CHAIRMAN'S INTRODUCTION

I am pleased to present our Governance and Directors' Report for 2017.

I strongly believe that a robust governance framework is essential to managing a business successfully and your Board is committed to complying with the high standards of corporate governance set out in the UK Corporate Governance Code (the Code). This report explains how Coca-Cola European Partners (CCEP) applies the principles of the Code.

Your Board

As Chairman of the Board, it is my responsibility to lead and create conditions for the Board and its Committees to be effective. I consider self-assessment to be essential to this process, both in building an effective Board that works well together, and to draw the best from each Director.

Our first effectiveness review took place in March 2017 and, led by Tom Johnson, our Senior Independent Director, the Directors readily participated in an open and constructive dialogue focusing on how the Directors work together, identifying ways to improve the Board's performance and key goals for the future.

The Directors were very much aligned in their assessment last year. They agreed that very good progress had been made in bringing together the directors from three organisations with the two additional Independent Non-executive Directors (INEDs) into a well-functioning single Board. You can read more about the results of the Board assessment in the Corporate Governance Report on pages 60 to 61.

We have asked an independent, external facilitator to assist us with the 2018 effectiveness review and intend to do so again at least every three years in future.

With the help of the Company Secretary, we kept a keen focus on what is important, making effective use of Board Committees and pre-read materials in order to maximise the Directors' discussion time in Board meetings. In addition, I ensure each Director is able to voice their views. Harnessing the cognitive diversity of the Directors results in better decisions.

While still a relatively new Board, it is clear that there is genuine respect between the Directors, helping the Board to find an effective way of working together faster than expected, enabling the Board rapidly to become efficient and effective.

Governance in practice

During the year, the Board worked hard in finalising a clear strategy aligned to CCEP's business model, underpinned by strong business plans and a rapid transformation programme. The Board also maintained focus on good governance and the management or mitigation of risks to ensure delivery of value to our shareholders.

The Directors held an off-site strategy session in July 2017 when they assessed the longer term enterprise level strategy as well as scrutinising and debating more detailed proposals for the near term. Damian Gammell, our Chief Executive Officer, discusses the key growth imperatives which resulted from these discussions on pages 8 to 9 and there is further detail about our Group strategy in the Strategy section on page 10.

The Board believes long-term sustainability is essential to our business and agreed a long-term sustainability action plan, This is Forward, outlined on pages 22 to 25. We also approved CCEP's Remuneration Policy, a summary of which is set out on page 76, set ourselves targets to drive talent and diversity and rolled out CCEP's new purpose and culture initiative, which I discuss further below.

As well as focusing on strategy, the Board also ensured that the structures and frameworks introduced last year were strengthened and tested and developed practices to comply with new legislative and regulatory requirements. These included our statement of compliance with the UK's Modern Slavery Act 2015, adoption of CCEP's Code of Conduct, the Group's tax strategy and our statement on gender pay, all of which may be viewed on our website www.ccep.com.

Within the organisation, we have tested and improved our enterprise risk management programme, agreed Group policies, reviewed and monitored practices relating to the health and safety of our people, identified our stakeholders and, in particular, considered the right way to ensure the voice of our people is heard by the Board.

We continue to strengthen our corporate governance but are pleased that our efforts in putting a robust governance framework in place were recognised by the Institute of Chartered Secretaries & Administrators at the end of 2017.

Succession

During the year, there was a possibility that we might need to find a replacement for one of our INEDs and we engaged JCA, external recruitment consultants, to identify a pool of potential candidates. With the assistance of the Company Secretary and the Nomination Committee, we will use an agreed skills matrix for the Board evaluation in 2018 to underpin our succession planning. The skills matrix will be reviewed annually.

We are also building a strong internal and external pipeline to ensure effective succession management for our most critical leadership positions, by mapping candidates against our success profile and undertaking detailed reviews of the suitability, readiness and development required for internal candidates for both the CEO and Executive Leadership Team (ELT) roles. We have selected Korn Ferry to support us with this initiative.

Culture

We aim to grow our business by understanding our customers better and by enabling our people to execute new ideas to increase performance and engagement. We plan to do this by creating an inclusive culture to attract, motivate and retain a highly diverse workforce reflective of the communities we operate in, while enabling our people to reach their full potential to achieve the best results. With this aim in mind, we rolled out the Accelerate Performance programme to the top 500 leaders of the Group. The programme emphasises the importance of aligning culture to the Company's purpose and embedding a passion for delivering growth. Participants are briefed on the Company's strategy and the behaviours required to develop the desired culture. We are also galvanising our leaders to action, supported by awareness and capability training, as well as strong internal engagement.

Diversity

Our customers, employees and other stakeholders represent a cross section of the communities in which we operate and are infinitely varied. As a result, the Board was deliberately formed of individuals with diversity of thought and perspectives, as well as a broad range of capabilities and experience identified as prerequisites for their roles. Please see page 44 for details.

The Board has spent time considering with management how best to drive an inclusive culture and the appropriate targets to encourage diversity. Our ultimate goal for gender diversity is gender parity. As an interim target to achieving this goal, we intend to have women make up 33% of the Board by 2020. We also intend that by 2025 women should represent 40% of our senior managers compared to 32.6% at the end of 2017. To achieve these ambitious targets, we are promoting a diverse and inclusive culture throughout the organisation.

Stakeholders

CCEP's wider societal responsibilities mean it is attentive to a broad set of stakeholders. The Board regularly considers views of key stakeholders and encourages the development of strong relationships with them. We consider this to be important to maintaining our licence to operate.

The Board ensures that, both directly and through its Committees, it is aware of the position of relevant stakeholders.

Please refer to www.ccep.com to understand the ways in which we communicate with our stakeholders and for details of initiatives being undertaken to meet our corporate responsibilities.

Outlook

Looking ahead to 2018, your Board will monitor changes in corporate governance requirements and consider how to improve our governance for the benefit of CCEP and its stakeholders.

Sol Daurella
Chairman
15 March 2018

"I strongly believe that a robust governance framework is essential to managing a business successfully"

Strategic Report
Governance and Directors' Report
Financial Statement
Other Information

DIVERSE, EXPERIENCED AND KNOWLEDGEABLE

Women on the Board

17.65%

Independent directors on the Board (excluding the Chairman)

56.25%

Experience

Leadership
100%

Political/ Regulatory
53%

International business
100%

Charitable & community work
53%

Public Office
41%

Sustainability
47%

Knowledge

Operations & technology
35%

Supply chain & distribution
100%

Bottling industry
88%

Retailing (including product development & marketing)
100%

Food & beverage industry
59%

Familiar with the Coca-Cola system
47%

Accounting & finance
71%

Strategic advisory/ Business consultancy
24%

DIRECTOR'S 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 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 Bottling Company, S.L., director and a member of the Appointments and Remuneration 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

Date appointed to the Board: December 2016
Independent: No
Key strengths/experience:
- Strategy development and execution experience
- Vision, customer focus and transformational leadership
- Developing people and teams
- 25 years of leadership experience and in-depth understanding of the NARTD industry and within the Coca-Cola system

Key external commitments:
None

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

Key

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

Full biographies are available on ccep.com

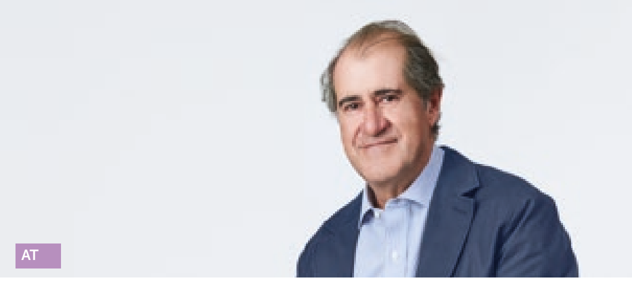
Board of Directors continued

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:
None

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



José Ignacio Comenge Sánchez-Real
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 strategy drawn from leadership roles in varied sectors

Key external commitments:
Director of Olive Partners, S.A., ENCE Energía y Celulosa, S.A., Compañia Vinícola del Norte de Espana, S.A., Ebro Foods S.A., Barbosa & Almeida SGPS, S.A., Azora, S.A., Mendibea 2002, S.L. and Rexam Beverage Can Iberica, 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

Francisco Crespo Benítez
Non-executive Director

Date appointed to the Board: March 2018
Independent: No
Key strengths/experience:
- Extensive experience of working in the Coca-Cola system
- Deep understanding of integrated global marketing and corporate strategy
- Proven track record of leading customer and commercial teams
- Possesses a strong network at The Coca-Cola Company (TCCC)

Key external commitments:
Senior Vice President and Chief Growth Officer of TCCC

Previous roles:
Involvement with Coca-Cola system throughout his career, including as President of TCCC's Mexico and South Latin business units, President of the Coca-Cola Foundation in Chile, Director and Vice President respectively of the American Chambers in Chile and Argentina, and also served on the boards of Zurich and Zurich Compañía de Seguros, S.A. in Mexico

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 business development
- Global perspective on CCEP's activities
- Experience of chairing remuneration committees

Key external commitments:
Director of Christine Cross Ltd, Sonae – SGPS, S.A., Hilton Food Group plc, Pollen Estate and Fenwick Limited

Previous roles:
Director of Brambles Limited, Kathmandu Holdings Limited, Tesco PLC, Next plc, Woolworths (Au) plc., Sobeys (Ca) plc, Plantasgen, Fairmont Hotels Group plc, Premier Foods plc, Taylor Wimpey plc

Javier Ferrán
Non-executive Director

Date appointed to the Board: May 2016
Independent: Yes
Key strengths/experience:
- Extensive experience in consumer brands and sales and marketing within the beverage industry
- Broad strategic understanding of the sector
- Deep experience of international commercial matters
- Financial and operational background

Key external commitments:
Partner at Lion Capital LLP, Chairman of Diageo plc and director of Associated British Foods plc

Previous roles:
President and CEO of Bacardi Limited and director of SABMiller plc, William Grant & Sons Ltd and Desigual, S.L.U.

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 TCCC

Key external commitments:
Director Coca-Cola Bottlers Japan 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 FEMSA and G2G Trading

Álvaro Gómez-Trénor Aguilar
Non-executive Director

Date appointed to the Board: March 2018
Independent: No
Key strengths/experience:
- Broad knowledge of working in the food and beverage industry
- Extensive understanding of the Coca-Cola system, particularly in Iberia
- Expertise in finance and investment banking
- Strategic and investment advisor to businesses in varied sectors

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

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

L. Phillip Humann
Non-executive Director

Date appointed to the Board: May 2016
Independent: Yes
Key strengths/experience:
- Extensive experience as a director of major companies both within and outside the Coca-Cola system
- Expertise in banking and finance
- Leadership and consensus-building skills
- Understanding of the consumer goods and services industries

Key external commitments:
Equifax Inc., and Haverty Furniture Companies, Inc.

Previous roles:
Director of Coca-Cola Enterprises, Inc. and Chairman of the Board of SunTrust Banks, Inc.

Board of Directors continued

Orrin H. Ingram II
Non-executive Director

Date appointed to the Board: May 2016
Independent: Yes
Key strengths/experience:
- Executive experience in the wholesale, distribution, consumer goods and transportation services industries
- A broad perspective on CCEP's operations
- Former director of a global distributor
- Strong strategic understanding

Key external commitments:
President and Chief Executive Officer of Ingram Industries Inc. and Ingram Marine Group

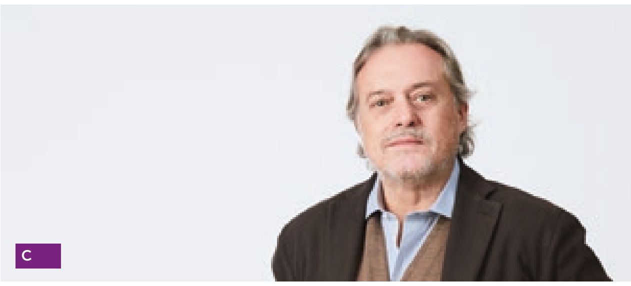
Previous roles:
Various positions with Ingram Materials Company, Ingram Barge Company and Co-President of Ingram Industries, a director of Ingram Micro Inc. and Coca-Cola Enterprises, Inc. and FirstBank

Thomas H. Johnson
Non-executive Director and Senior Independent Director

Date appointed to the Board: May 2016
Independent: Yes
Key strengths/experience:
- Chair and CEO of international public companies
- Manufacturing and distribution expertise
- Extensive international management experience in Europe
- Investment experience

Key external commitments:
Chief Executive Officer of the Taffrail Group, LLP and director of Universal Corporation

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



Alfonso Líbano Daurella
Non-executive Director

Date appointed to the Board: May 2016
Independent: No
Key strengths/experience:
- Developed the Daurella family's association with the Coca-Cola system
- Detailed knowledge of the Coca-Cola system
- Insight to CCEP's impact on communities from experience as trustee or director of charitable and public organisations
- Experienced corporate social responsibility committee chair

Key external commitments:
Co-Vice Chairman and member of the Executive Committee of Cobega S.A., director of Olive Partners, S.A. and Cobega Invest, S.L., Chairman of Equatorial Coca-Cola Bottling Company, S.L., Daba, S.A., Grupo Cacaolat, S.L., Vice-Chairman of MECC Soft Drinks DMCC and President of GEEF European Family Business.

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., a member of the Board of the American Chamber of Commerce in Spain

Véronique Morali
Non-executive Director

Date appointed to the Board: May 2016
Independent: Yes
Key strengths/experience:
- Commercial, governmental and political insights, including in France where CCEP has significant operations
- Extensive international financial services experience
- Proven commitment to the diversity agenda

Key external commitments:
Chairman of Fimalac Développement, Chief Officer of WEBEDIA, director and Vice-Chairman of the Fitch Group, Inc., a director for Publicis Groupe and the Rothschild Group

Previous roles:
Director of Coca-Cola Enterprises, Inc., CEO of Alcatel-Lucent, director of SNCF and Tesco PLC, Inspector General of the Ministry of Finance of the French Civil Service

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 Copesco Sefrisa

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

Curtis R. Welling
Non-executive Director

Date appointed to the Board: May 2016
Independent: Yes
Key strengths/experience:
- Finance and business leadership skills
- Skilled evaluator of business performance and plans
- Experience of the financial services and securities industries
- Perspective on the impact of CCEP's business on communities

Key external commitments:
Director of Apjet and a member of the faculty of Dartmouth College's Amos Tuck School of Business

Previous roles:
Director of Sapient Corporation, President and CEO of AmeriCares Foundation, CEO of Princeton eCom Corporation, SG Cowen Securities Corporation and a director of Coca-Cola Enterprises, Inc.

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
- Served as executive and non-executive director in a broad variety of sectors
- Financial expertise, experience and skills
- Previously chaired the audit committee of a sizeable company

Key external commitments:
Chairman of Spire Healthcare Group plc, BTG plc and Foxtons Group 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

Other Board members during the year were:
Francisco Ruiz de la Torre Esporrín, resigned on 7 March 2018
J. Alexander (Sandy) M. Douglas Jr, resigned on 7 March 2018

SENIOR MANAGEMENT

The senior management plus Damian Gammell constitute the members of the Executive Leadership Team (ELT). Full biographies are available on ccep.com.

Nik Jhangiani
Chief Financial Officer

Appointed in May 2016

Nik has more than 25 years of finance experience, including 17 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 The Coca-Cola Company (TCCC) in Atlanta. He is a CPA.

Ron Lewis
Chief Supply Chain Officer

Appointed May 2016

Ron is an experienced supply chain leader who leads the end to end supply chain for CCEP. He is familiar with the Coca-Cola system, having served in a number of supply chain and procurement roles, including Vice President and Chief Procurement Officer for Coca-Cola Enterprises, Inc.. He has also served as a director of ZICO, and Southeastern Containers. Previously, Ron worked for Mars Inc. and Cargill Inc.

Clare Wardle
General Counsel and Company Secretary

Appointed July 2016

Clare leads Legal, Risk, Compliance, Security and Company Secretariat. Prior to joining Coca-Cola European Partners (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 non-executive chairman of Basketball England, and a director of Lee/Fitzgerald Architects and Modern Pentathlon GB.

Lauren Sayeski
Chief Public Affairs and Communications 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 12 years in roles across the spectrum of public affairs and communications. She has served on transaction teams for the 2010 sale of Coca-Cola Enterprises' North American operations to TCCC and, most recently, on the Merger to create CCEP.

Peter Brickley
Chief Information Officer

Appointed November 2016

Peter leads the 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.

Victor Rufart
Chief Strategy Officer

Appointed October 2016

Victor leads business strategy, integration management 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 Equatorial Coca-Cola Bottling Company and Head of Tax Planning.

Nick Wall
Chief Human Resources Officer

Appointed May 2017

Nick heads CCEP's HR function, having previously worked within the Coca-Cola system for 30 years, including several international positions. Nick was most recently Senior Vice President of HR for TCCC's Bottling Investment Group. He started his career with TCCC in Ireland and has since worked for TCCC in HR leadership roles in bottling, concentrate operations, business units and corporate offices. Prior to joining TCCC, he was with Pfizer Inc, in Ireland.

Francesc Cosano
General Manager, Iberian Business Unit

Appointed May 2016

Francesc leads CCEP's Business Unit in Spain, Portugal and Andorra. He was previously Operations Director then Managing Director of Coca-Cola Iberian Partners, S.A.. He has been part of the Coca-Cola system for 30 years, in a number of sales management positions and 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..

Leendert den Hollander
General Manager, Great Britain Business Unit

Appointed May 2016

Leendert is responsible for CCEP's Business Unit in Great Britain, having been Vice President & General Manager of Coca-Cola Enterprises Great Britain. Previously, he 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. Leendert is Vice President of the British Soft Drinks Association and a member of the Leadership Council of the Institute of Grocery Distribution.

Ben Lambrecht
General Manager, France Business Unit

Appointed May 2016

Ben is responsible for CCEP's Business Unit in France, having worked in the Coca-Cola system in various leadership positions for more than 20 years, latterly as Vice President & General Manager France of Coca-Cola Enterprises, Inc.. Ben's career began at KPMG, followed by several years in other companies including Biscuits Delacre. Ben is a director of the French Soft Drinks Association (Boissons Rafraîchissantes de France) and of the French Food Association (Association Nationale de l'Industrie Alimentaire).

Frank Molthan
General Manager, Germany Business Unit

Appointed May 2016

Frank leads CCEP's Business Unit in Germany and has 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 is also Managing Director of Coca-Cola Deutschland Verkauf GmbH and Co. KG.

Stephen Moorhouse
General Manager, Northern Europe Business Unit

Appointed May 2016

Stephen is responsible for CCEP's Business Unit in Northern Europe and has 15 years' experience of the Coca-Cola system, leading operations and the supply chain in Belgium, Luxembourg, the Netherlands, Sweden and Norway. In addition, he took over responsibility for Iceland last year. Stephen has held a number of senior executive roles throughout Europe. Prior to joining, he worked overseas for the Swire Group in the US and Asia/Pacific.

UK CORPORATE GOVERNANCE CODE – INDEX TO DISCLOSURES

		Page
Statement of compliance	Compliance with the UK Corporate Governance Code (the Code)	52
	Differences between the Code and the New York Stock Exchange (NYSE) corporate governance rules	53
Leadership	Headed by an effective board	54 to 63
	Clear division of responsibilities at the head of the company	54
	Chairman responsible for leadership of the board	54
	Non-executive directors constructively challenge and help develop strategy	54, 56, 58
Effectiveness	Appropriate balance of skills, experience, independence and knowledge of the company	56
	Formal, rigorous and transparent appointment procedure	52, 66
	Directors allocate sufficient time to the company	61
	Director induction and training	61 to 62
	Supply of information to the board	54, 55, 62
	Annual evaluation of the board	60 to 61
	Director re-election	61
Relations with shareholders	Dialogue with shareholders	63
	Use of general meetings	63
Accountability	Fair, balanced and understandable assessment of the company's position and prospects	93
	The nature and extent of principal risks accepted to achieve strategic objectives	26 to 28
	Application of the corporate reporting and risk management and internal control principles	28
Remuneration	Executive directors' remuneration designed to promote the long-term success of the company	77 to 87
	Procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors	76

A table providing references to the pages containing information required to be disclosed in the Form 20-F may be found on page 198.

CORPORATE GOVERNANCE REPORT

Statement of Compliance

The governance framework of the Company is set out in the Company's Articles of Association and the Shareholders' Agreement. These provide a high level framework for the affairs and governance of the Company and set out the Company's relationships with its stakeholders including its shareholders. The Company's Articles of Associations are available on the Company's website http://ir.ccep.com/corporate-governance/governance-documents.

Statement of compliance with the UK Corporate Governance Code (the Code)

As a company with a standard listing of ordinary shares on the Official List, the Code does not apply to Coca-Cola European Partners (CCEP). However, the Company has chosen to follow the Code on a comply or explain basis. This report therefore describes the Company's corporate governance structure and explains how, during the year ended 31 December 2017, the Company applied the April 2016 edition of the Code issued by the Financial Reporting Council (the FRC). A copy of the Code can be found on the FRC website at https://www.frc.org.uk/Our-Work/Codes-Standards/Corporate-governance/UK-Corporate-Governance-Code.aspx.

As noted in the 2016 Annual Report, there continue to be a number of instances where the Company's corporate practices vary from the recommendations under the Code.

- The Code in provision A.3.1 recommends that the chairman should, on appointment, be independent. Sol Daurella was not, at the time of her appointment, independent within the meaning of the Code. However the Company gains immensely from her broad knowledge of, and her long-term commitment to, the Coca-Cola system. She has considerable experience and leadership skills gained as a director and chief executive officer of large institutions, public and private, in several sectors.
- The Remuneration Committee does not have sole authority to determine the compensation of the CEO or the Chairman as recommended by provision D.2.2 of the Code. Rather, the terms of the compensation of the CEO and the total individual compensation of the Non-executive Directors (NEDs) and the Chairman are determined by the entire Board upon the recommendation of the Remuneration Committee. The Board as a whole (excluding the individual whose compensation is the subject of determination) will determine compensation following a full and rigorous analysis and debate. However, the Board does benefit from having a strong Remuneration Committee and, to date, the Board has followed its recommendations.
- In accordance with the terms of the Shareholders' Agreement, for so long as the proportion of equity owned by Olive Partners, S.A. (Olive Partners) is at least 15%, the Remuneration Committee will be required to include at least one Director nominated by Olive Partners and for so long as the proportion of equity owned by European Refreshments (an indirect subsidiary of The Coca-Cola Company (TCCC)) is at least 10%, the Remuneration Committee will be required to include at least one Director nominated by European Refreshments. The Remuneration Committee will not, therefore, be comprised solely of Independent Non-executive Directors (INEDs) (as referred to in provision D.2.1 of the Code), but will have three INEDs and therefore a majority of INEDs. The Directors nominated by Olive Partners and European Refreshments bring their deep understanding of all aspects of the Group's markets to the Remuneration Committee, which is chaired by an independent chairman with a range of experience.

The Code recommends in main principle B.7 that all directors should be submitted for re-election at regular intervals and in provision B.7.1 that directors should be subject to election by shareholders at the first Annual General Meeting (AGM) after their appointment, and to re-election thereafter at intervals of no more than three years. In this respect:

- The Chairman, Sol Daurella, will not be subject to election during the nine year period after completion of the Merger for as long as she holds office in accordance with the Articles. The extended term of the Chairman is in recognition of Olive Partners' significant shareholding in CCEP and on account of her significant experience and knowledge in the beverage industry; and
- Of the INEDs who were appointed to the Company's Board on completion of the Merger (the Initial INEDs), three Initial INEDs will stand for election at the Company's AGM in 2019 and each AGM thereafter, an additional three Initial INEDs will stand for election at the Company's AGM to be held in 2020 and each AGM thereafter and, finally, the remaining three Initial INEDs will stand for election at the AGM to be held in 2021 and each AGM thereafter. The determination of which Directors will stand for election in each year will be made at a later date. These arrangements were put in place to ensure proper representation for public shareholders and to ensure that the Initial INEDS will continue to have significant influence over the strategic direction and operation of CCEP during the transition and integration period following completion of the Merger.

Differences between the Code and the New York Stock Exchange (NYSE) corporate governance rules

The Company is classed a foreign private issuer (FPI) for the purposes of the applicable rules of the NYSE. As such, and because it follows UK corporate governance practices, it is exempt from most of the NYSE rules that apply to domestic US listed companies. However the Company is required to provide an annual written affirmation to the NYSE of its compliance with applicable NYSE rules. The Company is also required to disclose any significant differences between its corporate governance practices and those followed by domestic US companies listed on the NYSE. These significant differences are set out below:

- Director independence: NYSE rules require the majority of the board to be independent. The Code requires at least half of the Board (excluding the Chairman) to be independent. The NYSE rules contain different tests from the Code for determining whether a director is independent. The independence of the Company's NEDs is reviewed by the Board on an annual basis. The Board takes into account the guidance in the Code and the criteria the Company has established for determining independence. Accordingly, it has determined that a majority of the Board is independent, without explicitly taking into consideration the independence requirements outlined in the NYSE rules.
- Board Committees: the Company has a number of Committees that are broadly comparable in purpose and composition to those required by NYSE rules for domestic US companies. However, as described in this report, not all members of all these Committees are INEDs. Each Committee has its own terms of reference (broadly equivalent to a charter document) which can be found in the corporate governance section of the investors section of the Company's website at http://ir.ccep.com. A summary of the terms of reference, role and activities of each of the Audit Committee and the Remuneration Committee can be found in the Committees' respective reports. The Remuneration Committee's terms of reference include having responsibility for matters relating to remuneration policy, share-based incentive plans and employee benefit plans and its implementation of the remuneration policy is set out in more detail in its report.
- Audit Committee: more information about the Company's Audit Committee is set out in that Committee's 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) follow the Code's recommendations, rather than the NYSE rules, although they are broadly comparable. One of the NYSE's additional requirements for the Audit Committee states that at least one member of the Audit Committee is to have accounting or related financial management expertise. The Board has determined that Garry Watts possesses such expertise and is the audit committee financial expert as defined in Item 16A of Form 20-F.
- Corporate Governance Guidelines: the NYSE rules require domestic US companies to adopt and disclose corporate governance guidelines. There is no equivalent recommendation in the Code but the Nomination Committee has included within its terms of reference the annual review of the corporate governance guidelines.
- Shareholder approval of equity compensation plans: the NYSE rules for US companies require that shareholders must be given the opportunity to vote on all equity compensation plans and material revisions to those plans. The Company complies with UK requirements that are similar to the NYSE rules. However the Board does not explicitly take into consideration the NYSE's detailed definition of what are considered "material revisions".
- Code of Conduct: the NYSE rules require that US companies adopt and disclose a code of business conduct and ethics for directors, officers and employees. The Code of Conduct that currently applies to all Directors and the senior financial officers of the Group can be found in the corporate governance section of the Company's website at http://ir.ccep.com/corporate-governance/code-of-conduct. If the Board amends or waives the provisions of the Code of Conduct, details of the amendment or waiver will appear at www.ccep.com; no such amendment or waiver has been made or given to date. During 2017, the Board approved a new Code of Conduct and the process of harmonisation of the codes of conduct that applied to other employees in the different companies that make up the Group commenced. At the date of this report the process has been completed for all the countries in which we operate, except for Germany where consultation with the works council continues. The Company however considers that these separate codes of conduct and related policies address the matters specified in the NYSE rules with respect to codes of conduct for US companies.
- NED meetings: NYSE rules require non-management Directors to meet regularly without management and independent directors to meet separately at least once a year. The Code requires NEDs to meet without the Chairman present at least annually to appraise the Chairman's performance. There are regular meetings between the INEDs and also regular meetings of NEDs without management present.

Corporate Governance Report continued

Leadership

Roles and responsibilities of the Board

The Board focuses primarily upon strategic and policy issues and is responsible for the Group's long-term success. It sets the Group's strategy, oversees the allocation of resources and monitors the performance of the Group. It is responsible for effective risk assessment and management.

In order to retain control of key decisions and ensure there is a clear division of responsibilities, the Board adopted a schedule of matters which are reserved for its decision alone. These are key matters determining the purpose, value and structure of the business including:

- 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 listing venue or cancellation of listings
- Change of the country of incorporation of the Company
- 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
- Any material variation, modification or waiver of any right or claim under the Merger transaction documents

Ultimate responsibility for the management of the Group rests with the Board, and both the Executive Director and NEDs share the same duties and are subject to the same constraints. However, there are varying roles on the Board, as shown in table 1. In line with the principles of the Code, a clear division of responsibilities between the Chairman and the CEO is set out in writing and was reviewed during the formation of the Company.

Meeting attendance

The Board had five meetings during the year and in addition a strategy day which all members of the Executive Leadership Team (ELT) attended.

The members of the Board and Committees are expected to attend each meeting. If, however, a Director is unable to attend a scheduled meeting, or additional meeting called on short notice, they receive the papers in advance and relay their comments to the Chairman for communication at the meeting. The Chairman follows up after the meeting with those not able to attend regarding the discussion had and decisions taken. In the early years of the Company newly appointed Directors will not have had the amount of advance notice of meetings that is customary, sometimes resulting in unavoidable prior commitments restricting attendance at the Company's meetings.

Attendance during 2017 is set out in table 2.

Table 1: Roles on the Board

Role	Responsibilities
Chairman	The Chairman is responsible for the overall operation, leadership and governance of the Board, setting the tone and style of Board discussions, and creating the conditions for overall Board and individual Director effectiveness.
Chief Executive Officer (CEO)	The CEO is responsible for executive management of the Group's business, consistent with the strategy and commercial objectives agreed by the Board.
Senior Independent Director (SID)	The SID is responsible for advising and providing additional support to the Chairman and can also act as an alternative contact for shareholders and an intermediary for other NEDs.
Non-executive Directors (NEDs)	NEDs provide strong, external insight to the Board and its Committees, and have a wealth of experience and business knowledge from other sectors and industries upon which to draw.
Company Secretary	The Company Secretary is responsible for ensuring that good quality information flows from executive management to the Board and its Committees. The Company Secretary also advises the Board on legal, compliance and corporate governance matters and facilitates the induction and ongoing training of Directors.

Table 2: Meeting attendance by Board and Committee members[A]

	Independent or Director 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	5 (5)	5 (5)			5 (5)	
Executive Director							
Damian Gammell	Chief Executive Officer	5 (5)					
Non-executive Directors							
Jan Bennink	Independent	5 (5)	5 (5)			5 (5)	
José Ignacio de Comenge Sànchez-Real	Nominated by Olive Partners	5 (5)	5 (5)				
Christine Cross	Independent	5 (5)		5 (5)			5 (5)
J. Alexander M. Douglas, Jr	Nominated by ER	5 (5)			5 (5)		
Javier Ferrán	Independent	5 (5)	5 (5)	5 (5)			
Irial Finan	Nominated by ER	5 (5)				5 (5)	5 (5)
L. Phillip Humann	Independent	5 (5)				5 (5)	
Orrin H. Ingram II	Independent	5 (5)		5 (5)		5 (5)	
Thomas H. Johnson	Independent	5 (5)			5 (5)		5 (5)
Alfonso Líbano Daurella	Nominated by Olive Partners	5 (5)			5 (5)		
Véronique Morali	Independent	5 (5)		5 (5)	4 (5)[C]		
Mario Rotllant Solà	Nominated by Olive Partners	5 (5)					5 (5)
Francisco Ruiz de la Torre Esporrín	Nominated by Olive Partners	5 (5)					
Garry Watts	Independent	5 (5)		5 (5)			5 (5)
Curtis R. Welling	Independent	4 (5)[D]	4 (5)[D]		4 (5)[D]		

[A] The maximum number of meetings in the period during which the individual was a Board or Committee member is shown in brackets.

[B] Nominated pursuant to the Articles of Association and terms of the Shareholders' Agreement.

[C] Ms Morali was not able to attend a meeting of the Corporate Social Responsibility Committee due to a long-held prior engagement.

[D] Mr Welling was not able to attend meetings held in March 2017 due to a long-held prior engagement.

We have good cross-membership of Board Committees to ensure that there is communication of relevant subjects discussed in one Committee to the others. Details are set out in figure 1.

In addition, the Chairman attends all Board Committee meetings and, as is good practice, the Chairman of the Audit Committee sits on the Remuneration Committee and the Chairman of the Remuneration Committee sits on the Audit Committee. Both are INEDs and therefore bring their experience and knowledge of the activities of each Committee to bear when considering critical areas of judgement.

This means that, for example, they are in a position to consider carefully the impact of incentive arrangements on the Group's risk profile and to ensure the Group's Remuneration Policy and programme are structured to accord with the long-term objectives and risk appetite of the Company.

The Company Secretary also ensures that all Directors are informed of the work of the Board Committees by making all papers, presentations, minutes and briefings available on a secure platform.

Corporate Governance Report continued

Figure 1: Board Committee cross membership

	Audit Committee	Nomination Committee	Remuneration Committee	Corporate Social Responsibility Committee
Affiliated Transactions Committee	1	2	–	1
Corporate Social Responsibility Committee	1	–	1	
Remuneration Committee	2	1		
Nomination Committee	1			

Governance structure

The Board delegates certain matters to its five Committees. Due to the size of the Board, the Board Committees play an essential role in addressing the detailed work within their remit and report back to the Board.

Figure 2 shows the interaction between the Board and its stakeholders and the Chief Executive Officer, who in turn is supported by the ELT.

Each of the five Committees has written terms of reference, which are reviewed at least annually. These are available to view on the Company's website http://ir.ccep.com/corporate-governance/governance-documents.

Activities of the Board

The Board has a programme that ensures it addresses all matters within its remit. During 2017, the Board met five times and also attended a one day strategy meeting. Members of the ELT also attended. Subjects covered during the strategy day included the long range plan to 2020 regarding sources of growth, investments and financial outlook, as well as consideration of the future European consumer and customer landscape and strategies covering portfolio, markets, sustainability, cost management and talent, diversity and inclusion.

As part of its regular business, the Board considered regular updates from the CEO, Chief Financial Officer (CFO) and other senior executives to assess the performance of the Group against its strategy, approved business plans, received regular reports on progress of the integration of the business and realisation of identified synergies, oversaw major expenditure decisions and reviewed governance matters. Key highlights of the Board's 2017 activities and priorities are set out in table 3.

Effectiveness

Composition of the Board

At the date of this report, the Board comprises 17 Directors: the Chairman, the CEO, nine INEDs and six other NEDs. It was determined on formation of the Company that the structure, size and composition of the Board meets the needs of the Company's business, while the Board's skills, experience, independence, knowledge and diversity ensure that a variety of views are considered and that a range of opinions are taken into account. The Nomination Committee keeps both matters under regular review. For further information on the work of the Nomination Committee, please see pages 65 to 67. The Directors' biographies appear on pages 45 to 49.

The terms of appointment for each NED are available for inspection at the Company's registered office. These will also be available for inspection at the AGM.

Independence of Non-executive Directors

The Board considers the independence of each of the NEDs each year against the requirements specified in the Code and in SEC Rule 10A-3. In order to be considered independent, a NED should be independent of management and free from any business relationship or circumstance which could materially interfere with the exercise of objective, unfettered and independent judgement.

Excluding the Chairman, six of our Directors are appointed either by Olive Partners or European Refreshments, so cannot be considered independent. However, the Board has determined that Jan Bennink, Christine Cross, Javier Ferrán, L. Phillip Humann, Orrin H. Ingram II, Thomas H. Johnson, Véronique Morali, Garry Watts and Curtis R. Welling remain independent. Consequently, both the majority of Directors and the majority of NEDs are independent.

Damian Gammell, as an Executive Director, is not deemed independent due to his executive responsibilities for the Group. He does not hold any other directorships.

Figure 2: Governance Framework

Stakeholders
(including shareholders, employees, customers, communities, franchisers and suppliers)

Licence to operate

Code of conduct

How we work

Our strategy

Our aims

Accountability

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

Affiliated Transaction Committee
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 68 to 73 for further details

Corporate Social Responsibility (CSR) Committee
Oversees performance against CCEP's strategy and goals for CSR, reviews environmental and social risks facing CCEP and the practices by which these risks are managed and mitigated and monitors and reviews public policy issues which could affect CCEP

See our Stakeholder Progress Report on CCEP's website

Nomination Committee
Selects candidates for recommendation (including establishing selection criteria) for appointment of INEDs to the Board, conducts reviews of Directors' suitability for election/re-election by shareholders, considers potential conflicts of interest of Directors, manages evaluation and succession programmes and oversees talent management strategy, including diversity

See pages 65 to 67 for further details

Remuneration Committee
Recommends the Company's Remuneration Policy and framework to the Board for approval, recommends to Board the remuneration packages for members of the Board and senior management and governs employee share schemes

See pages 74 to 87 for further details

Delegation

Additional Director-led committees

Disclosure Committee

Capital Allocation Framework Committee

Executives

Chief Executive Officer
Empowered by authority of the Board to put agreed strategy into effect and run CCEP on a day to day basis

ELT
Members report to and support the Chief Executive Officer within their defined areas of responsibility

Corporate Governance Report continued

Table 3: Board activities in 2017

Activity	Links to strategy	Principal risks
Strategy and growth		
• Agreed the key strategic priorities for CCEP in 2017 • Continuous monitoring of progress on the transformation agenda • Agreed the key areas for capital allocation including leverage, cost of capital, criteria for investment, future mergers and acquisition activity, the approach to dividends and possible share buybacks • Reviewed results of an audit of culture and agreed how to roll out the tone from the top in the businesses • Assessed various acquisition opportunities and pipeline • Approved the 2018 annual business plan	A, C & D	1 – 8
Performance and integration		
• Approval of the 2017 and long range business plans • Participated in deep dives concerning the Group's operations in Iberia and Britain, plans to enhance the Group's shared service centre's reporting and analytical capabilities and an overview of the Company's business in the Northern Europe Business Unit (NEBU) • Considered product innovation programmes and the organisation of the supply chain to ensure safety, quality, service and sustainability • Explored the options for the set-up of a procurement hub	B & E	1 – 8
Sustainability		
• Obtained input from stakeholders, including governments, non-governmental organisations, customers, suppliers, and trade organisations such as the Union of European Soft Drinks Association (UNESDA), regarding the development of This is Forward, CCEP's joint sustainability action plan with TCCC • Determined CCEP's position on sugar and sweeteners used by CCEP and reviewed brands that drive health and consumer preference • Reviewed CCEP's new holistic packaging strategy, including packaging design, innovation and collection, and supported plans to identify ways to enable CCEP to achieve 100% recovery of packaging by 2025 • Agreed a new community strategy with TCCC for Western Europe • Reviewed governance options including the establishment of an internal community steering group to oversee CCEP's community investments • Supported the drive of a safety culture in CCEP • Debated how to meet challenges presented by tax increases on sugar, soda and confectionery in Europe	B, D & E	1, 2, 3, 4
People		
• Debated draft profiles and desired skills matrices to support formulation of succession plans for members of the Board, including the CEO • Appointed search consultants to assist in identifying possible future Directors • Scrutinised and participated in talent management programmes to identify high potential candidates for Board and ELT positions • Debated and approved the corporate culture, focused on delivery of our strategy • Agreed actions designed to develop a diverse and inclusive culture • Approved and updated objectives on diversity including cognitive diversity, inclusion and apprenticeships • Considered gender pay gap information • Discussed approach to the voice of the employee being heard on the Board, including extending the role of the Nomination Committee	E	2, 3

KEY

Strategic goals (see page 10)	
Top line revenue growth	A
Customer and execution-centric business	B
Strategic cost management	C
Building stakeholder equity	D
Culture, capability and sustainability	E

Principal risks (see page 27 to 28)	
Change in consumer preferences and the health impact of soft drinks	1
Legal and regulatory intervention	2
Business integration and synergy savings	3
Market	4
Cyber and social engineering attacks	5
Economic and political conditions	6
Relationship with TCCC and other franchisors	7
Product quality	8

Activity	Links to strategy	Principal risks
Financial and risk management		
• Determination of CCEP's long-term viability • Reviewed and approved CCEP's financial results together with interim dividend payments • Debated and approved CCEP's risk appetite for 2017 and regularly reviewed its risk profile • Discussed anti-bribery, Brexit and risk reviews • Assessed the effectiveness of the whistleblowing hotline, case management and training • Received detailed briefings on developments in infrastructure technology, business capability, digital and information security in order to inform CCEP's approach in these areas • Assessed reports on unexpected, new and potentially high impact risks • Approved significant capital expenditure proposals	**A – E**	**1 – 7**
Governance and reporting		
• Assessed codes of conduct and approved a revised code of conduct for application to the Group • Considered the requirements for compliance under the UK Modern Slavery Act and approved CCEP's 2017 modern slavery statement • Approved and published Our Approach to Tax • Debated feedback received from the review of the effectiveness of the Board and its Committees undertaken in early 2017 and agreed actions for improvement • Considered regular updates from the Chairmen of its Committees • Appraised and approved revisions to Board governance guidelines and Committees' terms of reference • Reviewed and approved the 2016 Annual Report and Form 20-F and the 2017 AGM Notice of Meeting subject to final sign-off by sub-committee • Reviewed stakeholders of the Company to enable engagement on their views • Approved the Board expenses policy and changes to the chart of authority and policy on the control and disclosure of inside information	**A – E**	**2, 4, 6 & 7**

KEY

Strategic goals (see page 10)	
Top line revenue growth	**A**
Customer and execution-centric business	**B**
Strategic cost management	**C**
Building stakeholder equity	**D**
Culture, capability and sustainability	**E**

Principal risks (see page 27 to 28)	
Change in consumer preferences and the health impact of soft drinks	**1**
Legal and regulatory intervention	**2**
Business integration and synergy savings	**3**
Market	**4**
Cyber and social engineering attacks	**5**
Economic and political conditions	**6**
Relationship with TCCC and other franchisors	**7**
Product quality	**8**

Corporate Governance Report continued

Diversity

Board members have a range of backgrounds, skills, experiences and nationalities, reflecting a breadth of diversity beyond gender (as can be seen from their biographies on pages 44 to 49).

The Board intends to increase its diversity further as the opportunities arise to do so and has in particular committed to have women make up 33% of Directors by 2020. The Board's diversity policy can be found on the Company's website http://ir.ccep.com/corporategovernance/ overview, embedded within the criteria for the selection of INEDs.

Our culture of diversity and inclusion is important to the Group. A breakdown of our current employee gender diversity at various levels across the Group is on pages 22 to 23 together with our aspirational targets for 2025.

Further information on how our policy on diversity influences the selection of members of our Board and ELT can be found in the Nomination Committee Report on pages 65 to 67.

Board evaluation

As noted in the 2016 Annual Report, the first review of the performance and effectiveness of the Board, its Committees and individual Directors took place in early 2017.

The reviews were conducted using an online questionnaire developed following discussions between the Chairman, the Senior Independent Director, the Company Secretary and the external facilitator, Lintstock Limited, an independent governance advisory firm that does not do any other work for the Group. Responses to the questionnaire were collated and the output was used by the Senior Independent Director in his individual meetings with Directors as part of the evaluation process. The Senior Independent Director also led a performance review of the Chairman, taking into account the views of the other Directors.

The general feeling among members of the Board was that very good progress had been made. The creation of a well-functioning single board, including two INEDs who were new to the Coca-Cola system and the Group, had also come about faster than expected.

The reviews indicated that the Board, its Committees, the Chairman and each of the Directors are working efficiently and effectively. The results were discussed in detail by the Board in an open and constructive debate and areas for focus and improvements were identified and agreed. These are set out in table 4 together with the actions taken to address them.

Table 4: 2017 Board evaluation findings and actions

	Time management	Board support	Risk management and internal control	Succession planning and people management	Priorities for strategic development
2017 findings	Improve the efficiency of the Board to make the best use of its time	Reinforce good working practices	Further develop performance in risk management and oversight	Assess the appropriateness of the structure of the Group at senior levels	Establish a clear business strategy for maximising the success of the business
Actions undertaken in 2017	• Made better use of Committees to undertake pre-work to allow the Board, more time for discussion of priority items • Received clear and more detailed pre-reading materials so that views can be formed ahead of meetings • Prioritised and allocated time to agenda items • Provided presentations from the ELT as well as the CEO	• Introduced an online portal for the review of Board and Committee papers • Developed a forward-looking schedule of agenda items • Adopted a template for Board papers to help Directors to identify matters requiring decisions or to query • Provided readily accessible training materials	• Directors committed to spend more time on risk management and oversight in order to obtain a more rounded view • Implemented the new CCEP risk framework across the organisation and ensured it was actively used in business planning and decision making	• Obtained greater exposure to the ELT in order to evaluate them • Promoted the establishment of a robust talent management programme by the Nomination Committee • Drove employee engagement and a culture that aligns with the strategy • Addressed succession plans, with an eye towards diversity and inclusion	• During 2017, the Board focused on the testing and development of the strategy including product portfolio, marketing and advertising support, human resources and organisational design, financial policy objectives, and IT and digital strategies • Set up a sub-committee to review the capital allocation framework and report with its proposals twice a year

The Board has commenced planning for the 2018 reviews of performance and effectiveness and has appointed Independent Board Evaluation as the independent facilitator. It will continue to keep its procedures under review to ensure their effectiveness. It will also monitor and assess how it spends its time so that it can continue to improve and refine the focus and balance of its meetings.

Re-election of Directors

The Board has determined that Directors shall stand for re-election at each AGM of CCEP, subject to continued satisfactory performance. Exceptions are the Chairman and the INEDs in respect of their initial terms of office set out in the Shareholders' Agreement and detailed on page 52. A NED who has served a term of nine years on the Board of CCEP will automatically be deemed no longer independent unless the Board unanimously resolves otherwise and his or her re-election is supported by shareholders of the Company.

Following the individual performance assessments, the Board is satisfied that each Director continues to perform effectively, allocates sufficient time for their duties, and remains fully committed to their role in the Company.

The Code requires that the Chairman's significant commitments are included in the Annual Report. These are set out in her biography on page 45.

Induction and training

A comprehensive induction programme was made available to the new Directors, tailored to the requirements of the individual Director and phased to allow feedback and further customisation of meetings and other development activities.

The induction programme includes routine fact finding questionnaires regarding personal information, related party interests and conflict of interests. The new Director is also provided with information about Group policies, procedures to meet legal and regulatory requirements. A typical induction pack will include:

- Information on the role, responsibilities and attributes of an effective board
- Director's duties under the UK Companies Act 2006
- The responsibilities of a Person Discharging Managerial Responsibility under the EU Market Abuse Regulation
- Board calendar and general information
- Governance documents, policies and procedures
- Terms of reference and guidelines
- CCEP's share dealing code and the Board of Directors expenses policy

Corporate Governance Report continued

Strategic Report
Governance and Directors' Report
Financial Statement
Other Information

As part of their induction, new Directors meet with CCEP employees across the regions in which we operate. This includes site visits, typically hosted by one of our ELT, to allow our Directors to familiarise themselves with the regional and local leadership teams and to discuss a wide range of topics.

Training and development opportunities in specific aspects of the Company's businesses are regularly provided to NEDs. Set out in table 5 is the programme for 2017.

Board support

Board meetings are scheduled at least two years in advance and ad hoc meetings are arranged when required according to the needs of the business. The Board also has a programme which sets out the standing items for every meeting, key periodic activities such as approval of results, AGM documentation, business plans and assessment of evaluation results, as well as matters for more detailed focus owing to their significance to the Company. Comprehensive briefing papers are circulated to all Directors more than one week before each meeting.

The meeting papers are delivered electronically via a secure portal accessible remotely. The delivery of papers is made in real time, which enables the Directors to review them via an efficient and easily transportable medium. A resource centre within the portal provides access to useful information about the Group, including corporate governance guidance, training materials, business reports and briefings, the annual business plan, strategy information and analysis reports.

Each Director has access to the advice and services of the Company Secretary. There is also an agreed procedure whereby Directors may take independent professional advice at the Company's expense in the furtherance of their duties.

Board meetings are held in a variety of locations, reflecting the international nature of our business. In 2018 these meetings are scheduled to be held in France and the Netherlands, as well as in the UK. Holding meetings outside the UK enables all Board members to gain a greater appreciation of some of the different countries in which the Group operates.

Table 5: NED 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: • The GB, Iberian, French, and German operations • The shared service centre • The supply chain • An overview of the business in NEBU • The IT strategy project
Development sessions	To address requests from Directors	• Distribution and route to market • Health and wellbeing • Consumer insights, including fast moving consumer goods • Background from the finance sector • Mergers and acquisitions • Digital competency
Site visits	Visits to Group businesses, factories and commercial outlets to enhance knowledge of CCEP operations and meet employees, suppliers and customers	• Barcelona, Spain • Frankfurt, Germany • Manchester and London, UK
External speakers	To receive insights from experts and engage with stakeholders	• José María Álvarez-Pallete López, Chairman and CEO of Telefonica • James Quincey, President and Chief Executive Officer TCCC • Francisco Crespo Benitez, President of TCCC's Mexico business unit • Sherland Ventures: 2020 vision of retailing and implications for CCEP markets • Faith Popcorn's BrainReserve: Futurevision 2027 – meet your next consumer • Dan Sayre, President of the Western Europe business unit (WEBU), TCCC • John Amaechi on the importance of diversity

Conflicts of interest

Under its terms of reference the Nomination Committee considers issues involving potential conflicts of interest of Directors and members of Committees. A number of potential conflicts of interest that certain Board members have were set out in the Prospectus.

Sol Daurella is the Co-Chairman and member of the Executive Committee of, Cobega, S.A. (Cobega), as well as a shareholder of Cobega. Alfonso Líbano Daurella is Co-Vice Chairman and member of the Executive Committee of, as well as a shareholder of Cobega. Mario Rotllant Solá is Co- Chairman and a member of the Executive Committee of Cobega. Sol Daurella and Alfonso Líbano Daurella are indirect shareholders of Grupo Norte de Distribucion, S.L., a subsidiary of Cobega that has a commercial agreement with CCEP for the distribution of Coca-Cola products. In addition, Sol Daurella and Alfonso Líbano Daurella are indirect shareholders of Daufood U. Lda., a subsidiary of Cobega that has a commercial agreement with CCEP for the purchase of products. Delivra, S.L. and Gadisven, S.A., both subsidiaries of Cobega, provide equipment maintenance services to CCEP. CCEP also currently has agreements in place for the supply of products to Gadivsen, S.A., the vending company. Sol Daurella and Alfonso Líbano Daurella also hold, through Cobega, an interest in Norinvest Consumo, S.L. (Norinvest). Norinvest has a lease agreement in place with Norbega S.A., a subsidiary of CCEP.

Irial Finan and Francisco Crespo Benitez (like J. Alexander M. Douglas, Jr before his resignation) also hold various roles within (including as employees of) TCCC.

Véronique Morali is the chairman of Fimalac Developpement (Fimalac), the parent company of the international financial services organisation, Fitch Group, a financial services holding company. She is also chief officer of WEBEDIA, the digital division of Fimalac. In addition, Véronique serves as director and Vice-Chairman, Fitch Group, Inc. (USA) and Fitch Group (USA). The Fitch Group may, in future, provide credit rating and research services to the Company or the Group.

The Board believes that the system it has in place for reporting situational conflicts (situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company) is operating effectively.

Accountability

Due to practice over time, disclosures of compliance with provisions of the Accountability section of the Code are located elsewhere in annual reports. Table 6 sets out where each respective disclosure may be found.

Relations with shareholders

The Board recognises the importance of regular engagement with both existing and potential shareholders. During 2017, the Board, the ELT and the investor relations team worked together to ensure regular engagement with existing and potential shareholders. This took the form of results announcements, conference calls or web casts, and presentations, conferences and meetings across Europe and the US. Additionally, investors are invited to participate in conference calls following the announcement of the Company's quarterly results.

Recognising the importance of our investors, our CEO, CFO and the investor relations team engage with them throughout the year to ensure our strategy and performance are clearly understood, and that their views and market sentiment is clearly communicated within the Company. The Board, in particular, receives regular updates on the views of shareholders and the investor relations programme at each Board meeting.

The investor relations section of our website enables the effective distribution of information to the market. This includes quarterly results, annual reports, presentations and archived web casts, other announcements and shareholder information and services.

Annual General Meeting

The Board and the ELT continue to consider the AGM a key date in our annual shareholder engagement programme. In 2017, members of the Board and the ELT attended the AGM to discuss the resolutions in the Notice of Meeting, the business, and any other questions shareholders might have. We were pleased that shareholders holding 92.64% of the issued shares voted and all resolutions were passed.

The 2018 AGM of the Company will be held on Thursday 31 May 2018 at 22 Duchess Mews, London W1G 9DT at 11.00am. A full description of the business to be conducted at the meeting will be set out in the Notice of AGM, available from the Company's website from the time of its posting to shareholders in April 2018.

As last year, the Chairman, Senior Independent Director and Committee Chairmen plan to attend the AGM, providing shareholders with the opportunity to question them about issues relating to the Group, either during the meeting or informally afterwards. They are also available to shareholders for discussion throughout the year on matters under their areas of responsibility, by contacting the Company Secretary.

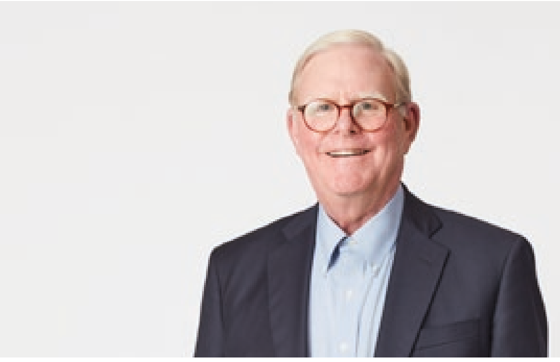
Please also refer to ccep.com for information about on engagement with all stakeholders.

Corporate Governance Report continued

Table 6: Disclosure of compliance with provisions of the Accountability section of the Code

Items located elsewhere in the 2017 Annual Report	Page(s)
Directors' responsibility statement	92 to 93
Directors' statement that they consider the annual report and accounts, taken as a whole, to be fair, balanced and understandable	93
Statement by the external auditor of its reporting responsibilities	104
The Group's business model	13
Group strategy	10
Going concern statement	91
Assessment of the Group's principal risks	27 to 28
Viability statement	39
Risk management and internal control systems and the Board's review of their effectiveness	28
Audit Committee Report	68 to 73

NOMINATION COMMITTEE CHAIRMAN'S LETTER



"It is important that our talent management plans support our strategy of growth. Our whole workforce has a part to play in this, not just our leaders. We must ensure we are positioned to deliver."

Dear Shareholder

I am pleased to report on the work of the Nomination Committee during 2017. A brief summary of our activities during 2017 is provided in table 1 on page 66, with additional details on some of these activities provided in the Nomination Committee Report. I have also highlighted a couple of key areas of focus below.

The members of the Committee and details of their attendance at meetings can be found in the Corporate Governance Report on page 55. A brief overview of our responsibilities can be found in figure 2 on page 57 of the Corporate Governance Report.

Independent Non-executive Director succession

In May 2017 we announced that Garry Watts would step down from the Board at the end of September 2017 to dedicate more time to his other roles. Following a change in his circumstances, and taking into account the importance of maintaining an appropriate balance of skills and experience on the Board, we recommended to the Board that Garry be asked to remain as a Director for a further period of time. The Board accepted this recommendation, and we are very pleased that Garry agreed to remain as a Director and withdrew his resignation.

The Committee also reviewed the selection criteria for Independent Non-executive Directors. It recommended revised criteria to the Board to take into account, among other things, the desirability of a diverse Board.

People

It is important that our talent management plans support our strategy of growth. Our whole workforce has a part to play in this, not just our leaders. We must ensure we are positioned to deliver. We have therefore spent time this year focusing on these plans, including considering the role our leaders play. We also reviewed the programme of engagement with both our leaders and the wider workforce regarding our strategy, purpose and expected behaviours. In addition, we provided input to the diversity and inclusion strategic framework and roadmap. More details are provided in the Nomination Committee Report.

Availability to shareholders

I will be available at our Annual General Meeting to answer any questions on the work of the Committee.

L. Phillip Humann
Chairman of the Nomination Committee
15 March 2018

NOMINATION COMMITTEE REPORT

Nomination Committee activities

During 2017 the key matters considered by the Committee included those set out in table 1.
The involvement of the Committee in each matter is described in more detail in the rest of the Nomination Committee Report.

Table 1: Matters considered by the Nomination Committee during 2017

Activity
People
• Director succession plans, especially for Independent Non-executive Directors (INEDs) • INED succession criteria • Executive Leadership Team succession plans and development • Talent management plans • Culture development • Diversity and inclusion
Governance
• Board guidelines on significant corporate governance principles • Evaluation of the Board and its Committees – feedback from 2017 process and planning for 2018 process • Terms of reference

The Committee met five times during the year. Attendance at its meetings is set out in the Corporate Governance Report on page 55.

The Board

Independent Non-executive Director succession

The Board was constituted on completion of the Merger in May 2016 and so, in the absence of any external factors such as the need to manage the impact of other commitments, we do not expect to see material turnover in INEDs until the end of the first three year terms. More detail about the appointments of Directors is provided in the Corporate Governance Report on page 52, the Directors' Report on page 88 and in the summary of the main provisions of the Company's Articles of Association in the section of the Annual Report entitled Other Group Information on page 182.

Despite this timeframe, we consider it important to ensure the orderly succession of INEDs given the importance of maintaining an appropriate balance of skills and experience on the Board. We have therefore commenced planning for a managed succession of INEDs. The first three INEDs will stand for re-election at the Annual General Meeting in 2019.

We previously developed selection criteria for the appointment of INEDs. They ensure we are ready to deal with any casual vacancies and set the tone for our approach to recruitment at a senior level. Further, they provide a framework for the consideration of succession planning in the longer term. In addition, we will use an agreed matrix of skills required on the Board to ensure we maintain the correct balance as Directors are replaced.

The current INED selection criteria, as approved by the Board, are available on the CCEP website http://ir.ccep.com/corporate-governance/governance-documents. They reflect the importance of selecting candidates who can effectively give voice to stakeholder interests, particularly to facilitate the discharge of the Board's duties under section 172 of the Companies Act 2006. They also include a target to have at least 33% female Directors by 2020, and a requirement to take into account the recommendations of the Parker Review.

We undertook a review of the skills and experience required on the Board to support its future plans. This review took into account the INED selection criteria, which were amended to take account of the proposals of the Parker Review's Beyond One by '21 report.

During the year, Garry Watts announced his intention to step down from the Board at the end of September 2017 to dedicate more time to his other roles. We engaged JCA, external recruitment consultants (who the Company does not use for any other services), to identify a pool of potential candidates. However, following a change in his circumstances, we considered the benefits of retaining Garry's skills and experience on the Board, particularly in light of his role as Audit Committee Chairman. We recommended to the Board that Garry be asked to remain as a Director for a further period of time, which the Board accepted. We are very pleased that Garry agreed to remain as a Director and withdrew his resignation, and are pleased that he will continue in his role as Audit Committee Chairman.

Diversity on the Board

We recognise the importance of cognitive diversity to good decision making. This is driven by diversity of background, including gender and ethnic diversity, and so express reference to it is included in the INED selection criteria. In particular in succession planning, we are mindful of the Board's stated target within the INED selection criteria to have 33% of the Directors being female by 2020, especially given female representation on the Board currently stands at 17.6%.

As noted above, the INEDS are each expected to serve for a minimum of three years from Merger. As a result, the opportunity to apply the INED selection criteria has not yet arisen. Olive Partners, S.A. (Olive Partners) and European Refreshments (ER) each nominated new directors to the Board in early March 2018, in place of directors who stepped down. In both cases they replaced male directors with male directors. As a result, there have been no changes to the diversity of the Board during the year.

More information about our approach to diversity on the Board is provided in the Corporate Governance Report on page 60, while more information about our approach to diversity in the Group is provided in the Sustainability section of the Strategic Report on pages 22 to 23.

New appointments to the Board

In early March 2018, in accordance with the Company's Articles of Association and the Shareholders' Agreement, Olive Partners nominated Álvaro Gómez-Trénor Aguilar to replace Francisco Ruiz de la Torre Esporrín and ER nominated Francisco Crespo Benítez to replace J. Alexander (Sandy) M. Douglas Jr as Directors of the Company. Each of Álvaro Gómez-Trénor Aguilar and Francisco Crespo Benítez will complete a detailed induction, in line with the programme set out in the Corporate Governance Report on pages 61 to 62.

Executive Leadership Team

Succession planning

Over the course of our meetings in 2017, we have received detailed information from management regarding the succession plans for the Executive Leadership Team (ELT). We considered the plans, which cover both emergency and planned succession processes, and provided feedback and suggestions for their evolution. Discussions with management included consideration of potential successors to the ELT and the creation of a programme of external evaluation and development for potential ELT successors. Korn Ferry was appointed to support the ELT succession processes and in the development of succession criteria in connection with the appointment of Executive Directors to the Board.

Our people

We oversee the approach to succession planning and talent management, including diversity, for the whole organisation.

Talent management

Our talent plans need to support our strategy of growth. We worked with management to ensure they are fit for purpose. The skills, experience and behaviours we require of all our leaders, including and beyond the ELT, were discussed and considered along with the plans needed to support the development of the leaders and workforce of the future. We reviewed management's revised approach to performance management and improvement, which will ensure a focus on the future and accelerating performance.

Engagement

A programme of engagement with both our leaders and the wider workforce was developed to share our strategy, our purpose and the behaviours we expect of our people. We reviewed the details of this programme with management.

Further information on the variety of ways we engage with our people, enabling communication flows both from and to the Board, is provided in the Directors' Report on page 91.

Diversity and inclusion

We are committed to increasing diversity and inclusion throughout the organisation and to supporting the development and promotion of talented individuals regardless of gender, sexuality, nationality and race or ethnicity. We received details of the Company's diversity and inclusion strategic framework and roadmap, which we reviewed with management and on which we provided feedback and suggestions for its development.

We agreed a target to have 40% of our management positions held by women by 2025. We encourage the plans for development of an inclusive workplace seeking to recruit actively from all sections of the community.

Information regarding the diversity of the organisation as a whole is provided in the Sustainability section of the Strategic Report on page 23.

Evaluation and independence

At the start of each year, we instigate the process of evaluating the performance of the Board and its Committees over the course of the prior year. In planning the evaluation process to be undertaken in early 2017, we considered the need to drive the effective working of the Board. We carried out a valuable exercise supported by Lintstock. Further details of the evaluation exercise undertaken in early 2017, including the outcomes, are provided in the Corporate Governance Report on pages 60 to 61.

For 2018, we particularly considered how the evaluation process could support the Board as it looks to the future, rather than simply reflecting on past performance. We made recommendations to the Board accordingly, including recommending the appointment of an independent external facilitator for the process. The Board agreed with our recommendations and appointed Independent Board Evaluation to facilitate the evaluation process in 2018.

Confirmation of which of the Non-executive Directors are determined to be independent is also provided in the Corporate Governance Report on page 56.

L. Phillip Humann
Chairman of the Nomination Committee
15 March 2018

AUDIT COMMITTEE CHAIRMAN'S LETTER

"The establishment of robust governance routines and a strong focus on internal controls and risk management have played a critical role in the successful integration of the Group."

Dear Shareholder

I am pleased to present the report of the Audit Committee for the year ended 31 December 2017 in accordance with the UK Corporate Governance Code (the Code). The report describes how we have discharged our responsibilities under the Code and monitored the effectiveness of the Group's financial reporting, internal control systems and risk management.

During 2017, the Committee has met five times and discussed a range of topics, as set out in more detail in our report. The Committee comprises five Directors as set out in the Corporate Governance Report. Only members of the Committee are entitled to attend meetings, however the Chief Executive Officer, Chief Financial Officer, Group Financial Controller, other senior members of the Finance department, the internal auditor, the Company Secretary and other members of senior management are normally invited. The external auditor always attends meetings and the Committee holds private meetings with both the internal and external auditors throughout the year.

As well as the regular review of Committee matters relating to the financial reporting cycle, in this, the Group's first full year, the Committee remained focused on overseeing the integration of the Group including key areas related to financial reporting and accounting, internal audit and control, ethics and compliance, enterprise risk management and business continuity management. The Committee is satisfied with the Group's progress as it relates to these key areas and highlights several major achievements during 2017 including a successful first year of compliance with Section 404 of the Sarbanes-Oxley Act of 2002 (the SOX Act), the finalisation of acquisition accounting, the transition of substantially all transactional activities from Germany to the Group's Shared Services Centre, the launch of a Group wide Code of Conduct covering all employees, and the Group's first enterprise wide risk assessment.

As we look toward 2018, the Committee will continue its focus on the Group's integration and will also spend time reviewing the Group's approach to the General Data Protection Regulation (GDPR), the Group's IT transition roadmap and cybersecurity, and the further development of the Group's enterprise risk management and compliance programmes. The Committee will also monitor the Group's adoption of IFRS 15, "Revenue from Contracts with Customers" and IFRS 9, "Financial Instruments", which are both effective for the Group from 1 January 2018, and the implementation of IFRS 16, "Leases", which is effective for the Group from 1 January 2019.

I will be available at our Annual General Meeting to answer any questions about the work of the Committee.

Garry Watts
Chairman of the Audit Committee
15 March 2018

AUDIT COMMITTEE REPORT

Role of the Audit Committee

The key duties and responsibilities of the Audit Committee are set out in its terms of reference which are available on the Company's website http://ir.ccep.com/corporate-governance/governance-documents. These include:

- Monitoring and reviewing the integrity of the annual financial statements of the Group and other periodic announcements relating to the Group's financial performance
- Monitoring and reviewing the Group's viability statement and its going concern assumption
- As requested by the Board, reviewing the contents of the Annual Report and providing advice on whether it presents a fair, balanced and understandable assessment of the Group's performance, business model and strategy
- In accordance with English law, making recommendations to the Board for it to put to the shareholders for approval at the annual general meeting regarding the appointment, reappointment and removal of the Group's external auditors
- Agreeing the scope of both the internal and the external auditor's annual audit programmes and reviewing their output
- Monitoring and reviewing the external auditor's independence and objectivity and their effectiveness
- Monitoring and reviewing the effectiveness of the Group's internal auditors
- Monitoring the effectiveness of the Group's internal controls, risk management programme and disclosure controls and procedures
- Providing governance and oversight of the Group's compliance programmes including those related to fraud, anti bribery, and anti corruption regulations, operational and financial risk assessments, which are part of the broader enterprise risk management programme, and the Group's business continuity management programme
- Reviewing the adequacy and security of the Group's whistleblowing policy and other arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters
- Assisting the Board in fulfilling its oversight and responsibilities relating to processes and controls for annual and long-term business planning, dividend and capital structure, tax matters and capital expenditure.

The Committee consists of five independent Directors and has significant experience and competence relevant to the sector, fast-moving consumer goods, in which the Group operates. In accordance with the New York Stock Exchange (NYSE) rules for foreign private issuers (FPIs), the Group follows UK practice in relation to corporate governance. However, FPIs are required to have an audit committee that satisfies the requirements of the SEC Rule 10A-3. The Group's Audit Committee satisfies these independence requirements and the Board has determined that the Chairman of the Committee, Garry Watts, may be regarded as an audit committee financial expert as defined in Item 16A of Form 20-F. The attendance of Directors at meetings held during 2017 of the Committees of which they are members, including the Audit Committee, is shown in the table in the Corporate Governance Report on page 55.

Activities of the Audit Committee during the year

Table 1 provides an overview of the key agenda items discussed at each meeting of Audit Committee during 2017.

Financial reporting, significant financial issues and material judgements

The Committee undertook a formal review of each of the Group's financial statements and associated announcements. As part of each review, the Committee considered the significant accounting principles, policies and practices applied, their appropriateness, the financial reporting issues concerned and the significant judgements made. The Committee also reviewed and considered the Group's alternative performance measures in each of the Group's associated announcements. The Committee confirmed that each of the adjusting items was in conformity with the Group's policy on alternative performance measures and did not take exception to any of the adjusting amounts. The Committee also reviewed to its satisfaction the adequacy of the Group's disclosures regarding the use of alternative performance measures.

In relation to this Annual Report, Committee members undertook a review of a developed draft and suggested a number of enhancements that were then implemented to improve the Annual Report so that the Committee could confirm to the Board that in its assessment the Annual Report is fair, balanced and understandable. The Committee spent considerable time reviewing and assessing the processes undertaken by management to support the Group's Viability Statement. In particular, the Committee reviewed the results of management's scenario modelling and the stress testing of these models. The Viability Statement can be found on page 39.

Throughout the period under review, the Committee considered the work of, and reports from, several management functions including finance, legal, and IT, together with reports from the internal and external auditors on their findings.

Audit Committee Report continued

Table 1: Key agenda items discussed by the Audit Committee

	March 2017	May 2017	July 2017	October 2017	December 2017
Standing matters					
• Earnings release/financial report[(A)]	X	X	–	X	X
• Accounting and reporting matters	X	X	X	X	X
• SOX 404 internal controls	X	X	X	X	X
• External auditor update	X	X	X	X	X
• Internal auditor update	X	X	X	X	X
• Legal matters	X	X	X	X	X
• Ethics and compliance	X	X	X	X	X
• Business continuity management	X	X	X	X	X
• Enterprise risk management	X	X	X	X	X
• Capital review and approvals	X	X	X	X	X
• Dividend review[(A)]	X	X	–	X	–
Other topics					
• IT/cybersecurity update[(B)]	X	–	–	–	–
• Synergy audit and certification	–	X	–	–	–
• Treasury and tax deep dive	–	X	–	–	–
• General Data Protection Regulation	–	X	X	–	–
• SOX 404 framework deep dive	–	–	X	–	–
• Risk appetite discussion	–	–	X	–	–
• Germany shared services transition	–	–	X	–	–
• Tax update	–	–	X	–	–
• Insurance and risk deep dive	–	–	–	X	–
• Debt financing review	–	–	–	X	X
• Spain VAT refund review	–	–	–	–	X
• Review of committee terms of reference	X	–	–	–	–
• EY independence & non-audit services policy	–	–	–	–	X

(A) The Board held a telephonic session to review and discuss the Group's 2017 Half Year report and second quarter dividend.

(B) IT/cybersecurity updates were provided to the full Board in October and December.

The significant issues in relation to financial statements that the Committee considered during 2017 are summarised in the following table. In summary, the Committee concluded after discussion that the judgements and estimates made on each of the issues it considered were appropriate and acceptable.

Accounting Area	Key Financial Impacts	Audit Committee Considerations
Deductions from revenue and sales incentives	Total cost of customer marketing programmes in 2017: €2.9 billion Accrual at 31 December 2017: €648 million	The Group participates in various programmes and arrangements with customers designed to increase the sale of products. Among the programmes are arrangements under which allowances can be earned by customers for attaining agreed-upon sales levels or for participating in specific marketing programmes. For customer incentives that must be earned, management must make estimates related to the contractual terms, customer performance and sales volume to determine the total amounts earned. There are significant judgements and estimates used at each reporting date to ensure the proper deduction from revenue has been recorded. Actual amounts ultimately paid may be different from 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 judgments and estimates applied during the period and any relevant information on significant or abnormal movements in accrual balances, if applicable.
Tax accounting and reporting	2017 book tax expense: €471 million 2017 cash taxes: €247 million 2017 comparable effective tax rate: 25% VAT receivable at 31 December 2017: €273 million	The Group evaluated a number of tax matters during the year, including those associated with the potential impacts of new legislative developments in the US and in Europe on CCEP's effective tax rate, the deferred tax inventory, direct and indirect tax provisions in all jurisdictions 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. In particular, the Committee received a detailed understanding of the Group's analysis of the various accounting impacts of the US Tax Reform and Jobs Act. Additionally, the Committee received information on the Group's outstanding VAT receivables in Spain and gained a more detailed understanding about the background and legalities of the amounts to be refunded. The Committee also considered and provided input on the Group's disclosures regarding these and other tax matters.
Asset impairment analysis	Franchise intangible assets with indefinite lives: €8.1 billion Goodwill: €2.5 billion	The Group performs an annual impairment test of goodwill and intangible assets with indefinite lives, or more frequently if impairment indicators are present. The testing is performed at a cash generating unit (CGU) level, which for the Group are based on geography and generally represent the individual territories in which the Group operates. The Group did not record any impairment charges as a result of the tests conducted in 2017. The Committee received information from management on the impairment analysis performed focusing on the most critical assumptions such as the terminal growth rate and the discount rate. The Committee also discussed with management the key assumptions utilised for the Group's Germany CGU. The Committee reviewed and challenged a sensitivity analysis provided by management to understand the impact of changes in key assumptions, mainly the discount rate. The Committee was satisfied with the assumptions utilised by the Group and also considered and reviewed the Group's disclosures about its impairment testing.
Restructuring accounting	Restructuring cost recorded in 2017: €235 million Restructuring provision at 31 December 2017: €216 million	As the Group continues its integration and synergy programme, significant restructuring provisions were recorded during the year. Throughout the year, the Committee received regular updates from management on the status of restructuring programmes including cost incurred and synergy tracking. Additionally, during 2017, the Committee received a report from an external audit regarding the validation of synergies captured to date and a report from internal audit on the Group's key processes and governance for tracking and monitoring restructuring activities. The Committee was satisfied with the outputs of both reports. The Committee also reviewed the Group's restructuring provision balance as at 31 December 2017 and disclosures in the financial statements.

Audit Committee Report continued

External audit

The Committee reviews and makes recommendations to the Board with regard to the reappointment of the external auditor. In doing so, the Committee takes into account auditor independence and audit partner rotation. Ernst & Young LLP were appointed as external auditor to the Company in 2016 and the lead audit partner is Karl Havers. 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.

During the year, the Committee agreed the approach to and scope of the audit work to be undertaken by the external auditor. The Committee also reviewed and agreed the terms of engagement, and areas of responsibility and the work to be undertaken by the external auditor, and agreed the fees payable in respect of the 2017 audit work. Details of the amounts paid to the external auditor for their audit services are given in Note 16 to the accounts. In addition, the external auditor provided the Committee with a schedule of each matter on which there was an initial difference between them and management in relation to the accounting treatment, and the final decisions on these issues.

The Committee also considered the effectiveness and independence of the external auditor. In consideration of its effectiveness, 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. In considering the independence of the external auditor, the Committee received a statement of independence from the auditor, a report describing their arrangements to identify, report and manage any conflicts of interest, and reviewed the extent of non-audit services provided to the Group. The Committee confirmed its satisfaction with the effectiveness and independence of the external auditor.

The Committee has recommended to the Board that Ernst & Young LLP be proposed for reappointment by shareholders as the Group's external auditor at the forthcoming Annual General Meeting. As a result of its work during the year, the Committee has concluded that it acted in accordance with the Committee's terms of reference and has ensured the independence and objectivity of the external auditor.

The Group has a policy on the use of its external auditor for non-audit work and this is regularly reviewed. The external auditor is precluded from engaging in non-audit services that would compromise their independence or violate any laws or regulations affecting their appointment as external auditor. The approval of the Chairman of the Committee is required prior to awarding contracts for non-audit services to the external auditor, where in excess of specified amounts.

The Committee reviewed and approved the scope of non-audit services provided by the external auditor to ensure that there was no impairment of independence and objectivity, and subsequently monitored the non-audit work performed to ensure it was within policy guidelines.

Internal audit

The Committee approved and reviewed internal audit's audit plan for 2017 and agreed its budget and resource requirements. The internal audit function consists of approximately 20 full time professional audit staff based in London, Berlin, Madrid and Sofia, covering a range of disciplines and business expertise. The Committee received and discussed, at least quarterly, regular reports from the Chief Audit Executive summarising audit findings and recommendations and describing actions taken by management to address any shortfalls. It also reviewed progress on implementation of recommendations.

As determined by a risk based approach to audit planning, areas of assurance focus during 2017 included: management of deductions from revenue, restructuring accounting, business integration and transition activities as well as the security of information systems. A significant proportion of the internal audit's resources was allocated to an extensive testing of the Group's internal control system in support of management's opinion over the design and operating effectiveness of internal controls over financial reporting in accordance with the requirements of the SOX Act.

At the end of 2017, internal audit participated in the Group's enterprise risk assessment and developed a three year strategic audit plan that aims to address major strategic, operational, financial and compliance risks. The plan was presented to and approved by the Committee at its December meeting.

In 2018, internal audit's focus areas will include: aspects of revenue recognition and rebate management, field sales and cold drink services, product quality management, implementation of new accounting standards, procurement processes, security of information systems as well as reviews of major capital and transformation projects, and SOX 404 controls testing.

Internal control and risk management

The Committee is responsible for monitoring the effectiveness of the Group's internal controls, compliance with the Code, and the requirements of the SOX Act, specifically Sections 302 and 404, as it applies to a US foreign private issuer listed on a US exchange. During 2017, the Group completed a successful first year of compliance with Section 404 of the SOX Act, which included initial compliance for CCIP (Iberia) and its subsidiaries, which prior to the Merger, were not previously subjected to the rigorous requirements of Section 404. The Group's internal control over financial reporting was deemed to be designed and operating effectively as at 31 December 2017. This is a significant achievement for the Group and demonstrates the Group's and the Committee's commitment to having a strong internal control environment. The Committee will continue to monitor the progress of the Group's internal control framework harmonisation efforts, remediation of any internal control deficiencies, and will also focus in 2018 on the internal control implications of the Group's IT roadmap, and continued integration and transition activities.

Further information about the Group's risk management and internal control processes is set out on pages 26 to 28. The overall enterprise risk management framework, including the Board's appetite for risk and the underlying process for capturing and reporting risk and control data, will continue to be developed in 2018 and to be reviewed by the Board and its committees.

Whistleblowing hotline

The Committee has oversight of the adequacy and security of the Group's whistleblowing policy and other arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. These can be made via an independent and confidential service, where employees or contractors can report any concerns.

Looking forward into 2018

The Audit Committee, like the other Committees of the Board, has a process for planning its future meeting agendas and a schedule of topics to be considered in the course of the next 12 months. In addition to the routine responsibilities of the Committee, during 2018, we expect to focus on a number of key items including the following:

- Compliance with the new General Data Protection Regulation (GDPR) no later than May 2018
- Monitoring of restructuring and integration activity, including the transition of transactional processing activities from Germany and Iberia to the Group's shared services centre
- The implementation of IFRS 16, "Leases", which is effective for the Group from 1 January 2019
- IT matters, including the Group's IT transition roadmap and cybersecurity
- The further development of the Group's enterprise risk management framework and compliance programmes

Garry Watts
Chairman of the Audit Committee
15 March 2018