

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.

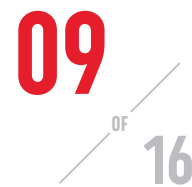
Directors' skills and experience^(A)



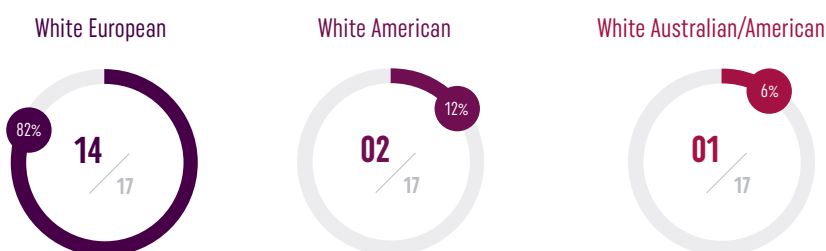
Women on the Board^(A)



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

C Corporate Social Responsibility Committee

R Remuneration Committee

A Audit Committee

N Nomination 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, Plantagen, 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 Garçon 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 Libano 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 Rafrâchissantes 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

STAKEHOLDERS

INCLUDING OUR PEOPLE, CUSTOMERS, SUPPLIERS, FRANCHISORS, INVESTORS, CONSUMERS AND COMMUNITIES

BOARD OF DIRECTORS

Provides overall leadership, independent oversight of performance and is accountable to shareholders for the Group's long-term success

ACCOUNTABILITY

DELEGATION

- **Affiliated Transaction Committee (ATC)**
Has oversight of transactions with affiliates and makes recommendations to the Board (affiliates are holders of 5% or more of the securities or other ownership interests of CCEP).
- **Audit Committee**
Monitors the integrity of the Group's financial statements and results announcements, the effectiveness of internal controls and risk management, as well as managing the external auditor relationship.
SEE PAGES 86-91 FOR MORE DETAILS
- **Corporate Social Responsibility (CSR) Committee**
Oversees performance against CCEP's strategy and goals for CSR, reviews CSR risks facing CCEP, including health and safety and climate change risks, and the practices by which these risks are managed and mitigated, approves sustainability commitments and targets, and monitors and reviews public policy issues that could affect CCEP.
SEE PAGES 22-37 FOR MORE DETAILS
Full sustainability performance data for 2020 will be published on our website in May 2021
- **Nomination Committee**
Sets selection criteria and recommends candidates for appointment as INEDs, reviews Directors' suitability for election/re-election by shareholders, considers Directors' potential conflicts of interest, oversees development of a diverse pipeline for senior management and Director succession, and oversees wider people matters for the Group, including culture, diversity, succession, talent and leadership.
SEE PAGES 82-85 FOR MORE DETAILS
- **Remuneration Committee**
Recommends remuneration policy and framework to the Board and shareholders, recommends remuneration packages for members of the Board to the Board, approves remuneration packages for senior management, reviews workforce remuneration and related policies and principles, and governs employee share schemes.
SEE PAGES 92-107 FOR MORE DETAILS
- **Additional Director led Committees**
 - Disclosure Committee
 - Capital Allocation Framework Committee




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 | <ul style="list-style-type: none"> • COVID-19: protecting our people, serving our customers, supporting our communities and preserving the long-term future of the business • Increasing consumer choice by innovating on flavours and growing our portfolio of products and monitoring performance of innovations • Route to market development • Front line sales strategy • Retail environments and customer challenges • Customer capabilities and world class key account management |
| Accelerate competitiveness | <ul style="list-style-type: none"> • Assessing acquisition opportunities • The 2020 and 2021 annual business plans, including strategic priorities • Long-range planning • Transformation and competitiveness initiatives • Capital allocation and expenditure • Share buyback programme • Treasury matters including delegations of authority to management • Competitor review and analysis |
| Future ready culture | <ul style="list-style-type: none"> • Enterprise risk management, including risk appetite and risk assessment • CCEP Ventures, our innovation investment fund • Engagement with CCEP's key and other stakeholders • Brexit planning • Approval of 2019 Modern Slavery Statement, published in May 2020 • Approval of tax strategy • Investor engagement plan • Relationship with TCCC • People strategy including performance acceleration, employee engagement, talent, learning and development • Purpose and culture and their role in supporting the strategy • Inclusion, diversity and equality • Enhanced wellbeing with a focus on mental health and disability • Wider workforce remuneration • Attendance at virtual employee town hall |
| Digital future | <ul style="list-style-type: none"> • Progress of the digital transformation programme • Digital recovery • Cybersecurity and risk mitigation |
| Green future | <ul style="list-style-type: none"> • Green recovery • Sustainable packaging strategy • Climate strategy and carbon reduction commitments |
| Corporate governance | <ul style="list-style-type: none"> • Approval of financial results and associated viability and going concern statements • Approval of trading updates • Approval of interim dividend payment • Approval of Integrated Report and Form 20-F for 2019, subject to final sign off by a sub committee • Approval of Notice of AGM, subject to final sign off by a sub committee • Board evaluation feedback and action plan • Reviewing and updating the governance guidelines for our Board • Consideration of public policy and regulatory developments affecting CCEP • Succession planning for the Board • Approval of revised policies, including quality, environment, safety and health • Approval of new INED appointments: Dessi Temperley and John Bryant • 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: <ul style="list-style-type: none"> • People and culture • Investor relations • Voice of the customer |
| Development sessions | To address requests from Directors | <ul style="list-style-type: none"> • TCCC bottling system: the relationship between the bottler and TCCC • Governance and stakeholders in a COVID-19 world • The remuneration policy • CO₂ targets • Cybersecurity |
| Site visits | Visits to Group businesses, factories and commercial outlets to enhance knowledge of CCEP operations and meet employees, suppliers and customers | <ul style="list-style-type: none"> • Virtual market tours: France, GB, Germany, Sweden and Spain • 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 | <ul style="list-style-type: none"> • Tim Brett, President of TCCC's Western Europe business unit • Walter Susini, Senior Vice President for Marketing, TCCC • James Quincey, Chairman and CEO, TCCC • Roland Turnhill, Partner, Slaughter & May • Paddy McGuinness, Senior Advisor, Brunswick Group • Keith Tuffley, Global Co-Head, Sustainability & Corporate Transitions, Citi Group • Bill Cohen, Partner, Global Employer Services, Deloitte • James Harris, Director, Executive Compensation Services, Deloitte • 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 | <ul style="list-style-type: none"> Operating, leading and governing the Board Setting meeting agendas, managing meeting timetables Promoting a culture of open debate between Directors and encouraging effective communication during meetings Creating the conditions for overall Board and individual Director effectiveness |
| CEO | <ul style="list-style-type: none"> Leading the business Implementing strategy approved by the Board Overseeing the operation of the internal control framework |
| SID | <ul style="list-style-type: none"> Advising and supporting the Chairman by acting as an alternative contact for shareholders and as an intermediary to NEDs |
| NEDs | <ul style="list-style-type: none"> Providing constructive challenge, strategic guidance, external insight and specialist advice to the Board and its Committees Hold management to account Offering their extensive experience and business knowledge from other sectors and industries |
| Company Secretary | <ul style="list-style-type: none"> Assisting the Chairman by ensuring that all Directors have full and timely access to relevant information Advising the Board on legal, compliance and corporate governance matters 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 Libano 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 | <ul style="list-style-type: none"> Directors invited to attend Committees to better understand the dynamic of the Committee Increase awareness of access to all Committee briefing papers | <ul style="list-style-type: none"> Review and update the Board skills matrix to reflect additional competencies Nomination Committee and CEO to keep Board informed regarding management succession planning | <ul style="list-style-type: none"> Regular Board training sessions scheduled 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 the 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.

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

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

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 | <ul style="list-style-type: none"> • Director succession, particularly INEDs • Succession planning for ELT and senior management |
| March 2020 | <ul style="list-style-type: none"> • Wellbeing of our people • Director succession, particularly INEDs • Director skills matrix • Committee evaluation • Succession planning for ELT and senior management |
| May 2020 | <ul style="list-style-type: none"> • Director succession, particularly INEDs • Culture development and people strategy • Succession planning for ELT and senior management • Review of the Board's governance guidelines |
| July 2020 | <ul style="list-style-type: none"> • Succession planning for ELT and senior management • Senior leadership assessment • Our people: engagement, wellbeing, inclusion and diversity and commercial capability • Director skills matrix |
| September 2020 | <ul style="list-style-type: none"> • Director succession, particularly INEDs • Succession planning for ELT and senior management |
| October 2020 | <ul style="list-style-type: none"> • Inclusion and diversity: focusing on disability • New ways of working • Director succession, particularly INEDs |
| December 2020 | <ul style="list-style-type: none"> • Building the right leaders and the right leadership for CCEP • Transformation and competitiveness initiatives • Director succession, particularly INEDs • 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 | <ul style="list-style-type: none"> • 2019 preliminary Q4 and full year results, including significant estimates and judgements • Pay for performance • IAS 36, "Impairment" • Tax matters |
| March 2020 | <ul style="list-style-type: none"> • 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 • IFRS 16, "Leases" update • Sarbanes-Oxley Act (SOX) section 404 (s404) compliance • Group risk appetite framework • 2020 internal audit plan • Updated global chart of authority • Reappointment of the external auditor • Treasury matters • Audit Committee evaluation |
| April 2020 | <ul style="list-style-type: none"> • 2020 Q1 trading update • Dividend payments |
| May 2020 | <ul style="list-style-type: none"> • Accounting considerations • Business continuity • Capital allocation and expenditure • IT/cybersecurity update • Insurance and credit risk update • Tax strategy • External audit process and procedures |
| July 2020 | <ul style="list-style-type: none"> • 2020 half year results, including significant estimates and judgements • Pay for performance • SOX s404 compliance and internal controls • Group risk appetite framework • Capital allocation and expenditure • Tax update • Treasury matters |
| October 2020 | <ul style="list-style-type: none"> • Q3 trading update • SOX s404 compliance and internal controls • Operational technology and cybersecurity • External quality assessment of the internal audit function |
| December 2020 | <ul style="list-style-type: none"> • Pay for performance • IAS 36, "Impairment" • SOX s404 compliance • 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 | <p>Cost of customer marketing programmes in 2020: €3.2 billion</p> <p>Accrual at 31 December 2020: €775 million</p> | <p>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.</p> |
| Tax accounting and reporting | <p>2020 book tax expense: €197 million</p> <p>2020 cash taxes: €273 million</p> <p>2020 effective tax rate: 28.3%</p> | <p>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.</p> <p>The Committee also considered and provided input on the Group's disclosures regarding tax matters, including the balance sheet classification of uncertain tax positions.</p> |
| Asset impairment analysis | <p>Franchise intangible assets with indefinite lives: €8.1 billion</p> <p>Goodwill: €2.5 billion</p> | <p>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.</p> <p>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.</p> <p>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.</p> <p>The Committee was satisfied with the assumptions utilised by the Group and also considered and reviewed the Group's disclosures about its impairment testing.</p> |
| Restructuring accounting | <p>Restructuring cost recorded in 2020: €368 million</p> <p>Restructuring provision at 31 December 2020: €208 million</p> | <p>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.</p> <p>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.</p> <p>The Committee was satisfied with the appropriateness of the restructuring accounting during the year and the disclosures included in the financial statements.</p> |

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.

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



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