key challenge was to ensure that remuneration outcomes for our people continued to reflect our underlying philosophy. In particular, incentive schemes should deliver outcomes which align with business performance (in the context of COVID-19) and appropriately reflect the experiences of shareholders and wider stakeholders, whilst also continuing to act as an incentive to engage our people to deliver the best possible results.

All of our incentive schemes utilise stretching performance targets, set at the start of the relevant period, and are designed to drive performance in the context of prevailing expectations for the business. At the same time, in line with best practice, our schemes all include discretionary provisions which allow the Committee to adjust the formulaic result to ensure that the outcome delivered to participants is a fair and appropriate reflection of performance over the period. To date, the Committee has used these discretionary provisions to reduce incentive outcomes below the formulaic result, reducing the CEO's bonus outcome in two of the three financial years since CCEP's listing (as shown in the chart on the next page).



Examples of previous Remuneration Committee discretion
Annual bonus outcome (% of max)




In respect of 2020, the Committee has again exercised discretion to ensure the outcomes provided a fairer reflection of performance delivered. This required an upward adjustment to the formulaic outcomes. While the Committee believes this is the right thing to do in respect of the participants of these incentive programmes, we recognise it is relatively unusual and have therefore set out our thinking in detail in this letter and in further detail in the remainder of the ARR. This fulsome disclosure also reflects the feedback we received from shareholders and proxy advisors we consulted in early 2021 on the principle of applying discretion to these incentive outcomes.

### Remuneration outcomes for 2020

#### Annual bonus

For our front line employees, incentive arrangements continued to operate and pay out across the year as normal.

For our management incentive programme (applicable to around 5,400 colleagues), it became apparent that in the context of the impact of the pandemic, the 2020 annual bonus plan was no longer acting as an effective incentive as the performance targets were no longer relevant. For these participants (excluding the CEO) we developed and launched the Accelerate Profit Performance Plan (APPP) to focus and incentivise participants on delivering strong business performance and value for shareholders during the second half of the year. This replaced the original 2020 annual bonus.

Under the APPP, target opportunities were initially reduced by 50%, reflecting the half yearly nature of the scheme, followed by a further reduction in the maximum Business Performance Factor (BPF) from 2.0x to 1.5x. Performance was simplified to focus on stretching operating profit targets with a revenue underpin aligned with business priorities for the second half. The plan was successful in engaging and motivating colleagues to deliver the strong second half performance as the business navigated the fallout from the pandemic.

In respect of the CEO, the Committee gave careful consideration to the extent to which any discretionary bonus payment should be made taking into account a wide range of factors which included:

- The pay out level for the 5,400 participants in the APPP and the key principle of CCEP's remuneration philosophy that a consistent and aligned policy should operate across the management team and the wider organisation
- The overall financial, operational and strategic performance of the business, including the response to COVID-19
- The shareholder and wider stakeholder experiences throughout the year
- The principles we had applied when exercising negative discretion in respect of bonus pay outs in two of the previous three years
- The exceptional leadership and individual performance of the CEO over the year, reflecting current business needs and strategic planning including acquisitions

Taking all these factors into account (further details of which are provided on pages 98–99 of the ARR), the Committee determined a pay out for the CEO of 35% of maximum which is an appropriate reflection of performance over the period, directly aligned to the pay out received by the other 5,400 employees under the APPP and is the lowest outcome achieved since our listing in 2016.

#### 2018 Long-Term Incentive Plan (LTIP)

The 2018 LTIP award, granted in March 2018, was subject to EPS and ROIC performance targets over the three year period to 31 December 2020. Around 200 senior executives and management participated in the scheme, including the CEO.

Based on the strong performance delivered by the business in 2018 and 2019, the vesting of this award had been tracking at 110% of target. However, due to the impact of COVID-19 in 2020, the original stretching performance targets could no longer be met over the full three year period and the formulaic result was zero vesting.

Given the strong performance for over two thirds of the performance period and the unanticipated impact of the pandemic being largely outside management's control, the Committee decided to undertake a holistic assessment of overall performance over the three year period to determine an appropriate vesting level for all participants. The range of reference points considered included:

- Performance of the business in 2018 and 2019, against the original targets and in a broader sense
- Financial, operational and strategic achievements of the business over the three year period
- Overall shareholder and stakeholder experiences over the three year performance period, including dividends and share price

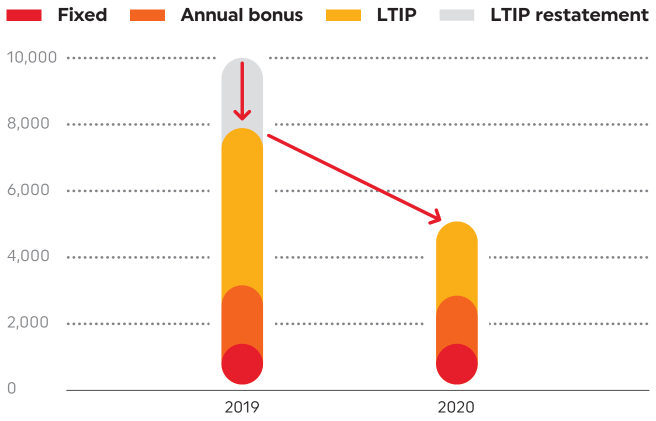
Taking all these factors into account, which are explained in more detail on pages 99–100 of the ARR, the Committee exercised discretion to determine a final vesting level of 37% of maximum. This was determined by applying the performance achieved for 2018 and 2019 (55% of maximum) on a pro rata basis and 0% vesting in respect of the final year of the performance period. The Committee concluded that this fairly reflected overall performance over the three year period and incorporated no benefit in respect of 2020 performance. This outcome was applied consistently to all participants, including the CEO.

## Significant reduction in CEO single figure

In 2019, the CEO's single figure of remuneration was disclosed as £10.0 million (restated this year to £7.8 million to reflect the actual value of the 2017 LTIP received at the date of vesting). This year's single figure of £5.1 million is significantly lower, reflecting the material year on year reduction in the pay out level of both the bonus and the LTIP. The Committee believes this overall outcome is a fair and appropriate reflection of performance of the business and the CEO over both the short and long term.

Significant year on year reduction in total remuneration received

Single figure of remuneration (£000)




## LTIP sustainability targets

Sustainability is a key part of our long-term strategy and it is considered important that long-term management incentives are aligned with this ambition. For 2020 LTIP awards we therefore introduced a sustainability metric focusing on reduction of GHG emissions ($CO_2e$) across CCEP's entire value chain.

SEE **PAGE 26** FOR FURTHER DETAILS IN RESPECT OF THE LINK BETWEEN CHANGES IN OUR PACKAGING AND REDUCTION IN $CO_2E$

These targets were finalised during the year to be aligned to our revised long-term ambitions to keep the global temperature rise to within 1.5°C, with verified science based targets. Given the continued uncertainty in respect of volumes over the next three years the targets are neutral to any changes in respect of volume and are set on a relative, rather than an absolute, basis. Further details can be found on page 100 of the ARR.

## Implementation of remuneration policy in 2021

Despite the continuing challenges of COVID-19 we consider that our overall remuneration framework remains fit for purpose and will implement our remuneration policy broadly unchanged for 2021.

However, in considering the remuneration framework for 2021 we have also taken account of the proposed CCL acquisition (discussed on page 15 of the Integrated Report), to ensure that remuneration arrangements remain appropriate over both the short and long term should the acquisition complete as planned.

**2021 salaries** – There will be no annual cycle salary increases in 2021 for the executive leadership team.

**2021 annual bonus** – Targets for operating profit, revenue and operating free cash flow will be set in the normal manner. However, should the acquisition complete during the year, the targets will be reviewed at that point to consider if any adjustments should be made to recognise the overall performance of the combined entity for the remainder of the financial year (see pages 105–106 of ARR for further details).

**2021 LTIP** – Given the long-term focus of the LTIP, it is considered appropriate that the 2021 LTIP awards that would usually be made in March are delayed until after the acquisition has completed. This will enable targets to be set for the combined entity for the full performance period. The Committee may also introduce an element of the award based on specific integration targets, if appropriate. The targets will be disclosed in full when the award is granted and in next year's remuneration report (see page 106 of ARR for further details).

## Looking ahead

We recognise that some of the decisions made this year are unusual and we therefore proactively engaged with major shareholders on the principles of our approach. We believe the decisions are fair and the right ones for both management and shareholders but always welcome feedback and hope we can rely on your support at our forthcoming AGM.

We also remain committed to shareholder engagement and will consult with shareholders further if any changes are required to our remuneration policy or implementation for 2021 in the context of the proposed CCL acquisition.

**Christine Cross,** Chairman of the Remuneration Committee
12 March 2021



# Our remuneration policy

## Overview of the remuneration policy

**OUR REMUNERATION POLICY WAS APPROVED BY OVER 99% OF OUR SHAREHOLDERS AND IS BASED ON THE FOLLOWING PRINCIPLES**

| KEY PRINCIPLE | APPLICATION TO POLICY | CURRENT IMPLEMENTATION |
|---|---|---|
| Focused on delivering our business strategy | Annual bonus and LTIP measures aligned to the KPIs of the business | **Annual bonus metrics**<br>Operating profit (50%)<br>Revenue (30%)<br>Operating free cash flow (20%)<br>**LTIP metrics**<br>EPS (42.5%)<br>ROIC (42.5%)<br>$CO_2e$ (15%)<br>See ARR for definitions |
| Simple, transparent and aligning the interests of management and shareholders | • Only two simple incentive plans operated<br>• Strong focus on pay for performance<br>• Majority of remuneration package delivered in shares<br>• Significant shareholding requirement of three times salary<br>• CEO pension aligned to wider workforce | CEO pay mix linked to performance at target<br>22% Fixed pay<br>29% Annual bonus<br>49% LTIP |
| Able to be cascaded through the organisation and applicable to the wider workforce | The same remuneration framework is applied to all members of the ELT (but with lower incentive levels) | Fixed pay + Annual bonus + LTIP |
| Variable remuneration should be performance related against stretching targets | Targets are set at stretching levels in the context of the business plan and external forecasts | • Target performance linked to business plan<br>• Maximum payout requires performance above consensus |

## Summary of remuneration policy table

### Fixed pay

**Key features**

Base salary: Annual increases will normally take into account business performance and increases awarded to the general workforce

Benefits: A range of benefits may be provided in line with market practice

Pension:
- Can participate in the UK pension plan or receive a cash allowance on the same basis as all other employees
- Maximum employer contribution is £30k

**Link to strategy**

Supports recruitment and retention of Executive Directors of the calibre required for the long-term success of the business

### Annual bonus

**Key features**

- Target bonus opportunity is 150% of salary
- Bonus calculated by multiplying the target bonus by a Business Performance Factor (BPF) (0-200%) and an Individual Performance Factor (IPF) (0-120%)
- Business and Individual performance targets are set in the context of the strategic plan
- Malus and clawback provisions may apply to awards
- Discretion to adjust the formulaic outcome up or down taking into account all relevant factors

**Link to strategy**

- Incentivises delivery of the business plan on an annual basis
- Rewards performance against key indicators which are critical to the delivery of the strategy

### LTIP

**Key features**

- Based on performance measures aligned to the strategic plan and measured over at least three financial years
- Target LTIP award is 250% of salary (500% of salary maximum)
- Malus and clawback provisions may apply to awards
- Two year holding period applied after vesting
- Discretion to adjust the formulaic vesting outcome up or down taking into account all relevant factors

**Link to strategy**

- Focused on delivery of Group performance over the long term
- Delivered in shares to provide alignment with shareholders' interests

A FULL COPY OF THE REMUNERATION POLICY CAN BE FOUND ON **PAGES 89-96** OF THE 2019 INTEGRATED REPORT, IN THE REPORTS & RESULTS SECTION OF THE INVESTOR SECTION OF OUR WEBSITE AT **WWW.COCACOLAEP.COM/INVESTORS**

# Remuneration at a glance

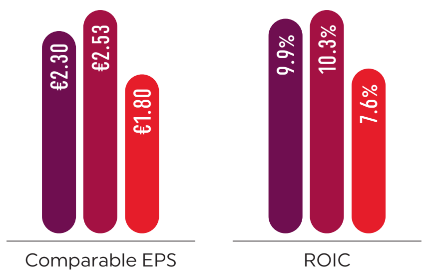
## Overview of 2020 remuneration performance

CCEP share price
US$


Reported annual KPIs
Bonus pay out = 35% of maximum based on discretionary assessment of performance

| €1.2BN | €10.6BN | €0.9BN |
|---|---|---|
| Comparable operating profit | Revenue | Free cash flow |

Reported long-term KPIs




## 2020 CEO single figure

**2020** TOTAL VALUE £5.1M

£1.33m (26%) | £1.49m (30%) | £2.24m (44%)

Fixed pay | Annual bonus | LTIP

## CEO shareholding

AS AT 31/12/2020: 602% of salary

TARGET: 300% of salary

Current shareholding | Shareholding requirement by 31/12/2021

READ MORE IN THE ANNUAL REPORT ON REMUNERATION FROM **PAGE 97**

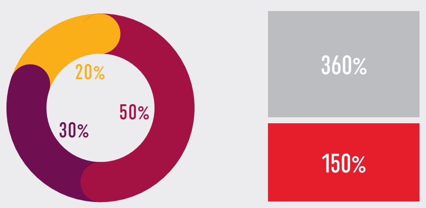
## Overview of 2021 CEO remuneration framework

**Fixed pay** + **Annual bonus** + **LTIP**

**Base salary**
No change for 2021
**£1.18m**

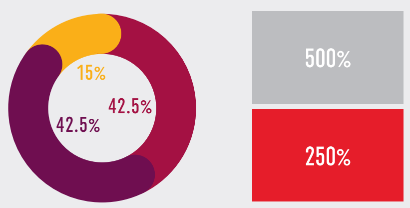
**Benefits**
- Car allowance
- Private medical
- School fees
- Financial planning

**Pension**
Cash in lieu aligned to wider workforce
**£30k**




**0x–1.2x**
**Individual multiplier**

Operating profit
Revenue
Operating free cash flow
Target
Maximum




ROIC
EPS
Reduction in $CO_2e$
Target
Maximum

READ MORE IN THE ANNUAL REPORT ON REMUNERATION FROM **PAGE 97**

All references to revenue, operating profit, operating free cash flow, EPS and ROIC targets refer to those measures that are defined within the ARR.



# Annual report on remuneration

## Remuneration outcomes for 2020

The following pages set out details of the remuneration received by Directors for the financial year ending 31 December 2020. Prior year figures have also been shown. Audited sections of the report have been identified.

The Directors' remuneration in 2020 was awarded in line with the remuneration policy which was approved by shareholders at the AGM in May 2020.

## Single figure table for Executive Directors (audited)

| Individual | Year | Salary (£000) | Taxable benefits (£000) | Pension (£000) | Fixed pay (£000) | Annual bonus (£000) | Long-term incentives (£000) | Variable remuneration | Total remuneration (£000) |
|---|---|---|---|---|---|---|---|---|---|
| Damian Gammell | 2020 | 1,174 | 134 | 26 | 1,334 | 1,490 | 2,242(A) | 3,732 | **5,066** |
| | 2019 | 1,151 | 127 | 26 | 1,304 | 1,806 | 4,729(B) | 6,535 | **7,839(C)** |

(A) Estimated value based on three month average share price and exchange rate to 31 December 2020 of £32.00. Number will be restated in next year's single figure table to show the final value on the vesting date of 13 March 2021. Value includes estimated value of Shares and estimated £163,000 cash payment in respect of dividend equivalents to be paid on the vested Shares.
(B) Restated from £6,894,000 in last year's single figure table to reflect actual share price on vesting date of £27.06 on 27 March 2020 applied to 157,766 vested Shares and £459,000 cash payment in respect of dividend equivalents paid on the vested Shares.
(C) Restated in line with the actual vest date value of long-term incentives, as explained in (B) above.

## Notes to the single figure table for Executive Directors (audited)

### Base salary

Damian Gammell received a base salary increase of 1.8% from £1,157,944 to £1,178,787 effective from 1 April 2020. This increase was lower than the average increase provided to the wider UK workforce (2.5%).

### Taxable benefits

During the year, Damian Gammell received the following main benefits: car allowance (£14,000), financial planning allowance (£10,000), schooling allowance (£75,000 net) and family private medical coverage (£7,000).

### Pension

The pension provisions that apply to Damian Gammell are aligned to all other GB employees. Damian Gammell elected to receive a cash allowance in lieu of participation in the pension scheme. This equates to a payment of £30,000 from CCEP inclusive of employer National Insurance contributions (i.e. the actual benefit received by Damian is less than £30,000 per year).

### Annual bonus

#### Overview of CCEP's annual bonus design

The 2020 CCEP annual bonus plan was designed prior to the impact of COVID-19 to incentivise the delivery of the business strategy and comprised the following elements:

**Business Performance Factor (BPF)** – provides alignment with our core objectives to deliver strong financial performance against our main financial performance indicators of operating profit (50%), revenue (30%) and operating free cash flow (20%).

REFER TO **PAGE 105** FOR DEFINITIONS

**Individual Performance Factor (IPF)** – individual objectives were also set for Damian Gammell focused on a number of areas which are aligned to key longer-term strategic objectives of the business.

**Target bonus** (150% of base salary) × **BPF** (0x to 2.0x) × **IPF** (0x to 1.2x) = **Final bonus outcome** (0% salary to 360% salary)

# Annual report on remuneration continued

## 2020 annual bonus outcome

Financial performance in 2020 was heavily influenced by the impact of COVID-19, with the original 2020 annual bonus targets for operating profit, revenue and operating free cash flow no longer being relevant.

After careful consideration and an initial consultation with major shareholders on the principles of applying discretion, the Committee determined it appropriate to exercise the discretion provided to it under the remuneration policy to award a cash bonus payment of 35% of the CEO's maximum bonus opportunity, in line with the policy.

In exercising its discretion, the Committee took a wide range of factors into account, as set out below:

**Our people, customers and communities**

- Our rapid response to COVID-19 prioritised our people's health, safety and wellbeing. Pulse surveys were undertaken to understand our people's experiences and we implemented a Coronavirus Support Hub, to provide tools and guidance to support employee's wellbeing.
- We continued to implement salary increases for employees in 1 April 2020 and the vast majority of employees remained on full pay throughout the year, with government support schemes only used in countries where it was in line with local legislation and practices (e.g. no UK Government support was provided). Incentive schemes for front line workers remained in place and continued to pay out.
- We provided case by case support to our customers and supported our local communities, which included €3 million in product donations, ongoing volunteering by our people and working closely with TCCC and the Coca-Cola Foundation to provide substantial financial aid to fund the fight against COVID-19.

**Overall financial performance**

Due to the adverse impact of COVID-19, resulting in the closures in the away from home channel, operating profit and revenue declined year on year. However, we took bold actions to protect our overall performance and focus on business continuity.

- The impact on operating profit was moderated by the delivery of approximately €260 million in discretionary opex savings as we ensured spend was limited.
- Our agile response to the pandemic and our belief in continuing to invest in our core brands served us well as we gained share both in the home channel (+40bps) and online (+140bps).
- We continued to generate €924 million of free cash flow, close to our medium-term objective of €1 billion a year, despite the challenging backdrop and after continuing to make significant investments in our portfolio, digital and sustainability agendas.
- We ended the year with a strong balance sheet, enabling us to pay a full year dividend in line with our policy as discussed in the shareholder experience section below.

**Alignment with wider workforce**

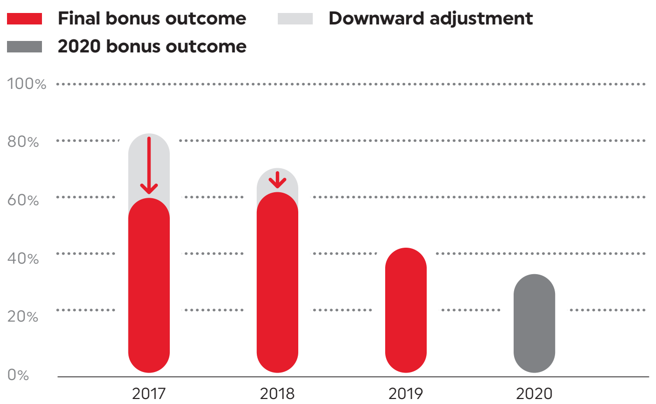
- When it became apparent that the original annual bonus targets were no longer relevant a revised plan was put in place for the 5,400 participants in respect of the second half of the year to ensure employees remained incentivised to deliver strong performance.
- Taking into account the half yearly nature of the scheme, target opportunities were reduced by 50% and the maximum BPF was reduced from 2.0x to 1.5x. Performance targets were simplified and set in respect of operating profit only with a revenue underpin to reflect the priorities of the business for the remainder of 2020.
- Despite the continued impact of COVID-19 during the second half of the year, the business delivered full year comparable operating profit of around €1.2 billion which was above expectations at the time the plan was put in place. This performance delivered a BPF of 1.48x.
- A fundamental principle of our remuneration policy is to apply a consistent remuneration framework across the whole management team. The outcome proposed for the CEO is aligned with the pay out he would have received if he had participated in the revised scheme on the same basis as all other 5,400 participants.

Revised target bonus (75% of base salary) × BPF (1.48x) × IPF (1.15x) = Final bonus outcome (127% salary)

**Track record of using discretion to deliver fair outcomes**

- In respect of both the 2017 and 2018 annual bonus, the Committee exercised downward discretion to ensure that the outcome was a true reflection of underlying business performance.

Examples of previous Remuneration Committee discretion
Annual bonus outcome (% of max)




- Given discretion has been used in the past to ensure a fair outcome that is reflective of performance within management's control, the Committee considered it reasonable to apply the same principles for 2020.

**Shareholder experience**

- Share price performance over the year remained highly resilient, recovering well after the initial impact from COVID-19, and outperforming a number of our peers and equity indices (such as the FTSE 100 and Euronext 100).
- Continued to pay dividends – full year dividend of €0.85 per share announced in Q3, maintaining annualised dividend payout ratio of approximately 50%, in line with our dividend policy.

**Sustainability**

Our response to COVID-19 was also a sustainable one.

- In 2020, we launched our new climate strategy with a clear ambition to reach net zero GHG emissions by 2040 and to reduce our GHG emissions across our value chain by 30% by 2030 (versus 2019). In 2020, the GHG emissions within our value chain fell by 11.9% compared to 2019 and by 37.7% compared to 2010 (previous target baseline year).
- In 2020, 41.3% of the PET we used to make our PET bottles was recycled PET (rPET), up from 30.5% in 2019, making significant progress to our commitment of ensuring that at least 50% of the material we use for our PET bottles comes from rPET by 2023.



## Individual performance of CEO

The individual performance of the CEO was very strong over the year, providing exceptional leadership of the business as we navigated the response to the COVID-19 pandemic for the benefit of all stakeholders. He delivered against a number of his original individual objectives, and adapted the business in response to the pandemic whilst continuing to develop growth and value creation opportunities for the business through the proposed CCL acquisition.

In addition to his strong leadership on all of the areas of business performance set above, further achievements to note included the following:

- **Engagement:** Improved customer engagement scores across the markets despite the impact of the AgeCore dispute and COVID-19
- **Inclusion and diversity:** Improved the percentage of women in senior manager and above roles towards our 2025 target of 40%. Expanded focus of diversity across five key areas (disability, culture and heritage, LGBT+, gender and multigenerational) consistently across CCEP
- **Talent development and succession:** Strong ELT development with two new appointments during 2020, including an internal promotion. Launch of a number of development centres to enhance commercial leadership capabilities
- **Growth and value creation:** Developing growth and value creation opportunities for the business through the proposed CCL acquisition
- **CCEP Ventures** continued to bring new innovative solutions into the business with five new investment partnerships in early stage e-commerce, packaging free and recycling technology businesses
- **Direct to consumer platform** launched

Taking all these factors into account, the Committee determined that his IPF should be set at 1.15x, reflecting exceptional performance. This IPF was used to calculate the bonus outcome on the same basis as all other employees.

## Long-term incentives

### Awards vesting for performance in respect of 2020

The 2018 LTIP award was subject to EPS and ROIC performance targets measured over the three year performance period from 1 January 2018 to 31 December 2020.

| | | Performance targets | | |
|---|---|---|---|---|
| Measure | Weighting | Threshold (25% vesting) | Target (100% vesting) | Maximum (200% vesting) |
| EPS | 50% | 4.0% p.a. | 7.5% p.a. | 11.0% p.a. |
| ROIC | 50% | 9.5% | 11.0% | 12.5% |

Performance in 2018 and 2019 was strong against both metrics with the overall vesting level tracking at 110% of target before the impact of COVID-19:

| Measure | Forecast outcomes as at end of February 2020 |
|---|---|
| EPS | 7.3% p.a. |
| ROIC | 11.4% |

However, financial performance in 2020 was heavily influenced by the impact of COVID-19, which resulted in the three year threshold targets not being met and a formulaic outcome of zero.

Given the final outcome was due to factors outside management's control, the Committee considered it appropriate to undertake a holistic assessment of performance over the full three year performance period to consider the extent to which any discretion should be exercised in respect of the final vesting level for all LTIP participants, including the CEO.

# Annual report on remuneration continued

The Committee took into account a wide range of factors of performance across the full performance period, which included:

| Measure | Considerations |
|---|---|
| Shareholder experience | • CCEP's total shareholder return (TSR) over the three year performance period was +28%, above that for the Euronext 100 (+15%) and the FTSE 100 (-2%)<br>• Over the three year period, our TSR performance of +28% was commensurate with upper quartile levels of performance against other major European FMCG companies<br>• Share price of above $50 (as at 12 March 2021), around 25% above the grant date share price of $41.78<br>• Delivered a cumulative dividend of $3.63 per share to our shareholders over the performance period (including a $1.00 dividend in 2020)<br>• In total over €3 billion of value was delivered to shareholders over the three year performance period (€1,473 million in dividends and €1,636 million in share buybacks) |
| Overall business performance | • Strong performance in 2018 and 2019 which was on track to deliver above target performance<br>• Overall 2020 performance relatively strong in the context of COVID-19, in particular in the second half of the year<br>• NARTD value share growth in 2019 (+110bps) and 2020 (+40bps) |
| Wider employee experience | • Revised annual bonus plan put in place to continue to reward around 5,400 employees for delivering strong performance in the second half of 2020<br>• 2020 pay increases continued to be implemented with effect from 1 April 2020<br>• Incentive schemes for front line workers continued to operate and pay out<br>• Limited use of Government support schemes during the crisis (including no receipt of funding from UK furlough scheme) and vast majority of employees remained on full pay<br>• Significant focus on employee wellbeing throughout 2020, providing extensive emotional and mental wellbeing support<br>• Some planned restructuring accelerated due to the COVID-19 pandemic |
| Sustainability | • Reduction in lost time incident rate 2017-2020 from 1.23 to 0.82<br>• 37.7% GHG reduction across our value chain since 2010 and 11.9% since 2019<br>• Reduction in water use ratio 2017-2020 from 1.61 to 1.57<br>• 41.3% of the PET used to make our PET bottles was rPET (vs. 24.6% in 2017) |
| Other stakeholder experience | • Donated over 600,000 unit cases of product to our communities in 2020<br>• Partnered with TCCC to provide substantial financial aid through the Red Cross and other local non government organisations<br>• Unrivalled customer coverage with whom we jointly create value, with more than €1.5 billion added to the FMCG industry since 2017 |

Based on this analysis, the Committee considered it appropriate to exercise discretion in respect of the LTIP vesting level to recognise the strong performance of the management team in 2018 and 2019 which continued through the COVID-19 crisis despite the significant challenges being faced which were outside management's control.

A vesting level of 37% of maximum was determined, by applying the performance achieved for 2018 and 2019 (55% of maximum) on a pro rata basis and 0% vesting in respect of the final year of the performance period. This vesting level will apply to all participants, including the CEO.

### Awards granted in 2020

A conditional award of performance share units (PSUs) was granted under the CCEP LTIP to Damian Gammell on 17 March 2020, with a target value of 250% of salary. Further details are set out below:

| Individual | Date of award | Maximum number of Shares under award | Target number of Shares under award | Closing Share price at date of award[(A)] | Face value | Performance period | Normal vesting date |
|---|---|---|---|---|---|---|---|
| Damian Gammell | 17/03/2020 | 156,264 | 78,132 | $32.96 | $5,150,461 | 1 Jan 2020 - 31 Dec 2022 | 17/03/2023 |

(A) Number of Shares awarded calculated using 10-day average share price of $47.71.

The vesting of awards is subject to the achievement of the following performance targets:

| | | | Vesting level[(C)] (% of target) | | |
|---|---|---|---|---|---|
| Measure | Definition | Weighting | 25% | 100% | 200% |
| EPS[(A)] | Compound annual growth over the three year period to FY 2022 | 42.5% | 5.0% p.a. | 9.1% p.a. | 12.0% p.a. |
| ROIC[(B)] | ROIC achieved in the final year of the performance period (FY 2022) | 42.5% | 11.0% | 12.0% | 12.6% |
| $CO_2e$ reduction | Relative reduction in total value chain GHG emissions since 2019 ($gCO_2e$/litre) | 15% | 6.0% per litre | 8.0% per litre | 10.0% per litre |

(A) Comparable and on a tax and currency neutral basis. Targets include the impact of share buybacks to provide greater alignment with external expectations. The targets have been set based on current assumptions in respect of share buybacks over the performance period. The final performance targets will be adjusted to reflect the actual value of share buybacks made during the performance period to neutralise any variances and will be fully disclosed at the time of vesting.

(B) ROIC calculated as comparable operating profit after tax, on a tax and currency neutral basis, divided by the average of opening and closing invested capital for the year. Invested capital is calculated as the addition of borrowings and equity less cash and cash equivalents.

(C) Straight-line vesting between each vesting level (shown).



Any award vesting will be subject to a two year holding period.

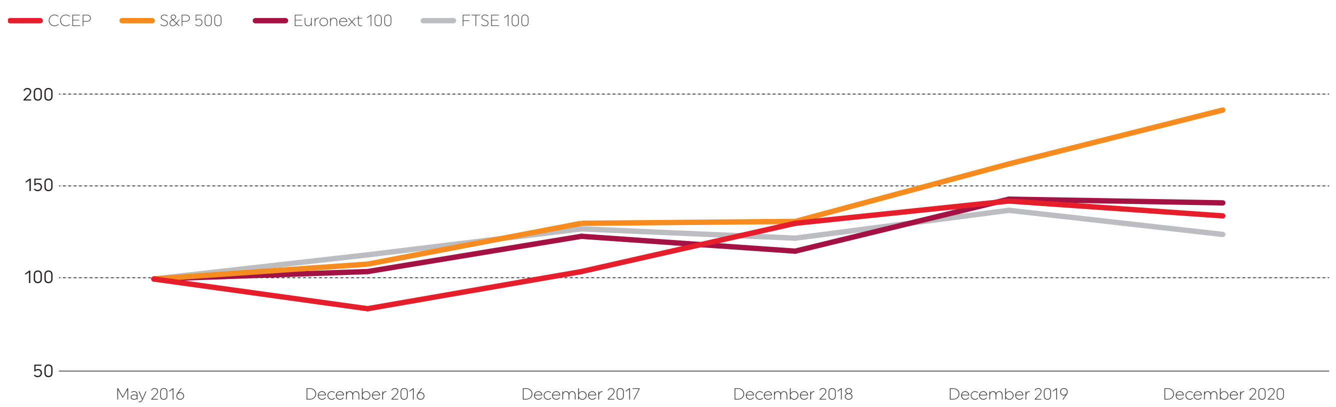
The 2020 LTIP awards introduced a performance measure, with a 15% weighting, focused on the reduction of GHG ($CO_2e$) across CCEP's entire value chain. The targets for the $CO_2e$ metric were set in line with our revised long-term ambitions to keep the global temperature rise to within 1.5°C, with verified science based targets, and are based on our three year and long-term roadmap for reduction in $CO_2e$ emissions across the entire CCEP value chain, as disclosed above. Given the continued uncertainty in respect of volumes over the next three years the targets are neutral to any changes in respect of volume and are set on a relative, rather than an absolute, basis. This will ensure that management continues to be incentivised to increase volumes and ensures that there are no windfall gains if volumes decline. The Committee believes these targets to be appropriately stretching and that they will drive the correct management behaviours.

Following the announcement of the proposed acquisition of CCL, the Committee will review EPS and ROIC targets in light of the acquisition as soon as possible following completion. Given the significant nature of the transaction, it will be important to ensure our colleagues are appropriately incentivised and that targets take into account the profile of the ongoing business. Reduction in $CO_2$ emissions targets will remain subject to the original CCEP targets. The Committee will consult with shareholders, as appropriate, and full details of the Committee's decisions on the 2020 LTIP will be disclosed following any changes.

## Historical TSR performance and CEO remuneration outcomes

The chart below compares the TSR performance of CCEP from Admission up until 31 December 2020 with the TSR of the Euronext 100, the FTSE 100 and the S&P 500. These indices have been chosen as recognised equity market indices of companies of a similar size, complexity and global reach as CCEP.

### 30 trading day average data: against S&P 500, Euronext 100 and FTSE 100




The following table summarises the historical CEO's single figure of total remuneration and annual bonus pay out as a percentage of the maximum opportunity over this period:

| | 2016[(A)] John Brock | 2016[(A)] Damian Gammell | 2017 Damian Gammell | 2018 Damian Gammell | 2019 Damian Gammell | 2020 Damian Gammell |
|---|---|---|---|---|---|---|
| CEO single figure of remuneration ('000) | $3,890 | £27 | £3,716 | £3,821 | £7,839[(B)] | £5,066 |
| Annual bonus pay out (as a % of maximum opportunity) | 31.23% | 40.6% | 60.7% | 63.1% | 43.7% | 35.3% |
| LTI vesting (as a % of maximum opportunity) | N/A | N/A | N/A | N/A | 59.0% | 36.5% |

(A) The figures for 2016 are in respect of the period for which each individual served as CEO during the year. John Brock served as CEO from 29 May to 28 December 2016. Damian Gammell served as CEO from 29 December to 31 December 2016.

(B) Restated from last year's single figure to reflect the actual share price on vesting date for the 2017 LTIP.

# Annual report on remuneration continued

## Percentage change in CEO and Director remuneration

The table below shows the percentage change in CEO and Director remuneration from 2019 to 2020 compared to the average percentage change in remuneration for all employees of the parent company, in line with the revised reporting regulations.

| Comparator | Base salary / fee | Taxable benefits[F] | Annual bonus |
|---|---|---|---|
| CEO | 2.0% | 5.5% | (17.5%) |
| All employees | 2.7% | 0.2% | (21.9%) |
| **Other Directors** | | | |
| Sol Daurella | 0.5% | 0.0% | n/a |
| Jan Bennink | 0.0% | (66.7%) | n/a |
| José Ignacio Comenge Sánchez-Real | 1.0% | (80.0%) | n/a |
| Francisco Crespo Benítez[A] | (47.8%) | (100.0%) | n/a |
| Christine Cross | (1.5%) | (75.0%) | n/a |
| Javier Ferrán | 0.0% | (100.0%) | n/a |
| Irial Finan | 0.0% | (62.5%) | n/a |
| Nathalie Gaveau | 0.0% | (66.7%) | n/a |
| Álvaro Gómez-Trénor Aguilar | 0.0% | (71.4%) | n/a |
| Orrin H. Ingram II[B] | (61.8%) | (100.0%) | n/a |
| Thomas H. Johnson | 3.5% | (100.0%) | n/a |
| Dagmar Kollmann[C] | 71.2% | (83.3%) | n/a |
| Alfonso Líbano Daurella | 1.0% | (100.0%) | n/a |
| Mark Price[C] | 71.7% | (50.0%) | n/a |
| Mario Rotllant Solá | 1.0% | (80.0%) | n/a |
| Brian Smith[D] | n/a | n/a | n/a |
| Dessi Temperley[E] | n/a | n/a | n/a |
| Garry Watts | 0.8% | (100.0%) | n/a |

(A) Resigned from the Board on 9 July 2020. Change in fee and taxable benefits reflects part year of service in 2020.
(B) Resigned from the Board on 27 May 2020. Change in fee and taxable benefits reflects part year of service in 2020.
(C) Increase in fee reflects part year of service in 2019.
(D) Appointed to the Board on 9 July 2020.
(E) Appointed to the Board on 27 May 2020.
(F) Reduction in taxable benefits reflects the impact of travel restrictions during the year.

## Relative importance of spend on pay

The table below shows a summary of distributions to shareholders by way of dividends and share buyback as well as total employee expenditure for 2019 and 2020, along with the percentage change of each.

| | 2020 | 2019 | % change |
|---|---|---|---|
| Total employee expenditure | €1,655m | €1,771m | (6.5%) |
| Dividends[A] | €386m | €574m | (32.8%) |
| Share buybacks[B] | €129m | €1,005m | (87.2%) |

(A) Annualised dividend payout ratio maintained for 2020 at approximately 50%, in line with our policy.
(B) Decrease in share buybacks reflects suspension of programme in March to keep CCEP well positioned and preserve maximum flexibility during the COVID-19 pandemic.



## CEO pay ratio

The table below shows the ratio of the CEO's single figure of remuneration for 2020 to the 25th percentile, median and 75th percentile total remuneration of full time equivalent GB employees. The ratio is heavily influenced by the fact that the CEO participates in the LTIP. If the LTIP is excluded from the calculation then the median ratio would be 54:1. The main reason for the reduction in the ratio is the CEO's lower bonus and LTIP value in 2020.

| Year | Method | 25th percentile ratio[A] | Median ratio[B] | 75th percentile ratio[C] |
|---|---|---|---|---|
| 2020 | Option B | 161:1 | 97:1 | 76:1 |
| 2019[D] | | 250:1 | 169:1 | 111:1 |

(A) The individual used in this calculation received total pay and benefits of £31,000 (of which £30,000 was salary).
(B) The individual used in this calculation received total pay and benefits of £52,000 (of which £38,000 was salary).
(C) The individual used in this calculation received total pay and benefits of £66,000 (of which £48,000 was salary).
(D) Figures updated to reflect final vesting value as disclosed in the single figure table.

The Committee has chosen Option B (hourly gender pay gap information as at 5 April 2020) to determine the ratios, as that data was already available and provides a clear methodology to calculate full time equivalent earnings. No component of pay and benefits has been omitted for the purposes of the calculations.

The Committee is satisfied that the individuals whose remuneration is used in the above calculations are reasonably representative of employees at the three percentile points, having also reviewed the remuneration for individuals immediately above and below each of these points and noted that the spread of ratios was acceptable. No adjustments were made to the three reference points selected.

The Committee believes the median ratio is consistent with the pay and reward policies for CCEP's GB employees. CCEP is committed to offering an attractive package for all our employees. Salaries are set with reference to factors such as skills, experience and performance of the individual, as well as market competitiveness. All employees receive a wide range of employee benefits and a large number are eligible for an annual bonus. Our LTIP is designed to link remuneration to the delivery of long-term strategic objectives and therefore participation is typically offered to senior employees who have the ability to influence these outcomes. The 25th percentile, median and 75th percentile employees identified in the above calculation do not participate in the LTIP. As the CEO participates in the LTIP, the ratio will be influenced by vesting outcomes and will likely vary year on year.

## Payments to past Directors (audited)

There were no payments to past Directors during the year.

## Payments for loss of office (audited)

There were no payments for loss of office during the year.

## Statement of Directors' share ownership and share interests (audited)

### Interests of the CEO

The CEO is required to hold 300% of his base salary in Shares. The guideline is expected to be met within five years of appointment. Until the guideline is met, 50% of any vested Shares from incentive awards (after tax) must be retained. The guideline continues to apply for one year following termination of employment.

Share ownership requirements and the number of Shares held by Damian Gammell are set out in the table below.

| | Interests in Shares at 31 December 2020 | Interests in share incentive schemes subject to performance conditions at 31 December 2020[A][B][C] | Interests in share option schemes[A][B] | Share ownership requirement as a % of salary | Share ownership as a % of salary achieved at 31 December 2020[D] | Shareholding guideline met |
|---|---|---|---|---|---|---|
| Damian Gammell | 260,378 | 490,272 | 324,643 | 300% | 602% | ✓ |

(A) For further details of these interests, please refer to footnote (C) of the outstanding awards table below.
(B) Do not count towards achievement of the share ownership guideline.
(C) The CEO has no interests in share incentive schemes not subject to performance conditions at 31 December 2020.
(D) Our share ownership policy stipulates that the Committee will translate the percentage of base salary requirement (300%) into a number of Shares, using base salary (£1.1 million), average of the high and low share price on the NYSE ($31.97), and the currency exchange rate (GBP/USD exchange rate of 1:1.25604) on 1 December 2016. This results in a share ownership requirement for Damian Gammell of 129,651 Shares.

# Annual report on remuneration continued

Details of the CEO's share awards are set out in the table below.

| Director and grant date | Form of award | Exercise price | Number of Shares subject to awards at 31 December 2019 | Granted during the year | Vested during the year | Exercised during the year | Lapsed during the year | Number of Shares subject to awards at 31 December 2020 | End of performance period | Vesting date |
|---|---|---|---|---|---|---|---|---|---|---|
| Damian Gammell(A) | | | | | | | | | | |
| 27.03.17 | PSU(B) | N/A | 267,400 | — | 157,766 | N/A | 109,634 | — | 31.12.19 | 27.03.20 |
| 12.03.18 | PSU(C) | N/A | 178,000 | — | — | N/A | — | 178,000 | 31.12.20 | 13.03.21 |
| 01.03.19 | PSU(C) | N/A | 156,008 | — | — | N/A | — | 156,008 | 31.12.21 | 01.03.22 |
| 17.03.20 | PSU(C) | N/A | — | 156,264 | — | N/A | — | 156,264 | 31.12.22 | 17.03.23 |

(A) In addition, the CEO has 324,643 vested but unexercised options with an expiry date of 5 November 2025 and an exercise price of $39.00. No options were exercised by the CEO during the year.
(B) The performance condition was satisfied at 59% of maximum on 31 December 2019. Award vested on 27 March 2020.
(C) The number of Shares shown is the maximum number of Shares that may vest if the performance targets are met in full.

## Interests of other Directors

The table below gives details of the Share interests of each NED either through direct ownership or connected persons.

| | Interests in Shares at 31 December 2020 |
|---|---|
| Sol Daurella(A) | 32,744,161 |
| Jan Bennink | 27,200 |
| José Ignacio Comenge Sánchez-Real(A) | 7,833,662 |
| Francisco Crespo Benítez(B) | — |
| Christine Cross | — |
| Javier Ferrán | — |
| Irial Finan | — |
| Nathalie Gaveau | — |
| Álvaro Gómez-Trénor Aguilar(A) | 3,140,347 |
| Orrin H. Ingram II(C) | 10,000 |
| Thomas H. Johnson | 10,000 |
| Dagmar Kollmann | — |
| Alfonso Líbano Daurella(A) | 6,572,771 |
| Mark Price | — |
| Mario Rotllant Solá | — |
| Brian Smith | — |
| Dessi Temperley | — |
| Garry Watts | 10,000 |

(A) Shares held indirectly through Olive Partners. The numbers of Shares increased slightly during the year as a result of a reduction in Olive Partners' share capital.
(B) Resigned from the Board on 9 July 2020. Share interests stated are as at the date of resignation.
(C) Resigned from the Board on 27 May 2020. Share interests stated are as at the date of resignation.

No changes occurred to the Directors' direct beneficial interests in Shares between 31 December 2020 and 12 March 2021.

## Dilution levels

The terms of the Company's share plans set limits on the number of newly issued Shares that may be issued to satisfy awards. In accordance with guidance from the Investment Association, these limits restrict overall dilution under all plans to under 10% of the Company's issued share capital over a 10 year period in relation to the Company's issued share capital, with a further limitation of 5% in any 10 year period on discretionary plans.



## Single figure table for NEDs (audited)

The following table sets out the total fees and taxable benefits received by the Chairman and NEDs for the year ended 31 December 2020. Prior year figures are also shown.

| | 2020 (£'000) | | | | 2019 (£'000) | | | |
|---|---|---|---|---|---|---|---|---|
| Individual | Base fee | Chairman/ Committee fees | Taxable benefits(A) | Total fees | Base fee | Chairman/ Committee fees | Taxable benefits(A) | Total fees |
| Sol Daurella | 564 | 26 | 1 | 591 | 561 | 26 | 1 | 588 |
| Jan Bennink | 82 | 46 | 2 | 130 | 82 | 46 | 6 | 134 |
| José Ignacio Comenge Sánchez-Real | 82 | 16 | 1 | 99 | 82 | 15 | 5 | 102 |
| Francisco Crespo Benítez(B) | 43 | 5 | — | 48 | 82 | 10 | 9 | 101 |
| Christine Cross | 82 | 46 | 1 | 129 | 82 | 48 | 4 | 134 |
| Javier Ferrán | 82 | 31 | — | 113 | 82 | 31 | 2 | 115 |
| Irial Finan | 82 | 26 | 3 | 111 | 82 | 26 | 8 | 116 |
| Nathalie Gaveau | 82 | 10 | 1 | 93 | 82 | 10 | 3 | 95 |
| Álvaro Gómez-Trénor Aguilar | 82 | – | 2 | 84 | 82 | – | 7 | 89 |
| Orrin H. Ingram II(C) | 33 | 6 | — | 39 | 82 | 20 | 10 | 112 |
| Thomas H. Johnson | 113 | 36 | — | 149 | 112 | 32 | 15 | 159 |
| Dagmar Kollmann | 82 | 31 | 1 | 114 | 48 | 18 | 6 | 72 |
| Alfonso Líbano Daurella | 82 | 21 | — | 103 | 82 | 20 | 3 | 105 |
| Mark Price | 82 | 21 | 2 | 105 | 48 | 12 | 4 | 64 |
| Mario Rotllant Solá | 82 | 16 | 1 | 99 | 82 | 15 | 5 | 102 |
| Brian Smith(D) | 39 | 5 | — | 44 | – | – | – | – |
| Dessi Temperley(E) | 49 | 9 | — | 58 | – | – | – | – |
| Garry Watts | 82 | 52 | — | 134 | 82 | 51 | 1 | 134 |

(A) Taxable benefits mainly relate to travel and accommodation costs in respect of attendance at Board meetings with fx rates used as at the date of the transaction.
(B) Resigned from the Board on 9 July 2020.
(C) Resigned from the Board on 27 May 2020.
(D) Appointed to the Board on 9 July 2020.
(E) Appointed to the Board on 27 May 2020.

## Implementation of remuneration policy for 2021

### Base salary

Damian Gammell will not receive a salary increase for 2021.

| Individual | 2020 salary | 2021 salary (effective from 1 April) | % increase |
|---|---|---|---|
| Damian Gammell | £1,178,787 | £1,178,787 | 0% |

### Taxable benefits

No significant changes to the provision of benefits are proposed for 2021. The main benefits for Damian Gammell will continue to include allowances in respect of: a car, financial planning, schooling and private healthcare.

### Pension

No changes are proposed in respect of the pension provision for Damian Gammell. He will continue to receive a cash allowance of £30,000 (inclusive of employer National Insurance contributions) in lieu of participation in the pension scheme.

### Annual bonus

No changes have been made to the structure of the annual bonus plan for 2021 and the opportunity for Damian Gammell will remain unchanged at 150% of salary for target performance and 360% for maximum performance.

Performance will continue to be assessed against financial and individual performance measures on a multiplicative basis as set out on page 97. The financial measures and relative weightings will also remain unchanged.

| Measure | Definition | Weighting |
|---|---|---|
| Operating profit | Comparable operating profit on a currency neutral basis | 50% |
| Revenue | Revenue on a currency neutral basis | 30% |
| Operating free cash flow | Comparable operating profit before depreciation and amortisation and adjusting for capital expenditures, restructuring cash expenditures and changes in operating working capital, on a currency neutral basis | 20% |

## Annual report on remuneration continued

In determining the IPF for Damian Gammell for 2021, he will be assessed against a number of areas of focus which are aligned to the key longer-term strategic objectives of the business, which include:

| Area of focus | Weighting | Objectives include |
|---|---|---|
| Growth platform | 20% | • Finalising the CCL acquisition and develop strategic plan<br>• Rollout of Topo Chico and Costa across our markets<br>• Grow share in sparkling |
| Accelerate competitiveness | 20% | • Deliver savings from ongoing plan and CCL acquisition |
| Future ready culture | 20% | • Continued progress on workforce engagement, safety and wellbeing<br>• Leadership for achievement of our inclusion and diversity goals |
| Digital future | 20% | • Deliver revenue growth from digital portal<br>• Enhancement of systems, data, automation and analytics<br>• Trial digital platforms using CCEP Ventures |
| Green future and stakeholder engagement | 20% | • Progress towards This is Forward commitments<br>• Successful stakeholder management and engagement |

The actual financial targets are not disclosed prospectively as they are deemed commercially sensitive. We intend to disclose them in next year's ARR. A description of individual performance including specific quantitative measures (where appropriate) will also be disclosed in next year's ARR. Given the timing of the CCL acquisition the Committee intends to review the targets that are set following completion to ensure they continue to remain appropriate for the combined business.

### Long-term incentive

Damian Gammell's long-term incentive opportunity for 2021 will be aligned with the limits set out in the remuneration policy. He will be made a target award of 250% of salary and may receive up to two times this target award if the maximum performance targets are achieved. Given the timing of the CCL acquisition and to enable targets to be set for the combined business, the Committee has decided to delay granting the award until after completion. The current measures of EPS, ROIC and reduction in $CO_2$ emissions will remain, however the Committee may introduce an element of the award based on specific integration targets, if appropriate, following completion of the transaction. Full details of the targets will be disclosed at the point of grant and in next year's ARR.

Following the end of the performance period, awards will be subject to an additional two year holding period.

### Chairman and NED fees

NED fees were set with effect from 1 April 2019 and no further changes are proposed for 2021.

| Role | | Current fees |
|---|---|---|
| Chairman | | £564,250 |
| NED basic fee | | £82,000 |
| Additional fee for Senior Independent Director | | £30,750 |
| Additional fee for Committee Chairman: | Audit, Remuneration and Affiliated Transaction Committees | £36,000 |
| | Nomination and CSR Committees | £20,500 |
| Additional fee for Committee membership: | Audit, Remuneration and Affiliated Transaction Committees | £15,500 |
| | Nomination and CSR Committees | £10,250 |

## The Remuneration Committee

The entire Board determines the terms of the compensation of the CEO and fees for the NEDs and Chairman as well as approving the remuneration policy, all on the Committee's recommendation. The Committee is also responsible for setting the remuneration for each member of the ELT reporting to the CEO.

THE TERMS OF REFERENCE CAN BE FOUND ON OUR WEBSITE AT
**WWW.COCACOLAEP.COM/ABOUT-US/GOVERNANCE/COMMITTEES**



## Remuneration Committee members and attendance

In line with the Shareholders' Agreement, the Committee has five members, as set out on pages 66–70. They are three independent NEDs, one Director nominated by Olive Partners and one Director nominated by ER. The Committee formally met six times during the year, with one additional ad hoc meeting in line with business needs. Attendance is set out in the table on page 79 of the Corporate governance report.

### Remuneration Committee key activities

The table below gives an overview of the key agenda items discussed at each meeting of the Committee during 2020:

| Meeting date | Key agenda items | |
|---|---|---|
| February 2020 | • Approval of 2019 annual bonus outcome for the ELT | • Approval of final vesting outcome for 2017 LTIP |
| March 2020 | • Approval of ELT 2020 annual bonus targets, individual objectives and opportunities<br>• Approval of ELT 2020 LTIP financial targets and opportunities | • Review of 2019 Remuneration Report<br>• Annual base salary review for the ELT<br>• Review of Committee performance evaluation |
| May 2020 | • Review of market remuneration trends<br>• Advisor review | • AGM voting update |
| July 2020 | • Wider workforce review<br>• Approval of 2020 LTIP sustainability target | • Approval of 2020 APPP incentive, targets and opportunities<br>• Progress report on ELT shareholding requirements |
| September 2020 | • Review of 2020 Remuneration arrangements<br>• Consideration of approach to shareholder consultation | • Approval of Chief People and Culture Officer remuneration |
| October 2020 | • Performance update for 2020 APPP<br>• Review of 2021 incentive performance measures | • Review of outstanding LTIP awards |
| December 2020 | • Review of first draft of the 2020 Remuneration Report<br>• Performance update for 2020 APPP<br>• Review of outstanding LTIP awards | • Base pay design for 2021<br>• Incentive design for 2021 |

As described in the remuneration policy, the Committee receives an annual report in respect of wider workforce remuneration including pay and reward policies, which informs its decisions on executive pay. The Committee does not engage directly with employees on the issue of executive pay, however, within CCEP, employee groups are regularly consulted about matters affecting employees including our strategy, Company performance, culture and approach to reward, and this feedback informs decisions on people matters and other activities.

### Support for the Remuneration Committee

Deloitte was appointed by the Remuneration Committee in 2016 following a selection process. During the year, Deloitte provided the Committee with external advice on executive remuneration. Deloitte is a member of the Remuneration Consultants Group and has voluntarily signed up to the Remuneration Consultants' Code of Conduct relating to executive remuneration consulting in the UK. The Committee is satisfied that the engagement partner and team that provide advice to the Committee do not have connections with CCEP or individual Directors that may impair their independence. During 2020, the wider Deloitte firm also provided CCEP with unrelated tax (including employment tax), digital transformation, access security and consultancy services.

Total fees received by Deloitte in relation to the remuneration advice provided to the Committee during the year amounted to £68,800 based on the required time commitment.

The Chairman, the CEO, the CFO, and the Chief People and Culture Officer attended meetings by invitation of the Committee to provide it with additional context or information, except where their own remuneration was discussed.

## Summary of voting outcomes

The table below shows how shareholders voted in respect of the ARR and the remuneration policy at the AGM held on 27 May 2020:

| Resolution | Votes For (%) | Votes Against (%) | Number of votes Withheld |
|---|---|---|---|
| Approval of the ARR | 99.15% | 0.85% | 241,940 |
| Approval of the remuneration policy | 99.48% | 0.52% | 56,633 |

This Directors' Remuneration Report is approved by the Board and signed on its behalf by

**Christine Cross,** Chairman of the Remuneration Committee
12 March 2021

# Directors' report

The Directors present their report, together with the audited consolidated financial statements of the Group, and of the Company, for the year ended 31 December 2020.

This Directors' Report has been prepared in accordance with the applicable disclosure requirements of the following:

- Companies Act
- Listing Rules (LRs) and DTRs
- Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, as published by the UK Competition and Markets Authority (with which the Company complies voluntarily)
- Rules promulgated by the US Securities and Exchange Commission

Additional information and disclosures, as required by the Companies Act, LRs and DTRs, are included elsewhere in this Integrated Report and are incorporated into this Directors' Report by reference in table 1.

This Directors' Report, together with the Strategic Report on pages 2–61, represents the management report for the purpose of compliance with DTR 4.1.5R(2) and 4.1.8R.

## Directors

### Appointment and replacement of Directors

The Articles set out certain rules that govern the appointment and replacement of the Company's Directors. These are summarised as follows:

- A Director may be appointed by either an ordinary resolution of shareholders or by the Board
- Olive Partners and ER may each appoint a specified number of Directors, up to a set maximum, in accordance with their respective equity holding proportions in the Company
- Replacement INEDs must be recommended to the Board by the Nomination Committee
- The Board shall consist of a majority of INEDs
- Directors (other than the initial Chairman, CEO and INEDs) must retire at each AGM, and may, if eligible, offer themselves for re-election
- The minimum number of Directors (disregarding alternate directors) is two

READ MORE ABOUT THE ELECTION AND RE-ELECTION OF DIRECTORS IN THE CORPORATE GOVERNANCE REPORT ON **PAGE 80**

Table 1

### Information and disclosures included elsewhere in this report

| Disclosure | Section of report | Page(s) |
|---|---|---|
| Names of Directors during the year | Board of Directors | 66–70 |
| Review of performance, financial position and likely future developments | Strategic Report | 2–61 |
| Dividends | Business and financial review and Note 16 to the consolidated financial statements | 60 and 158 |
| Principal risks | Principal risks section of the Strategic Report | 44–50 |
| Information on share capital relating to share classes, rights and obligations | Note 16 to the consolidated financial statements, and the Share capital section in Other Group information | 157–158 and 199–200 |
| Financial instruments and financial risk management | Notes 12 and 24 to the consolidated financial statements | 146–149 and 168–170 |
| Cash balances and borrowings | Notes 10 and 13 to the consolidated financial statements | 145 and 150–151 |
| Significant events after the reporting period | Note 26 to the consolidated financial statements | 172 |
| Information on employment of disabled persons | Our people | 38 and 40 |
| Workforce engagement | Our stakeholders and Our people | 10–13 and 38–41 |
| Business relationships with suppliers, customers and others | Our stakeholders, Operating with integrity and Action on supply chain | 10–13, 42–43 and 36–37 |
| Greenhouse gas emissions | Action on climate | 24–26 |
| Responsibility statement | Directors' responsibilities statement | 111 |



### Powers of Directors

The Directors may exercise all powers of the Company, in accordance with, and subject to, the Company's Articles and any applicable legislation.

READ MORE ABOUT THE ROLES AND RESPONSIBILITIES OF THE BOARD AND THE MAIN COMMITTEES OF THE BOARD IN THE FOLLOWING SECTIONS: CORPORATE GOVERNANCE REPORT (**PAGES 74–75**), NOMINATION COMMITTEE REPORT (FROM **PAGE 82**), AUDIT COMMITTEE REPORT (FROM **PAGE 86**), DIRECTORS' REMUNERATION REPORT (FROM **PAGE 92**).

### Directors' indemnity arrangements

Qualifying third party indemnities were in place throughout 2020, and remain in place as at the date of this Integrated Report. Under these indemnities, the Company has agreed to indemnify the Directors of the Company, to the extent permitted by law, against losses and liabilities that may be incurred in executing the powers and duties of their office.

## Amendment of Articles

The Articles may only be amended by a special resolution of the Company's shareholders in accordance with the Companies Act. Certain provisions of the Articles are entrenched and may only be amended or repealed with the prior consent of Olive Partners, ER or a majority of the INEDs (as applicable). In particular, the requirement under the Articles that the Board shall, at all times, contain a majority of INEDs may only be amended or repealed with the prior consent of a majority of the INEDs. The Articles are available at www.cocacolaep.com/about-us/governance.

## Political donations

The Group made no political donations or contributions during 2020 (2019: nil). It is our policy not to make political donations or incur political expenditure in the EU. However, there may be uncertainty as to whether some normal business activities fall under the wide definitions of political donations, organisations and expenditure used in the Companies Act. We will therefore continue to seek shareholder approval to make political donations or incur expenditure within the EU as a precaution to avoid any inadvertent breach of the Companies Act.

## Shares

### Rights and obligations

The rights and obligations relating to the Company's Shares (in addition to those set out by law) are contained in the Articles.

### Restrictions on transfer of securities

Olive Partners and TCCC are both subject to certain restrictions relating to the acquisition or disposal of Shares under the terms of the Shareholders' Agreement. Other than those set out in the Shareholders' Agreement, we are not aware of any agreements between shareholders that may result in a restriction of the transfer of securities or voting rights in the Company.

### Employee share schemes

Shares issued under the Company's employee share schemes rank pari passu with the existing Shares of the Company. Voting rights attached to Shares held on trust on behalf of participants in the GB Employee Share Plan are exercised by the trustee as directed by the participants.

### Significant shareholdings

In accordance with the DTRs, table 2 shows the significant interests in Shares of which the Company has been notified as at 31 December 2020, and the date of this report. The shareholders identified have the same voting rights as all other shareholders.

### Share buyback programme

The Company announced a share buyback programme on 13 February 2020, under which it proposed to reduce share capital by up to €1 billion through the purchase and cancellation of its own Shares (the Buyback Programme). Share purchases for the Buyback Programme were undertaken pursuant to shareholder authority granted at the 2019 AGM.

In light of the significant and unprecedented macroeconomic uncertainty brought about by the outbreak of COVID-19, on 23 March 2020, the Company announced a suspension of the Buyback Programme. To maintain flexibility, the shareholder authority to purchase Shares was renewed at the 2020 AGM, under which the Company may purchase up to 45,415,617 Shares, representing 10% of the Company's issued share capital at 13 April 2020, reduced by the number of Shares purchased or agreed to be purchased between 13 April and 27 May 2020. No Shares were purchased under this authority in 2020.

We intend to seek to renew the authority to purchase Shares at the 2021 AGM.

See table 3 for a summary of Shares purchased in 2020. All purchased Shares were cancelled immediately.

FOR MORE DETAILS, SEE THE SHARE BUYBACK PROGRAMME SECTION IN OTHER GROUP INFORMATION ON **PAGE 200**

Table 2

### Interests in Shares of which the Company has been notified

| Shareholder | Percentage of total voting rights notified to the Company as at the year end[(C)] | Number of voting rights notified to the Company as at the year end | Percentage of total voting rights notified to the Company as at the date of this report[(C)] | Number of voting rights notified to the Company as at the date of this report |
|---|---|---|---|---|
| Cobega, S.A.[(A)] | 36.1% | 166,128,987 | 36.1% | 166,128,987 |
| TCCC[(B)] | 19.01% | 87,950,640 | 19.01% | 87,950,640 |

(A) Held indirectly through its 56.36% owned subsidiary, Olive Partners.
(B) Held indirectly through European Refreshments.
(C) Percentage interests disclosed calculated as at the date on which the relevant disclosure was made. These have not been updated to reflect changes in the total voting rights since notification and so may not represent the percentage interest as at 31 December 2020 or the date of this report.

## Directors' report continued

### Change of control

There are no agreements in place which provide compensation for loss of office or employment to any Director in the event of a takeover, except for certain provisions under the employee share plans, which may provide that certain outstanding awards may vest early in such an event.

The Board considers that a change of control might have an impact on the following significant agreements:

- Bottling agreements between the Group and TCCC
- A bank credit facility agreement, under which the maximum amount available at 31 December 2020 was €1.5 billion
- A term loan facility agreement, in connection with the proposed acquisition of CCL, under which the maximum amount available at 31 December 2020 was €4.4 billion

READ MORE ABOUT THE PROPOSED ACQUISITION OF CCL IN THE BUSINESS AND FINANCIAL REVIEW ON **PAGE 60** AND CONVERSATION WITH OUR CHAIRMAN AND CEO ON **PAGE 15**

### Research and development

The Company invests in and undertakes certain activities for the development of innovative solutions, digital capabilities and advanced analytics to drive the simplification of applications and platforms, and to support and grow its business.

### Independent auditor

#### Disclosure of information to auditors

Each of the Directors in office as at the date of this Integrated Report, confirms that:

- so far as he or she is aware, there is no relevant audit information (as defined by section 418 of the Companies Act) of which the Company's auditor is unaware; and
- he or she has taken all the reasonable steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Table 3

Share purchases

| Period | Number of Shares purchased | Nominal value of Shares purchased (€) | Amount paid for the Shares (€ millions) | Percentage of called up share capital represented by purchased Shares[(A)] |
|---|---|---|---|---|
| 2020 | 3,065,200 | 30,652 | 128 | 0.67% |

(A) Calculated as a percentage of the called up issued share capital immediately before the Buyback Programme started, which was 456,612,020 Shares.

#### Auditor reappointment

EY has expressed willingness to continue in its capacity as independent auditor of the Company. The Directors plan to recommend a resolution to reappoint EY at the next AGM.

### Going concern

As part of the Directors' consideration of the appropriateness of adopting the going concern basis in preparing the consolidated financial statements, a review was performed on a range of potential COVID-19 scenarios, including but not limited to, the severity and duration of potential further lockdowns including restrictions on trading in the away from home channel, movement of people, and social distancing. The Directors also considered the Group's response to the COVID-19 disruption during 2020 and the ability to continue to generate strong operating cashflows.

In addition, the Group also expects to complete the proposed acquisition of Coca-Cola Amatil Limited during the first half of 2021 subject to certain approvals, which is expected to be funded primarily through the issue of new external borrowings. Further detail of the proposed acquisition is included in Note 1 of the Group's consolidated financial statements. In making their going concern assessment, the Directors have therefore considered scenarios for the combined Group, including the repayment obligations for external borrowings of the combined Group.

The Directors have taken into account the Group's current cash position, its access to a €1.5 billion undrawn committed credit facility and a €4.4 billion committed term loan facility in connection with the proposed acquisition which can be extended to December 2022 at the option of the Group to cover any funding needs until new long term debt is in place, and have also considered the range of mitigating actions available to the Group if required, such as reducing discretionary spend.

On the basis of these reviews, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of 12 months from the date of signing these accounts.

This Directors' Report has been approved by the Board and signed on its behalf by

**Clare Wardle,** Company Secretary
12 March 2021

Coca-Cola European Partners plc
09717350



# Directors' responsibilities statement

#### Responsibility for preparing financial statements

The Directors are responsible for preparing the Integrated Report and the financial statements in accordance with applicable United Kingdom (UK) law and regulations.

UK company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared group and parent company financial statements in accordance with international accounting standards, in conformity with the Companies Act. They have elected to prepare the parent company financial statements in accordance with International Financial Reporting Standards (IFRS) in conformity with the Companies Act. Under the DTRs, group financial statements are required to be prepared in accordance with IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under section 393 of the Companies Act, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Company and of the Group for that period.

In preparing the Company financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- Follow international accounting standards in conformity with the requirements of the Companies Act (except where any departures from this requirement are explained in the notes to the company financial statements)
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

In preparing the Group financial statements the Directors are required to:

- Select suitable accounting policies and apply them consistently
- State whether international accounting standards in conformity with the requirements of the Companies Act (and IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union) have been followed, subject to any material departures disclosed and explained in the financial statements
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial performance
- Make an assessment of the Group's ability to continue as a going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are also responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation, regulation and practice in the UK governing the preparation and dissemination of financial statements may differ from legislation, regulation and practice in other jurisdictions.

#### Responsibility statement

The Directors, whose names and functions are set out on pages 66–70, confirm that to the best of their knowledge:

- The consolidated financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act (and IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union) give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- The management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face
- The Integrated Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy

By order of the Board

**Clare Wardle,** Company Secretary
12 March 2021