

# Risk Management

## Our approach to Enterprise Risk Management

Our decisions are informed by an understanding of the risks we face as a business. Through our enterprise-wide risk management programme, we identify, measure and manage risk, as well as embed a strong risk management culture across our business.

To gain an overall understanding of the risks CCEP faces, we assess risk from the top down and the bottom up. Our annual enterprise risk assessment gives us a strategic view of risk at the enterprise level. During this assessment we carry out a risk survey with our top leaders, followed by interviews with Board and Audit Committee members and members of our Executive Leadership Team (ELT). This risk assessment is reviewed and updated periodically. In 2018, we issued the risk survey to 150 top leaders. To gain a bottom-up view of risk from an operational perspective, we also carry out risk assessments on a business unit level. Each business unit has a local Compliance and Risk Committee reporting to its leadership team. The committee reviews and updates risk on a quarterly basis and makes sure that risk management is incorporated into day to day business operations. The ELT Compliance and Risk Committee oversees this work.

In 2018, we expanded our bottom-up risk assessment process to include CCEP's functions. During the year, we identified high-risk areas within certain functions and carried out detailed assessments of those areas. These included assessments of cybersecurity risks within our IT function, and environmental and quality risks within our supply chain management function. These functional assessments are now an ongoing part of our risk management process.

## Measuring and managing risk

Once risks have been identified through our risk assessment process, we analyse them to understand their likelihood and potential impact, assess how we are managing the risks and consider what mitigation measures we may need to put in place. In 2018, we started to define and monitor key risk indicators to more accurately monitor risk levels as they change over time. During the year we also developed our scenario analysis and planning to better understand how key risks could impact our organisation. As part of this work, we initiated our first climate change risk assessment and scenario analysis. These scenarios have been documented, and we have developed action plans for how we would respond to them.

At present, our scenario planning work is focused on understanding and managing current risks. In future, we are aiming to integrate scenario analysis more fully into our long-range strategic planning.

## Principal risks

CCEP's Enterprise Risk Assessment process is a key component of our annual governance routines. Through interviews with members of the Board and the Audit Committee, and a risk survey to our top 150 leaders, we identified CCEP's nine Principal Risks. Each of these is assigned to a specific Board Committee and a member of the Leadership Team. All the Principal Risks are assessed by the Board and the Audit Committee. Lauren Sayeski, Chief Public Affairs and Communications Officer, is the Leadership Team member responsible for sustainability related risks, reporting to the CSR Committee.

Our principal risks are those that have been identified as most impactful to our business by our Enterprise Risk Assessment. CCEP defines these as risks that could materially and adversely affect our business, or could cause our actual results to differ materially from those given in the forward-looking statements within our [2018 integrated Report](#) and other public statements we make.

Some of these risks have materialised during the year (such as the CO2 shortage) and impacted the entire industry. CCEP has managed the mitigation of these risks very well and demonstrated robust business continuity capabilities.

## Risk factors

Beyond our principal risks, CCEP faces other operational risks that we manage as part of our daily routines, such as employee health and safety and human rights. We cover both our principal risks and these other risks in more detail in our risk factors section

Read about our principal risks in our [2018 Integrated Report](#) on pages 40 to 43 and our risk factors on pages 162 to 168.