

Principal Risks and Uncertainties

Our Approach to Risk

The Directors recognise that the Group's risk management programme is essential to understand the nature, scope, potential likelihood and impact of enterprise-wide risks and to manage them effectively, responding appropriately to the changing risk profile of our operating environment. The Directors believe a strong risk culture with a clear risk management programme within CCEP will ensure well-informed business decisions are taken and risks are actively managed throughout the Group.

To ensure that the Directors have sufficient visibility of the principal risks that could impact the Group's strategic priorities and how they are being monitored and managed, the Group has an enterprise-wide Risk Management programme. The approach has two complementary elements, a top-down strategic view of risk at the enterprise level and a bottom-up tactical view of risk at the operational level. Our risk governance framework includes a Risk Committee comprised of members of our Leadership Team and other senior leaders where risks are reported and reviewed and sub-committees at the local Business Unit level managing local operational risks.

In 2016, following the creation of CCEP, the Company put in place a new Risk Management structure led by a Chief Compliance and Risk Officer reporting to the General Counsel, with a dedicated Enterprise Risk Management Team. The Chief Compliance and Risk Officer also manages incident management, business continuity and compliance, so has a holistic view of risk management across the Group.

The first, strategic enterprise-wide risk assessment was conducted, resulting in identification of CCEP's Enterprise Risks and understanding of how they are being managed. The most impactful of the identified risks form the Principal Risks detailed below. Board and Audit Committee members and members of the Leadership Team are interviewed as part of the Strategic Enterprise Risk Assessment process. The results of the Strategic Risk Assessment and the Principal Risks were reviewed by the Audit Committee and the Board of Directors in December 2016.

Each year, to complement the top-down strategic risk view, bottom-up risk assessments will be performed to provide a detailed view of more tactical risks at the operational level. Each Business Unit will have a Risk Committee reporting to its Leadership Team to review risks and incidents and to ensure risk management is incorporated into day to day business operations.

The Board will consider the level of risk it is prepared to accept in order to deliver the Group's strategic objectives. This will be documented in our internal Risk Appetite statement which will describe both our current and our desired levels of acceptable risk. The Company has engaged external risk management expertise to support the design, implementation and execution of the Group's new risk management programme.

Principal Risks

The 2016 Half Yearly Financial Report included a summary of the Principal Risks of the Group as prepared on a preliminary basis using the risk frameworks in existence at each of CCE, CCIP and CCEG prior to the Merger. The first CCEP strategic Enterprise Risk Assessment identified a small number of material changes to those Principal Risks:

- One new risk appears:
 - 'Cyber and Social Engineering Attacks'
- Several risks have been combined:
 - 'Negative Category Perception' and 'Misalignment of Portfolio with Consumer Preferences' have become 'Changing Consumer Preferences and the Health Impact of Soft Drinks'
 - 'Ineffective Business Transformation' and 'Realisation of Synergy Savings' have become 'Business Integration and Synergy Savings'
 - 'Ineffective Price Realisation' and 'Conflicts in Customer Relationships' have become 'Market'

As CCEP has no benchmark against which to compare, commentary has not been included on whether each risk exposure has increased, decreased or remained unchanged: this will be included in the 2017 Annual Report.

Set out below are the principal risks and uncertainties that could materially and adversely affect our business or could cause our actual results to differ materially from the results contemplated by the forward-looking statements contained in this report and other public statements we make. The Directors have carried out a robust assessment of the principal risks facing the Group; however the list below is not intended to include all risks that could ultimately impact the Group and is presented below in no particular order:

Principal Risk	Definition and Impact	Key Mitigation
Changing Consumer Preferences and the Health Impact of Soft Drinks	We distribute products containing sugar, alternative sweeteners and other ingredients which are increasingly viewed negatively by consumers, public health and government officials, and non-governmental organisations as a result of factors such as healthy lifestyle campaigns, increased media scrutiny and greater awareness through social media. This exposes us to the risk that we will be unable to counteract this negative category perception effectively or evolve our product portfolio quickly enough to satisfy changes in consumer preferences. As a result, consumer preferences may continue to shift towards less valuable beverage segments and we could experience sustained decline in sales volume which could impact our financial results and business performance.	<ul style="list-style-type: none"> • Reducing calorie content of our products, through: <ul style="list-style-type: none"> ◦ Product and pack innovation and reformulation ◦ Managing our product-mix in favour of no and low calorie products ◦ Introducing smaller pack sizes • EU wide soft drink industry calorie reduction commitment within trade association UNESDA • Dialogue with government representatives, NGOs, local communities and customers • Employee communication and education • On-pack communication of product and nutritional information • Responsible sales and marketing
Legal and Regulatory Intervention	Our products contain certain ingredients (e.g. sugar and alternative sweeteners) and packaging components and are distributed through various channels that are subject to governmental oversight. This exposes us to the risk of regulatory changes that may adversely impact our business. As a result, we could face new or higher taxes, stricter sales and marketing controls, or other punitive actions from regulators or legislative bodies that negatively impact our licence to operate.	<ul style="list-style-type: none"> • Continued packaging sustainability programme focusing on: <ul style="list-style-type: none"> ◦ Continued drive towards higher collection and recycling rates ◦ Use of recycled and renewable materials ◦ Support for anti-litter programmes • Measures set out above in relation to changing consumer preferences and the health impact of soft drinks
Business Integration and Synergy Savings	We have a growing business integration agenda, synergy savings commitment, cultural integration and other initiatives to generate growth, which exposes us to the risk of ineffective implementation, a diversion of management's focus away from our core business, not delivering the full benefits of a single organisation and declining employee engagement. As a result, we may not realise value creation from these initiatives or execute our business plans effectively, we may experience damage to our corporate reputation, a decline in our share price, industrial action and disruption to our operations.	<ul style="list-style-type: none"> • Dedicated integration management office with leads in all BUs and Functions • Leadership Team driving alignment between BUs and Functions • Clear governance model, regular integration review ensuring effective steering, high visibility and quick decision making • Common standards for project management methodology • Regular Leadership Team and Board reviews and approvals
Cyber and Social Engineering Attacks	We rely upon a complex IT landscape, using both internally and externally provided systems which are potentially vulnerable to the increasing prevalence of security and cyber threats, as well as user behaviour. This threat profile is dynamically changing as potential attackers' skill and tools advance. This exposes us to the risk of unauthorised data access, compromised data accuracy and confidentiality, and the loss of system operation. As a result, we could experience disruption to operations, regulatory intervention, or damage to our company reputation.	<ul style="list-style-type: none"> • Proactive monitoring of cyber threats and risk assessments • Business awareness and training on information security • Business continuity and disaster recovery programmes • A programme to find and resolve vulnerabilities is in place
Market	Our success in the market depends on our ability to build strong customer relationships, to realise price increases and on the actions taken by our competitors. This exposes us to the risk that market forces may limit our ability to execute our business plans effectively. As a result, we may be unable to expand margins, increase market share, or negotiate with customers effectively.	<ul style="list-style-type: none"> • Shopper insights and price elasticity assessments • Pack and product innovation • Promotional strategy • Commercial policy • Collaborative category planning with customers • Growth centric customer investment policies • Joint customer and CCEP business development plans • Diversification of portfolio and customer base • Realistic budgeting routines and targets • Investment in key account development and category planning
General Economic Conditions	We operate in the consumer goods industry, which exposes us to the risk our customers, consumers, or the marketplace in general may be impacted by adverse changes in economic conditions, driving a reduction of spend within our category or increases in cost. As a result, we could experience lower demand for our products and not meet our growth objectives or suffer pressure on margins. The UK's planned exit from the European Union is likely to cause fluctuations in currency in a key market and could drive commercial uncertainty and loss of consumer confidence.	<ul style="list-style-type: none"> • Diversified product portfolio and the geographic diversity of our operations assist in mitigating the Group's exposure to any localised economic risk • Our flexible business model allows us to adapt our portfolio to suit our customer's changing needs during economic downturns • We regularly update our forecast of business results and cash flows and, where necessary, rebalance capital investments

Principal Risk	Definition and Impact	Key Mitigation
Alignment of Strategic Objectives with TCCC and Franchisors	We conduct our business primarily under agreements with TCCC and other franchisors, which exposes us to the risk of misaligned incentives or strategy, particularly during periods of low category growth. As a result, TCCC or other franchisors could act adversely to our interests with respect to our business relationship.	<ul style="list-style-type: none"> • The Coca-Cola Company and bottler agreements • Incidence pricing agreement • Aligned long range planning and annual business planning processes • On-going pan-European and local routines between CCEP and franchise partners • Positive relationships at all levels
Product Quality	We must adhere to strict food safety requirements to ensure our beverages are safe for consumption, while at the same time producing a wide range of products, which exposes us to the risk of failing to meet, or being perceived to fail to meet, the necessary standards resulting in compromised product quality. As a result, we could experience damage to our brand reputation and witness declining consumer sentiment towards our products.	<ul style="list-style-type: none"> • The Coca-Cola Company standards and audits • Hygiene regimes at plants • Total quality monitoring programme • Robust management systems • ISO certification • Internal Governance audits • Quality monitoring plan • Customer and consumer monitoring and feedback • Incident management and crisis resolution

These are our Principal Risks. However we are well aware of our other operational risks such as Health and Safety of our employees which are regularly monitored, mitigated and addressed as part of our daily routines. A detailed discussion of the principal and other risks follows on page 27.

Viability Statement

In accordance with provision C2.2 of the UK Corporate Governance Code (the Code), the Directors intend to assess the viability of the Group over a period of three years, which corresponds to the Group's normal long-range planning cycle. For this year, however, the Directors carried out a review covering a period of four years through December 2020. The Directors selected the four-year period for this year's assessment since it aligned with the strategic planning period that was prepared and reviewed by management and the Board in connection with the formation of the Group in 2016.

The assessment conducted considered the Group's prospects related to revenue, operating profit, EBITDA, and free cash flow. The Directors considered the maturity dates for the Group's debt obligations and its access to public and private debt markets, including its committed multi-currency credit facility. The Directors also carried out a robust review and analysis of the principal risks facing the Group including those risks that could materially and adversely affect the Group's business model, future performance, solvency, and liquidity.

Stress testing was performed on a number of scenarios including the impact of multiple scenarios happening simultaneously. In each scenario, different estimates for operating income and free cash flow were forecasted. Among other considerations, these scenarios incorporated the potential downside impact of the Group's principal risks including those related to:

- changing consumer preferences and the health impact of soft drinks
- regulatory intervention such as sugar taxes
- the Group's ability to successfully integrate and deliver synergy savings
- the risk of a significant product quality issue or recall

Based on the Group's current financial position, stable cash generation, and access to liquidity, the Directors concluded that the Group is well positioned to manage effectively its principal risks and potential downside impact of such risks materialising to ensure solvency and liquidity over the assessment period. From a qualitative perspective, the Directors also took into consideration the past experience of managing through adverse conditions that each of the predecessor companies that formed the Group had and the Group's strong relationship and position within the Coca-Cola system. The Directors considered the extreme measures the Group could take in the event of a crisis including decreasing or stopping non-essential capital investments, decreasing or stopping shareholder dividends, renegotiating commercial terms with customers and suppliers or selling non-essential assets.

Based upon the assessment performed, the Directors confirm that they have a reasonable expectation the Group will be able to continue in operation and meet all its liabilities as they fall due over the four-year period covered by this assessment.

Risk Factors

Set out below is a more detailed discussion of the principal risks and other risks facing the Group which could adversely impact us. Additional risks not currently known to us or that we currently deem to be immaterial may also adversely affect our business and financial condition.

Risks Relating to Changing Consumer Preferences and the Health Impact of Soft Drinks

Concerns about health and wellness, including obesity, could have an adverse effect on demand for some of CCEP's products, and consequently on CCEP's financial performance.

CCEP is dependent on consumer demand for its products and brands, and changes in consumer preferences toward products or brands not carried by CCEP can negatively affect CCEP's sales. Consumers and public health and government officials are highly concerned about the public health consequences of obesity, particularly among young people. In this regard, the EU Commission and EU Member States are driving the food and drinks industry to reduce the amount of sugar in products. In February 2017, the Union of European Soft Drinks Associations announced a further commitment to reduce by another 10 percent sugar in soft drinks from 2015 to 2020. Some researchers, health advocates, and dietary guidelines are suggesting that consumption of sugar-sweetened beverages is a primary cause of increased obesity rates and are encouraging consumers to reduce or eliminate consumption of such products. Increasing public concern about obesity and additional governmental regulations concerning the marketing, labelling, packaging, or sale of sugar-sweetened beverages may reduce demand for, or increase the cost of, CCEP's sugar-sweetened beverages.

Health and wellness trends have resulted in an increased desire for more low-calorie soft drinks, water, enhanced water, isotonic, energy drinks, teas, and beverages with natural sweeteners. CCEP's failure to provide any of these types of products or otherwise satisfy changing consumer preferences relating to non-alcoholic beverages could adversely affect CCEP's business and financial results.

Risks Relating to Regulatory Intervention

Legislative or regulatory changes (including changes to tax laws) that affect CCEP's products, distribution, or packaging could reduce demand for its products or increase CCEP's costs.

CCEP's business model depends on the availability of its various products and packages in multiple channels and locations to satisfy the needs and preferences of its customers and consumers. Laws that restrict CCEP's ability to distribute products in certain channels and locations, as well as laws that require deposits for certain types of packages, or those that limit CCEP's ability to design new packages or market certain packages, could negatively impact CCEP's financial results. In addition, taxes or other charges imposed on the sale of certain of CCEP's products could increase costs or cause consumers to purchase fewer of CCEP's products. Many countries in Europe, including territories in which CCEP operates, are evaluating the implementation of, or increase in, such taxes. For example, Belgium and the Netherlands have increased the excise tax on certain of CCEP's products effective 1 January 2016. The UK will introduce a sugar levy on soft drinks with effect from April 2018. The levy has been announced as being based on sugar content and to be paid by producers and importers. Between 5 grams and 8 grams of sugar per 100ml the levy will be 18p per litre and for 8 grams and over per 100ml the levy will be 24p per litre. There will be no levy on soft drinks below 5g of sugar per 100ml. In the current draft legislation, there is no exemption for smaller portions. Portugal introduced a soft drinks tax with effect from 1 February 2017.

Additional taxes levied on CCEP could harm CCEP's financial results.

CCEP's tax filings for various periods will be subject to audit by tax authorities in most jurisdictions in which CCEP will do business. These audits may result in assessments of additional taxes, as well as interest and/or penalties, and could affect CCEP's financial results.

Changes in tax laws, regulations, court rulings, related interpretations, and tax accounting standards in countries in which CCEP operates may adversely affect CCEP's financial results.

Additionally, amounts CCEP may need to repatriate for the payment of dividends, share repurchases, interest on debt, salaries and other costs may be subject to additional taxation when repatriated.

CCEP may be exposed to risks in relation to compliance with anti-corruption laws and regulations and economic sanctions programmes.

The Company and its subsidiaries are required to comply with the laws and regulations of the various jurisdictions in which they conduct business, as well as certain laws of other jurisdictions, including the United States. In particular, CCEP's operations are subject to anti-corruption laws and regulations, such as, among others, the US Foreign Corrupt Practices Act of 1977 (the FCPA), the United Kingdom Bribery Act of 2010 (the Bribery Act), and economic sanctions programmes, including those administered by the United Nations, the EU and the Office of Foreign Assets Control of the US Department of the Treasury (OFAC), and regulations set forth under the US Comprehensive Iran Accountability Divestment Act. The FCPA prohibits providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage.

CCEP may deal with both governments and state-owned business enterprises, the employees of which are considered foreign officials for purposes of the FCPA. The provisions of the Bribery Act extend beyond bribery of foreign public officials

and are more onerous than the FCPA in a number of respects, including jurisdiction, non-exemption of facilitation payments and penalties. While CCEP does not currently operate in jurisdictions that are subject to territorial sanctions imposed by OFAC or other relevant sanctions authorities, such economic sanctions programmes will restrict CCEP's ability to engage or confirm business dealings with certain sanctioned countries.

Violations of anti-corruption and sanctions laws and regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any major violations could have an impact on CCEP's reputation and consequently on its ability to win future business.

Subsequent to the integration, the Company and its subsidiaries have been working on harmonising their anti-corruption compliance programme including policies, processes and procedures to ensure compliance, to continuously improve systems of internal controls and remedy any weaknesses identified. There can be no assurance, however, that the policies and procedures, once harmonised, will be followed at all times, or effectively detect and prevent violations of the applicable laws by CCEP's employees, consultants, agents or partners. As a result of any such violation, CCEP could be subject to penalties and material adverse consequences on its business, financial condition or results of operations.

Changes in law could affect CCEP's status as a foreign corporation for US federal income tax purposes or limit the US tax benefits from CCEP engaging in certain transactions.

A corporation generally is considered a tax resident in the jurisdiction of its organisation or incorporation for US federal income tax purposes. Because CCEP is incorporated under the laws of England and Wales, it would generally be classified as a non-US corporation (and therefore a non-US tax resident) under these rules. However, section 7874 of the US Internal Revenue Code of 1986, as amended (the IRC), provides an exception under which a non-US incorporated entity may, in certain circumstances, be treated as a US corporation for US federal income tax purposes.

Under current law CCEP expects to be treated as a non-US corporation for US federal income tax purposes. However, section 7874 of the IRC and the related US Treasury Regulations are complex and there is limited guidance as to their application. In addition, changes to section 7874 of the IRC or the US Treasury Regulations promulgated thereunder could adversely affect CCEP's status as a foreign corporation for US federal tax purposes, and any such changes could have prospective or retroactive application. If CCEP were to be treated as a US corporation for US federal income tax purposes, it could be subject to materially greater US tax liability than currently contemplated as a non-US corporation.

Future changes to US, United Kingdom and other tax laws to which CCEP is subject could adversely affect CCEP.

The US Congress, HMRC, the Organisation for Economic Co-operation and Development and other government agencies in jurisdictions where CCEP and its affiliates will conduct business have had an extended focus on issues related to the taxation of multinational corporations. One example is in the area of "base erosion and profit shifting," including situations where payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. As a result, the tax laws in the United States, the United Kingdom and other countries in which CCEP and its affiliates do business could change on a prospective or retroactive basis. Any such changes could adversely affect CCEP and its affiliates and there is no assurance that CCEP will be able to maintain any particular worldwide effective corporate tax rate.

CCEP may be subject to US Federal tax withholding as a result of the subscription for CCEP shares in exchange for property.

If certain US Treasury regulations were applicable, CCEP could be treated as having received a distribution as a result of the subscription for CCEP shares by a US company. The amount of such deemed distribution could be substantial, and would be subject to US withholding tax (at a rate of 5 percent) under the United Kingdom-United States Tax Treaty. CCEP does not believe that such regulations apply under the particular facts and circumstances of the Merger. There can be no assurance, however, that the US Internal Revenue Service will not take a contrary view.

CCEP may be affected by legal and regulatory responses to global issues such as water scarcity and climate change.

Water, which is the primary ingredient in all of CCEP's products, is vital to its manufacturing processes and is needed to produce the agricultural ingredients that are essential to its business. While water is generally regarded as abundant in Europe, it is a limited resource in many parts of the world, affected by overexploitation, growing population, increasing demand for food products, increasing pollution, poor management, and the effects of climate change. Water scarcity and a deterioration in the quality of available water sources in CCEP's territories, or its supply chain, even if temporary, may result in increased production costs or capacity constraints, which could adversely affect its ability to produce and sell its beverages and increase its costs.

Political and scientific consensus indicates that increased concentrations of carbon dioxide and other greenhouse gases (GHG), which can be attributed in part to the emissions generated from businesses such as CCEP's, are leading to gradual rises in global average temperatures. This is influencing global weather patterns and extreme weather conditions around the world. Climate change may also exacerbate water scarcity and cause a further deterioration of water quality in affected regions. Decreased agricultural productivity in certain regions of the world as a result of changing weather patterns may limit the availability, or increase the cost, of key raw materials that CCEP uses to produce its products. Additionally, increased frequency of extreme weather events linked to climate change such as storms or floods in CCEP's territories could have adverse impacts on CCEP's facilities and distribution network, leading to an increased risk of business disruption.

Concern over climate change, including global warming, has led to legislative and regulatory initiatives directed at limiting GHG emissions. The territories in which CCEP operates have in place a variety of voluntary commitments to reduce GHG emissions in which CCEP participates. Proposals that would impose mandatory requirements on GHG emissions and reduction and reporting continue to be considered by policy makers. Furthermore, climate laws that, directly or indirectly, affect CCEP's production, distribution, packaging, cost of raw materials, fuel, ingredients, and water could impact CCEP's business and financial results.

Across many of its geographies, CCEP already has in place a variety of initiatives to address water impacts and reduce GHG emissions across its business and its value chain. This includes initiatives to drive energy and water efficiency, use renewable electricity and use low-carbon technologies at its manufacturing sites and initiatives to reduce the weight of its packaging and use recycled and renewable packaging materials. It also includes initiatives to add energy efficient technologies to its existing refrigeration equipment and use alternative technologies, fuels and transportation to deliver its products.

CCEP is currently reviewing its GHG reduction initiatives and during 2017 intends to set GHG reduction targets and goals that are aligned with the expectations of climate-science and the Paris climate agreement.

Commitments to reduce GHG emissions related to its business operations and potential forthcoming regulatory requirements and stakeholder expectations will necessitate CCEP's investment in technologies that improve the energy efficiency of its operations and reduce the GHG emissions related to its packaging, cold drinks equipment and transportation. In general, the cost of these types of investments is greater than investments in less energy efficient technologies, and the period of return is often longer. Although CCEP believes these investments will provide long-term benefits, there is a risk that CCEP may not achieve its desired returns.

Risks Relating to Business Integration and Synergy Savings

CCEP may not realise the cost savings, synergies and other benefits expected from the integration. In addition, the integration could cause business disruption.

The integration of three independent companies is a complex, costly and time-consuming process. As a result, CCEP is required to devote significant management attention and resources to integrating the business practices and operations of CCE, CCIP and CCEG. The integration process may disrupt the business of CCEP and, if implemented ineffectively, could preclude realisation of the full benefits expected. The failure of CCEP to meet the challenges involved in successfully integrating the operations of CCE, CCIP and CCEG could cause an interruption of some of the activities of CCEP and could have a material adverse effect on its results of operations. In addition, the overall integration of the three companies may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customer relationships, and diversion of management's attention, and may cause CCEP's stock price to decline. The difficulties of combining the operations of the companies include, among others:

- managing a significantly larger company;
- coordinating geographically separate organisations;
- the potential diversion of management focus and resources from other strategic opportunities and from operational matters;
- retaining existing customers and attracting new customers;
- maintaining employee morale and retaining key management and other employees;
- integrating three unique business cultures;
- the possibility of assumptions underlying expectations regarding the integration process proving to be incorrect;
- issues in achieving anticipated operating efficiencies, business opportunities and growth prospects;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations;
- issues in integrating information technology, communications and other systems;
- changes in applicable laws and regulations;
- changes in tax laws (including under applicable tax treaties) and regulations or to the interpretation of such tax laws or regulations by the governmental authorities;
- managing costs or inefficiencies associated with integrating the operations of CCEP; and
- unforeseen expenses or delays associated with the integration.

Many of these factors are outside of CCEP's control and any one of them could result in increased costs, decreased revenues and diversion of management's time and energy, which could materially impact CCEP's businesses, financial condition and results of operations. In addition, even if the operations are integrated successfully, CCEP may not realise the full benefits of the integration, including the synergies, cost savings or sales or growth opportunities that the parties expect. These benefits may not be achieved within the anticipated time frame, or at all. As a result, there can be no assurance that the expected synergies will be fully realised.

CCEP may have difficulty attracting, motivating and retaining executives and other key employees.

CCEP's success depends in part upon its ability to retain people who were key employees of CCE, CCIP and CCEG prior to the Merger. If there is a departure of key employees, CCEP's business may be harmed and the integration of CCE, CCIP and CCEG may be more difficult. Furthermore, CCEP may have to incur significant costs in identifying, hiring and retaining replacements for departing employees and may lose significant expertise and talent relating to the business, and CCEP's ability to realise the anticipated benefits of the merger may be adversely affected. In addition, there could be disruptions to or distractions for the workforce and management associated with activities of labour unions or works councils or integrating employees into CCEP. Accordingly, no assurance can be given that CCEP will be able to attract or retain its employees to the same extent that CCE, CCIP and CCEG were able to attract or retain their own employees in the past, or that CCEP will have the benefit of the on-going employment of current employees following the integration.

There are significant costs involved to realise the synergies.

CCEP has, and will continue to, incur significant nonrecurring costs and expenses associated with the Merger and combining the operations of the three companies. CCEP continues to incur fees and costs related to formulating and implementing integration plans, including facilities and systems consolidation costs and employment-related costs. CCEP continues to assess the magnitude of these costs, and additional significant unanticipated costs may be incurred in the integration. The incurrence of these costs may materially impact CCEP's business, financial condition and results of operations.

Miscalculation of CCEP's need for infrastructure investment could impact its financial results.

Projected requirements of CCEP's infrastructure investments, including cold drink equipment, fleet, technology, and production equipment, may differ from actual levels if CCEP's volume growth or product demands are not as anticipated. CCEP's infrastructure investments are anticipated to be long-term in nature, and, it is possible that investments may not generate the expected return due to future changes in the marketplace. Significant changes from CCEP's expected need for and/or returns on these infrastructure investments could adversely affect CCEP's financial results.

Technology failures could disrupt CCEP's operations and negatively impact CCEP's business.

CCEP relies extensively on information technology systems to process, transmit, store, and protect electronic information. For example, CCEP's production and distribution facilities and inventory management all utilise information technology to maximize efficiencies and minimize costs.

Furthermore, a significant portion of the communications between CCEP's personnel, customers, and suppliers depends on information technology. CCEP's information technology systems may be vulnerable to a variety of interruptions due to events that may be beyond CCEP's control including, but not limited to, natural disasters, telecommunications failures, additional security issues, and other technology failures. The technology and information security processes and disaster recovery plans that CCEP have in place may not be adequate or implemented properly to ensure that CCEP's operations are not disrupted. In addition, a miscalculation of the level of investment needed to ensure CCEP's technology solutions are current and up-to-date as technology advances and evolves could result in disruptions in CCEP's business should the software, hardware, or maintenance of such items become out-of-date or obsolete. Furthermore, when CCEP implements new systems and/or upgrades existing system modules (e.g. SAP), there is a risk that CCEP's business may be temporarily disrupted during the period of implementation.

Risks Relating to Cyber and Social Engineering Attacks

The occurrence of cyber incidents, or a deficiency in CCEP's cyber-security, could negatively impact its business by causing a disruption to its operations, a compromise or corruption of its confidential information, and/or damage to its brand image, all of which could negatively impact its financial results.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity, or availability of our data or information systems. More specifically, a cyber-incident is an intentional attack or an unintentional event that can include gaining unauthorised access to systems to disrupt operations, corrupt data, or steal confidential information through terrorist attacks, computer viruses and hackers. As reliance on technology increases, so will the risks posed to CCEP's systems, both internal and those it may outsource to a third party provider. CCEP's three primary risks that could result from the occurrence of a cyber-incident include operational interruption, damage to brand image, and private data exposure.

Risks Relating to the Market

CCEP may not be able to respond successfully to changes in the marketplace.

CCEP operates in the highly competitive beverage industry and faces strong competition from other general and specialty beverage companies. CCEP's response to continued and increased competitor and customer consolidations and marketplace competition may result in lower than expected net pricing of its products.

Changes in CCEP's relationships with large customers may adversely impact CCEP's financial results.

A significant amount of CCEP's volume is sold through large retail chains, including supermarkets and wholesalers, many of which are becoming more consolidated and may, at times, seek to use their purchasing power to improve their profitability through lower prices, increased emphasis on generic and other private-label brands, and/or increased promotional programmes. Additionally, competition from hard-discount retailers and online retailers continue to challenge traditional retail outlets, which can increase the pressure on all customer margins, which may then be reflected in pressure on suppliers such as CCEP. In addition, at times, a customer may choose to temporarily stop selling certain of CCEP's products as a result of a dispute CCEP may be having with that customer. These factors, as well as others, could have a negative impact on the availability of CCEP's products, as well as its profitability.

Risks Relating to General Economic Conditions

The deterioration of global and local economic conditions could adversely affect CCEP's business and/or the market price of the Company's Shares.

The global economy significantly deteriorated beginning in 2008 as a result of an acute financial and liquidity crisis. Concerns over geopolitical issues, the availability and cost of credit, sovereign debt and the instability of the Euro have contributed to increased volatility since then and diminished expectations for the global economy and global capital markets in the future. These factors, combined with declining global business and consumer confidence and rising unemployment, precipitated an economic slowdown and led to a recession and weak economic growth in many economies. This crisis had a global impact, affecting the economies in which CCEP will conduct its operations.

The performance of CCE's, CCIP's and CCEG's businesses has in the past been closely linked to the economic cycle in the countries, regions and cities where each operates. Normally, robust economic growth in those areas where CCE, CCIP and CCEG are located results in greater demand for products, while slow economic growth or economic contraction adversely affects demand for certain products and otherwise adversely affect CCEP's sales. For example, economic forces may cause consumers to purchase more private-label brands, which are generally sold at a price point lower than CCEP's products, or to defer or forego purchases of beverage products altogether. Additionally, consumers that do purchase CCEP's products may choose to shift away from purchasing higher-margin products and packages. Adverse economic conditions could also increase the likelihood of customer delinquencies and bankruptcies, which would increase the risk of uncollectability of certain accounts. Each of these factors could adversely affect CCEP's revenue, price realisation, gross margins, and/or CCEP's overall financial condition and operating results and/or the market price of the Company's Shares.

Economic growth, globally and in the EU, has recovered since then but remains fragile and subject to constraints on private sector lending, concerns about future interest rate increases, and continuing uncertainty about the ultimate resolution of the Eurozone crisis. Sovereign debt concerns, whether real or perceived, could result in limitation on the availability of capital in impacted territories, which may restrict CCEP's liquidity and negatively impact its financial results.

Continuing disruptions in the global economy and in the global markets may, therefore, have a material adverse effect on CCEP's business, results of operations and financial condition and/or the market price of the Company's Shares.

Moreover, even in the absence of a market downturn, CCEP will be exposed to substantial risk stemming from volatility in areas such as consumer spending, capital markets conditions, which affect the business and economic environment and, consequently, may affect the size and profitability of CCEP's business and/or the market price of the Company's Shares.

In addition to the international economic situation, political uncertainty could also affect CCEP. Growth of anti-EU political parties, as well as emerging political forces in member states of the EU with alternative economic policies and priorities, and concerns about independence movements within the EU, could affect the economic situation in the Eurozone and could have a material adverse effect on CCEP's business, results of operations, financial condition and cash flows.

Increases in costs, limitation of supplies, or lower than expected quality, of raw materials could harm CCEP's financial results.

If there are increases in the costs of raw materials, ingredients, or packaging materials, such as aluminium, steel, sugar, PET (plastic), fuel, or other cost items, and CCEP is unable to pass the increased costs on to its customers in the form of higher prices, CCEP's financial results could be adversely affected. CCEP uses supplier pricing agreements and derivative financial instruments to manage volatility and market risk with respect to certain commodities. Generally, these hedging instruments establish the purchase price for these commodities in advance of the time of delivery. These pricing positions are taken in-line with a Board's agreed risk policy and the impact of these positions are known and forecasted in CCEP's financial results. This may lock CCEP into prices that are ultimately greater or lower than the actual market price at the time of delivery.

Due to the increased volatility in commodity prices and tightness of the capital and credit markets, certain of CCEP's suppliers have restricted CCEP's ability to hedge prices through supplier agreements. As a result, CCEP has expanded, and expects it will continue to expand, its non-designated hedging programmes.

If suppliers of raw materials, ingredients, packaging materials, or other cost items are affected by strikes, weather conditions, speculation, abnormally high demand, governmental controls, new taxes, national emergencies, natural disasters, insolvency, or other events, and CCEP is unable to obtain the materials from an alternate source, CCEP's cost of sales, revenues, and ability to manufacture and distribute product could be adversely affected.

Additionally, lower than expected quality of delivered raw materials, ingredients, packaging materials, or finished goods could lead to a disruption in CCEP's operations as CCEP seeks to substitute these items for ones that conform to its established standards or if CCEP is required to replace under-performing suppliers.

Changes in interest rates or CCEP's debt rating could harm CCEP's financial results and financial position.

CCEP is subject to interest rate risk, and changes in CCEP's debt rating could have a material adverse effect on interest costs and debt financing sources. CCEP's debt rating can be materially influenced by factors, including its financial performance, acquisitions, and investment decisions, as well as capital management activities of TCCC and/or changes in the debt rating of TCCC.

Changes in the stability of the Euro could significantly impact CCEP's financial results and ultimately hinder its competitiveness in the marketplace.

There are concerns regarding the short and long-term stability of the Euro and its ability to serve as a single currency for a number of individual countries. These concerns could lead individual countries to revert, or threaten to revert, to local currencies, or, in more extreme circumstances, to exit from the EU, and the Eurozone may be dissolved entirely. Should this occur, the assets CCEP holds in a country that reintroduces local currency could be subject to significant changes in value when expressed in Euro. Furthermore, the full or partial dissolution of the Euro, the exit of one or more EU member states from the EU or the full dissolution of the EU could cause significant volatility and disruption to the global economy, which could impact CCEP's financial results, including its ability to access capital at acceptable financing costs, the availability of supplies and materials, and the demand for CCEP's products. Finally, if it becomes necessary for CCEP to conduct its business in additional currencies, it would be subjected to additional earnings volatility as amounts in these currencies are translated into Euros.

The UK's exit from the EU could impact CCEP's profits.

CCEP faces potential risks associated with the UK's vote of 23 June 2016 and the subsequent giving of notice by the UK government on 29 March 2017 to leave the European Union. This action could materially and adversely affect the operational, regulatory, currency, insurance and tax regime to which CCEP is currently subject. It could also result in prolonged uncertainty regarding aspects of the UK economy and damage customers' and investors' confidence. The effect of these risks, were they to materialise, could be to increase operating costs for CCEP, restrict the movement of capital and the mobility of personnel, and may also materially affect CCEP's tax position or business, results of operation and financial position.

Default by or failure of one or more of CCEP's counterparty financial institutions could cause CCEP to incur losses.

CCEP will be exposed to the risk of default by, or failure of, counterparty financial institutions with which it will do business. This risk may be heightened during economic downturns and periods of uncertainty in the financial markets. If one of CCEP's counterparties were to become insolvent or file for bankruptcy, its ability to recover amounts owed from or held in accounts with such counterparty may be limited. In the event of default by or failure of one or more of its counterparties, CCEP could incur losses, which could negatively impact its results of operations and financial condition.

Risks Relating to the Alignment of Strategic Objectives with TCCC and Other Franchisors

CCEP's business success, including its financial results, depends upon CCEP's relationship with TCCC.

More than 95 percent of our revenue for the year ended 31 December 2016 was derived from the distribution of beverages under agreements with TCCC. We sell, make and distribute products of TCCC through fixed-term bottling agreements with TCCC, which typically include the following terms:

- CCEP purchases its entire requirement of concentrates and syrups for Coca-Cola Trademark Beverages (sparkling beverages bearing the trademark "Coca-Cola" or the "Coke" brand name) and Allied Beverages (beverages of TCCC or its subsidiaries that are sparkling beverages, but not Coca-Cola Trademark Beverages or energy drinks) from TCCC at prices, terms of payment, and other terms and conditions of supply determined from time to time by TCCC at its sole discretion;
- There are no limits on the prices that TCCC may charge for concentrate, except TCCC maintains current effective concentrate incidence at the same levels that CCEP, CCIP and CCEG had in place before the Merger, provided certain specific mutually agreed metrics are achieved;
- Much of the marketing and promotional support that CCEP receives from TCCC is at TCCC's discretion. Programmes may contain requirements, or be subject to conditions, established by TCCC that CCEP may not be able to achieve or satisfy. The terms of most of the marketing programmes do not and will not contain an express obligation for TCCC to participate in future programmes or continue past levels of payments into the future;
- CCEP's bottling agreements with TCCC are for fixed terms, and most of them are renewable only at the discretion of TCCC at the conclusion of their terms. A decision by TCCC not to renew a fixed-term bottling agreement at the end of its term could substantially and adversely affect CCEP's financial results; and
- CCEP is obligated to maintain sound financial capacity to perform its duties, as required and determined by TCCC at its sole discretion. These duties include, but are not limited to, making certain investments in marketing activities to stimulate the demand for products in CCEP's territories and making infrastructure improvements to ensure CCEP's facilities and distribution network are capable of handling the demand for these beverages.

Disagreements with TCCC concerning business issues may lead TCCC to act adversely to CCEP's interests with respect to the relationships described above.

Following the Merger, CCEP may be dependent on TCCC for some period of time for certain specified business and IT services. If TCCC does not satisfactorily provide such services (should they be required by CCEP), it may adversely affect CCEP's business successes, including its financial results following the Merger.

Risks Relating to Product Quality

If CCEP, TCCC or other licensors and bottlers of products CCEP distributes are unable to maintain a positive brand image or if product liability claims or product recalls are brought against CCEP, TCCC, or other licensors and bottlers of products CCEP distributes, CCEP's business, financial results, and brand image may be negatively affected.

CCEP's success will depend on its and TCCC's products having a positive brand image with customers and consumers. Product quality issues, real or perceived, or allegations of product contamination, even if false or unfounded, could tarnish the image of the affected brands and cause customers and consumers to choose other products. CCEP could be liable if the consumption of its products causes injury or illness. CCEP could also be required to recall products if they become or are perceived to become contaminated or are damaged or mislabelled. A significant product liability or other product-related legal judgement against CCEP or a widespread recall of its products could negatively impact CCEP's business, financial results, and brand image.

Additionally, adverse publicity surrounding health and wellness concerns, water usage, customer disputes, labour relations, product ingredients, packaging recovery and the environmental impact of products could negatively affect CCEP's overall reputation and its products' acceptance by its customers and consumers, even when the publicity results from actions occurring outside CCEP's territory or control. Similarly, if product quality-related issues arise from products not manufactured by CCEP but imported into a CCEP territory, CCEP's reputation and consumer goodwill could be damaged.

Furthermore, through the increased use of social media, individuals and non-governmental organisations will have the ability to disseminate their opinions regarding the safety or healthiness of CCEP's products or CCEP's financial or tax position to an increasingly wide audience at a faster pace. CCEP's failure to effectively respond to any negative opinions in a timely manner could harm the perception of its brands and damage its reputation, regardless of the validity of the statements.

Other Risks

CCEP's business is vulnerable to products being imported from outside its territories, which adversely affect CCEP's sales.

The territories in which CCEP operates are susceptible to the import of products manufactured by bottlers from countries outside CCEP's territories where prices and costs are lower. In the case of such imports from members of the European Economic Area (EEA), CCEP will generally be prohibited from taking actions to stop such imports. In the case of imports from outside the EEA, CCEP will ask TCCC to buy-back and stop such imports where possible.

Adverse weather conditions could limit the demand for CCEP's products.

CCEP's sales are significantly influenced by weather conditions in the markets in which CCEP operates. In particular, due to the seasonality of CCEP's business, cold or wet weather during the summer months may have a negative impact on the demand for CCEP's products and contribute to lower sales, which could have an adverse effect on CCEP's financial results.

Global or regional catastrophic events could impact CCEP's business and financial results.

CCEP's business may be affected by major natural disasters, large-scale terrorist acts - especially those directed against CCEP's territories or other major industrialised countries, loss of key employees, the outbreak or escalation of armed hostilities or widespread outbreaks of infectious disease. Such events in the geographic regions in which CCEP does business could have a material impact on CCEP's sales volume, cost of sales, earnings, and overall financial condition.

Legal judgements obtained, or claims made, against CCEP's vendors or suppliers could impact their ability to provide CCEP with agreed upon products and services, which could negatively impact CCEP's business and financial results.

Many of CCEP's outside vendors will supply services, information, processes, software, or other deliverables that rely on certain intellectual property rights or other proprietary information. To the extent these vendors face legal claims brought by other third parties challenging those rights or information, CCEP's vendors could be required to pay significant settlements or even discontinue use of the deliverables furnished to CCEP. These outcomes could require CCEP to change vendors or develop replacement solutions, which could result in significant inefficiencies within CCEP's business, or higher costs, and ultimately could negatively impact CCEP's financial results.

Litigation or legal proceedings could expose us to significant liabilities and damage our reputation.

CCEP is a party to various litigation claims and legal proceedings. It evaluates these litigation claims and legal proceedings to assess the likelihood of unfavourable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, CCEP establishes reserves and/or discloses the relevant litigation claims or legal proceedings, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgement. As a result, actual outcomes or losses may differ materially from those envisioned by management's current assessments and estimates. In addition, CCEP has bottling and other business operations in markets with strong legal compliance environments. CCEP's policies and procedures require strict compliance with all laws and regulations applicable to its business operations, including those prohibiting improper payments to government officials. Those policies are supported by leadership and tone from the top, a compliance culture and training. Nonetheless, CCEP cannot guarantee that its policies, procedures and related training programmes will always ensure full compliance by its personnel with all applicable legal requirements. Improper conduct by CCEP's personnel could damage its reputation or lead to litigation or legal proceedings that could result in civil or criminal penalties, including substantial monetary fines as well as disgorgement of profits.

Increases in the cost of employee benefits, including pension retirement benefits, could impact CCEP's financial results and cash flow.

Unfavourable changes in the cost of CCEP's employee benefits, including pension retirement benefits and employee healthcare, could materially impact CCEP's financial condition or results of operations. CCEP sponsors a number of defined benefit pension plans. Estimates of the amount and timing of CCEP's future funding obligations for defined benefit pension plans are based upon various assumptions, including discount rates, mortality assumptions and long-term asset returns. In addition, the amount and timing of pension funding can be influenced by funding requirements, negotiations with pension trustee boards or action of other governing bodies.

If CCEP is unable to renew existing labour bargaining agreements on satisfactory terms, if CCEP experiences employee strikes or work stoppages, or if changes are made to employment laws or regulations, CCEP's business and financial results could be negatively impacted.

The majority of CCEP's employees are covered by collectively bargained labour agreements in the countries in which it currently operates. Most of these agreements do not expire. However, wage rates must be renegotiated at various dates through 2017. CCEP currently believes that it will be able to renegotiate subsequent agreements on satisfactory terms.

If CCEP is unable to maintain labour bargaining agreements on satisfactory terms, or if it experiences major employee strikes or work stoppages, or if changes are made to employment laws or regulations, its financial results could be negatively impacted. The terms and conditions of existing or renegotiated agreements could also increase the cost to CCEP of fully implementing any operations changes, or otherwise affect its ability to do so.

In the last two years, Spain has experienced labour unrest and work stoppages that have had a negative impact on its operations. After a long legal process, the matter is now closed from a legal perspective. There are still some small labour unrests but it is very limited and only at the Fuenlabrada site.

The maintenance of multiple exchange listings may adversely affect liquidity in the market for the Company's Shares.

The multiple listings of the Shares on the New York Stock Exchange, Euronext Amsterdam and Euronext London and on the Spanish Stock Exchanges may split trading between exchanges, which may adversely affect the liquidity of the Shares in one or more markets.

TCCC and Olive Partners hold a significant interest in CCEP and their interests may differ from or conflict with those of CCEP's public shareholders.

Approximately 18% and 34% of the Company's Shares are owned by European Refreshments (a wholly-owned subsidiary of TCCC) and Olive Partners respectively, and each of TCCC and Olive Partners possesses sufficient voting power to have a significant influence over all matters requiring shareholder approval. As a result, the Company's public shareholders have more limited influence over matters presented to the Company's shareholders for approval, including, subject to the Articles and the Shareholders' Agreement, election and removal of directors, and change-in-control transactions. The interests of TCCC and/or Olive Partners may not always align with the interests of other CCEP shareholders. If the shares owned by European Refreshments and Olive Partners were voted in the same manner on any shareholder proposal, they would control the outcome on any proposal that requires a majority vote of the Company's shareholders and, whether or not they vote in the same manner on a shareholder proposal, other shareholders will have more limited influence over proposals that require a shareholder vote and proposals that require approval of board members appointed under the terms of the Shareholders' Agreement. A majority of the members of the Board are independent and the Board understands its duties to all shareholders.

Board of Directors Directors' Biographies



Sol Daurella (Chairman)

Sol was appointed Chairman of the Board from its formation in May 2016. Sol is a member of the Nomination Committee and the Affiliated Transaction Committee.

She started her career in the Mac Group, a strategic consultancy firm, before joining her family's Coca-Cola bottling business in Spain in 1992. Since then, she has held a number of roles at various Coca-Cola bottling businesses. She was Chairman and CEO of Coca-Cola Iberian Partners S.A. and, until the end of November 2015, was a director of Vifilfell hf, the bottler of Coca-Cola in Iceland. She is currently a director of Equatorial Coca-Cola Bottling Company, S.L., North Africa Bottling Company and Fruitsal Coca-Cola SpA.

Sol is currently Chair and CEO of Cobega, S.A. and Olive Partners, S.A. and Co- Chair of Grupo Cacaolat, S.L.

Sol serves as director of Banco de Santander and is a member of the Appointments and the Remuneration Committee.

She has also held a number of positions at other public companies: from 2009 to 2014 she served as a director of Banco de Sabadell, between 2010 and 2014 she was a director of Ebro Foods, a multinational food group operating in the rice and pasta sectors and Acciona, a Spanish corporation that develops and manages infrastructure and renewable energy.

Sol has been Honorary Consul for Iceland in Catalonia since 1992 and is also involved in foundations dedicated to cancer research, health and well-being and education.

The Daurella family has been part of the Coca-Cola global system for over 60 years, since the first bottling agreement was signed in Spain in 1951, and Sol has continued and strengthened this long-standing relationship. She has a deep understanding of the business and the markets in which we operate, which she has gained through her extensive experience at Coca-Cola bottling companies in Europe in particular.



Damian Gammell (Chief Executive Officer)

Damian was appointed CEO and Director in December 2016.

Prior to his appointment as CEO, Damian served as the Company's Chief Operating Officer, having previously held the same position at Coca-Cola Enterprises, Inc. from October 2015 to May 2016. Damian has had 25 years of leadership experience in the NARTD industry and within the Coca-Cola system, holding Coca-Cola Hellenic (Ireland) and Coca-Cola Enterprises group commercial roles from 1991 to 1999, and serving as CEO of Coca-Cola Hellenic Russia from 2000 to 2004, as Group Commercial Director for Coca-Cola Amatil from 2004 to 2005, and as CEO of Coca-Cola Erfrischungsgetranke GmbH in Germany from 2005 to 2010. Damian joined the Anadolu Beverage Group in 2010, serving as Managing Director and Group President of Efes Soft Drink from 2012-2014, and later as President and CEO of Anadolu Efes S.K., from 2014-2015.

In 2009, Damian was nominated as Young Global Leader (YGL) of the World Economic Forum and has served on the healthcare committee. As YGL, he was involved in a number of global non-profit initiatives.

Damian is a graduate of the College of Marketing, Dublin. He studied for his Masters at Oxford University and HEC Paris, graduating with an MSc in Change Management.

Damian has spent the majority of his career at Coca-Cola affiliated companies around Europe, which has given him an in-depth understanding of the business and how it operates on a multinational basis. He brings this knowledge as well as extensive leadership experience to his role as CEO.



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

Tom was appointed independent Non-executive Director on 28 May 2016. He is a member of the Corporate Social Responsibility Committee and the Remuneration Committee. He currently serves as the Board's Senior Independent Director.

Tom has been Managing Partner of THJ Investments, L.P., a private investment firm, since November 2005 and, since 2008, he has also served as CEO of the Taffrail Group, LLP, a private strategic advisory firm. Tom is also a director of Universal Corporation, a leaf tobacco merchant and processor. He was a director of Coca-Cola Enterprises, Inc. from 2007 to May 2016. In addition, he has held directorships and leadership roles at a variety of companies outside the Coca-Cola system. Tom served as Chairman and CEO of Chesapeake Corporation, a speciality packaging manufacturer, from August 1997 to November 2005. He was previously a director of GenOn Corporation and Mirant Corporation, both producers of electricity, ModusLink Global Solutions, Inc., a supply chain business process management company, Superior Essex Inc., a wire and cable manufacturer, and Tumi, Inc., a manufacturer and retailer of premium luggage and business accessories.

Tom brings investment, manufacturing and distribution expertise to bear on his service as a Director, and also has extensive international management experience in Europe. His manufacturing and distribution experience is valuable to the Board, and his investment experience facilitates an in-depth understanding of the Company's finances.



Jan Bennink (Independent Non-executive Director and Affiliated Transaction Committee Chairman)

Jan was appointed independent Non-executive Director on 28 May 2016. He is Chairman of the Affiliated Transaction Committee and is a member of the Nomination Committee.

Jan has extensive general experience in the food and drink industry. From 1997 to 2002 he was President of the Dairy Division and member of the Executive Committee of Danone Group, a global producer of cultured dairy and bottled water products, and from 2002 until 2007, he served as CEO of Royal Numico, a baby food and clinical nutrition company. During 2011 to 2012, Jan was a director and Executive Chairman of Sara Lee Corporation, a food products company. Jan was the Chairman and acting CEO of D.E. Master Blenders 1753, a coffee and tea company, during 2012 and 2013.

Jan has served as director of a number of companies, including ABN AMRO Bank, a financial services company, Boots Company plc, a retail sales company, Dalli-Werke GmbH & Co KG, a manufacturer of laundry detergent products, and Kraft Foods Inc., an international food and beverage company. Jan has also held a variety of leadership roles with Joh. A. Benckiser, a manufacturer of cleaning supplies and cosmetics, and The Procter & Gamble Company, an international consumer products company.

An international business leader, Jan has extensive experience in the food and beverage industry and has served in leadership roles in manufacturing and distribution businesses that are directly comparable to our business. His understanding of markets in Western Europe, particularly in the Benelux, provides a helpful base of knowledge for the Board as a whole.



José Ignacio Comenge Sánchez-Real (Non-executive Director)

José Ignacio was appointed Non-executive Director on 28 May 2016. He is a member of the Affiliated Transaction Committee.

José Ignacio has extensive experience working with Coca-Cola companies, and has held a variety of roles with a number of Coca-Cola bottling companies, including Compañía Castellana de Bebidas Gaseosas, S.L. and Compañía Levantina de Bebidas Gaseosas, SAU, both based in Spain, and Refrige-Sociedade Industrial de Refrigerantes, S.A., a bottling company in Portugal. He also serves as director of Olive Partners, S.A., one of the major shareholders of the Company, prior to which he was a director of Coca-Cola Iberian Partners, SAU, the bottler of Coca-Cola in Iberia, and a member of that company's Executive Committee and Appointments & Remunerations Committee.

José Ignacio has broad experience serving on the boards of companies in a variety of industries and sectors. He is a director of ENCE, Energía y Celulosa, S.A., a Spanish company involved in renewable energy production with forest biomass and also a director of Compañía Vinícola del Norte de España, S.A., a Spanish winery. José Ignacio also serves as director of Ebro Foods S.A., a multinational food group operating in the rice, pasta and sauces sector; B&A, S.A., a glass packaging business; and Azora, S.A., a real estate company. He has held a variety of roles in AXA, S.A., Aguila and Heineken Spain, and was Vice-Chairman and CEO of the board of directors of MMA Insurance.

José Ignacio has spent much of his career working with Coca-Cola bottling companies, and he brings this experience to his position on the Board. He is particularly knowledgeable about the workings of the industry in Iberia, one of the key markets in which we operate, and this expertise is a valuable asset to the international strategy of the Company.



Christine Cross (Independent Non-executive Director and Remuneration Committee Chairman)

Chris was appointed independent Non-executive Director on 28 May 2016. She is Chairman of the Remuneration Committee and is a member of the Audit Committee.

Chris has owned her own consulting firm, Christine Cross Ltd, since 2003, advising international retail clients on strategy, marketing and business development. Prior to this, Chris spent 14 years at Tesco, a British multinational grocery and general merchandise retailer, during which time she held various roles, spending her last two years as Group Business Development Director where she was responsible for European business expansion.

Chris is currently a member of the board of Brambles Limited, an Australian based supply chain and logistics group; Kathmandu Holdings Limited, an outdoor performance wear retailer; Sonae - SGPS, S.A., a Portugal based conglomerate operating retail stores, real estate development, communication and IT services and tourism companies; and Hilton Food Group plc, an international added value meat company. She is also a member of the board of Fenwick, a privately owned department store business.

Chris has a wealth of experience working in the food and beverage industry, and brings this broad understanding of the business to her role as Director. Her familiarity with international business strategy, developed both from her role as consultant and from the various directorships she holds at companies around the world, is an invaluable asset offering a crucial global perspective on CCEP's activities.



J. Alexander (Sandy) M. Douglas, Jr (Non-executive Director)

Sandy was appointed Non-executive Director on 28 May 2016. He is a member of the Corporate Social Responsibility Committee.

Sandy has been involved with Coca-Cola companies throughout his career. Sandy joined The Coca-Cola Company in January 1988 as a District Sales Manager for the Foodservice Division of Coca-Cola USA. In May 1994, he was named Vice President of Coca-Cola USA and in 2000, Sandy was appointed President of the North American Retail Division within the North America Group at The Coca-Cola Company. He served as Chief Customer Officer of The Coca-Cola Company from 2003 until 2006 and as Senior Vice President from 2003 until April 2007. Sandy was President of the North America Group from August 2006 through 31 December 2012. He became Senior Vice President of The Coca-Cola Company in February 2013 and Global Chief Customer Officer in January 2013, before being appointed to his current role of President of Coca-Cola North America in January 2014. He was elected an Executive Vice President of The Coca-Cola Company in April 2015.

Sandy serves on the boards of the American Beverage Association, the Grocery Manufacturers Association, the Food Marketing Institute and the Healthy Weight Commitment Foundation. He also serves on the charity leadership boards of the East Lake Foundation, Morehouse College and National Forest Foundation.

Sandy has extensive experience of working with Coca-Cola companies, having spent the majority of his career within the Coca-Cola system. Much of that time has been spent in senior and leadership roles within The Coca-Cola Company, and as such is a key part in maintaining CCEP's close bonds with that company. Sandy's leadership experience and deep understanding of the business brings key insight to the work of the Board.



Javier Ferrán (Independent Non-executive Director)

Javier was appointed independent Non-executive Director on 28 May 2016. He is a member of the Audit Committee and the Affiliated Transaction Committee.

Javier has been Partner at Lion Capital, a consumer-focused private equity firm, since 2005 where he has worked with companies such as Orangina Schweppes, Picard and others. Before that, he spent over 20 years at Bacardi, culminating in serving as its President and CEO and prior to this appointment he had a long tenure as President Europe.

Javier was appointed Chairman of Diageo plc on 1 January 2017, having been a non-executive director since July 2016. He is also a non-executive director of Associated British Foods, a food processing and retailing company. He has served in several non-executive board positions, including on the board of SABMiller, from 2015-2016, William Grant & Sons, a spirits company that primarily sells whiskey, from 2005 to 2015, and as a director of Desigual, a privately-owned casual clothing brand, from 2014 to 2016.

Javier brings both a finance and operational background, as well as extensive experience in consumer brands and sales and marketing within the beverage industry. His broad strategic understanding of the sector and deep experience of international commercial matters within the industry is a key asset to the Board.



Irial Finan (Non-executive Director)

Irial was appointed Non-executive Director on 28 April 2016. He is a member of the Remuneration Committee and the Nomination Committee.

Irial joined the Coca-Cola system in 1981 with Coca-Cola Bottlers Ireland, Ltd., where for several years he held a variety of accounting positions, including serving as Finance Director of Coca-Cola Bottlers Ireland, Ltd. from 1984 until 1990. From 1991 to 1993, he served as Managing Director of Coca-Cola Bottlers Ulster, Ltd. in Ireland, and Managing Director of Coca-Cola bottling companies in Romania and Bulgaria until 1994. From 1995 to 1999, he was Managing Director of Molino Beverages, with responsibility for expanding markets, including the Republic of Ireland, Northern Ireland, Romania, Moldova, Russia and Nigeria. Irial was CEO of Coca-Cola Hellenic Bottling Company S.A. from 2001 until 2003, before moving to The Coca-Cola Company in 2004 to become Executive Vice President and President, Bottling Investments Group.

Irial serves on the boards of directors of Coca-Cola FEMSA, Coca-Cola Bottlers Japan Inc., The Coca-Cola Foundation, G2G Trading, Smurfit Kappa Group and the American-Ireland Fund. He also serves as non-executive director for Co-operation Ireland. Irial served as a director of Coca-Cola Hellenic Bottling Company S.A. and its subsidiaries from October 1997 to June 2016, served on the board of Coca-Cola East Japan until 31 March 2017 and served as non-executive director for Galway University Foundation until March 2017.

Irial has broad experience working within the Coca-Cola system on a global scale. He has worked with Coca-Cola companies in Europe, Africa, Asia and North America, and as such offers invaluable insight in relation to international strategy and the issues faced by a modern global company such as CCEP.



L. Phillip Humann (Independent Non-executive Director and Nomination Committee Chairman)

Phil was appointed independent Non-executive Director on 28 May 2016. He is Chairman of the Nomination Committee.

Phil has extensive experience as a director of major companies both within and outside the Coca-Cola system. He is currently a director of Equifax Inc., a credit information provider, and Haverly Furniture Companies, Inc., a furniture retailer. Phil was a director of Coca-Cola Enterprises, Inc. from 1992 to May 2016. In addition, Phil was Chairman of the Board of SunTrust Banks, Inc., a bank holding company, from March 1998 to April 2008, also serving as CEO from March 1998 until December 2006 and as President from March 1992 until December 2004.

Phil's experience as Chairman and CEO of a large financial institution provides him with expertise regarding banking and finance, as well as with leadership and consensus-building skills. In addition, his directorships provide him with an understanding of the consumer goods and services industries.



Orrin H. Ingram II (Independent Non-executive Director)

Orrin was appointed independent Non-executive Director on 28 May 2016. He is a member of the Audit Committee and the Nomination Committee.

Orrin has been President and Chief Executive Officer of Ingram Industries Inc., a diversified products and services company, since 1999. Before that, he held various positions with Ingram Materials Company and Ingram Barge Company and was co-president of Ingram Industries from January 1996 to June 1999. Orrin was a director of Ingram Micro Inc., a global information technology distributor, from 1996 until March 2014, and was a director of Coca-Cola Enterprises, Inc. from 2008 to May 2016.

Orrin's experience as an executive at companies in the wholesale, distribution, consumer goods, and transportation services industries provide him with a broad perspective on our company's operations. His experience as a director of a public company that is a global distributor has direct application to our business.



Alfonso Líbano Daurella (Non-executive Director and Corporate Social Responsibility Chairman)

Alfonso was appointed Non-executive Director on 28 May 2016. He is Chairman of the Corporate Social Responsibility Committee.

Alfonso holds a number of directorships of companies within the Coca-Cola system. As well as being a director and CEO of Cobega S.A., and Chairman of Equatorial Coca-Cola Bottling Company, S.L., Alfonso is a director of The Coca-Cola Bottling Company of Egypt and Vice-Chairman of MECC Soft Drinks DMCC, the Coca-Cola bottler for the territory of South Sudan. He has been a trustee of The Coca-Cola Africa Foundation since 2004 and, until his appointment in 2015 as director of Olive Partners, S.A., Alfonso served as a director and on the Executive Committee of Coca-Cola Iberian Partners, SAU and as Chairman of the Quality and CRS Committee of that company.

Alfonso is a member of the board of Daba, S.A. and Cacaolat. In addition, he is a member of the boards of various public organisations including the AMCHAM (American Chamber of Commerce in Spain) and the MACBA Foundation (Contemporary Art Museum of Barcelona). He has been involved with the Family Business Institute of Spain (IEF) since 1991 as a Founding Member and Secretary of the Board of Directors, and he is currently a Member of the International Commission of that organisation. He was Vice-Chairman of the European Family Business (EFB) from 2007, until his appointment as EFB's Chairman in 2015. He is also a director and treasurer of the Family Business Network (FBN).

As a member of the Daurella family, Alfonso has built on the close relationship between that family and the Coca-Cola system, and has spent much of his career working with Coca-Cola bottlers around the world. In addition, Alfonso's experience as a trustee of the Coca-Cola Africa Foundation, as well as his positions on the boards of various public organisations, give him particular insight into CCEP's impact on the wider community.



Véronique Morali (Independent Non-executive Director)

Véronique was appointed independent Non-executive Director on 28 May 2016. She is a member of the Audit Committee and the Corporate Social Responsibility Committee.

Véronique is the Chairman of Fimalac Développement ("Fimalac"), the parent company of the international financial services organisation, Fitch Group, and Chief Officer of WEBEDIA, for the digital division of Fimalac. In addition, Véronique serves as director and Vice-Chairman, Fitch Group, Inc. (USA) and Fitch Group (USA). Véronique currently serves as a director for Publicis Groupe, a French advertising and communications company, Rothschild Group, a private bank and financial institution and in 2015 joined the board of SNCF, the French national public railroad company.

Véronique was a director of Coca-Cola Enterprises, Inc. from 2010 to May 2016. In addition, she has held directorships and leadership roles at a number of public and private companies. Véronique was a director and chief operating officer of Fimalac from 1990 to 2007 and Alcatel-Lucent from 2014 to 2015. She served from 2007 to 2013 as Chief Executive Officer of Terrafemina.com, a website designed for women, which merged with WEBEDIA. She also served four years in the French Civil Service as Inspector General at the Ministry of Finance.

Véronique is also founder, ex-President and board member of Force Femmes, a non-profit organisation helping unemployed senior women.

Véronique's European business and government experience is a key asset to the Board, bringing a particular combination of political and commercial insight which is invaluable to CCEP as it navigates the complex issues faced by a modern multinational company. In particular, her business experience specific to France, where CCEP has significant operations, provides the Board with a uniquely informed European and French perspective.



Mario Rotllant Solá (Non-executive Director)

Mario was appointed Non-executive Director on 28 May 2016. He is a member of the Remuneration Committee.

Mario holds directorships at a number of companies within the Coca-Cola system. He currently serves as Vice-Chairman of Olive Partners, S.A.; Vice-Chairman and CEO of Cobega S.A.; director of Equatorial Coca-Cola Bottling Company, S.L.; and Chairman of the North Africa Bottling Company. Prior to his appointment to Olive Partners, S.A., Mario served as second Vice-Chairman and director and member of the Executive Committee of Coca-Cola Iberian Partners, SAU and as Chairman of the Appointment & Remuneration Committee of that company.

Mario has extensive experience in the food and drink industry, and is currently a director of Copesco & Sefrisa (a codfish, salmon production and commercial company); Chairman and founder of Bodegas Roda (a winery in La Rioja-Spain); Chairman of Bodegas La Horra (a winery in Ribera del Duero-Spain); and director of Agrícola Aubocasser (extra virgin olive oil elaboration in Mallorca). In addition, Mario is Chairman of the Advisory Board of Banco Santander S.A. in Catalonia.

Mario is also Co-Chairman of Conseil Economique Maroc-Espagne (CEMAES), member of the Executive Committee of Institut Catalunya-Africa (Catalonia-Africa Institute) and Foto Colectania Foundation's President and Founder.

Mario's experience as a CEO, Chairman and director of large food and beverage companies in a global context, as well as his deep understanding of the Coca-Cola system, provide him with a unique and highly valuable vision for the Board.



Francisco Ruiz de la Torre Esporrín (Non-executive Director)

Francisco was appointed as a Non-executive Director on 28 May 2016.

Francisco is CEO and managing director of Agriculturas Diversas, S.L., a company in the agro-food industrial sector. Francisco has served as a director of Olive Partners, S.A. since November 2015, prior to which he was a director and member of the Quality and CRS Committee of Coca-Cola Iberian Partners, SAU.

Francisco has broad experience in the financial sector. Previously, he worked as senior consultant at CBRE Real Estate S.A., a leading international real estate consultancy. He has also held positions at N+1, a global investment banking, asset management and investment firm as well as in Arcalia Patrimonios SV S.A., a private banking company.

Francisco is an experienced chief executive with extensive financial experience which he brings to his role as Director. His experience of business in Spain is of great value to the Board, and he has an extensive understanding of the Coca-Cola businesses from his time as a director of Coca-Cola Iberian Partners.



Garry Watts (Independent Non-executive Director and Audit Committee Chairman)

Garry was appointed independent Non-executive Director on 28 April 2016. He is Chairman of the Audit Committee and a member of the Remuneration Committee.

Garry is Executive Chairman of Spire Healthcare group, an operator of United Kingdom-based hospitals, and Chairman of BTG plc, an international healthcare company. He is also Non-executive Chairman of the Board of Foxtons, a public London-based real estate agency.

Garry is a United Kingdom chartered accountant and was previously an audit partner with KPMG LLP, an international audit, tax and advisory firm, in London. Since then, he has held a number of roles at public companies in the UK. Garry served as CFO of Medeva plc, an international prescription pharmaceutical company, from 1996 to 2000. He was CFO of SSL International, a British manufacturer and distributor of consumer healthcare products, from 2001 to 2003, before becoming that company's CEO from 2003 to November 2010. Garry was a director of Coca-Cola Enterprises, Inc. from 2010 to May 2016. He served as a director of Stagecoach Group plc, a transportation company based in the UK, until July 2016, having previously served as deputy Chairman until March 2016. He chaired its audit committee from 2009 to 2015.

Garry's extensive business experience in Western Europe, and the UK in particular, is highly valued by the Board. His expertise, experience and skills permit him to provide a unique insight into financial issues that the Company faces and qualify him to serve as Audit Committee financial expert.



Curtis R. Welling (Independent Non-executive Director)

Curt was appointed independent Non-executive Director on 28 May 2016. He is a member of the Corporate Social Responsibility Committee and the Affiliated Transaction Committee.

Curt has been a member of the faculty at Dartmouth College's Amos Tuck School of Business since January 2014. He is a Senior Fellow with a dual appointment at its Center of Business and Society and Center for Global Business and Government.

Prior to joining the Tuck School in 2013, Curt was President and CEO of AmeriCares Foundation, a non-profit worldwide humanitarian aid and disaster relief organisation, from 2002. Before that, he was CEO of Princeton eCom Corp, an electronic bill and payment company, and SG Cowen Securities Corporation, a securities brokerage firm, and held several executive and management positions with Bear, Stearns, and Co. and the First Boston Corporation (now Credit Suisse), financial advisory and services companies. Curt was a director of Coca-Cola Enterprises, Inc. from 2007 to May 2016 and a director of Sapient Corporation, a global technology services company until 2015.

Curt brings finance and business leadership skills from his career in the non-profit sector and the financial services and securities industries. His finance and transaction expertise is valuable for evaluating the Company's business performance and plans, whilst his tenure with an international aid organisation provides a well-rounded perspective regarding the impact of the Company's business on the global community.

Chairman's introduction to Governance and Directors' Report



I, as Chairman, and all my fellow Board members, are committed to strong corporate governance and Board leadership. Good governance ensures that the Board makes the right decisions for the Company in the interests of all its shareholders taking proper account of its stakeholders. This was an important part of the discussions leading up to the formation of CCEP, and a robust governance framework was embedded into the constitution of CCEP.

We have a Board which combines wisdom and experience in many different fields, drawn from a variety of backgrounds, and advised by an excellent company secretariat.

As we look forward into 2017 and beyond, we will continue to evolve our governance to meet the challenges ahead of us, including by driving greater board diversity. We will maintain a balanced corporate governance model, a model which underpins our licence to operate, and can become part of the culture that will be ours at CCEP.

Sol Daurella
Chairman

Corporate Governance Report

The Board of the Company is responsible for the Group's system of corporate governance. It is committed to strong corporate governance and leadership. The strategy and objectives of the Group are set and monitored by the Board.

As described in the Prospectus issued by the Company in May 2016 the governance framework of the Company is set out in the Company's Articles of Association and the Shareholders' Agreement which 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> as are those elements of the Shareholder Agreement that are referred to in this report).

UK Corporate Governance Code compliance

As a company with a standard listing of ordinary shares on the Official List, the Company is not obliged to comply or explain its non-compliance with the UK's Corporate Governance Code (the Code). 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 2016, the Company applied the September 2014 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>.

However, as noted in the Prospectus issued by the Company in May 2016, 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 and the Chairman are determined by the entire Board upon the recommendation of the Remuneration Committee. The Board as a whole will determine compensation (excluding the individual whose compensation is the subject of determination) 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 is at least 15 percent, 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) is at least 10 percent, 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 (as referred to in provision D.2.1 of the Code), but will have three independent non-executive directors and therefore a majority of independent non-executive directors. 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 independent non-executive directors 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 annual general meeting in 2019 and each annual general meeting thereafter, an additional three Initial INEDs will stand for election at the Company's annual general meeting to be held in 2020 and each annual general meeting thereafter and, finally, the remaining three Initial INEDs will stand for election at the annual general meeting to be held in 2021 and each annual general meeting 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 in order to ensure proper representation for the 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 UK Code and NYSE corporate governance rules

The Company is a “foreign private issuer” (FPI) for the purposes of the applicable rules of the New York Stock Exchange (NYSE) and therefore intends to follow the corporate governance practices in the UK as opposed to the requirements that would otherwise typically apply to a domestic US company listed on the NYSE. The Company is exempt from most of the NYSE rules, which US domestic companies must follow, because it is a non-US company listed on the NYSE. However the Company is required to provide an annual written affirmation to the NYSE of its compliance with the 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 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 Non-executive Directors 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 and has determined that a majority of the Board is independent.
- **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 independent Directors. 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 role and activities of the Audit Committee and the Remuneration Committee can be found in the Committees’ respective reports, later in this report. 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 their approach to remuneration policy is set out in more detail in their report, while the Audit Committee’s terms of reference are summarised in their 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 U.S. Securities Exchange Act of 1934, as amended, and Section 303A.06 of the NYSE rules. The Audit Committee is comprised only of independent non-executive directors (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 both 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 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, which were set out in writing and reviewed during the formation of the Company.
- **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 Ethics:** 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-business-conduct>. At the date of this report harmonisation of the codes of conduct that currently apply in the different companies that now make up the Group and implementing the adoption of one single code of conduct that applies to all employees across the whole Group has not been fully completed. 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.
- **Non-executive Director 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 non-executive directors to meet without the Chairman present at least annually to appraise the Chairman’s performance. There are regular meetings between the independent Non-executive Directors and also regular meetings of Non-executive Directors without management present.

Roles and Responsibilities of the Board

Ultimate responsibility for the management of the Group rests with the Board; although day to day the business is managed by the Chief Executive Officer and Leadership Team.

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. The Board has a formal schedule of matters reserved to it which is set out in writing and was reviewed during the formation of the Company.

The Board delegates certain matters to its Committees. It is anticipated that the Board will meet on six scheduled occasions during 2017 as well as holding ad hoc meetings to consider non-routine business if required.

The Board has Audit, Remuneration and Nomination Committees, whose members are set out in the meeting attendance table later in this report.

The work of the Board is also supported by the Affiliated Transaction Committee which has the responsibility to conduct the negotiation with the representatives of any party to an affiliated transaction (as defined in that Committee's terms of reference) and to engage independent advisors in respect of such transactions. No Director nominated by European Refreshments may be a member of that Committee.

The Board also reflects the seriousness with which it takes sustainability and corporate responsibility matters by having, as a main Board Committee, the Corporate Social Responsibility Committee. This Committee reviews, and makes recommendations about, the corporate, social and environmental responsibilities and sustainability activities of the Group. Other responsibilities include considering the Group's impact on the environment, marketplace, workplace and the communities in which it operates and reviewing and making recommendations to the Board about the Group's policies, programmes and practices, as well as monitoring and reviewing public policy issues which could affect the Company or the Group.

Each of these five committees has written terms of reference, which were reviewed in detail during the formation of the Company. These are available to view on the Company's website <http://ir.ccep.com/corporate-governance/governance-documents>.

The division of responsibilities between the Chairman and the CEO is set out in writing and was reviewed during the formation of the Company. 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. The CEO is responsible for executive management of the Company's business, consistent with the strategy and commercial objectives agreed by the Board.

The Code requires that the Chairman's significant commitments are included in the annual report - these are set out in her biography on page 38 and there have been no changes to them since the formation of the Company in May 2016.

Non-executive Directors provide strong, external insight to the Board and its Committees, and have a wealth of experience and business knowledge from other sectors and industries. The Senior Independent Director 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 Non-executive Directors.

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 inductions and ongoing training of Directors.

Independence of Non-executive Directors

At its meeting in March 2017, the Board considered the independence of each of the Non-executive Directors against the requirements specified in the Code and in SEC Rule 10A-3, and 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. The table below, setting out meeting attendance, also sets out the reasons why some Directors are determined not to be independent. However both the majority of Directors are independent and the majority of Non-executive Directors are independent. The appointment terms for each Non-executive Director are available for inspection at the Company's registered office. These will also be available for inspection at the Annual General Meeting.

Full biographical details of all the Board members as at 31 December 2016 are set out on pages 38 to 45.

Meeting attendance

The attendance of Directors at the Board meetings and at meetings of the Committees of which they are members held during 2016 is shown in the following table. The maximum number of meetings in the period during which the individual was a Board or Committee member is shown in brackets.

	Independent or Director nominated by Olive Partners or ER	Board of Directors	Affiliated Transaction Committee	Audit Committee	Corporate Social Responsibility Committee	Nomination Committee	Remuneration Committee
Chairman							
Sol Daurella	Nominated by Olive Partners	6 (6)	3 (3)			3 (3)	
Executive Directors							
John Brock ¹	Chief Executive Officer	6 (6)					
Non-executive Directors							
Jan Bennink	Independent	5 (6)	3 (3)			3 (3)	
José Ignacio de Comenge Sánchez-Real	Nominated by Olive Partners	6 (6)	3 (3)				
Christine Cross	Independent	6 (6)		4 (5)			6 (6)
J. Alexander M. Douglas, Jr	Nominated by ER	6 (6)			3 (3)		
Javier Ferrán	Independent	6 (6)	2 (3)	4 (5)			
Irial Finan	Nominated by ER	6 (6)				3 (3)	6 (6)
L. Phillip Humann	Independent	6 (6)				3 (3)	
Orrin H. Ingram II	Independent	6 (6)		5 (5)		3 (3)	
Thomas H. Johnson	Independent	6 (6)			3 (3)		6 (6)
Alfonso Libano Daurella	Nominated by Olive Partners	6 (6)			3 (3)		
Véronique Morali	Independent	5 (6)		3 (5)	2 (3)		
Mario Rotllant Solà	Nominated by Olive Partners	6 (6)					5 (6)
Francisco Ruiz de la Torre Esporrín	Nominated by Olive Partners	6 (6)					
Garry Watts	Independent	6 (6)		5 (5)			4 (6)
Curtis R. Welling	Independent	6 (6)	3 (3)		3 (3)		

Note

1. John Brock resigned from the Board on 28 December 2016. He was succeeded by Damian Gammell on 29 December 2016.
2. Jan Bennink, Christine Cross, Javier Ferrán, Véronique Morali, Mario Rotllant Solà and Garry Watts were not able to attend certain meetings, as indicated in the above table, due to meetings committed to prior to being appointed to the Board.

To the extent that Directors are unable to attend scheduled meetings, or additional meetings 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 in relation to 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.

During 2016, the Board was made up of the Chairman, Executive and Non-executive Directors. The majority of the Board were independent Non-executive Directors. The structure, size and composition of the Board was reviewed in detail during the formation of the Company to ensure it would be suitable for the needs of the Company's business. The current balance of the Board's skills, experience, independence and knowledge, together with regular briefings by executives below Board level, will ensure that a variety of views are considered and that a range of opinions are taken into account.

Diversity

Throughout the Group, our culture of diversity and inclusion is important and that includes the Board which has a Board diversity policy embedded within the Board selection criteria that were approved by the Board in December 2016 and can be found on the Company's website <http://ir.ccep.com/corporate-governance/overview>. 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 38 to 45). A breakdown of employee gender diversity at Board level, senior management level and for all employees across the Group is on page 21. The Nomination Committee has oversight of senior leadership succession and will take into account the importance of ethnic, gender and other diversity in discharging its duties.

Further information on Board diversity and how our policy on diversity influences our Board member selection process, can be found in the Nomination Committee Report. When the time comes to select and appoint new directors to the Board there is a formal and transparent procedure which is described in the Nomination Committee Report. The Nomination Committee considers each candidate on their individual merits, in accordance with the Board selection criteria. The Board is aware of the work of the Parker Review Committee on ethnic diversity and its recommendations for greater ethnic diversity on boards by 2021 and the recommendations in the Hampton-Alexander report on improving gender balance, and has taken this into account in setting its selection process and succession criteria. The Board aims to have 33 percent of women directors by 2020.

Board effectiveness

The Board holds regular scheduled meetings throughout the year. At each meeting the Board receives certain regular reports, including an update from the CEO on current trading in the business and from the Company Secretary on governance matters. The Board also has a forward planning programme so that there will be updates during the year on topics such as safety, quality, health and environmental matters. Comprehensive briefing papers are circulated to all Directors approximately one week before each meeting.

Board meetings are held in a variety of locations, reflecting the international nature of our business. In 2017 these meetings are scheduled to be held in Spain and Germany, as well as in the UK. This will enable all Board members to gain a greater appreciation of some of the different countries in which the Group operates. In addition, the Chairman and Non-executive Directors meet regularly without the Executive Director being present.

Activities during the year

During the year, as part of its regular business, the Board received regular updates from the CEO, CFO, Chief Operating Officer and Chief Strategy Officer, being the vice president in charge of integration on delivery of the business plan, and other financial and operational performance matters. As well as reviewing capital expenditure plans, the Board has oversight of major capital expenditure decisions. The Board considered the strategy for CCEP and reviewed and approved the business plans to deliver it. The Board had oversight of the CEO succession process. It also reviewed key governance matters.

It undertook both market and plant visits in many of the countries of the Group's operation including Spain, France, Germany, Norway and Sweden.

Board evaluation

The Board intends to conduct a review of its performance and effectiveness, and that of its committees and individual Directors each year, the first such evaluation being in early 2017. The main areas considered were:

- time management;
- Board support;
- risk management and internal control;
- succession planning and human resource management; and
- priorities for strategic development.

The evaluation was conducted by means of an externally facilitated questionnaire followed by a series of one-to-one interviews between each Director and the Senior Independent Director, Thomas H. Johnson. The questionnaire was 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 results of the evaluation were considered by the Board at its meeting in March 2017. No significant issues were highlighted and the review indicated that the Board, its committees, the Chairman and each of the Directors are working efficiently and effectively. The Board agreed a plan of action to reinforce good working practices to improve the efficiency of the Board and allow it more time to focus on important business. This included ensuring that all papers were well written and submitted in good time, clearly stating the decisions to be made or questions for the Board. Additional training will be provided as requested by board members. The Senior Independent Director also led a performance review of the Chairman, taking into account the views of the other Directors.

The Board has confirmed that the contribution of each of the Directors continues to be effective and that shareholders should be supportive of the reappointment to the Board of those Directors standing for re-election or election at the AGM.

The Board will keep under review its procedures as they develop in 2017 to ensure their effectiveness and will monitor and assess how it spends its time so that it can continue to improve and refine the focus and balance of its meetings. The output of the Board evaluation will also be taken into account in the Board's forward planning of future meetings.

Induction, information and professional development

A comprehensive induction programme is available to new Directors. Each induction programme is tailored to the requirements of the individual Director and is phased to allow feedback and further customisation of the meetings and other development activities. In the case of Damian Gammell, his induction programme, following his appointment to the Board in December 2016, has a different focus to that offered to Directors who are new to the Coca-Cola system.

Training in specific aspects of the Company's businesses is regularly provided to Non-executive Directors. Plant and market visits are included in the regular cycle of scheduled Board meetings. The Board's forward planning programme has time set aside for the Directors to be briefed on topical issues at Board and Committee meetings, as well as on relevant commercial, legal and regulatory developments. All Directors are encouraged to update their individual skills, knowledge and expertise. There is also an agreed procedure whereby Directors may take independent professional advice at the Company's expense in the furtherance of their duties.

The Board receives regular reports and feedback from discussions with the Company's institutional shareholders and is informed of any issues or concerns raised by them. This process allows Directors to develop necessary understanding of the views of these shareholders and also enables the Board to judge whether investors have a sufficient understanding of the Company's objectives. In addition copies of analysts' notes are also made available to the Board for their background information.

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 a number of Board members have were set out in the Prospectus. Sol Daurella is the representative of the legal entity that is the chief executive officer of, and the representative of the legal entity that is the chairman of, Cobega, as well as a shareholder of Cobega, and Alfonso Libano Daurella is a director and also the representative of the legal entity that is the chief executive officer, as well as a shareholder of Cobega. Mario Rotllant Solá is vice-chairman and the representative of the legal entity that is the chief executive officer of Cobega. Sol Daurella and Alfonso Libano 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 Libano Daurella are indirect shareholders of Daufood U. Lda., a subsidiary of Cobega that has a commercial agreement with CCEP for the purchase of Coca-Cola products. CCEP also currently has agreements in place for the supply of Coca-Cola products to Gadivsen, S.A., the vending company. Delivra, S.L. and Gadisven, S.A., both subsidiaries of Cobega, provide equipment maintenance services to CCEP. Sol Daurella and Alfonso Libano 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 J. Alexander M. Douglas, Jr also hold various roles within (including as employees of) TCCC. Véronique Morali is the chairman of Fimalac Développement (Fimalac), the parent company of the international financial services organisation, Fitch Group, a financial services holding company, and she is 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 such 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.

Internal control procedures and risk management

The Board has overall responsibility for the Company's system of internal control and for reviewing its adequacy and effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and aims to provide reasonable but not absolute assurance against material misstatement. In order to discharge that responsibility in a manner that ensures compliance with laws and regulations and promote effective and efficient operations, the Board has established an organisational structure with clear operating procedures, lines of responsibility and delegated authority.

The Audit Committee reviews the adequacy and effectiveness of the Company's internal control policies and procedures for the identification, assessment and reporting of risks.

The Company's internal control procedures include Board approval for significant projects, transactions and corporate actions. All major expenditures require either senior management or Board approval at the appropriate stages of each transaction. A system of regular reporting covering both technical progress of such matters and the state of the Company's financial affairs provides appropriate information to management to facilitate control. The Board reviews, identifies, evaluates and manages the significant risks that face the Company.

As is appropriate for a new entity the Company is developing a Group-wide approach to risk management and internal control activities and the reporting of them. This includes reviewing and adapting approaches taken in the past by entities now within the Group. More information about the Group's approach to risk, the Group's risk management programme and the mitigations in place in relation to the principal risks and uncertainties that could impact the Group's strategic priorities is set out in this Annual Report on pages 24 to 35, together with the Company's viability statement and discussion about risk factors that the Group takes into account.

Executive remuneration and risk

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 independent Non-executive Directors 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.

Relations with shareholders

The Board is committed to communicating with shareholders and stakeholders in a clear and open manner. It seeks to ensure effective engagement through the Company's regular communications, the AGM and other investor relations activities. In conjunction with the regular quarterly earnings announcements, presentations or teleconference calls were held with institutional investors and analysts. Recordings of these are available on the Group's website in <http://ir.ccep.com/events-and-presentations/events>, together with copies of any presentation materials issued.

As a new company our shareholder engagement objectives include developing shareholders' understanding of our business and strategy, as well as articulating our investment proposition transparently to all our shareholders.

The Chairman, Senior Independent Director and Committee Chairmen will be attending the Company's 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.

Nomination Committee Chairman's Letter



Dear Shareholder,

I am pleased to present the first report of the Nomination Committee.

The Nomination Committee has met three times during 2016 since the inception of CCEP on 28 May 2016. All meetings of the Nomination Committee have had full attendance by the Committee members. The attendance of Directors at meetings held during 2016 of the Committees of which they are members is shown in the table in the Corporate Governance Report on page 50. The Committee's terms of reference are available to view on the Company's website <http://ir.ccep.com/corporate-governance/governance-documents>. The main responsibilities of the Nomination Committee (as set out in the terms of reference) relate to the Committee's annual review of the Company's corporate governance guidelines; establishing criteria for selecting candidates for proposing to the Board for the role of CEO, Senior Independent Director, independent Non-executive Directors and, in the circumstances where the Committee has a role in the selection of a candidate, for the role of Chairman of the Board; overseeing the evaluation of the Board; and considering succession planning for Directors (other than Directors nominated by European Refreshments or Olive Partners).

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

L. Phillip Humann
Chairman of the Nomination Committee

11 April 2017

Nomination Committee report

The role of the Nomination Committee

The main matters of business for the Committee since 28 May 2016 have been CEO succession planning, approach and policy framework including succession criteria for Directors, and succession planning for the business leadership. Further information about the Board and Board committees' evaluations is set out in the Corporate Governance Report, which also includes a list of the Committee's members, more information about the Group's approach to diversity and confirmation of which of the Non-executive Directors are determined to be independent.

CEO succession

The Nomination Committee discussed and oversaw the process for CEO succession during 2016, working closely with the then CEO and the Chairman. It considered all possibilities and took into account the range of skills required of the CEO, both in the immediate future and expected to be required over the longer term. The Committee confirmed that Damian Gammell, who had been recruited to CCE with a view to providing a successor to John Brock, was a very strong candidate and the appropriate successor. John Brock had proved an outstanding CEO for CCE and was able to see CCEP successfully into its first year and Damian Gammell is proving an appropriately strong successor.

John Brock had been clear from the outset that he expected to leave the business by May 2017. He engaged with the Nomination Committee on considering timing of his departure as well as ensuring that his successor was well placed to succeed. The Nomination Committee, with the advice of the Company Secretary and external advisers, Hogan Lovells (with whom the Company has no other connection), recommended a process to the Board for finalising this and it was decided that this should take place at the end of 2016. The CEO then engaged closely with his proposed successor to put in place all that was necessary for a smooth and seamless handover. John Brock, the outgoing CEO, will remain available on a consultancy basis to assist and advise. (As noted in the Remuneration Report he is not receiving any additional compensation for providing these services.)

Succession criteria

The Board was constituted on the coming into existence of the Company on 28 May 2016 and so it is not expected to see material turnover in Non-executive Directors until the end of the first three year terms (as noted in more detail on page 47 of the Corporate Governance Report). However, the Nomination Committee has considered its selection criteria so as to be ready to deal with any casual vacancies and to set the tone for the approach to recruitment at a senior level.

The Board has approved the selection criteria recommended by the Nomination Committee and these are set out on the CCEP website <http://ir.ccep.com/corporate-governance/overview>. In considering the criteria the Nomination Committee discussed the importance of diversity of viewpoint and of background including gender and ethnic diversity, as well as the skills and experience necessary to enable the Board to discharge its duties. The Board aims to have 33% of women directors by 2020.

The Committee and the Board are well aware of the importance of having members who facilitate the discharge of the Board's duties under section 172 of the Companies Act, including consideration of stakeholder interests.

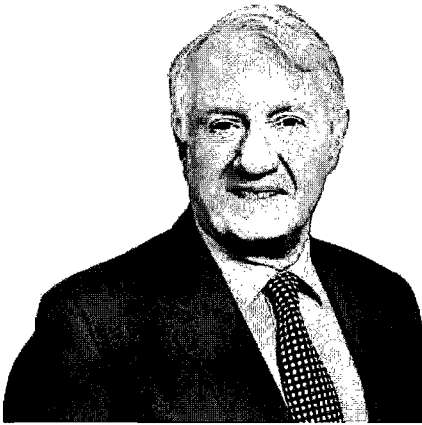
Executive leadership succession

A strong executive leadership team has now been put in place for CCEP with a good mix of knowledge of the Coca-Cola system and other relevant experience. A framework has been set up to promote a good development pipeline for talent. The Nomination Committee will in the course of its meetings in 2017 look at diversity in action in the business and encourage the executive to enable all colleagues, regardless of background, to make the best contribution they can to the business.

L. Phillip Humann
Chairman of the Nomination Committee

11 April 2017

Audit Committee Chairman's Letter



Dear Shareholder,

I am pleased to present the report of the Audit Committee for the year ended 31 December 2016 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.

Since the Group was formed on 28 May 2016, the Audit Committee has met six 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 Financial Officer, Chief Accounting Officer and Group 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 year, we have focused extensively on overseeing the transition and integration of processes from each of the three legacy companies to a Group-wide approach relating to key areas such as financial reporting and accounting, internal audit and control, ethics and compliance, enterprise risk management and business continuity management. The transition and integration is ongoing and builds on the processes and controls of the legacy companies while taking into account the complexity of the regulatory requirements of the Company's multiple stock exchange listings and those associated with being a US Securities and Exchange Commission (SEC) foreign private issuer (FPI).

It is also important to note that as chairman of the CCE Audit Committee prior to the Merger, I have benefited from continuity throughout the year and believe the experience with CCE leading up to the Merger has allowed me and our Committee to quickly get up to speed on key management issues related to the integration, financial reporting, internal controls and risk management.

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

11 April 2017

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 were subject to detailed preparation at the time of the Group's formation and will be reviewed annually. They 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, the Audit Committee makes recommendations to the Board for it to put to the shareholders for approval at the general meeting regarding the appointment, reappointment and removal of the Group's external auditors;
- monitoring and reviewing the external auditor's independence and objectivity and their effectiveness;
- agreeing the scope of both the internal and the external auditor's annual audit programmes and reviewing their output;
- 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; and
- 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 consumer goods sector in which the Group operates. In accordance with the NYSE rules for 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 meets the requirements of the SEC Rule 10A-3 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 and has recent and relevant financial experience as recommended by the Code. The attendance of Directors at meetings held during 2016 of the Committees of which they are members, including the Audit Committee, is shown in the table in the Corporate Governance Report on page 50.

Activities of the Audit Committee during the year

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.

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 26.

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 auditor on their findings.

The significant matters impacting the financial statements that the Committee considered during 2016 are summarised below including certain issues arising from the specific circumstances of the formation of the Group in 2016. In summary, the Committee concluded after discussion that the judgements and estimates made on each of the below issues it considered were appropriate and acceptable.

Significant Financial Reporting Matters Considered by the Committee
<p>Business Combination</p> <p>In connection with the formation of the Group, a significant judgement was taken as to which of the three legacy entities was deemed to be the accounting acquirer under IFRS 3, "Business Combinations." Management reviewed with the Committee key factors it considered in making the judgement including, but not limited to, pre-Merger minority voting interests, relative voting rights in the combined entity, governing body composition for the combined entity included the number of Directors, key management personnel, and the relative value of assets, revenues, and earnings of the combined entity. Based on the analysis performed, CCE was deemed to be the accounting acquirer and, as a result, CCE's financial results became the historical financial results of CCEP, and the Group applied the acquisition method of accounting to the businesses of CCIP (Iberia) and CCEG (Germany) at the date of the Merger. The Group has engaged a third party specialist firm to support the required valuation work and significant judgements and estimates have been used to allocate the correct values for each of the acquired businesses. The valuation effort has been a large undertaking and the Committee has received and reviewed regular progress updates from management throughout the year. The Committee noted that amounts recorded as of 31 December 2016 are still provisional and will be finalised no later than 27 May 2017.</p>
<p>Initial Accounts and FPI Reporting</p> <p>Since the Group was formed on 28 May 2016, this year represents the new Group's first set of Annual Accounts and its initial SEC Form 20-F filing. Significant effort has been required on the part of management to ensure accurate and timely external reporting. CCE, as the accounting predecessor to the Group, was required to transition from U.S. generally accepted accounting principles (U.S. GAAP) to International Financial Reporting Standards (IFRS) as of 1 January 2014 (the transition date). Initial elections and policy decisions under IFRS 1, "First Time Adoption of IFRS", were required. During the year, the Committee dedicated a considerable amount of time to reviewing and discussing key reporting issues with management with a focus on the integrity of the financial statements, compliance with UK and US requirements and whether the Annual Report taken as a whole presented a fair, balanced and understandable assessment of the Group's performance.</p>
<p>Customer Marketing Agreements and Sales Incentives</p> <p>The Group participates in various programmes and arrangements with customers designed to increase the sale of products. Among the programmes are arrangements under which allowances can be earned by customers for attaining agreed-upon sales levels or for participating in specific marketing programmes. During 2016, the costs of these various programs, included as a deduction from revenue, totalled approximately €2.5 billion. 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 with management all key judgements and estimates applied by management during the period and any relevant information on significant or abnormal movements in accrual balances, if applicable.</p>
<p>Tax Accounting and Reporting</p> <p>The Group evaluated a number of complex tax matters during the year, including those associated with the definition and implementation of the tax strategy of CCEP and the review of the tax risks pre- and post-Merger. In particular, the Group assessed the potential impacts of new legislative developments in the US and in Europe on CCEP's effective tax rate, the deferred tax inventory and direct and indirect tax provisions in all jurisdictions and the potential new exposures that may be triggered by the creation of CCEP. The Committee received information from management on the critical aspects of tax matters impacting the Group, considered the information received, and gained an understanding of the level of risk involved with each significant conclusion.</p>
<p>Restructuring and Integration Costs</p> <p>The Group recorded a significant amount of integration cost and restructuring provisions during the year. The restructuring provisions relate to initiatives that were both in-flight at the time of the Merger and those announced after the Merger. The Group will incur significant restructuring costs to deliver the synergy savings of the Merger. Throughout the year, the Committee received regular updates from management on the status of restructuring programmes including cost incurred and synergy tracking. In addition, the Committee gained an understanding of the Group's key processes and governance for tracking and monitoring restructuring activities and reviewed the Group's restructuring provision balance as of 31 December 2016 and disclosures in the financial statements.</p>
<p>Related Party Disclosures</p> <p>The Group evaluated its related party disclosures under IAS 24, "Related Party Disclosures." The Group has a large number of related parties due to the ownership structure of the shareholders of the Company's two largest equity shareholders, Olive Partners (34 percent), which is partly owned by the Cobega Group, and European Refreshments (18 percent) which is a wholly-owned subsidiary of TCCC. During the year, the Group reviewed with the Committee its related party identification process and the implementation of a number of process and control enhancements to ensure the completeness of the Group's related party listing and transactions with related parties. The Committee was comfortable with the process put in place and reviewed with management the Group's related party disclosures in the financial statements.</p>
<p>Segmental Reporting</p> <p>The Group performed an evaluation of its segmental reporting under IFRS 8, "Operating Segments," following the Merger and again when the Group's CEO retired on 28 December 2016. The Group operates in a single business activity, which is the selling, making and distributing ready to drink beverages. The Group has a homogeneous product portfolio across its geographic territories in Western Europe and the Group's Chief Operating Decision Maker (CODM) allocates resources and evaluates performance at a consolidated level and, therefore, the Group has one operating segment. The Committee reviewed management's analysis of the relevant accounting standard and discussed various aspects of the analysis, including the designation of the Board as the CODM. The Committee also reviewed and evaluated the information provided to the CODM on a routine basis noting that it was on a consolidated level and, therefore, agreed with management that the Group has one operating segment.</p>

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 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, the fees, and areas of responsibility and the work to be undertaken by the external auditor, and agreed the fees payable in respect of the 2016 audit work. Details of the amounts paid to the external auditor for their audit services are given in Note 16 to the consolidated financial statements.

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 AGM. As a result of its work during the year, the Committee has concluded that it acted in accordance with its terms of reference and has ensured the independence and objectivity of the external auditor.

The Committee reviewed and approved the scope of non-audit services provided and proposed 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.

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 Committee chairman is required prior to awarding contracts for non-audit services to the external auditor, where in excess of specified amounts.

Internal audit

The Committee reviewed and approved internal audit's audit plan for the year and agreed its budget and resource requirements. It noted and approved changes to the audit plan arising from the Merger. The Committee received and discussed regular reports from the Chief Audit Executive summarising audit findings and recommendations and describing actions taken by management to remediate issues identified. The Committee also reviewed the progress on implementation of prior recommendations.

Areas of assurance focus during the year included: management of the order to cash process; field sales execution and monitoring; HR data management; IT transition as well as progress towards Group-wide compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 relating to the documentation and testing of internal controls over financial reporting.

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 US Sarbanes-Oxley Act of 2002, specifically Sections 302 and 404, as it applies to a US foreign private issuer listed on a US exchange. Since this was the Group's first year in existence, the Group was not required to report on the design and operating effectiveness of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act. However, management was required to maintain proper internal accounting controls and disclosure controls and procedures under applicable US securities laws and to maintain internal controls to the standards required by the UK Governance Code.

The Group and the Committee are committed to having a strong internal control environment and understand the benefit that a comprehensive and well-designed set of controls has on ensuring the reliability of the Group's financial statements. As such, while not explicitly required under Section 404, during 2016, the Group maintained a consistent and continuous approach to internal control procedures and activities for the Group's legacy businesses, CCE and CCEG, which were previously subjected to Section 404 prior to the Merger. Additionally, the Group reviewed, evaluated, and implemented the controls necessary at a Group level such as those related to IT system access and consolidating the Group's financial statements.

Furthermore, the Group performed a comprehensive initial evaluation on the internal control environment 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 evaluation included gaining an understanding of the material financial statement risks, documenting existing processes, and, with support from Internal Audit, performing an initial review and validation of the design and effectiveness of existing controls over material risks. The Group has developed a robust action plan and is in the process of implementing remediation actions where necessary.

Implementing a system of internal control across the Group, including the required documentation to meet the standards set forth in Section 404, is time consuming and complicated. The Committee has been monitoring the progress of the implementation throughout the year and is satisfied with management's progression. It will continue to be a main focus area for the Committee throughout 2017.

Further information about the Group's risk management and internal control processes is set out on page 53. 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 2017 and to be reviewed by the Board and its committees.

IT transition and other matters

During the year, the Committee spent a considerable amount of time discussing and reviewing several key areas related to IT. Principally, the Committee focused on three main topics: (1) the transition of key IT roles and activities from the Group's Atlanta office to Europe; (2) the process of stabilising the Group's business in Great Britain after it was affected by temporary supply chain disruptions related to the implementation of new software programmes and processes early in the year; and (3) the Group's processes and procedures related to managing cybersecurity risk. Throughout the year, management provided regular updates on each one of these topics to the Committee.

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 2017

The Audit Committee, like the other Committees of the Board, has a process for forward 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 2017, we expect to focus on a number of key items including the following:

- The Group's first SOX 404 evaluation and certification of internal control over financial reporting;
- The finalisation of acquisition accounting and the Group's progress on accounting process harmonisation;
- Monitoring of restructuring and integration activity, including the transition of transactional processing activities from Germany to the Group's shared services centre in Sofia, Bulgaria;
- IT matters, including cybersecurity; and
- The further development of the Group's enterprise risk management framework and compliance programmes.

Additionally, there are some areas where management is assessing the possible impact on its future financial statements of changes to accounting standards that will come into place in future years. In particular this is the case for IFRS 15, "Revenue from Contracts with Customers", and IFRS 9, "Financial Instruments", which are both effective for the Group from 1 January 2018, and IFRS 16, "Leases," which is effective for the Group from 1 January 2019.

Garry Watts
Chairman of the Audit Committee

11 April 2017