Our stakeholders

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

Our people

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

How we engage

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

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

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

How the Board engaged

Designated Directors

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

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

Employee town hall

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

Other employee interaction

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

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

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Our shareholders

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

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

How we engage

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

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

How the Board engaged

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

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

Our Franchisors

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

How we engage

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

How the Board engaged

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

Our Suppliers

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

How we engage

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

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

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

How the Board engaged

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

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

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

CONTINUED

Our Customers

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

How we engage

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

Our GMs own customer relationships and, together with our sales teams, regularly engage with customers. In 2021, our customer engagement included a four day event with Metro and a customer event in our Spain office. We also engage with customers internationally through TCCC’s Global Customer Governance Board, where certain international customers request this single point of contact within the Coca-Cola system. This engagement is limited to our markets under strict legal protocols.

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

How the Board engaged

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

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

The CEO provides regular updates to the Board on customer relationships, development and engagement including on home channel customer satisfaction metrics and on AFH equivalents when available. The Board is updated regularly on key channel growth, together with changes in coverage and execution performance supporting growth for our customers. Customer feedback on consumers.

How we engage

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

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

How the Board engaged

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

The Audit Committee receives updates on any material incidents affecting consumers.

Our Consumers

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

How we engage

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

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

How the Board engaged

The Board presents the Chairman of the ATC is provided at each Board meeting and the ATC also provides updates to the Board as necessary. The Audit Committee receives updates on any material incidents affecting consumers.

Our Communities

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

How we engage

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

How the Board engaged

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

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

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Section 172(1) statement from the Directors

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

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

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

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

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

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

Amatil
In May 2021, CCEP completed the Acquisition of CCL, cementing our position as the world’s largest FMCG companies in the world. The proposed Acquisition was announced in October 2020 and was approved by the Board in April 2021.

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

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

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

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

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

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

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

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

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