Statement from the Remuneration Committee Chairman

Dear Shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for CCEP (or the Group) for the year ended 31 December 2020. This includes a summary of our remuneration policy (page 95) which was approved by over 99% of our shareholders at the 2020 AGM and our Annual report on remuneration (ARR), which sets out how we implemented the policy during 2020 and how we intend to do so in 2021, and will be subject to an advisory vote at our 2021 AGM.

Resilience in the face of COVID-19

Like all businesses, 2020 was an extraordinary year for CCEP which presented a number of challenges.

Throughout the pandemic we prioritised the wellbeing and safety of our people and the continuity of service to our customers. This included pulse surveys to better understand people's experiences and needs, the launch of the Coronavirus Support Hub to provide tools and guidance to support their wellbeing as well as implementing wellbeing training, which reached over 5,300 employees.

We continued to implement salary increases for employees in 2020 and the vast majority of employees remained on full pay throughout the year, with government support schemes only used in countries where it was in line with local legislation and general market practice to do so (e.g. no UK Government support was received). Incentive schemes for front line workers remained in place and continued to pay out.

In respect of business performance, despite the impact of COVID-19 we remained agile and showed resilience, which is reflected in our financial and sustainability performance indicators.

SEE OUR KEY PERFORMANCE INDICATORS (KPI) ON **PAGES 2–3**

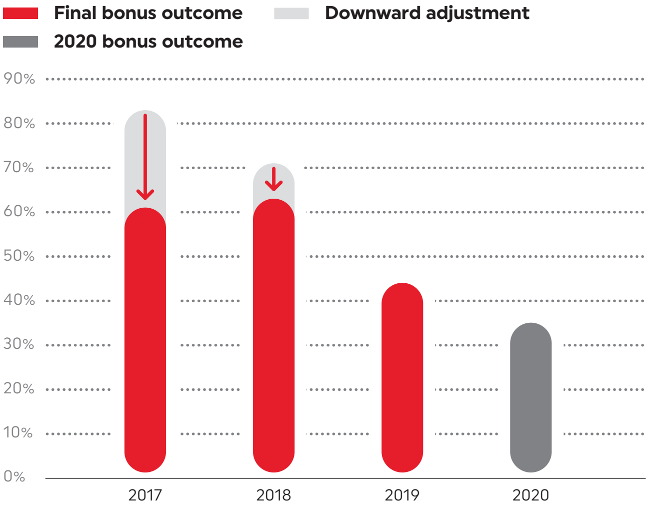
Our objective was to protect the short term without compromising the long term. Discretionary operating expenditure (opex) and capital expenditure (capex) savings of €260 million and around €200 million respectively helped us generate strong free cash flow of €924 million which, supported by a solid balance sheet, enabled us to maintain our full year dividend payout ratio for shareholders, who also benefitted from resilient share price performance. Continued investment, especially in digital, sustainability and our portfolio, put us in a stronger position as we move into 2021.

Aligning remuneration to performance

For the Remuneration Committee, a key challenge was to ensure that remuneration outcomes for our people continued to reflect our underlying philosophy. In particular, incentive schemes should deliver outcomes which align with business performance (in the context of COVID-19) and appropriately reflect the experiences of shareholders and wider stakeholders, whilst also continuing to act as an incentive to engage our people to deliver the best possible results.

All of our incentive schemes utilise stretching performance targets, set at the start of the relevant period, and are designed to drive performance in the context of prevailing expectations for the business. At the same time, in line with best practice, our schemes all include discretionary provisions which allow the Committee to adjust the formulaic result to ensure that the outcome delivered to participants is a fair and appropriate reflection of performance over the period. To date, the Committee has used these discretionary provisions to reduce incentive outcomes below the formulaic result, reducing the CEO's bonus outcome in two of the three financial years since CCEP's listing (as shown in the chart on the next page).

Examples of previous Remuneration Committee discretion
Annual bonus outcome (% of max)



In respect of 2020, the Committee has again exercised discretion to ensure the outcomes provided a fairer reflection of performance delivered. This required an upward adjustment to the formulaic outcomes. While the Committee believes this is the right thing to do in respect of the participants of these incentive programmes, we recognise it is relatively unusual and have therefore set out our thinking in detail in this letter and in further detail in the remainder of the ARR. This fulsome disclosure also reflects the feedback we received from shareholders and proxy advisors we consulted in early 2021 on the principle of applying discretion to these incentive outcomes.

Remuneration outcomes for 2020

Annual bonus

For our front line employees, incentive arrangements continued to operate and pay out across the year as normal.

For our management incentive programme (applicable to around 5,400 colleagues), it became apparent that in the context of the impact of the pandemic, the 2020 annual bonus plan was no longer acting as an effective incentive as the performance targets were no longer relevant. For these participants (excluding the CEO) we developed and launched the Accelerate Profit Performance Plan (APPP) to focus and incentivise participants on delivering strong business performance and value for shareholders during the second half of the year. This replaced the original 2020 annual bonus.

Under the APPP, target opportunities were initially reduced by 50%, reflecting the half yearly nature of the scheme, followed by a further reduction in the maximum Business Performance Factor (BPF) from 2.0x to 1.5x. Performance was simplified to focus on stretching operating profit targets with a revenue underpin aligned with business priorities for the second half. The plan was successful in engaging and motivating colleagues to deliver the strong second half performance as the business navigated the fallout from the pandemic.

In respect of the CEO, the Committee gave careful consideration to the extent to which any discretionary bonus payment should be made taking into account a wide range of factors which included:

- The pay out level for the 5,400 participants in the APPP and the key principle of CCEP's remuneration philosophy that a consistent and aligned policy should operate across the management team and the wider organisation
- The overall financial, operational and strategic performance of the business, including the response to COVID-19
- The shareholder and wider stakeholder experiences throughout the year
- The principles we had applied when exercising negative discretion in respect of bonus pay outs in two of the previous three years
- The exceptional leadership and individual performance of the CEO over the year, reflecting current business needs and strategic planning including acquisitions

Taking all these factors into account (further details of which are provided on pages 98–99 of the ARR), the Committee determined a pay out for the CEO of 35% of maximum which is an appropriate reflection of performance over the period, directly aligned to the pay out received by the other 5,400 employees under the APPP and is the lowest outcome achieved since our listing in 2016.

2018 Long-Term Incentive Plan (LTIP)

The 2018 LTIP award, granted in March 2018, was subject to EPS and ROIC performance targets over the three year period to 31 December 2020. Around 200 senior executives and management participated in the scheme, including the CEO.

Based on the strong performance delivered by the business in 2018 and 2019, the vesting of this award had been tracking at 110% of target. However, due to the impact of COVID-19 in 2020, the original stretching performance targets could no longer be met over the full three year period and the formulaic result was zero vesting.

Given the strong performance for over two thirds of the performance period and the unanticipated impact of the pandemic being largely outside management's control, the Committee decided to undertake a holistic assessment of overall performance over the three year period to determine an appropriate vesting level for all participants. The range of reference points considered included:

- Performance of the business in 2018 and 2019, against the original targets and in a broader sense
- Financial, operational and strategic achievements of the business over the three year period
- Overall shareholder and stakeholder experiences over the three year performance period, including dividends and share price

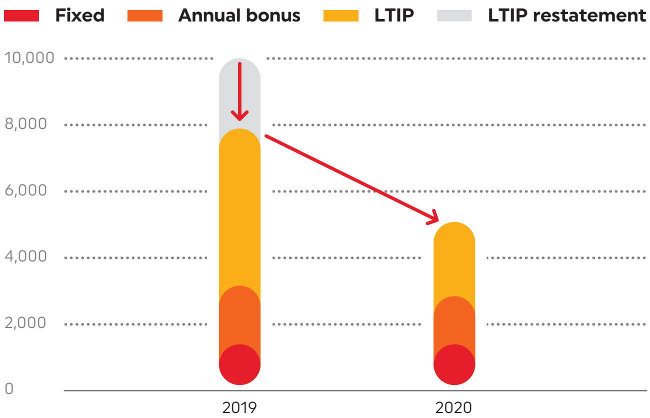
Taking all these factors into account, which are explained in more detail on pages 99–100 of the ARR, the Committee exercised discretion to determine a final vesting level of 37% of maximum. This was determined by applying the performance achieved for 2018 and 2019 (55% of maximum) on a pro rata basis and 0% vesting in respect of the final year of the performance period. The Committee concluded that this fairly reflected overall performance over the three year period and incorporated no benefit in respect of 2020 performance. This outcome was applied consistently to all participants, including the CEO.

Significant reduction in CEO single figure

In 2019, the CEO's single figure of remuneration was disclosed as £10.0 million (restated this year to £7.8 million to reflect the actual value of the 2017 LTIP received at the date of vesting). This year's single figure of £5.1 million is significantly lower, reflecting the material year on year reduction in the pay out level of both the bonus and the LTIP. The Committee believes this overall outcome is a fair and appropriate reflection of performance of the business and the CEO over both the short and long term.

Significant year on year reduction in total remuneration received

Single figure of remuneration (£000)



LTIP sustainability targets

Sustainability is a key part of our long-term strategy and it is considered important that long-term management incentives are aligned with this ambition. For 2020 LTIP awards we therefore introduced a sustainability metric focusing on reduction of GHG emissions (CO_2e) across CCEP's entire value chain.

SEE **PAGE 26** FOR FURTHER DETAILS IN RESPECT OF THE LINK BETWEEN CHANGES IN OUR PACKAGING AND REDUCTION IN CO_2E

These targets were finalised during the year to be aligned to our revised long-term ambitions to keep the global temperature rise to within 1.5°C, with verified science based targets. Given the continued uncertainty in respect of volumes over the next three years the targets are neutral to any changes in respect of volume and are set on a relative, rather than an absolute, basis. Further details can be found on page 100 of the ARR.

Implementation of remuneration policy in 2021

Despite the continuing challenges of COVID-19 we consider that our overall remuneration framework remains fit for purpose and will implement our remuneration policy broadly unchanged for 2021.

However, in considering the remuneration framework for 2021 we have also taken account of the proposed CCL acquisition (discussed on page 15 of the Integrated Report), to ensure that remuneration arrangements remain appropriate over both the short and long term should the acquisition complete as planned.

2021 salaries – There will be no annual cycle salary increases in 2021 for the executive leadership team.

2021 annual bonus – Targets for operating profit, revenue and operating free cash flow will be set in the normal manner. However, should the acquisition complete during the year, the targets will be reviewed at that point to consider if any adjustments should be made to recognise the overall performance of the combined entity for the remainder of the financial year (see pages 105–106 of ARR for further details).

2021 LTIP – Given the long-term focus of the LTIP, it is considered appropriate that the 2021 LTIP awards that would usually be made in March are delayed until after the acquisition has completed. This will enable targets to be set for the combined entity for the full performance period. The Committee may also introduce an element of the award based on specific integration targets, if appropriate. The targets will be disclosed in full when the award is granted and in next year's remuneration report (see page 106 of ARR for further details).

Looking ahead

We recognise that some of the decisions made this year are unusual and we therefore proactively engaged with major shareholders on the principles of our approach. We believe the decisions are fair and the right ones for both management and shareholders but always welcome feedback and hope we can rely on your support at our forthcoming AGM.

We also remain committed to shareholder engagement and will consult with shareholders further if any changes are required to our remuneration policy or implementation for 2021 in the context of the proposed CCL acquisition.

Christine Cross, Chairman of the Remuneration Committee
12 March 2021

Our remuneration policy

Overview of the remuneration policy

OUR REMUNERATION POLICY WAS APPROVED BY OVER 99% OF OUR SHAREHOLDERS AND IS BASED ON THE FOLLOWING PRINCIPLES

KEY PRINCIPLE	APPLICATION TO POLICY	CURRENT IMPLEMENTATION
Focused on delivering our business strategy	Annual bonus and LTIP measures aligned to the KPIs of the business	**Annual bonus metrics** Operating profit (50%) Revenue (30%) Operating free cash flow (20%) **LTIP metrics** EPS (42.5%) ROIC (42.5%) CO_2e (15%) See ARR for definitions
Simple, transparent and aligning the interests of management and shareholders	• Only two simple incentive plans operated • Strong focus on pay for performance • Majority of remuneration package delivered in shares • Significant shareholding requirement of three times salary • CEO pension aligned to wider workforce	CEO pay mix linked to performance at target 22% Fixed pay 29% Annual bonus 49% LTIP
Able to be cascaded through the organisation and applicable to the wider workforce	The same remuneration framework is applied to all members of the ELT (but with lower incentive levels)	Fixed pay + Annual bonus + LTIP
Variable remuneration should be performance related against stretching targets	Targets are set at stretching levels in the context of the business plan and external forecasts	• Target performance linked to business plan • Maximum payout requires performance above consensus

Summary of remuneration policy table

Fixed pay

Key features

Base salary: Annual increases will normally take into account business performance and increases awarded to the general workforce

Benefits: A range of benefits may be provided in line with market practice

Pension:
- Can participate in the UK pension plan or receive a cash allowance on the same basis as all other employees
- Maximum employer contribution is £30k

Link to strategy

Supports recruitment and retention of Executive Directors of the calibre required for the long-term success of the business

Annual bonus

Key features

- Target bonus opportunity is 150% of salary
- Bonus calculated by multiplying the target bonus by a Business Performance Factor (BPF) (0-200%) and an Individual Performance Factor (IPF) (0-120%)
- Business and Individual performance targets are set in the context of the strategic plan
- Malus and clawback provisions may apply to awards
- Discretion to adjust the formulaic outcome up or down taking into account all relevant factors

Link to strategy

- Incentivises delivery of the business plan on an annual basis
- Rewards performance against key indicators which are critical to the delivery of the strategy

LTIP

Key features

- Based on performance measures aligned to the strategic plan and measured over at least three financial years
- Target LTIP award is 250% of salary (500% of salary maximum)
- Malus and clawback provisions may apply to awards
- Two year holding period applied after vesting
- Discretion to adjust the formulaic vesting outcome up or down taking into account all relevant factors

Link to strategy

- Focused on delivery of Group performance over the long term
- Delivered in shares to provide alignment with shareholders' interests

A FULL COPY OF THE REMUNERATION POLICY CAN BE FOUND ON **PAGES 89-96** OF THE 2019 INTEGRATED REPORT, IN THE REPORTS & RESULTS SECTION OF THE INVESTOR SECTION OF OUR WEBSITE AT **WWW.COCACOLAEP.COM/INVESTORS**

Remuneration at a glance

Overview of 2020 remuneration performance

CCEP share price
US$

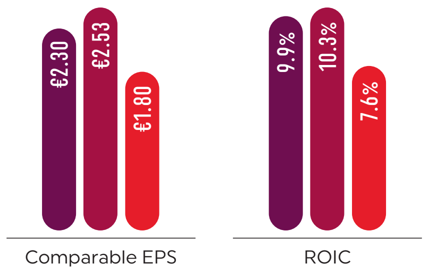
Reported annual KPIs
Bonus pay out = 35% of maximum based on discretionary assessment of performance

€1.2BN — Comparable operating profit

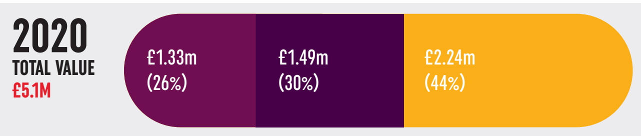
€10.6BN — Revenue

€0.9BN — Free cash flow

Reported long-term KPIs

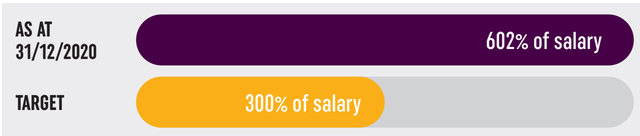


2020 CEO single figure



Fixed pay | Annual bonus | LTIP

CEO shareholding



Current shareholding | Shareholding requirement by 31/12/2021

READ MORE IN THE ANNUAL REPORT ON REMUNERATION FROM **PAGE 97**

Overview of 2021 CEO remuneration framework

Fixed pay + **Annual bonus** + **LTIP**

Fixed pay

Base salary
No change for 2021

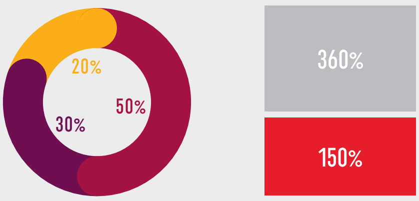
£1.18m

Benefits
- Car allowance
- Private medical
- School fees
- Financial planning

Pension
Cash in lieu aligned to wider workforce

£30k

Annual bonus

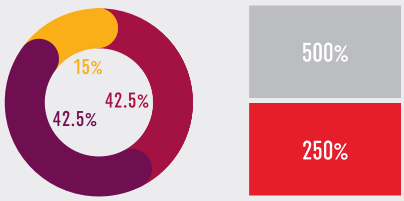


0x–1.2x
Individual multiplier

Operating profit
Revenue
Operating free cash flow

Target
Maximum

LTIP



ROIC
EPS
Reduction in CO_2e

Target
Maximum

READ MORE IN THE ANNUAL REPORT ON REMUNERATION FROM **PAGE 97**

All references to revenue, operating profit, operating free cash flow, EPS and ROIC targets refer to those measures that are defined within the ARR.

Annual report on remuneration

Remuneration outcomes for 2020

The following pages set out details of the remuneration received by Directors for the financial year ending 31 December 2020. Prior year figures have also been shown. Audited sections of the report have been identified.

The Directors' remuneration in 2020 was awarded in line with the remuneration policy which was approved by shareholders at the AGM in May 2020.

Single figure table for Executive Directors (audited)

Individual	Year	Salary (£000)	Taxable benefits (£000)	Pension (£000)	Fixed pay (£000)	Annual bonus (£000)	Long-term incentives (£000)	Variable remuneration	Total remuneration (£000)
Damian Gammell	2020	1,174	134	26	1,334	1,490	2,242[A]	3,732	**5,066**
	2019	1,151	127	26	1,304	1,806	4,729[B]	6,535	**7,839[C]**

(A) Estimated value based on three month average share price and exchange rate to 31 December 2020 of £32.00. Number will be restated in next year's single figure table to show the final value on the vesting date of 13 March 2021. Value includes estimated value of Shares and estimated £163,000 cash payment in respect of dividend equivalents to be paid on the vested Shares.
(B) Restated from £6,894,000 in last year's single figure table to reflect actual share price on vesting date of £27.06 on 27 March 2020 applied to 157,766 vested Shares and £459,000 cash payment in respect of dividend equivalents paid on the vested Shares.
(C) Restated in line with the actual vest date value of long-term incentives, as explained in (B) above.

Notes to the single figure table for Executive Directors (audited)

Base salary

Damian Gammell received a base salary increase of 1.8% from £1,157,944 to £1,178,787 effective from 1 April 2020. This increase was lower than the average increase provided to the wider UK workforce (2.5%).

Taxable benefits

During the year, Damian Gammell received the following main benefits: car allowance (£14,000), financial planning allowance (£10,000), schooling allowance (£75,000 net) and family private medical coverage (£7,000).

Pension

The pension provisions that apply to Damian Gammell are aligned to all other GB employees. Damian Gammell elected to receive a cash allowance in lieu of participation in the pension scheme. This equates to a payment of £30,000 from CCEP inclusive of employer National Insurance contributions (i.e. the actual benefit received by Damian is less than £30,000 per year).

Annual bonus

Overview of CCEP's annual bonus design

The 2020 CCEP annual bonus plan was designed prior to the impact of COVID-19 to incentivise the delivery of the business strategy and comprised the following elements:

Business Performance Factor (BPF) – provides alignment with our core objectives to deliver strong financial performance against our main financial performance indicators of operating profit (50%), revenue (30%) and operating free cash flow (20%).

REFER TO **PAGE 105** FOR DEFINITIONS

Individual Performance Factor (IPF) – individual objectives were also set for Damian Gammell focused on a number of areas which are aligned to key longer-term strategic objectives of the business.

Target bonus (150% of base salary) X **BPF** (0x to 2.0x) X **IPF** (0x to 1.2x) = **Final bonus outcome** (0% salary to 360% salary)

Annual report on remuneration continued

2020 annual bonus outcome

Financial performance in 2020 was heavily influenced by the impact of COVID-19, with the original 2020 annual bonus targets for operating profit, revenue and operating free cash flow no longer being relevant.

After careful consideration and an initial consultation with major shareholders on the principles of applying discretion, the Committee determined it appropriate to exercise the discretion provided to it under the remuneration policy to award a cash bonus payment of 35% of the CEO's maximum bonus opportunity, in line with the policy.

In exercising its discretion, the Committee took a wide range of factors into account, as set out below:

Our people, customers and communities

- Our rapid response to COVID-19 prioritised our people's health, safety and wellbeing. Pulse surveys were undertaken to understand our people's experiences and we implemented a Coronavirus Support Hub, to provide tools and guidance to support employee's wellbeing.
- We continued to implement salary increases for employees in 1 April 2020 and the vast majority of employees remained on full pay throughout the year, with government support schemes only used in countries where it was in line with local legislation and practices (e.g. no UK Government support was provided). Incentive schemes for front line workers remained in place and continued to pay out.
- We provided case by case support to our customers and supported our local communities, which included €3 million in product donations, ongoing volunteering by our people and working closely with TCCC and the Coca-Cola Foundation to provide substantial financial aid to fund the fight against COVID-19.

Overall financial performance

Due to the adverse impact of COVID-19, resulting in the closures in the away from home channel, operating profit and revenue declined year on year. However, we took bold actions to protect our overall performance and focus on business continuity.

- The impact on operating profit was moderated by the delivery of approximately €260 million in discretionary opex savings as we ensured spend was limited.
- Our agile response to the pandemic and our belief in continuing to invest in our core brands served us well as we gained share both in the home channel (+40bps) and online (+140bps).
- We continued to generate €924 million of free cash flow, close to our medium-term objective of €1 billion a year, despite the challenging backdrop and after continuing to make significant investments in our portfolio, digital and sustainability agendas.
- We ended the year with a strong balance sheet, enabling us to pay a full year dividend in line with our policy as discussed in the shareholder experience section below.

Alignment with wider workforce

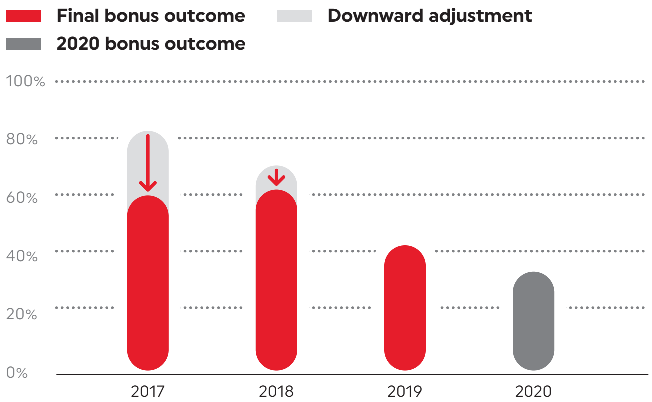
- When it became apparent that the original annual bonus targets were no longer relevant a revised plan was put in place for the 5,400 participants in respect of the second half of the year to ensure employees remained incentivised to deliver strong performance.
- Taking into account the half yearly nature of the scheme, target opportunities were reduced by 50% and the maximum BPF was reduced from 2.0x to 1.5x. Performance targets were simplified and set in respect of operating profit only with a revenue underpin to reflect the priorities of the business for the remainder of 2020.
- Despite the continued impact of COVID-19 during the second half of the year, the business delivered full year comparable operating profit of around €1.2 billion which was above expectations at the time the plan was put in place. This performance delivered a BPF of 1.48x.
- A fundamental principle of our remuneration policy is to apply a consistent remuneration framework across the whole management team. The outcome proposed for the CEO is aligned with the pay out he would have received if he had participated in the revised scheme on the same basis as all other 5,400 participants.

Revised target bonus (75% of base salary) × **BPF** (1.48x) × **IPF** (1.15x) = **Final bonus outcome** (127% salary)

Track record of using discretion to deliver fair outcomes

- In respect of both the 2017 and 2018 annual bonus, the Committee exercised downward discretion to ensure that the final bonus outcome was a true reflection of underlying business performance.

Examples of previous Remuneration Committee discretion
Annual bonus outcome (% of max)



- Given discretion has been used in the past to ensure a fair outcome that is reflective of performance within management's control, the Committee considered it reasonable to apply the same principles for 2020.

Shareholder experience

- Share price performance over the year remained highly resilient, recovering well after the initial impact from COVID-19, and outperforming a number of our peers and equity indices (such as the FTSE 100 and Euronext 100).
- Continued to pay dividends – full year dividend of €0.85 per share announced in Q3, maintaining annualised dividend payout ratio of approximately 50%, in line with our dividend policy.

Sustainability

Our response to COVID-19 was also a sustainable one.

- In 2020, we launched our new climate strategy with a clear ambition to reach net zero GHG emissions by 2040 and to reduce our GHG emissions across our value chain by 30% by 2030 (versus 2019). In 2020, the GHG emissions within our value chain fell by 11.9% compared to 2019 and by 37.7% compared to 2010 (previous target baseline year).
- In 2020, 41.3% of the PET we used to make our PET bottles was recycled PET (rPET), up from 30.5% in 2019, making significant progress to our commitment of ensuring that at least 50% of the material we use for our PET bottles comes from rPET by 2023.

Individual performance of CEO

The individual performance of the CEO was very strong over the year, providing exceptional leadership of the business as we navigated the response to the COVID-19 pandemic for the benefit of all stakeholders. He delivered against a number of his original individual objectives, and adapted the business in response to the pandemic whilst continuing to develop growth and value creation opportunities for the business through the proposed CCL acquisition.

In addition to his strong leadership on all of the areas of business performance set above, further achievements to note included the following:

- **Engagement:** Improved customer engagement scores across the markets despite the impact of the AgeCore dispute and COVID-19
- **Inclusion and diversity:** Improved the percentage of women in senior manager and above roles towards our 2025 target of 40%. Expanded focus of diversity across five key areas (disability, culture and heritage, LGBT+, gender and multigenerational) consistently across CCEP
- **Talent development and succession:** Strong ELT development with two new appointments during 2020, including an internal promotion. Launch of a number of development centres to enhance commercial leadership capabilities
- **Growth and value creation:** Developing growth and value creation opportunities for the business through the proposed CCL acquisition
- **CCEP Ventures** continued to bring new innovative solutions into the business with five new investment partnerships in early stage e-commerce, packaging free and recycling technology businesses
- **Direct to consumer platform** launched

Taking all these factors into account, the Committee determined that his IPF should be set at 1.15x, reflecting exceptional performance. This IPF was used to calculate the bonus outcome on the same basis as all other employees.

Long-term incentives

Awards vesting for performance in respect of 2020

The 2018 LTIP award was subject to EPS and ROIC performance targets measured over the three year performance period from 1 January 2018 to 31 December 2020.

		Performance targets		
Measure	Weighting	Threshold (25% vesting)	Target (100% vesting)	Maximum (200% vesting)
EPS	50%	4.0% p.a.	7.5% p.a.	11.0% p.a.
ROIC	50%	9.5%	11.0%	12.5%

Performance in 2018 and 2019 was strong against both metrics with the overall vesting level tracking at 110% of target before the impact of COVID-19:

Measure	Forecast outcomes as at end of February 2020
EPS	7.3% p.a.
ROIC	11.4%

However, financial performance in 2020 was heavily influenced by the impact of COVID-19, which resulted in the three year threshold targets not being met and a formulaic outcome of zero.

Given the final outcome was due to factors outside management's control, the Committee considered it appropriate to undertake a holistic assessment of performance over the full three year performance period to consider the extent to which any discretion should be exercised in respect of the final vesting level for all LTIP participants, including the CEO.

Annual report on remuneration continued

The Committee took into account a wide range of factors of performance across the full performance period, which included:

Measure	Considerations
Shareholder experience	• CCEP's total shareholder return (TSR) over the three year performance period was +28%, above that for the Euronext 100 (+15%) and the FTSE 100 (-2%) • Over the three year period, our TSR performance of +28% was commensurate with upper quartile levels of performance against other major European FMCG companies • Share price of above \$50 (as at 12 March 2021), around 25% above the grant date share price of \$41.78 • Delivered a cumulative dividend of \$3.63 per share to our shareholders over the performance period (including a \$1.00 dividend in 2020) • In total over €3 billion of value was delivered to shareholders over the three year performance period (€1,473 million in dividends and €1,636 million in share buybacks)
Overall business performance	• Strong performance in 2018 and 2019 which was on track to deliver above target performance • Overall 2020 performance relatively strong in the context of COVID-19, in particular in the second half of the year • NARTD value share growth in 2019 (+110bps) and 2020 (+40bps)
Wider employee experience	• Revised annual bonus plan put in place to continue to reward around 5,400 employees for delivering strong performance in the second half of 2020 • 2020 pay increases continued to be implemented with effect from 1 April 2020 • Incentive schemes for front line workers continued to operate and pay out • Limited use of Government support schemes during the crisis (including no receipt of funding from UK furlough scheme) and vast majority of employees remained on full pay • Significant focus on employee wellbeing throughout 2020, providing extensive emotional and mental wellbeing support • Some planned restructuring accelerated due to the COVID-19 pandemic
Sustainability	• Reduction in lost time incident rate 2017-2020 from 1.23 to 0.82 • 37.7% GHG reduction across our value chain since 2010 and 11.9% since 2019 • Reduction in water use ratio 2017-2020 from 1.61 to 1.57 • 41.3% of the PET used to make our PET bottles was rPET (vs. 24.6% in 2017)
Other stakeholder experience	• Donated over 600,000 unit cases of product to our communities in 2020 • Partnered with TCCC to provide substantial financial aid through the Red Cross and other local non government organisations • Unrivalled customer coverage with whom we jointly create value, with more than €1.5 billion added to the FMCG industry since 2017

Based on this analysis, the Committee considered it appropriate to exercise discretion in respect of the LTIP vesting level to recognise the strong performance of the management team in 2018 and 2019 which continued through the COVID-19 crisis despite the significant challenges being faced which were outside management's control.

A vesting level of 37% of maximum was determined, by applying the performance achieved for 2018 and 2019 (55% of maximum) on a pro rata basis and 0% vesting in respect of the final year of the performance period. This vesting level will apply to all participants, including the CEO.

Awards granted in 2020

A conditional award of performance share units (PSUs) was granted under the CCEP LTIP to Damian Gammell on 17 March 2020, with a target value of 250% of salary. Further details are set out below:

Individual	Date of award	Maximum number of Shares under award	Target number of Shares under award	Closing Share price at date of award(A)	Face value	Performance period	Normal vesting date
Damian Gammell	17/03/2020	156,264	78,132	\$32.96	\$5,150,461	1 Jan 2020 - 31 Dec 2022	17/03/2023

(A) Number of Shares awarded calculated using 10-day average share price of \$47.71.

The vesting of awards is subject to the achievement of the following performance targets:

Measure	Definition	Weighting	Vesting level(C) (% of target) 25%	100%	200%
EPS(A)	Compound annual growth over the three year period to FY 2022	42.5%	5.0% p.a.	9.1% p.a.	12.0% p.a.
ROIC(B)	ROIC achieved in the final year of the performance period (FY 2022)	42.5%	11.0%	12.0%	12.6%
CO_2e reduction	Relative reduction in total value chain GHG emissions since 2019 (gCO_2e/litre)	15%	6.0% per litre	8.0% per litre	10.0% per litre

(A) Comparable and on a tax and currency neutral basis. Targets include the impact of share buybacks to provide greater alignment with external expectations. The targets have been set based on current assumptions in respect of share buybacks over the performance period. The final performance targets will be adjusted to reflect the actual value of share buybacks made during the performance period to neutralise any variances and will be fully disclosed at the time of vesting.

(B) ROIC calculated as comparable operating profit after tax, on a tax and currency neutral basis, divided by the average of opening and closing invested capital for the year. Invested capital is calculated as the addition of borrowings and equity less cash and cash equivalents.

(C) Straight-line vesting between each vesting level (shown).

Any award vesting will be subject to a two year holding period.

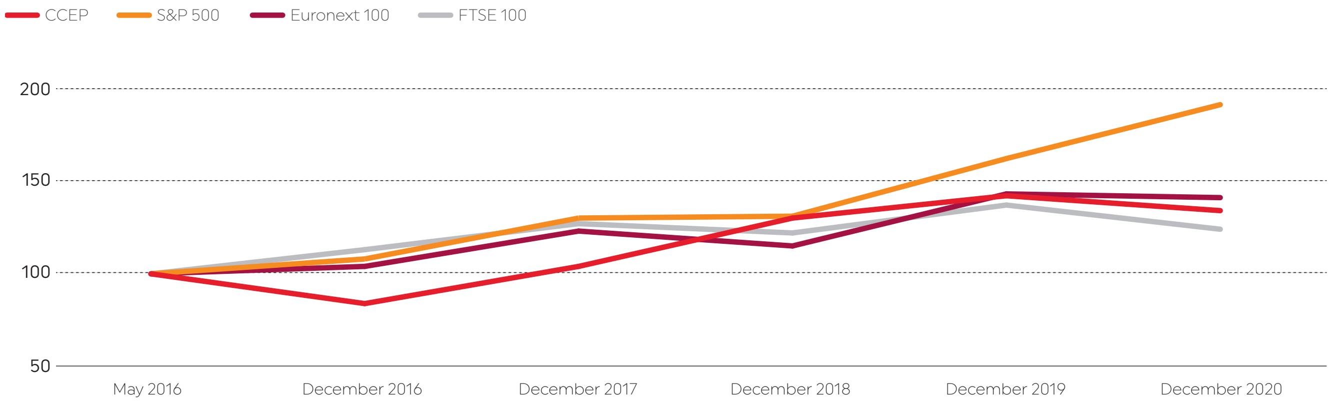
The 2020 LTIP awards introduced a performance measure, with a 15% weighting, focused on the reduction of GHG (CO_2e) across CCEP's entire value chain. The targets for the CO_2e metric were set in line with our revised long-term ambitions to keep the global temperature rise to within 1.5°C, with verified science based targets, and are based on our three year and long-term roadmap for reduction in CO_2e emissions across the entire CCEP value chain, as disclosed above. Given the continued uncertainty in respect of volumes over the next three years the targets are neutral to any changes in respect of volume and are set on a relative, rather than an absolute, basis. This will ensure that management continues to be incentivised to increase volumes and ensures that there are no windfall gains if volumes decline. The Committee believes these targets to be appropriately stretching and that they will drive the correct management behaviours.

Following the announcement of the proposed acquisition of CCL, the Committee will review EPS and ROIC targets in light of the acquisition as soon as possible following completion. Given the significant nature of the transaction, it will be important to ensure our colleagues are appropriately incentivised and that targets take into account the profile of the ongoing business. Reduction in CO_2 emissions targets will remain subject to the original CCEP targets. The Committee will consult with shareholders, as appropriate, and full details of the Committee's decisions on the 2020 LTIP will be disclosed following any changes.

Historical TSR performance and CEO remuneration outcomes

The chart below compares the TSR performance of CCEP from Admission up until 31 December 2020 with the TSR of the Euronext 100, the FTSE 100 and the S&P 500. These indices have been chosen as recognised equity market indices of companies of a similar size, complexity and global reach as CCEP.

30 trading day average data: against S&P 500, Euronext 100 and FTSE 100



The following table summarises the historical CEO's single figure of total remuneration and annual bonus pay out as a percentage of the maximum opportunity over this period:

	2016(A) John Brock	2016(A) Damian Gammell	2017 Damian Gammell	2018 Damian Gammell	2019 Damian Gammell	2020 Damian Gammell
CEO single figure of remuneration ('000)	$3,890	£27	£3,716	£3,821	£7,839(B)	£5,066
Annual bonus pay out (as a % of maximum opportunity)	31.23%	40.6%	60.7%	63.1%	43.7%	35.3%
LTI vesting (as a % of maximum opportunity)	N/A	N/A	N/A	N/A	59.0%	36.5%

(A) The figures for 2016 are in respect of the period for which each individual served as CEO during the year. John Brock served as CEO from 29 May to 28 December 2016. Damian Gammell served as CEO from 29 December to 31 December 2016.
(B) Restated from last year's single figure to reflect the actual share price on vesting date for the 2017 LTIP.

Annual report on remuneration continued

Percentage change in CEO and Director remuneration

The table below shows the percentage change in CEO and Director remuneration from 2019 to 2020 compared to the average percentage change in remuneration for all employees of the parent company, in line with the revised reporting regulations.

Comparator	Base salary / fee	Taxable benefits[F]	Annual bonus
CEO	2.0%	5.5%	(17.5%)
All employees	2.7%	0.2%	(21.9%)
Other Directors			
Sol Daurella	0.5%	0.0%	n/a
Jan Bennink	0.0%	(66.7%)	n/a
José Ignacio Comenge Sánchez-Real	1.0%	(80.0%)	n/a
Francisco Crespo Benítez[A]	(47.8%)	(100.0%)	n/a
Christine Cross	(1.5%)	(75.0%)	n/a
Javier Ferrán	0.0%	(100.0%)	n/a
Irial Finan	0.0%	(62.5%)	n/a
Nathalie Gaveau	0.0%	(66.7%)	n/a
Álvaro Gómez-Trénor Aguilar	0.0%	(71.4%)	n/a
Orrin H. Ingram II[B]	(61.8%)	(100.0%)	n/a
Thomas H. Johnson	3.5%	(100.0%)	n/a
Dagmar Kollmann[C]	71.2%	(83.3%)	n/a
Alfonso Líbano Daurella	1.0%	(100.0%)	n/a
Mark Price[C]	71.7%	(50.0%)	n/a
Mario Rotllant Solá	1.0%	(80.0%)	n/a
Brian Smith[D]	n/a	n/a	n/a
Dessi Temperley[E]	n/a	n/a	n/a
Garry Watts	0.8%	(100.0%)	n/a

(A) Resigned from the Board on 9 July 2020. Change in fee and taxable benefits reflects part year of service in 2020.
(B) Resigned from the Board on 27 May 2020. Change in fee and taxable benefits reflects part year of service in 2020.
(C) Increase in fee reflects part year of service in 2019.
(D) Appointed to the Board on 9 July 2020.
(E) Appointed to the Board on 27 May 2020.
(F) Reduction in taxable benefits reflects the impact of travel restrictions during the year.

Relative importance of spend on pay

The table below shows a summary of distributions to shareholders by way of dividends and share buyback as well as total employee expenditure for 2019 and 2020, along with the percentage change of each.

	2020	2019	% change
Total employee expenditure	€1,655m	€1,771m	(6.5%)
Dividends[A]	€386m	€574m	(32.8%)
Share buybacks[B]	€129m	€1,005m	(87.2%)

(A) Annualised dividend payout ratio maintained for 2020 at approximately 50%, in line with our policy.
(B) Decrease in share buybacks reflects suspension of programme in March to keep CCEP well positioned and preserve maximum flexibility during the COVID-19 pandemic.

CEO pay ratio

The table below shows the ratio of the CEO's single figure of remuneration for 2020 to the 25th percentile, median and 75th percentile total remuneration of full time equivalent GB employees. The ratio is heavily influenced by the fact that the CEO participates in the LTIP. If the LTIP is excluded from the calculation then the median ratio would be 54:1. The main reason for the reduction in the ratio is the CEO's lower bonus and LTIP value in 2020.

Year	Method	25th percentile ratio(A)	Median ratio(B)	75th percentile ratio(C)
2020	Option B	161:1	97:1	76:1
2019(D)	Option B	250:1	169:1	111:1

(A) The individual used in this calculation received total pay and benefits of £31,000 (of which £30,000 was salary).
(B) The individual used in this calculation received total pay and benefits of £52,000 (of which £38,000 was salary).
(C) The individual used in this calculation received total pay and benefits of £66,000 (of which £48,000 was salary).
(D) Figures updated to reflect final vesting value as disclosed in the single figure table.

The Committee has chosen Option B (hourly gender pay gap information as at 5 April 2020) to determine the ratios, as that data was already available and provides a clear methodology to calculate full time equivalent earnings. No component of pay and benefits has been omitted for the purposes of the calculations.

The Committee is satisfied that the individuals whose remuneration is used in the above calculations are reasonably representative of employees at the three percentile points, having also reviewed the remuneration for individuals immediately above and below each of these points and noted that the spread of ratios was acceptable. No adjustments were made to the three reference points selected.

The Committee believes the median ratio is consistent with the pay and reward policies for CCEP's GB employees. CCEP is committed to offering an attractive package for all our employees. Salaries are set with reference to factors such as skills, experience and performance of the individual, as well as market competitiveness. All employees receive a wide range of employee benefits and a large number are eligible for an annual bonus. Our LTIP is designed to link remuneration to the delivery of long-term strategic objectives and therefore participation is typically offered to senior employees who have the ability to influence these outcomes. The 25th percentile, median and 75th percentile employees identified in the above calculation do not participate in the LTIP. As the CEO participates in the LTIP, the ratio will be influenced by vesting outcomes and will likely vary year on year.

Payments to past Directors (audited)

There were no payments to past Directors during the year.

Payments for loss of office (audited)

There were no payments for loss of office during the year.

Statement of Directors' share ownership and share interests (audited)

Interests of the CEO

The CEO is required to hold 300% of his base salary in Shares. The guideline is expected to be met within five years of appointment. Until the guideline is met, 50% of any vested Shares from incentive awards (after tax) must be retained. The guideline continues to apply for one year following termination of employment.

Share ownership requirements and the number of Shares held by Damian Gammell are set out in the table below.

	Interests in Shares at 31 December 2020	Interests in share incentive schemes subject to performance conditions at 31 December 2020(A)(B)(C)	Interests in share option schemes(A)(B)	Share ownership requirement as a % of salary	Share ownership as a % of salary achieved at 31 December 2020(D)	Shareholding guideline met
Damian Gammell	260,378	490,272	324,643	300%	602%	✓

(A) For further details of these interests, please refer to footnote (C) of the outstanding awards table below.
(B) Do not count towards achievement of the share ownership guideline.
(C) The CEO has no interests in share incentive schemes not subject to performance conditions at 31 December 2020.
(D) Our share ownership policy stipulates that the Committee will translate the percentage of base salary requirement (300%) into a number of Shares, using base salary (£1.1 million), average of the high and low share price on the NYSE ($31.97), and the currency exchange rate (GBP/USD exchange rate of 1:1.25604) on 1 December 2016. This results in a share ownership requirement for Damian Gammell of 129,651 Shares.

Annual report on remuneration continued

Details of the CEO's share awards are set out in the table below.

Director and grant date	Form of award	Exercise price	Number of Shares subject to awards at 31 December 2019	Granted during the year	Vested during the year	Exercised during the year	Lapsed during the year	Number of Shares subject to awards at 31 December 2020	End of performance period	Vesting date
Damian Gammell(A)										
27.03.17	PSU(B)	N/A	267,400	—	157,766	N/A	109,634	—	31.12.19	27.03.20
12.03.18	PSU(C)	N/A	178,000	—	—	N/A	—	178,000	31.12.20	13.03.21
01.03.19	PSU(C)	N/A	156,008	—	—	N/A	—	156,008	31.12.21	01.03.22
17.03.20	PSU(C)	N/A	—	156,264	—	N/A	—	156,264	31.12.22	17.03.23

(A) In addition, the CEO has 324,643 vested but unexercised options with an expiry date of 5 November 2025 and an exercise price of $39.00. No options were exercised by the CEO during the year.
(B) The performance condition was satisfied at 59% of maximum on 31 December 2019. Award vested on 27 March 2020.
(C) The number of Shares shown is the maximum number of Shares that may vest if the performance targets are met in full.

Interests of other Directors

The table below gives details of the Share interests of each NED either through direct ownership or connected persons.

	Interests in Shares at 31 December 2020
Sol Daurella(A)	32,744,161
Jan Bennink	27,200
José Ignacio Comenge Sánchez-Real(A)	7,833,662
Francisco Crespo Benítez(B)	—
Christine Cross	—
Javier Ferrán	—
Irial Finan	—
Nathalie Gaveau	—
Álvaro Gómez-Trénor Aguilar(A)	3,140,347
Orrin H. Ingram II(C)	10,000
Thomas H. Johnson	10,000
Dagmar Kollmann	—
Alfonso Líbano Daurella(A)	6,572,771
Mark Price	—
Mario Rotllant Solá	—
Brian Smith	—
Dessi Temperley	—
Garry Watts	10,000

(A) Shares held indirectly through Olive Partners. The numbers of Shares increased slightly during the year as a result of a reduction in Olive Partners' share capital.
(B) Resigned from the Board on 9 July 2020. Share interests stated are as at the date of resignation.
(C) Resigned from the Board on 27 May 2020. Share interests stated are as at the date of resignation.

No changes occurred to the Directors' direct beneficial interests in Shares between 31 December 2020 and 12 March 2021.

Dilution levels

The terms of the Company's share plans set limits on the number of newly issued Shares that may be issued to satisfy awards. In accordance with guidance from the Investment Association, these limits restrict overall dilution under all plans to under 10% of the Company's issued share capital over a 10 year period in relation to the Company's issued share capital, with a further limitation of 5% in any 10 year period on discretionary plans.

Single figure table for NEDs (audited)

The following table sets out the total fees and taxable benefits received by the Chairman and NEDs for the year ended 31 December 2020. Prior year figures are also shown.

	2020 (£'000)				2019 (£'000)			
Individual	Base fee	Chairman/ Committee fees	Taxable benefits[A]	Total fees	Base fee	Chairman/ Committee fees	Taxable benefits[A]	Total fees
Sol Daurella	564	26	1	591	561	26	1	588
Jan Bennink	82	46	2	130	82	46	6	134
José Ignacio Comenge Sánchez-Real	82	16	1	99	82	15	5	102
Francisco Crespo Benítez[B]	43	5	—	48	82	10	9	101
Christine Cross	82	46	1	129	82	48	4	134
Javier Ferrán	82	31	—	113	82	31	2	115
Irial Finan	82	26	3	111	82	26	8	116
Nathalie Gaveau	82	10	1	93	82	10	3	95
Álvaro Gómez-Trénor Aguilar	82	–	2	84	82	–	7	89
Orrin H. Ingram II[C]	33	6	—	39	82	20	10	112
Thomas H. Johnson	113	36	—	149	112	32	15	159
Dagmar Kollmann	82	31	1	114	48	18	6	72
Alfonso Líbano Daurella	82	21	—	103	82	20	3	105
Mark Price	82	21	2	105	48	12	4	64
Mario Rotllant Solá	82	16	1	99	82	15	5	102
Brian Smith[D]	39	5	—	44	–	–	–	–
Dessi Temperley[E]	49	9	—	58	–	–	–	–
Garry Watts	82	52	—	134	82	51	1	134

(A) Taxable benefits mainly relate to travel and accommodation costs in respect of attendance at Board meetings with fx rates used as at the date of the transaction.
(B) Resigned from the Board on 9 July 2020.
(C) Resigned from the Board on 27 May 2020.
(D) Appointed to the Board on 9 July 2020.
(E) Appointed to the Board on 27 May 2020.

Implementation of remuneration policy for 2021

Base salary

Damian Gammell will not receive a salary increase for 2021.

Individual	2020 salary	2021 salary (effective from 1 April)	% increase
Damian Gammell	£1,178,787	£1,178,787	0%

Taxable benefits

No significant changes to the provision of benefits are proposed for 2021. The main benefits for Damian Gammell will continue to include allowances in respect of: a car, financial planning, schooling and private healthcare.

Pension

No changes are proposed in respect of the pension provision for Damian Gammell. He will continue to receive a cash allowance of £30,000 (inclusive of employer National Insurance contributions) in lieu of participation in the pension scheme.

Annual bonus

No changes have been made to the structure of the annual bonus plan for 2021 and the opportunity for Damian Gammell will remain unchanged at 150% of salary for target performance and 360% for maximum performance.

Performance will continue to be assessed against financial and individual performance measures on a multiplicative basis as set out on page 97. The financial measures and relative weightings will also remain unchanged.

Measure	Definition	Weighting
Operating profit	Comparable operating profit on a currency neutral basis	50%
Revenue	Revenue on a currency neutral basis	30%
Operating free cash flow	Comparable operating profit before depreciation and amortisation and adjusting for capital expenditures, restructuring cash expenditures and changes in operating working capital, on a currency neutral basis	20%

Annual report on remuneration continued

In determining the IPF for Damian Gammell for 2021, he will be assessed against a number of areas of focus which are aligned to the key longer-term strategic objectives of the business, which include:

Area of focus	Weighting	Objectives include
Growth platform	20%	• Finalising the CCL acquisition and develop strategic plan • Rollout of Topo Chico and Costa across our markets • Grow share in sparkling
Accelerate competitiveness	20%	• Deliver savings from ongoing plan and CCL acquisition
Future ready culture	20%	• Continued progress on workforce engagement, safety and wellbeing • Leadership for achievement of our inclusion and diversity goals
Digital future	20%	• Deliver revenue growth from digital portal • Enhancement of systems, data, automation and analytics • Trial digital platforms using CCEP Ventures
Green future and stakeholder engagement	20%	• Progress towards This is Forward commitments • Successful stakeholder management and engagement

The actual financial targets are not disclosed prospectively as they are deemed commercially sensitive. We intend to disclose them in next year's ARR. A description of individual performance including specific quantitative measures (where appropriate) will also be disclosed in next year's ARR. Given the timing of the CCL acquisition the Committee intends to review the targets that are set following completion to ensure they continue to remain appropriate for the combined business.

Long-term incentive

Damian Gammell's long-term incentive opportunity for 2021 will be aligned with the limits set out in the remuneration policy. He will be made a target award of 250% of salary and may receive up to two times this target award if the maximum performance targets are achieved. Given the timing of the CCL acquisition and to enable targets to be set for the combined business, the Committee has decided to delay granting the award until after completion. The current measures of EPS, ROIC and reduction in CO_2 emissions will remain, however the Committee may introduce an element of the award based on specific integration targets, if appropriate, following completion of the transaction. Full details of the targets will be disclosed at the point of grant and in next year's ARR.

Following the end of the performance period, awards will be subject to an additional two year holding period.

Chairman and NED fees

NED fees were set with effect from 1 April 2019 and no further changes are proposed for 2021.

Role		Current fees
Chairman		£564,250
NED basic fee		£82,000
Additional fee for Senior Independent Director		£30,750
Additional fee for Committee Chairman:	Audit, Remuneration and Affiliated Transaction Committees	£36,000
	Nomination and CSR Committees	£20,500
Additional fee for Committee membership:	Audit, Remuneration and Affiliated Transaction Committees	£15,500
	Nomination and CSR Committees	£10,250

The Remuneration Committee

The entire Board determines the terms of the compensation of the CEO and fees for the NEDs and Chairman as well as approving the remuneration policy, all on the Committee's recommendation. The Committee is also responsible for setting the remuneration for each member of the ELT reporting to the CEO.

THE TERMS OF REFERENCE CAN BE FOUND ON OUR WEBSITE AT
WWW.COCACOLAEP.COM/ABOUT-US/GOVERNANCE/COMMITTEES

Remuneration Committee members and attendance

In line with the Shareholders' Agreement, the Committee has five members, as set out on pages 66–70. They are three independent NEDs, one Director nominated by Olive Partners and one Director nominated by ER. The Committee formally met six times during the year, with one additional ad hoc meeting in line with business needs. Attendance is set out in the table on page 79 of the Corporate governance report.

Remuneration Committee key activities

The table below gives an overview of the key agenda items discussed at each meeting of the Committee during 2020:

Meeting date	Key agenda items	
February 2020	• Approval of 2019 annual bonus outcome for the ELT	• Approval of final vesting outcome for 2017 LTIP
March 2020	• Approval of ELT 2020 annual bonus targets, individual objectives and opportunities • Approval of ELT 2020 LTIP financial targets and opportunities	• Review of 2019 Remuneration Report • Annual base salary review for the ELT • Review of Committee performance evaluation
May 2020	• Review of market remuneration trends • Advisor review	• AGM voting update
July 2020	• Wider workforce review • Approval of 2020 LTIP sustainability target	• Approval of 2020 APPP incentive, targets and opportunities • Progress report on ELT shareholding requirements
September 2020	• Review of 2020 Remuneration arrangements • Consideration of approach to shareholder consultation	• Approval of Chief People and Culture Officer remuneration
October 2020	• Performance update for 2020 APPP • Review of 2021 incentive performance measures	• Review of outstanding LTIP awards
December 2020	• Review of first draft of the 2020 Remuneration Report • Performance update for 2020 APPP • Review of outstanding LTIP awards	• Base pay design for 2021 • Incentive design for 2021

As described in the remuneration policy, the Committee receives an annual report in respect of wider workforce remuneration including pay and reward policies, which informs its decisions on executive pay. The Committee does not engage directly with employees on the issue of executive pay, however, within CCEP, employee groups are regularly consulted about matters affecting employees including our strategy, Company performance, culture and approach to reward, and this feedback informs decisions on people matters and other activities.

Support for the Remuneration Committee

Deloitte was appointed by the Remuneration Committee in 2016 following a selection process. During the year, Deloitte provided the Committee with external advice on executive remuneration. Deloitte is a member of the Remuneration Consultants Group and has voluntarily signed up to the Remuneration Consultants' Code of Conduct relating to executive remuneration consulting in the UK. The Committee is satisfied that the engagement partner and team that provide advice to the Committee do not have connections with CCEP or individual Directors that may impair their independence. During 2020, the wider Deloitte firm also provided CCEP with unrelated tax (including employment tax), digital transformation, access security and consultancy services.

Total fees received by Deloitte in relation to the remuneration advice provided to the Committee during the year amounted to £68,800 based on the required time commitment.

The Chairman, the CEO, the CFO, and the Chief People and Culture Officer attended meetings by invitation of the Committee to provide it with additional context or information, except where their own remuneration was discussed.

Summary of voting outcomes

The table below shows how shareholders voted in respect of the ARR and the remuneration policy at the AGM held on 27 May 2020:

Resolution	Votes For (%)	Votes Against (%)	Number of votes Withheld
Approval of the ARR	99.15%	0.85%	241,940
Approval of the remuneration policy	99.48%	0.52%	56,633

This Directors' Remuneration Report is approved by the Board and signed on its behalf by

Christine Cross, Chairman of the Remuneration Committee
12 March 2021