



# TAX STRATEGY PAPER

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# Introduction from Chief Financial Officer



At CCEP, we are acutely aware of the unprecedented challenges facing society and so we are committed to building a better future – for our business, for people and for our planet. We seek to focus on where we can make the greatest impact for our people, partners, consumers, the environment and our community – aiming to deliver value to all our stakeholders.

CCEP believes that our approach to tax is a significant element of our strive for greater sustainability, our corporate responsibilities and social contributions. Our approach to tax management and strategy is to ensure robust tax governance across the group, alignment with CCEP’s overall business objectives, and transparency and compliance with local tax authorities. In all our activities, we remain committed to achieving the highest standards in corporate governance and business conduct. Our tax responsibilities are managed in line with this commitment, and we take pride in being regarded as a good corporate citizen.

Fair and transparent taxation, corporate tax behavior and business’ tax contributions have been topics of public debate and legislative agendas world-wide. CCEP supports the call for public tax transparency in order to rebuild and increase public trust, demonstrate business’ approach to tax and create awareness for how businesses contribute to governments and society at large.

In May 2021, CCEP completed the acquisition of Coca-Cola Amatil, one of the largest bottlers and distributors of ready to drink non-alcoholic and alcoholic beverages and coffee in the Asia-Pacific region. I am pleased to introduce our integrated CCEP’s Tax Strategy Paper as a guide to our approach on tax strategy, governance and total tax contributions – also serving as a reflection of how CCEP values transparency and openness on matters affecting the communities in which we live and work in.

Nik Jhangiani  
Chief financial Officer

**For a  
better  
shared  
future**

-  
Creating value for  
all our customers,  
big and small

-  
Contributing to  
local economies

-  
Supporting our  
communities

-  
Trusted by  
shareholders and  
stakeholders

# CCEP Overview

Coca-Cola Europacific Partners Plc and its subsidiaries (CCEP) are a leading consumer goods group in Western Europe and the Asia Pacific region, making, selling and distributing an extensive range of primarily non-alcoholic ready to drink beverages.

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

We continue to set ambitious sustainability targets through our action plan – *This is Forward*. *This is Forward* is built on six key social and environmental areas where we know we can have a significant impact, and which our stakeholders want us to prioritise: climate action, consumer health and wellbeing, sustainable packaging, water stewardship, the wellbeing of our people and those across our value chain and our contribution to our local communities.

In delivering our growth ambition, it is our responsibility to operate the business in the long-term interests of all our stakeholders. We live up to our responsibilities as a business by being accountable, ethical and aware of the risks in everything we do.

Following the acquisition of Coca-Cola Amatil Limited in May 2021, we established a new segment within our operating model named Australia, Pacific and Indonesia (API).

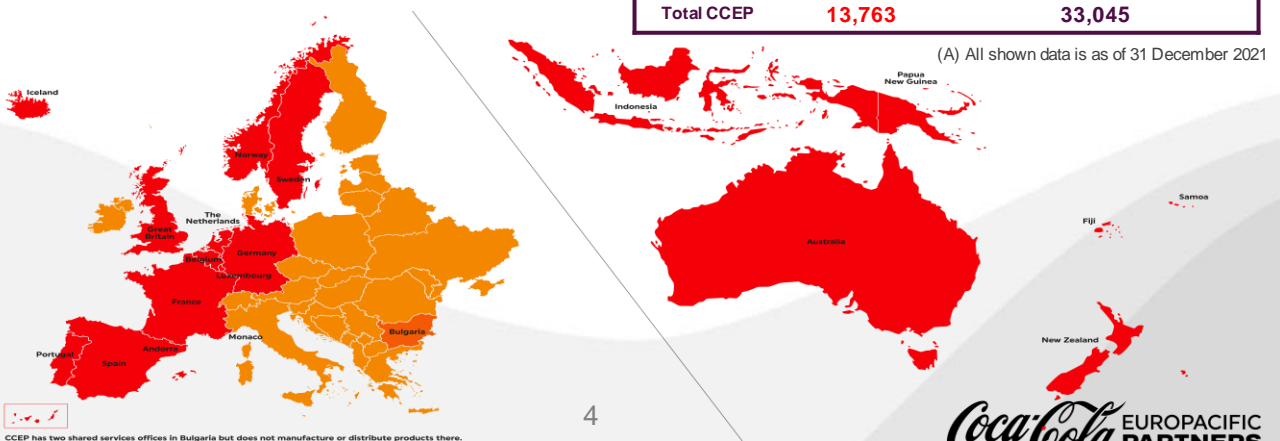
We make, move and sell some of the world's most loved brands – serving 600 million consumers and helping 1.75 million customers across 29 countries grow.

In Europe, we have around 22,000 people serving 1.1 million customers. In API, we employ around 11,000 people and service around 600,000 customers.

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

Region	Revenue(A) (EUR m)	Revenue (%)	No. of Employees(A)	Corporate Income Tax Rate (%)
Spain, Portugal & Andorra	2,495	21.5%	3,922	ES: 25.00% PT: 24.50%
Germany	2,335	20.2%	6,601	30.47%
Great Britain	2,613	22.6%	3,277	19.00%
France & Monaco	1,813	15.7%	2,506	28.41%
Belgium & Luxembourg	926	8.0%	2,111	BE: 25.00% LUX: 24.94%
Netherlands	557	4.8%	781	25.00%
Norway	391	3.4%	548	22.00%
Sweden	375	3.2%	670	20.60%
Iceland	79	0.7%	171	20.00%
Bulgaria	-	-	1,017	10.00%
<b>Total Europe</b>	<b>11,584</b>		<b>21,604</b>	
Australia	1,359	62.4%	3,539	30.00%
New Zealand and Pacific Islands	377	17.3%	1,785	NZ: 28.00% FJ: 20.00%
Indonesia and Papua New Guinea	443	20.3%	6,131	IN: 22.00% PNG: 30.00%
<b>Total API</b>	<b>2,179</b>		<b>11,455</b>	
<b>Total CCEP</b>	<b>13,763</b>		<b>33,045</b>	

(A) All shown data is as of 31 December 2021



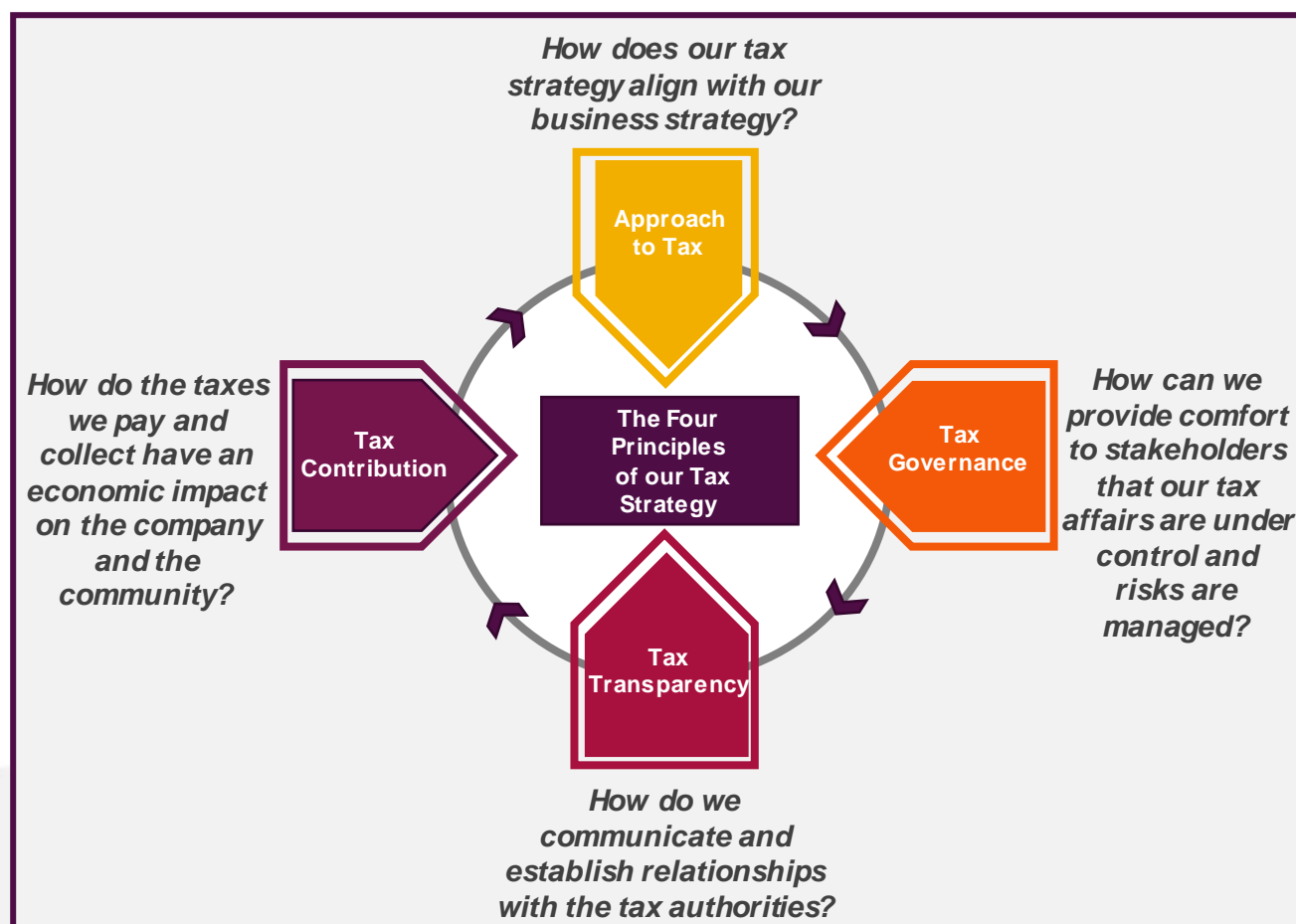
CCEP has two shared services offices in Bulgaria but does not manufacture or distribute products there.

# The Four Principles of our Tax Strategy

CCEP is transparent about its approach to tax and taxes paid, and we strive for an open dialogue with governments and society on tax matters. CCEP's tax operating environment and framework is guided by the CCEP Tax Strategy that is based on the four fundamental principles:

- **Approach to Tax:** We comply with both the letter and spirit of tax law in a responsible manner and align our tax strategy with our business strategy.
- **Tax Transparency:** We value open and constructive relationships with tax authorities and support efforts to increase public trust in tax systems.
- **Tax Governance:** We believe the taxes we pay and collect have a positive impact in the communities and economies of the countries in which we operate.
- **Tax Contribution:** We apply diligent professional care and judgment to ensure all decisions are well-considered and documented.

This Tax Strategy Paper is intended to provide our stakeholders with answers to the following questions:



We review our global policies annually to ensure we take account of any changes in the internal and external environment. If you have any questions, please email the CCEP Tax Team at [tax@ccep.com](mailto:tax@ccep.com)

# Approach to Tax

## How does our tax strategy align with our business strategy?

We are committed to complying with both the letter and spirit of tax laws in a responsible manner and aligning our tax strategy with our business strategy.

We carefully align our obligation to comply with tax laws in a responsible manner with the need to support competitive business growth. The Tax Team's role is to support key business initiatives, inform the business of legislative changes and manage tax risks to deliver sustainable financial results every year.

### In practice

Our business is very local. In most of the countries where we operate, CCEP owns sizable production facilities and sells to thousands of customers. Our reported Effective Tax Rate (ETR) in 2021 was 29% and reflected the natural blend of the statutory tax rates, profit mix and the alignment between our tax strategy with our business model in the countries where we operate.

We use business structures that are driven by commercial considerations, aligned with business strategy and have genuine substance. Our transfer pricing policies and methodologies are based on the arm's length principle and the OECD guidelines.

We do not engage in or become involved in aggressive tax arrangements. We do not have any companies in countries identified as tax havens on the EU list of non-cooperative jurisdictions with the exception of Fiji and Samoa where we have business operations. We do not engage in tax avoidance practices.

No value or income would be transferred or allocated to a low tax jurisdiction or an entity of the group if there is no economic substance in such entity or any functional analysis evidencing and supporting why such value or income was transferred or allocated to such entity.

### In practice

We would not undertake or recommend a particular transaction unless it successfully meets the following standards:

- Driven by the business initiative or need;
- Based on strong technical tax position in accordance with the letter and the spirit of tax law;
- When necessary, and if there may be an ambiguity in interpreting the applicable tax law, we prepare a position paper that clearly assesses and documents the facts;
- When addressing tax risk, the following factors are considered:
  - ✓ What is the impact of our tax position on our corporate reputation/brand?
  - ✓ What is the impact of our tax position on our relationships with governments?
  - ✓ What would be the benefit of certainty in respect of an uncertain or disputed tax position?

We recognize that tax is complex and the authorities may not always agree with some of the decisions we make. If there are uncertainties when applying a particular area of tax law, we always work to interpret the obligations in a responsible way.

# Tax Governance

How can we provide comfort to stakeholders that our tax affairs are under control and risks are managed?

We apply diligent professional care and judgment to ensure all decisions are well-considered and documented.

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

Our Code of Conduct (CoC) seeks to ensure that we act with integrity and accountability in all our business dealings and relationships, in compliance with all applicable laws, regulations and policies. The CoC sets out the standards of behaviour to which we expect all employees to adhere. CCEP's tax responsibilities are managed in line with these standards where tax compliant behavior is the norm.

We do not condone or support tax avoidance or tax evasion and are committed to preventing anybody employed or contracted to CCEP, or acting on CCEP's behalf, from facilitating the avoidance and evasion of tax. This requires careful monitoring, strong and accurate systems, consideration of new developments and thorough risk management process. CCEP's Anti-facilitation of Tax Evasion Policy approved by the Board and our Compliance and Risk Committee serves the framework to manage our risks in this area.

The Tax Team reports to the Audit Committee of the Board ("Audit Committee") on tax strategy and provides quarterly updates on the group's effective tax rate, tax provisions, key tax matters and compliance with our tax principles.

## In practice

We share the main drivers of our effective tax rate and other significant tax matters with the Audit Committee, so they have a full understanding of factors that are controllable, able to be influenced (e.g. industry tax reforms to foster investments) or not controllable (e.g. worldwide economy, major tax reforms) and which could impact our effective tax rate and the company's overall tax position. The Audit Committee reviews and approves our Tax Strategy Paper each year.

CCEP has a strong governance structure in place to ensure that tax decisions are taken at the appropriate level. We have robust internal policies, processes, training and compliance programmes to ensure we have alignment across our business and meet our tax obligations.

## In practice

Tax has its own section in the CCEP Global Chart of Authority (COA) and provides approvals for other functions, e.g. Supply Chain, Human Resources, Treasury, etc., to ensure that business strategies and our tax principles are aligned and tax consequences associated with a business decision are considered. The Tax Team's involvement is required in the planning, implementation and documentation of significant changes or transformations to existing business activities, acquisitions and disposals, changes in corporate structure, cross-border financing arrangements, and other significant business developments.

# Tax Governance

## Continued

How can we provide comfort to stakeholders that our tax affairs are under control and risks are managed?

We always ensure proper compliance with all taxes and ensure all our returns are reported accurately and on time. CCEP has a strong internal control structure in place where tax reporting and compliance processes are subject to the CCEP controls framework.

CCEP manages tax implications arising from its operations by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligations.

We also have a risk management process. We report our main risks framework to the Enterprise Risk Management Team which is headed by the Chief Compliance Officer. Each year the Audit Committee reviews the effectiveness of CCEP's system of risk management and internal controls, including financial, taxation, operational and compliance controls.

The various tax responsibilities are carried out by CCEP's experienced tax professionals located in most of CCEP's major business jurisdictions. CCEP provides training and supports to all members of the Tax Team to ensure they have the skills, knowledge and technical expertise to fulfil their responsibilities and perform to the best of their abilities. This enables our people to develop into talented, mindful and skilled professionals. We want to attract, retain and grow the best tax professionals and fully utilise our in-house resources and use external advisors only when appropriate. Training is also provided for staff outside the Tax Team who manage or process matters which have tax implications.

### In practice

CCEP follows Sarbanes-Oxley 404 (SOX) requirements for our key income tax and indirect tax processes and controls outlined in detailed process flows\*. Key risks and controls related to tax processes are assessed annually by CCEP's Internal Controls Team. At each quarter, tax charge and provisioning decisions are discussed internally between the CCEP Accounting and Tax Teams and then disclosed to CCEP's auditors to ensure that all transactions are adequately translated into the tax charge. The Tax Team collects details of all exposures and provisions on a quarterly basis with an approval process for any new provisions or changes to existing provisions. In quarterly calls, all countries confirm that they have met all their statutory tax obligations, that their controls are operating effectively and that all tax positions are in compliance with our tax principles.

*\*API income tax and indirect tax processes and controls were not subject to Sarbanes-Oxley 404 (SOX) requirements for the year ended 31 December 2021, as permitted by the SEC in year of acquisition. The Group are currently in the process of implementing the relevant internal control updates and enhancements to establish compliance with Sarbanes-Oxley 404 (SOX) requirements during 2022.*



# Tax Transparency

How do we communicate and establish relationships with the tax authorities?

We value open and constructive relationships with tax authorities and support efforts to increase public trust in tax systems.

We believe that relations between businesses and tax authorities should be transparent, constructive, and based upon mutual trust. Both should treat each other with respect and, in all dealings, with an appropriate focus on risk areas when it comes to tax compliance. CCEP has adopted the following principles vis-à-vis the tax authorities to ensure that the local tax authorities have a fair and deep understanding of its tax affairs.

In all jurisdictions in which CCEP operates, we aim to establish an open and transparent dialogue with the local tax authorities. Wherever possible, we work in collaboration with local tax authorities to reach agreements, such as advanced price arrangements on transfer pricing matters, find the correct interpretation of the law, discuss and resolve any disputed issues.

We provide authorities with timely and comprehensive information on potential tax issues. In return, we look to receive treatment that is open, impartial, responsive and grounded in an understanding of our commercial environment.

We are always looking to build public trust in CCEP's tax dealings. We feel that this is best achieved by informing the public of our approaches to tax, and by increasing the public's understanding of the tax system.

We provide extensive information on the taxes we pay in our Integrated Report (refer to Note 21 on pages 166 – 170 of 2021 CCEP Integrated Report).

CCEP supports the OECD's work to reform international taxation rules and ensure that multinational enterprises pay a fair share of tax. CCEP understands and support the need for more transparency.

## In practice

We fully comply with the exchange of country-by-country reporting data between tax authorities.

CCEP is a member of the European Business Tax Forum (EBTF), an association of the EU/ EFTAS/ UK multinational companies with a shared belief in responsible tax paying and tax transparency. EBTF aims to engage EU businesses in the public tax debate and produce public reports focusing on the total tax contribution made by large businesses to the societies and economies.

## In practice

We have an enhanced working relationship with our Customer Compliance Manager (CCM) in the UK and The Netherlands. We have a regular open and transparent dialogue with our CCMs and meet in person at least once a year. We strive to engage them in advance of undertaking transactions and filing tax returns. This constructive cooperation with the tax authorities results in transparency as well as faster and greater clarity on our tax positions. We follow the same approach in countries which do not have a formal 'enhanced partnership' process with the taxpayer.

# Tax Contribution

How do the taxes we pay and collect have an economic impact on the company and the community?

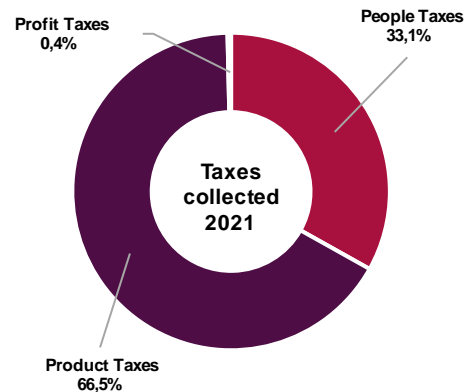
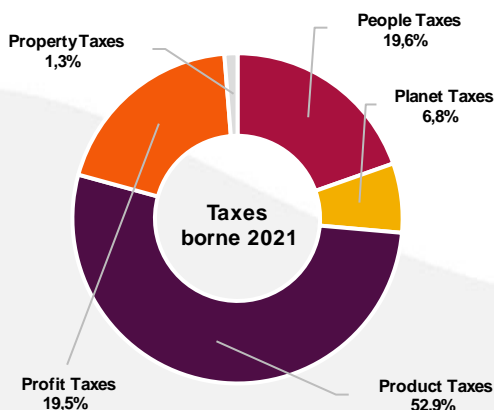
We have established strong fundamentals for how we hold ourselves accountable to the outside world. We comply with all local tax laws, and we know how important our taxes are in positively benefiting the local economies where our business is based.

In addition to corporate income taxes (Profit Taxes), CCEP pays and collects many other business taxes that also significantly contribute to the public finances (altogether 5P's taxes):

- **People Taxes** – Employer Social Contributions and Employee Withholding Taxes & Social Security
- **Planet Taxes** – Environmental Taxes & Production Taxes
- **Product Taxes** – VAT, Sugar/Soft Drink Taxes, Customs Duty & Excise Taxes
- **Profit Taxes** – Corporate Income Taxes & Withholding Taxes
- **Property Taxes** – Real Estate Taxes

The taxes paid by us have a direct impact on our financials and considered to be a direct contribution to tax revenues. The taxes collected by us are administered and collected on behalf of governments and considered to be a company's indirect contribution to the tax revenues.

In 2021, CCEP's total tax contribution was almost €3.1 billion with €1.6 billion in direct taxes paid and €1.5 billion in indirect taxes collected across all territories in which we operate.



Overall, for every €1 of corporate income taxes paid, CCEP additionally paid €4.14 in other taxes and collected €4.87 in indirect taxes. In 2021, we employed 33,000 people across our business and contributed €24,000 per employee in People taxes. Further details for the 2021 CCEP Total Tax Contribution by region are provided on page 11.

Our economic contribution to public finances goes beyond taxes. In 2021, we invested €560 million in facilities and wider business, improving our operating infrastructure. In 2021, our total community contribution was valued at €10.92 million. This contribution includes approximately 70% cash and 30% in-kind donations, volunteer time and management costs.

Tax incentives and exemptions are often implemented by governments and authorities to support investment, employment and economic development. We embrace such initiatives and in partnership with the business, we carefully evaluate available tax incentives and exemptions. Where CCEP could claim tax incentives offered by governments, we seek to ensure that they are transparent and consistent with statutory and regulatory frameworks.

**Note:**

This document is published by CCEP plc and its UK subsidiaries in satisfaction of the requirements under Schedule 19 of Finance Act 2016. This strategy also applies to CCEP plc's non-UK subsidiaries.

**Related links:**

[2021 Integrated Report and Form 20-F](#)

# Tax Contribution

## Continued

How do the taxes we pay and collect have an economic impact on the company and the community?

The following table provides CCEP's 5P's Taxes Borne and Collected in 2021 by geographical regions (EURm).



TAXES BORNE	GB	FR(A)	NEBU(B)	IB(C)	DE	AU	NZ & PI(D)	IN & PG	OTHER(E)	Total CCEP
People Taxes	22.8	62.6	70.5	50.5	80.3	12.1	4.4	2.5	3.0	308.7
Planet Taxes	-	0.3	103.3	0.6	2.6	-	-	-	-	106.8
Product Taxes	232.3	211.9	153.8	35.0	1.8	147.3	36.7	13.6	-	832.4
Profit Taxes	42.0	27.3	78.8	86.5	17.0	6.1	24.1	3.3	21.0	306.1
Property Taxes	1.9	4.2	3.3	5.3	1.5	2.8	0.3	1.0	-	20.3
<b>Total Taxes Borne</b>	<b>299.0</b>	<b>306.3</b>	<b>409.7</b>	<b>177.9</b>	<b>103.2</b>	<b>168.3</b>	<b>65.5</b>	<b>20.4</b>	<b>24.0</b>	<b>1,574.3</b>
TAXES COLLECTED	GB	FR(A)	NEBU(B)	IB(C)	DE	AU	NZ & PI(D)	IN & PG	OTHER(E)	Total CCEP
People Taxes	61.5	43.6	89.0	63.9	169.5	44.3	12.5	5.3	4.2	485.5
Product Taxes	210.9	19.5	89.4	300.9	290.8	55.8	13.8	10.3	-	991.4
Profit Taxes	-	-	-	0.9	-	1.5	0.3	2.8	-	5.5
<b>Total Taxes Collected</b>	<b>272.4</b>	<b>63.1</b>	<b>178.4</b>	<b>365.7</b>	<b>460.3</b>	<b>101.6</b>	<b>26.6</b>	<b>18.4</b>	<b>4.2</b>	<b>1,490.7</b>

- (A) FR refers to continental France and Monaco
- (B) NEBU refers to Belgium, Netherlands, Luxembourg, Norway, Sweden & Iceland
- (C) IB refers to Spain, Portugal and Andorra
- (D) PI refers to Fiji and Samoa
- (E) OTHER refers to Bulgaria, Ireland & USA

The image features a vibrant red background with diagonal stripes in shades of orange, yellow, and dark blue. The Coca-Cola logo is centered in the lower half, with the words 'EUROPACIFIC PARTNERS' in a bold, white, sans-serif font directly below it.

*Coca-Cola*  
EUROPACIFIC  
PARTNERS