

Statement from the Remuneration Committee Chairman



OUR REMUNERATION POLICY AND OUTCOMES REFLECT A STRONG EMPHASIS ON PERFORMANCE RELATED PAY, ALIGNED TO SHAREHOLDER INTERESTS AND OUR STRATEGIC AIMS."

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 2019. This includes a revised remuneration policy which shareholders are asked to formally approve at our 2020 AGM. This replaces our first remuneration policy which was approved by shareholders at our 2017 AGM. We have also set out our Annual report on remuneration (ARR), which will be subject to an advisory vote at our 2020 AGM.

Revised remuneration policy

We have reviewed our remuneration policy during 2019 to ensure that it remains aligned with our key objectives of being:

- Simple, transparent and aligning the interests of management and shareholders
- Focused on delivering our business strategy
- Aligned with the latest corporate governance guidelines, legislative requirements and best practice
- Able to be cascaded through the organisation and applicable to the wider workforce

As part of this process we engaged with our largest 15 shareholders and representative bodies and had a number of productive meetings which provided the Remuneration Committee with valuable feedback.

Shareholders we engaged with were aligned with our view that the current remuneration policy continues to meet our key objectives and that no fundamental changes to the remuneration policy are required.

However, we have made some minor changes to the remuneration policy to further align with best practice, particularly in the context of the UKCGC, and to formally enshrine current practices into the remuneration policy.

These include the implementation of a two year post-vesting holding period for Long-Term Incentive Plan (LTIP) awards, which was first applied to awards made in 2019, and the explicit inclusion of Remuneration Committee discretion to adjust formulaic incentive outcomes to ensure they reflect underlying business performance.

We are confident that the revised policy will continue to provide a remuneration framework for the next three years that supports the business to meet its objectives in a manner which is aligned with good governance.

Context for executive remuneration at CCEP – business performance

The remuneration policy provides alignment with shareholders through a significant focus on variable remuneration. Both the annual bonus and LTIP are subject to stretching performance targets which are matched to our key financial performance indicators.

 **SEE OUR PERFORMANCE INDICATORS ON PAGES 2-3**

2019 was another year of solid performance. The business continued to deliver profitable revenue growth through managing price and mix across our portfolio, delivering solid in market execution and a step up in innovation. This also resulted in market value share gains across all our geographies.

Remuneration outcomes for 2019

Annual bonus

The solid performance outlined above has been reflected through the annual bonus, with an overall Business Performance Factor of 98% of target being achieved. Combined with the Individual Performance Factor applied to the CEO, this has resulted in a total bonus payment to Damian Gammell of 43.7% of maximum, or 157% of salary.

Statement from the Remuneration Committee Chairman continued

Long-term incentives

Damian Gammell received his first CCEP LTIP award in March 2017, which will vest on 27 March 2020. This award was subject to earnings per share (EPS) and return on invested capital (ROIC) performance conditions over the three year period to 31 December 2019 (see the ARR for full definitions of EPS and ROIC).

Performance over the last three years has been strong, resulting in an overall vesting level of 118% of target. This is estimated to have a final vesting value of £6.89 million. Over 26%/£1.8 million of the value of this award is a result of the significant share price growth over the period, which has delivered over £2.3 billion of value to shareholders.

Once this award has vested, Damian Gammell will have a shareholding significantly in excess of the 300% of salary shareholding guideline under the remuneration policy.

CEO pay ratio

The vesting of the LTIP award makes up over two thirds of Damian Gammell's single figure for 2019 and is the main driver behind the CEO pay ratio set out on page 102. Excluding the LTIP, the median pay ratio is 67:1.

Consideration of the wider workforce

As highlighted in my letter last year, the Remuneration Committee's remit was expanded in 2019 and in July we received our first annual report in respect of wider workforce remuneration. This information provided the Committee with great insights to the pay and reward policies throughout CCEP, which helped inform the review of the remuneration policy and its implementation for 2020.

Implementation of remuneration policy in 2020

Our strategic priorities remain unchanged as we continue to focus on delivering low single digit revenue growth and mid single digit operating profit growth. The current remuneration framework continues to support this strategy and therefore the remuneration policy will be operated in 2020 on a very similar basis as it was during 2019.

As discussed with shareholders during the recent consultation process, a key focus of CCEP's long-term strategy is focused around operating the business in a sustainable manner. The Remuneration Committee considers that this should be reflected in the Company's LTIP to further align the remuneration framework with the business strategy. Therefore, for awards made in 2020, a sustainability measure will be included with a 15% weighting.





Taking into account feedback from shareholders and management, the Remuneration Committee determined that the sustainability measure should be focused around the reduction of greenhouse gas emissions (CO₂e) across our entire value chain. This is a measure that incorporates a number of other key sustainability objectives and is one that all LTIP participants can truly influence.

 **SEE PAGE 42 FOR FURTHER DETAILS IN RESPECT OF THE LINK BETWEEN CHANGES IN OUR PACKAGING AND REDUCTION IN CO₂E**

We are in the process of reviewing our overall longer-term commitments in respect of reducing CO₂e emissions to be in line with the ambition to keep the global temperature rise to within 1.5°C. To ensure alignment with our overall business strategy, we intend to set our LTIP targets in line with the proposed trajectory of these new longer-term ambitions over the next three years.

Significant work has been carried out over recent months to ensure these science based targets are suitably stretching. It is important that these targets can be externally verified and this process is currently being finalised. Once this has been completed we will be able to set the specific LTIP targets very shortly and will disclose these targets in full in next year's remuneration report.

Further details are provided on page 105

Remuneration element	2019 implementation	Key terms
Base salary  SEE PAGE 104	1.8% increase	Lower than the average UK wider workforce increase
Pension  SEE PAGE 104	£30,000 (2.5% of salary)	Payment in lieu of pension – aligned with policy for all other UK employees
Annual bonus  SEE PAGE 105 FOR FURTHER DETAILS INCLUDING DEFINITIONS OF FINANCIAL METRICS	Target opportunity of 150% of salary	Subject to financial and individual performance calculated on a multiplicative basis Financial measures of operating profit, revenue and operating free cash flow aligned with key financial indicators
LTIP  SEE PAGE 105	Target award of 250% of salary	Subject to EPS and ROIC performance each with an equal weighting (42.5%). Final 15% of award subject to reduction in CO ₂ e emissions Additional two year holding period to apply following three year performance period

Looking ahead

We intend for our new remuneration policy to remain in place for the next three years. However, we will continue to engage with shareholders to ensure we are implementing the policy in a way which is aligned with both good governance and commercial best practice.

Our remuneration policy and outcomes reflect a strong emphasis on performance related pay, aligned to shareholder interests and our strategic aims. I hope we continue to receive your support in respect of our revised policy and ARR at our forthcoming AGM.

Christine Cross
Chairman of the Remuneration Committee
16 March 2020

Remuneration policy

Our first remuneration policy was approved by shareholders at the AGM on 22 June 2017. As required under Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), shareholders will be asked to approve a new remuneration policy at our AGM in May 2020.

It is intended that the new remuneration policy will apply for the next three years with effect from the date of the AGM.

The full remuneration policy that shareholders will be asked to approve is set out on pages 89-96.

During 2019, the Remuneration Committee reviewed the remuneration policy to ensure that it continues to:

- Be aligned with our key principles of remuneration
- Incentivise the delivery of the business strategy and value to shareholders
- Remain compliant with all legislative requirements and aligned with best practice
- Be able to be cascaded through the organisation and applicable to the wider workforce

The Remuneration Committee consulted with our largest shareholders and their representative bodies on the remuneration policy and took this feedback into account when finalising the new remuneration policy.

Based on this review, the Remuneration Committee determined that the current remuneration framework continues to meet the objectives set out above and so no significant changes to the remuneration policy have been made.

However, three minor changes have been made to further align the remuneration policy with best practice.

A summary of these is set out in the table below.

Remuneration element	Change to remuneration policy	Rationale for the change
LTIP holding period	Include a two year post-vesting holding period for Shares acquired (post-tax) in respect of vested LTIP awards for the Executive Directors	Further aligns the Executive Director's interests with those of shareholders A two year holding period was included in the CEO's 2019 LTIP award. This change therefore formally incorporates current practice into the remuneration policy
Use of discretion	More detailed provisions for the Remuneration Committee to use discretion to adjust the formulaic outcome of incentive pay outs to ensure they remain aligned with underlying business performance	Further alignment with 2018 UKCGC The Remuneration Committee already applies this principle in practice and has used downwards discretion in respect of the annual bonus pay out in both 2018 and 2017
Scenario analysis	An additional scenario shows the potential value of maximum LTIP awards with a 50% increase in the share price	Compliance with updated legislation

In reaching its decisions on the new remuneration policy, the Remuneration Committee addressed the following principles, as recommended in the revised 2018 UKCGC.

Clarity

Our remuneration policy is designed to allow our remuneration arrangements to be structured such that they clearly support, in a sustainable way, our financial objectives and strategic priorities.

The Remuneration Committee remains committed to reporting on our remuneration practices in a transparent, balanced and understandable way.

Simplicity

The Remuneration Committee recognises the importance of simplicity. This is embedded in the new remuneration policy through its three main elements:

- Fixed: comprising base salary, benefits (e.g. private medical insurance) and a pension which is aligned to that offered to the local workforce
- Short-term: an annual performance related bonus that incentivises and rewards the delivery of a balanced selection of financial and non-financial targets over the financial year
- LTIP: incentivises performance over a three year period, promoting long-term sustainable value creation. It is delivered in Shares which are subject to a two year post-vesting holding period

Remuneration policy continued

Risk

The Remuneration Committee ensures that our remuneration arrangements remain aligned with the business' risk appetite, policies and systems, as well as its strategy.

Awards under the variable incentive plans are subject to a wide range of malus and clawback provisions, while the introduction of a two year post-vesting holding period for LTIP awards strengthens the alignment of Executive Director pay with shareholders' interests. The CEO is required to build up a shareholding of 300% of salary in Shares which must be retained for one year post-employment. This provides further alignment with long-term shareholder interests.

The Remuneration Committee has discretion to adjust the formulaic outcome of incentive arrangements, taking into account all relevant factors, to further mitigate the risk of incentives vesting in inappropriate circumstances.

Predictability

The scenario charts on page 92 show the possible reward outcomes in a variety of performance scenarios. These charts include a scenario whereby the Company's share price increases by 50% over the three year LTIP performance period.

Proportionality

Over 75% of an Executive Director's package is performance based, with measures and targets designed to be appropriately stretching, providing a clear link to the delivery of short- and long-term shareholder value. The measures are intended to be balanced to ensure that the relevant aspects of an Executive Director's performance is covered.

The use of discretion ensures that performance outcomes can be considered in the context of underlying performance.

Alignment to culture

CCEP has an entrepreneurial culture that drives it to move quickly, have a passion for growth and a commitment to our customers. Acting with integrity and accountability underpins this.

The new remuneration policy is designed to be aligned with this culture, with balanced and stretching short- and long-term performance measures and targets, complemented by malus and clawback and discretionary overrides. In combination, these will enable the Remuneration Committee to ensure that executive remuneration is appropriate from a cultural perspective.

The Remuneration Committee considered a number of wider workforce themes as part of its review, including workforce demographics, engagement levels and diversity. We encourage our employees to participate in all employee share schemes. In 2019, we introduced a new GB Employee Share Plan and Share Shop Plan and in 2020, we intend to implement an all employee share purchase plan across the whole of CCEP, strengthening our commitment to create an ownership mind set among the workforce.

The following sections set out our new remuneration policy.

The remuneration policy will be disclosed on the Company's website (www.cocacolaep.com/about-us/governance/shareholder-meetings) following the 2020 AGM.

Policy table for Executive Directors

The table below summarises each element of the remuneration policy for Executive Directors and any other individual who is required to be treated as an Executive Director under the applicable regulations, with further details set out after the table. Currently, the CEO is the only Executive Director.

Base salary	No material change to previous policy
Purpose and link to strategy	<ul style="list-style-type: none"> Core element of remuneration used to provide competitive level of fixed salary for Executive Directors of the calibre required for the long-term success of the business
Operation	<ul style="list-style-type: none"> Paid in cash and pensionable Typically reviewed annually In reviewing salaries, consideration is given to a number of internal and external factors including business and individual performance, role, responsibilities, scope, market positioning, rate relative to other internal pay bands to ensure succession pay headroom, inflation and colleague pay increases
Opportunity	<ul style="list-style-type: none"> While there is no prescribed formulaic maximum, annual increases will normally take into account the overall business performance and the level of increase awarded to the general relevant workforce Where the Remuneration Committee considers it necessary and appropriate, larger increases may be awarded in individual circumstances, such as a change in scope or responsibility or where a new Executive Director is appointed at a lower than market rate and the salary is realigned over time as the individual gains experience in the role. Salary adjustments may also reflect wider market conditions, for example in the geography in which the individual operates
Performance conditions	<ul style="list-style-type: none"> None, although individual performance will be taken into account when determining the appropriateness of base salary increases, if any

Benefits	No material change to previous policy
Purpose and link to strategy	<ul style="list-style-type: none"> Competitive and market aligned benefits for Executive Directors of the calibre required
Operation	<ul style="list-style-type: none"> A range of benefits may be provided, including, but not limited to, the provision of a company car or car allowance, the use of a driver, financial planning and tax advice, private medical insurance, medical check ups, personal life and accident assurance and long-term disability insurance. Other benefits may be provided if considered appropriate to remain in line with market practice Expenses incurred in the performance of executive duties (including occasional expenses associated with spouse accompanying the Executive Director on business travel or functions as required) for CCEP may be reimbursed or paid for directly by CCEP, as appropriate, including any tax due on the benefits CCEP may also meet certain mobility costs, such as relocation support, housing and education allowances and tax equalisation payments Executive Directors are eligible to participate in all employee share plans on the same basis and with the same vesting period as other employees
Opportunity	<ul style="list-style-type: none"> The value of benefits provided will be reasonable in the context of relevant market practice for comparable roles and taking into account any individual circumstances (e.g. relocation). It is not possible to state a maximum for all benefits as some will depend on individual circumstances (e.g. private medical insurance) and some may depend on family circumstances (e.g. relocation/housing/schooling allowances) The Remuneration Committee keeps the level of benefit provision under review Participation in all employee share plans on the same basis as other employees up to the statutory limits
Performance conditions	<ul style="list-style-type: none"> None
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Pension	No material change to previous policy
Purpose and link to strategy	<ul style="list-style-type: none"> Provides an income for Executive Directors following their retirement in arrangements consistent with those offered to other employees in the relevant location
Operation	<ul style="list-style-type: none"> Executive Directors can participate in the same plan as other local employees and on the same basis. CCEP reserves the right to amend a pension arrangement for Executive Directors over the life of this remuneration policy to reflect changes to the broader employee arrangements
Opportunity	<ul style="list-style-type: none"> The current CEO can participate in the UK Defined Contribution pension plan or can opt out and receive a partial cash alternative on the same basis as other employees in GB The current maximum annual employer contribution, inclusive of employer social security costs, is £30,000
Performance conditions	<ul style="list-style-type: none"> None
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Annual bonus	No material change to previous policy
Purpose and link to strategy	<ul style="list-style-type: none"> To incentivise the delivery of the business plan on an annual basis, and reward performance against key indicators which are critical to the delivery of the strategy
Operation	<ul style="list-style-type: none"> Performance is measured over one year, with the bonus normally payable in cash after year end The bonus is based on a combination of a Business Performance Factor and an Individual Performance Factor The Remuneration Committee may exercise its discretion to adjust the formulaic outcome of the bonus up or down (subject to the maximum bonus opportunity set out below) taking into account all relevant factors, including but not limited to: underlying business performance, individual performance and wider business circumstances The Remuneration Committee has the ability to apply both malus and clawback provisions to bonuses
Opportunity	<ul style="list-style-type: none"> Target bonus is 150% of base salary The bonus is calculated by multiplying the target bonus by a Business Performance Factor (with a range of 0-200%) and an Individual Performance Factor (with a range of 0-120%) The maximum bonus opportunity is 360% of salary 25% of the target Business Performance Factor (37.5% of salary) is payable for threshold business performance. The threshold for the Individual Performance Factor is 0% of maximum
Performance conditions	<ul style="list-style-type: none"> Business and individual performance measures, weightings and targets are set annually to align with the strategic plan, with the majority of the annual bonus being based on financial performance measures The Remuneration Committee ensures that targets are appropriately stretching in the context of the strategic plan and that there is an appropriate balance between incentivising Executive Directors (i) to meet financial targets for the year and (ii) to deliver specific non-financial goals. This balance allows the Remuneration Committee to reward performance effectively against the key elements of the strategy Each year, the annual performance targets set in the prior year are published in the ARR (unless considered commercially sensitive) The Remuneration Committee will retain the discretion to amend subsisting performance measures and/or targets in exceptional circumstances (e.g. significant transactions), where it considers that they no longer remain appropriate

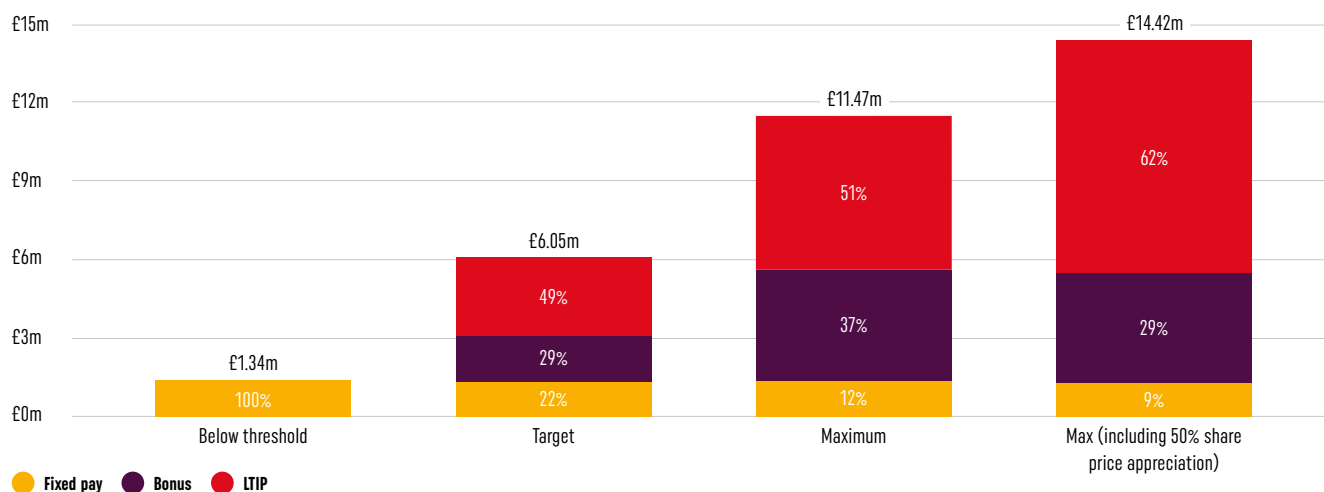
Remuneration policy continued

LTIP	Changes to policy as set out on page 89
Purpose and link to strategy	<ul style="list-style-type: none"> Recognises and rewards delivery of Group performance over the longer term and delivered in Shares to provide alignment with shareholder interests
Operation	<ul style="list-style-type: none"> Awards of conditional Shares (or equivalent) with vesting dependent on performance measured over at least three financial years Shares acquired on vesting of an award (post-tax) are subject to an additional two year holding period following the vesting date Dividends (or equivalents) may accrue during the vesting period on Shares that vest and be paid in cash or Shares at vesting. The Group's current practice is to pay in cash The Remuneration Committee has the ability to apply both malus and clawback provisions to awards The Remuneration Committee may exercise its discretion to adjust the formulaic vesting outcome up or down (subject to the maximum LTIP opportunity set out below) taking into account all relevant factors, including but not limited to: underlying business performance, individual performance and wider business circumstances
Opportunity	<ul style="list-style-type: none"> The maximum annual award is 500% of salary For threshold levels of performance, 12.5% of the maximum award vests
Performance details	<ul style="list-style-type: none"> The Remuneration Committee will align the performance measures under the LTIP with the long-term strategy of the Group with measures focused on delivering sustainable value creation Prior to each grant, the Remuneration Committee will select performance measures and weightings and determine targets. Performance measures may be financial, non-financial, share price based, strategic, or determined on any other basis that the Remuneration Committee considers appropriate reflecting strategic priorities Targets are intended to be set at appropriately stretching levels of performance in the context of the strategic plan. Currently, the financial performance measures used are EPS^(A) and ROIC^(A). For awards made in 2020 a sustainability metric has also been included. The Remuneration Committee will retain the discretion to amend subsisting performance measures and/or targets in exceptional circumstances (e.g. significant transactions), where it considers that they no longer remain appropriate, although it would only do so following consultation with major shareholders

(A) For definitions, please refer to the glossary of terms.

Illustration of the application of the remuneration policy

The Remuneration Committee considers the level of remuneration that may be received under different performance outcomes to ensure that this is appropriate in the context of the performance delivered and the value added for shareholders.



The chart above provides illustrative values of the remuneration package for the CEO in 2020 under four assumed performance scenarios.

	Assumed performance	Assumptions
Fixed pay	All scenarios	Fixed pay consists of : <ul style="list-style-type: none"> Base salary of €1,178,787 effective from 1 April 2020 Pension allowance of €26,000 Benefits – assumed €127,000, which is the value received in 2019
Variable pay	Below threshold	<ul style="list-style-type: none"> No pay out under the annual bonus plan No vesting under the LTIP No share price growth assumed
	Target performance	<ul style="list-style-type: none"> Target annual bonus, representing 150% of base salary Target LTIP^(A) award, representing 250% of base salary No share price growth assumed
	Maximum performance	<ul style="list-style-type: none"> Maximum annual bonus, representing 360% of base salary Maximum LTIP^(A) award, representing 500% of base salary No share price growth assumed
	Maximum performance including 50% share price growth	<ul style="list-style-type: none"> As above for maximum performance but includes share price appreciation in respect of the LTIP^(A) of 50% during the performance period

(A) LTIP awards may accrue dividend equivalents but the potential value of these has not been included in the analysis above.

Share ownership guidelines

The CEO is required to hold 300% of his base salary in Company 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 (post-tax) must be retained. The guideline continues to apply for one year following termination of employment.

Malus and clawback

The Remuneration Committee has the ability to operate malus and clawback under the annual bonus and LTIP plans. This provides the Remuneration Committee with the ability to restrict or reclaim payments to Executive Directors in circumstances where it would be appropriate to do so.

The circumstances in which the malus and clawback provisions may be invoked are:

Actions/conduct of individual	<ul style="list-style-type: none">• Dismissal for cause (as defined in the rules of the LTIP)• Misbehaviour• Conduct resulting in significant loss• Failure to meet appropriate standards of fitness and propriety• Behaviour which significantly contributes to reputational damage for CCEP
Risk	<ul style="list-style-type: none">• Material failure of risk management
Financial accounts	<ul style="list-style-type: none">• Material misstatement in the audited consolidated accounts• Error in the determination of the vesting of an award (subject to clawback only)
Regulatory requirement	<ul style="list-style-type: none">• Any recovery requirement in line with applicable regulations

In such circumstances, where the Remuneration Committee considers it appropriate it may apply the provisions set out below:

Annual bonus	<ul style="list-style-type: none">• Malus may be applied during the performance period to reduce (including to nil) the annual bonus pay out• Clawback may be applied for up to two years post-payment of the bonus, to recover some (or all) of any amount paid out
LTIPs	<ul style="list-style-type: none">• Malus may be applied before the vesting of an award to reduce (including to nil) the level of vesting of the award.• Clawback may be applied for up to two years post-vesting of the award, to recover an amount in cash or Shares relating to the value of any award already delivered. Alternatively, an existing award may be reduced by the same amount

External appointments

Executive Directors are permitted to hold one external appointment with the prior consent of the Board. Any fees may be retained by the individual. At the time that this policy will come into operation the current CEO is not expected to have such external appointments.

Consideration of wider employee pay and conditions

The Remuneration Committee receives an annual report in respect of wider workforce remuneration, covering topics such as workforce demographics, engagement, pay and reward policies, culture and behaviours initiatives, and diversity initiatives. This information was considered when the remuneration policy was reviewed. It is also considered when the Remuneration Committee decides how it should implement the policy each year.

The Remuneration Committee considers, in particular, the budgeted salary increases for the broader relevant employee population when determining how to implement the remuneration policy for Executive Directors in any year. It is expected that future salary increases for Executive Directors will be no more than the general all employee increase in the country which they are based, except in exceptional circumstances, such as where a recently appointed Executive Director's salary is increased to reflect his or her growth in the role over time or where significant additional responsibilities are added to the role.

The annual bonus metrics and related targets for Executive Directors are aligned with those of senior management and are cascaded through the organisation, adjusted in some cases for local market context. The performance metrics for LTIP awards are normally the same for all participants. Executive Directors may participate in all employee share plans on the same basis as other employees.

The Remuneration Committee does not consult directly with employees as part of the process of setting the policy.

Remuneration policy continued

Scope of remuneration policy

The Remuneration Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the remuneration policy set out above when the terms of the payments were agreed:

1. before the AGM on 22 June 2017 (the date our first shareholder approved Directors' remuneration policy came into effect);
2. before the remuneration policy set out above comes into effect, provided that the terms of the payment were consistent with the shareholder approved remuneration policy in force at the time they were agreed; or
3. at a time when the relevant individual was not a Director of CCEP (or other person to whom this remuneration policy applies) and, in the opinion of the Remuneration Committee, the payment was not in consideration for the individual becoming a Director (or other such person) of the Company. For these purposes 'payments' includes the Remuneration Committee satisfying awards of variable remuneration.

Awards under the LTIP are subject to the plan rules under which the awards were granted. The Remuneration Committee may adjust or amend awards in accordance with the provisions of the plan rules.

In the event of any variation of the Company's share capital, demerger, delisting, or other event which may affect the value of awards, the Remuneration Committee may adjust or amend the terms of awards in accordance with the rules of the plan.

The Remuneration Committee may also make minor amendments to the remuneration policy set out in this report without obtaining shareholder approval if they are required for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation.

Recruitment policy

The following table sets out the various components which would be considered for inclusion in the remuneration package for the appointment of an Executive Director and the approach to be adopted by the Remuneration Committee in respect of each component.

Element	Policy and operation
Policy application	<ul style="list-style-type: none"> • The Remuneration Committee's approach when considering the overall remuneration arrangements on the recruitment of an Executive Director from an external party is to take account of the Executive Director's remuneration package in their prior role, the market positioning of the remuneration package, and not to pay more than necessary to facilitate the recruitment of the individual • Where an Executive Director is appointed from within the business, in addition to considering the matters detailed above for external candidates, our normal policy is that any legacy arrangements would be honoured in line with the original terms and conditions • With the potential for internal succession planning in mind CCEP will strive for alignment, where appropriate, between the approach taken at the Executive Director level and at other senior levels, ensuring that an appropriate pay progression is in place, thus facilitating talent development and succession planning
Fixed elements	<ul style="list-style-type: none"> • Salary levels drive other elements of the package and would therefore be set at a level which is competitive, but no more than necessary • The Executive Director would be eligible to participate in any benefit and/or pension arrangements which were operated for Executive Directors at the time, in accordance with the terms and conditions of such arrangements. These will align with the arrangements provided for the wider workforce • The Company may meet certain mobility costs as required, including, for example, relocation support, expatriate allowances, temporary living and transportation expenses in line with the prevailing mobility policy and practice for senior executives
Annual bonus	<ul style="list-style-type: none"> • The individual will be eligible to participate in the annual bonus plan, in accordance with the rules and terms of the plan in operation at the time • The maximum level of opportunity will be no greater than that set out in the Policy Table above (i.e. 360% of base salary)
Long-term incentives	<ul style="list-style-type: none"> • The individual will be eligible to participate in the LTIP, in accordance with the rules and terms of the plan in operation at the time. The maximum level of opportunity will be no greater than that set out in the Policy Table above (i.e. 500% of base salary)
Buy out awards	<ul style="list-style-type: none"> • The Remuneration Committee will consider what buy out awards (if any) are necessary to facilitate the recruitment of a new Executive Director. This includes an assessment of the awards forfeited on leaving their current employer • In determining the quantum and structure of these commitments, the Remuneration Committee will seek to provide no more than the equivalent value and replicate, as far as practicable, the form, timing and performance requirements of the awards forfeited • Buy out share awards, if used, will be granted using the Company's existing LTIP to the extent possible, although awards may also be granted outside this plan if necessary and as permitted under the Listing Rules • In the case of an internal hire, any outstanding awards made in relation to the previous role will be allowed to pay out according to their original terms • If promotion is part way through the year, an additional top-up award may be made to bring the Executive Director's opportunity to a level that is appropriate in the circumstances

Service contracts and loss of office arrangements

The Remuneration Committee's policy on service contracts and termination arrangements for Executive Directors is set out below. On principle, it is the Remuneration Committee's policy that there should be no element of reward for failure. The Remuneration Committee's approach when considering payments in the event of a loss of office is to take account of the individual circumstances including the reason for the loss of office, Group and individual performance, contractual obligations of both parties as well as statutory requirements, share and pension plan rules.

The key employment terms and conditions of the current Executive Directors, as stipulated in their service contracts, are set out below:

Overall	Policy and operation
Notice period	<ul style="list-style-type: none"> The service contract for Executive Directors provides for a notice period of 12 months from the Company and 12 months from the individual New Executive Directors will be appointed on service contracts that have a notice period of not more than 12 months for both the Group and the individual The Remuneration Committee considers this policy provides an appropriate balance between the need to retain the services of key individuals for the benefit of the business and the need to limit the potential liabilities of the Group in the event of termination
Contractual payments	<ul style="list-style-type: none"> The standard Executive Director service contract does not confer any right to additional payments in the event of termination though it does reserve the right for the Group to impose garden leave on the Executive Director during any notice period. In the event of redundancy, benefits would be paid according to the Company's GB redundancy policy prevailing at that time
Annual bonus	<ul style="list-style-type: none"> Executive Directors may be eligible for a pro rata bonus for the period served, subject to performance No bonus will be paid in the event of gross misconduct
Long-term incentives	<ul style="list-style-type: none"> The treatment of unvested long-term incentive awards is governed by the rules of the plan Guidelines for normal treatment under the LTIP <ul style="list-style-type: none"> Resignation or termination for cause: the award is forfeited Death or disability: the award will normally vest in full Redundancy or other involuntary termination: the award will normally vest on the original vesting date, pro-rated for time served, and subject to performance conditions Good leaver: the Remuneration Committee may determine that a participant who ceases employment for any other reason (e.g. retirement, departure by mutual agreement) be treated as a 'good leaver' in which case the award will normally vest on the original vesting date, pro-rated for time served and subject to performance conditions Change of control: the award normally vests pro-rated for time served and subject to performance conditions. Alternatively, the award may be exchanged for awards in the acquiring company Vested LTIP awards still subject to a holding period will normally be released from the holding period in line with the usual timescales Participants in the LTIP who leave the Group to join TCCC or a franchise company of TCCC may receive a cash payment in respect of their awards under the LTIP, which will lapse. The cash payment will normally be equal to the value of the Shares they would have received, paid at the time they would have received them

The cost of legal fees spent on reviewing a settlement agreement on departure may be provided where appropriate. The Company also reserves the right to pay for outplacement services as appropriate.

Remuneration policy continued

Policy table for NEDs

The table below summarises the remuneration policy for NEDs.

Purpose and link to strategy	<ul style="list-style-type: none"> To attract and retain high calibre individuals by offering market competitive fee arrangements
Operation	<ul style="list-style-type: none"> NEDs and the Chairman receive a basic fee in respect of their Board duties Further fees may be paid for specific committees or other Board duties Fees are set at a level which is considered appropriate to attract and retain the calibre of individual required by the Company. Fees will be reviewed and may be increased periodically Annual fees are set in UK sterling and may be received in alternative currencies at the election of the NED, using the applicable spot rate The Chairman and NEDs are not eligible for incentive awards or pensions Expenses incurred in the performance of non-executive duties (including occasional expenses associated with spouse accompanying the Chairman or NED on business travel or functions as required) for the Company may be reimbursed or paid for directly by CCEP, as appropriate, including any tax due on the benefits Additional small benefits may be provided
Opportunity	<ul style="list-style-type: none"> The Articles provide that the total aggregate remuneration paid to the Non-executive Chairman and the NEDs will be within the limits set by shareholders

The NEDs, including the Chairman of the Board, do not have service contracts, but have letters of appointment.

NEDs and the Chairman of the Board are not entitled to compensation on leaving the Board.

 THE ELECTION AND RE-ELECTION OF DIRECTORS IN ACCORDANCE WITH THE SHAREHOLDERS' AGREEMENT AND ARTICLES OF ASSOCIATION IS DESCRIBED ON PAGE 75 OF THE CORPORATE GOVERNANCE REPORT

Consideration of shareholder views

The Remuneration Committee recognises the importance of building and maintaining a good relationship with shareholders.

The Remuneration Committee engaged with the Company's largest shareholders and their representative bodies in September and October 2019 in respect of the proposed changes to the remuneration policy. Shareholders provided helpful feedback, which was taken into account in developing the final policy. However, no major concerns were raised with either the current policy or the proposed changes.

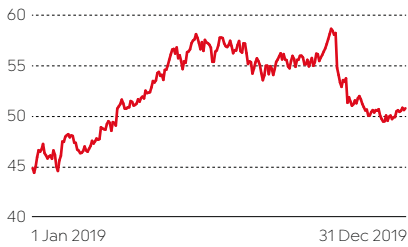
In future, the Remuneration Committee will continue to monitor shareholder views when evaluating and setting ongoing remuneration strategy, and will consult with shareholders prior to any significant changes to our remuneration policy.

Remuneration at a glance

Overview of 2019 remuneration performance

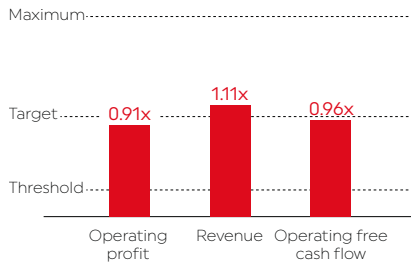
CCEP share price
US\$

13.2%
GROWTH



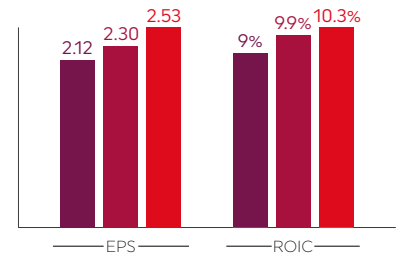
Performance vs annual KPIs

Bonus pay out = 44% of maximum
(including IPP of 1.07x)



Performance vs long-term KPIs

● 2017 ● 2018 ● 2019



2019 CEO single figure



● Fixed pay ● Annual bonus ● LTIP

CEO shareholding

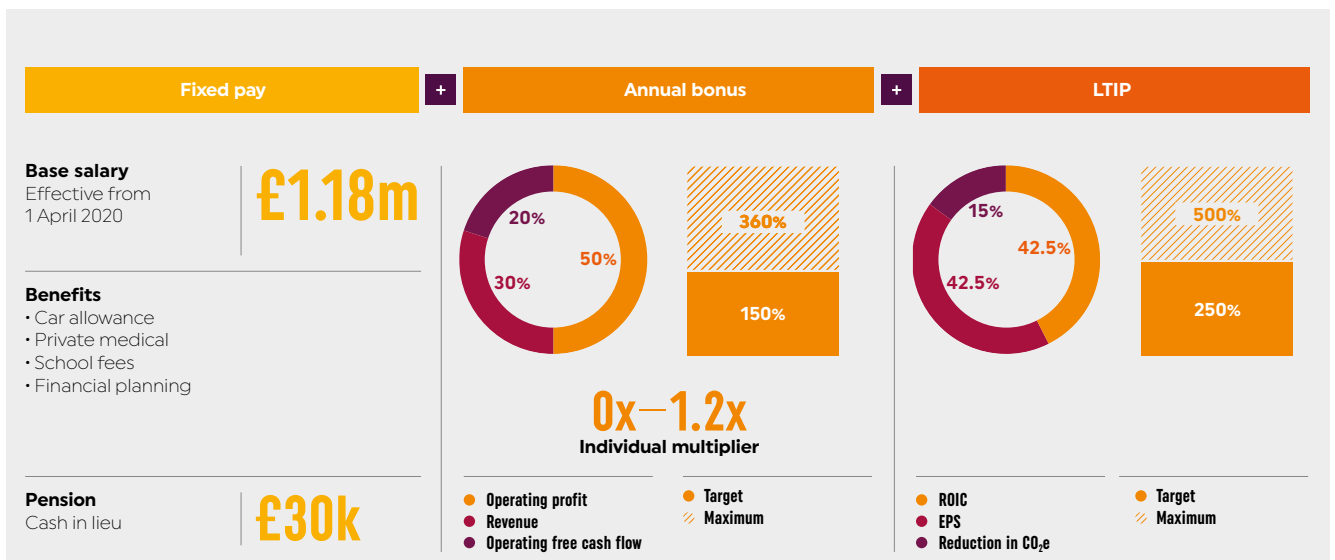


● Current shareholding (% salary) ● Shareholding requirement by 31/12/2021

* Once 2017 LTIP award vests in March 2020, CEO shareholding will be significantly in excess of 300% requirement.

READ MORE IN THE ANNUAL REPORT ON REMUNERATION FROM PAGE 98

Overview of 2020 CEO remuneration framework



READ MORE IN THE ANNUAL REPORT ON REMUNERATION FROM PAGE 98

ALL REFERENCES TO REVENUE, OPERATING PROFIT, OPERATING FREE CASH FLOW, EPS AND ROIC TARGETS AND ACTUALS REFER TO THOSE MEASURES THAT ARE DEFINED WITHIN THE ARR.

Annual report on remuneration

Remuneration outcomes for 2019

The following pages set out details of the remuneration received by Directors for the financial year ending 31 December 2019. Prior year figures have also been shown. Audited sections of the report have been identified.

The Directors' remuneration in 2019 was awarded in line with the remuneration policy which was approved by shareholders at the AGM in June 2017. The remuneration policy operated as intended in 2019.

Single figure table for Executive Directors (audited)

Individual	Year	Salary (£000)	Taxable benefits (£000)	Annual bonus (£000)	Long-term incentives (£000)	Pension (£000)	Total remuneration (£000)
Damian Gammell	2019	1,151	127	1,806	6,894 ^(B)	26	10,004 ^(C)
	2018	1,121	128 ^(A)	2,546	0	26	3,821

(A) Number re-stated from £121,000 as reported in last year's single figure table to correct tax gross up figure in respect of school fee benefit provided.

(B) Estimated value based on three month average share price and exchange rate to 31 December 2019. Number will be restated in next year's single figure table to show the final value on the vesting date of 27 March 2020. Value includes estimated value of Shares and estimated £439,000 cash payment in respect of dividend equivalents to be paid on the vested Shares.

(C) Over two thirds of this figure is from the value of long-term incentives.

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

Base salary

Damian Gammell received a base salary increase of 2.6% from £1,128,600 to £1,157,944 effective from 1 April 2019. This increase was in line with the average increase provided to the wider UK workforce.

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) and family private medical coverage (£7,000).

Pension

The pension provisions that apply to Damian Gammell are aligned to all other UK 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 2019 CCEP annual bonus plan was designed 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%)
- Operating free cash flow (20%)

 REFER TO PAGE 99 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. These included:

- Increase and diversify the revenue and profit pools for CCEP
- Deliver great service internally and externally for our employees and customers
- Improve the competitiveness of CCEP
- Enhance and protect CCEP and its industry licence to operate with our stakeholders
- Improve the engagement, diversity and capability of our workforce

In line with the remuneration policy, Damian Gammell had a target bonus opportunity of 150% of salary. Actual payments range from zero to a maximum of 360% of salary depending on the extent to which business and individual performance measures were achieved.



2019 annual bonus outcome – BPF

Performance in 2019 has been solid, with performance for all three financial measures being delivered around target levels, resulting in an overall BPF of 0.98x.

Measures	Weighting	Performance targets ^(A)			Performance outcome	
		Threshold (0.25x multiplier)	Target (1.0x multiplier)	Maximum (2.0x multiplier)	Actual outcome ^(B)	Multiplier achieved
Operating profit ^(C)	50%	€1,528m	€1,728m	€1,888m	€1,705m	0.91x
Revenue ^(D)	30%	€11,693m	€12,167m	€12,546m	€12,208m	1.11x
Operating free cash flow ^(E)	20%	€1,390m	€1,572m	€1,718m	€1,559m	0.96x
Total	100%					0.98x

(A) All targets set on a constant currency basis at budgeted foreign exchange rates.

(B) Actual outcome is provided only to assess performance against performance targets for the purpose of calculating the BPF relating to the annual bonus.

(C) Comparable operating profit is as defined on page 33, at 2019 budgeted foreign exchange rates.

(D) Revenue is as defined on page 33, at 2019 budgeted foreign exchange rates.

(E) This measure is defined as comparable operating profit as set out on page 33 before depreciation and amortisation and adjusting for capital expenditures, restructuring cash expenditures and changes in operating working capital, at 2019 budgeted foreign exchange rates.

2019 annual bonus outcome – IPF

To determine an appropriate IPF, the Chairman of the Board assesses Damian Gammell's performance against the individual performance objectives that were set at the start of the year. The outcome is then discussed with and recommended by the Committee for final approval by the Board.

Damian once again led the business well during 2019 within a very challenging external environment. He delivered strongly against his individual objectives, outlined below, and the Board determined that his IPF should be set at 1.07x for the year.

Further details of some of the specific objectives achieved are included in the table below:

Objective	Achievements
Increase and diversify the revenue and profit pools for CCEP	<ul style="list-style-type: none"> Increased value share in sparkling Increased revenue delivered from non-traditional sparkling Growth in AfH revenues and new segments Completed number of projects to support future revenue and profit growth
Deliver great service internally and externally for our employees and customers	<ul style="list-style-type: none"> Achieved top five ranking in customer advantage survey in majority of countries Successful roll out of digital platform and portal for customers Implemented new commercial segmentation to improve customer service
Improve the competitiveness of CCEP	<ul style="list-style-type: none"> Fully executed the competitiveness programme agreed by the Board Achieved over €100m of productivity
Enhance and protect CCEP and its licence to operate with stakeholders	<ul style="list-style-type: none"> Continued development of sustainability agenda – This is Forward 2.0 Executed plan to increase European shareholder base Strong collaboration with TCCC on a wide range of strategic projects
Improve the happiness, diversity and capability of our workforce	<ul style="list-style-type: none"> Health and safety records improved across all CCEP BUs Significant increase of females at manager level Developed new inclusion and diversity policy, philosophy and principles framework as well as an inclusion and diversity centre of expertise

2019 annual bonus outcome – calculation

Based on the level of performance achieved as set out above, this resulted in a bonus payment to Damian Gammell of €1.806 million:



Annual report on remuneration continued

Long-term incentives

Awards vesting for performance in respect of 2019

Damian Gammell was granted a conditional award under the CCEP Long-Term Incentive Plan on 27 March 2017. This award was subject to EPS and ROIC performance targets measured over the three year performance period from 1 January 2017 to 31 December 2019.

An overview of the extent to which the performance targets were achieved is set out in the table below:

Measure	Weighting	Performance targets			Actual performance outcome	Final vesting level
		Threshold (25% vesting)	Target (100% vesting)	Maximum (200% vesting)		
EPS ^(A)	50%	4.0% p.a.	8.7% p.a.	12.0% p.a.	9.0% p.a.	1.11x
ROIC ^(B)	50%	8.8%	10.4%	11.5%	10.7%	1.26x
Total vesting level						1.18x

As the award does not vest until 27 March 2020, the final value of the award has been estimated based on the average share price over the three month period from 1 October 2019 to 31 December 2019 of £40.91. This would result in a final pay out of around £6.89 million including the value of the cash payment to be received in respect of dividend equivalents accrued during the performance period. As outlined in the Chairman's letter, over £1.8 million of this value is as a result of the significant increase in share price over the three year performance period, which has delivered over £2.3 billion of value to shareholders over this time. The actual value on the vesting date will be reported in next year's ARR.

Awards granted in 2019

A conditional award was made under the CCEP Long-Term Incentive Plan to Damian Gammell on 1 March 2019, with a target value of 250% of salary. Further details are set out below:

Individual	Date of award	Maximum number of Shares under award	Closing Share price at date of award	Face value	Performance period	Normal vesting date
Damian Gammell	01/03/2019	156,008	\$47.65	\$7,433,781	1 Jan 2019 - 31 Dec 2021	01/03/2022

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

Measure	Definition	Weighting	Vesting level ^(C)		
			25%	50%	100%
EPS ^(A)	Compound annual growth over the three year period 2019–2021	50%	5.7% p.a.	11.0% p.a.	15.5% p.a.
ROIC ^(B)	ROIC achieved in the final year of the performance period (2021)	50%	10.9%	12.4%	13.9%

(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. For the purpose of these awards, invested capital excludes the effect of the Group's adoption of IFRS 16 on 1 January 2019.

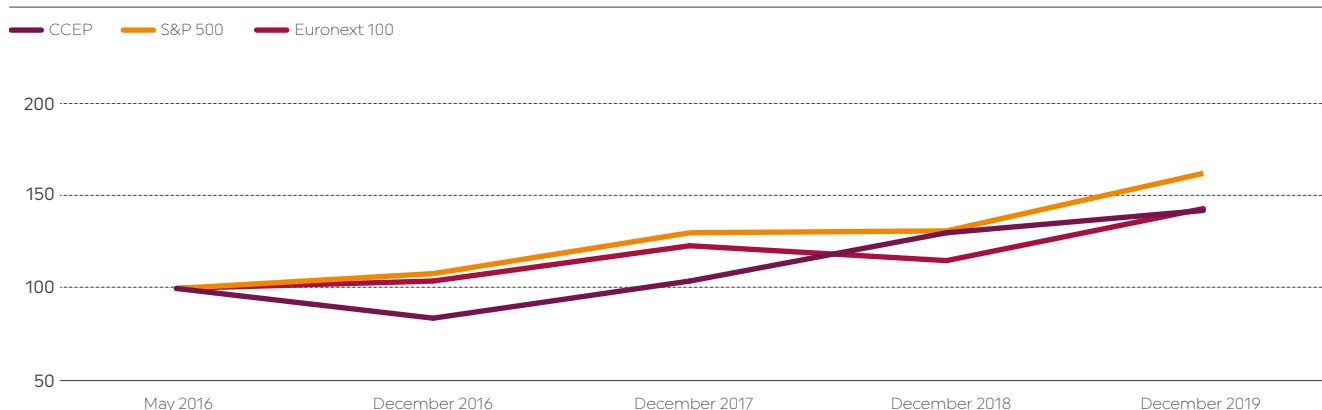
(C) Straight-line vesting between each vesting level (shown).

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

Historical TSR performance and Chief Executive remuneration outcomes

The chart below compares the Total Shareholder Return (TSR) performance of CCEP from Admission up until 31 December 2019 with the TSR of both the Euronext 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-day average data: against S&P 500 & Euronext 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
CEO single figure of remuneration ('000)	\$3,890	€27	€3,716	€3,821	€10,004
Annual bonus pay out (as a % of maximum opportunity)	31.23%	40.6%	60.7%	63.1%	43.7%
LTI vesting (as a % of maximum opportunity)	N/A	N/A	N/A	N/A	59.0%

(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.

Percentage change in CEO remuneration

The table below shows the percentage change in CEO remuneration from 2018 to 2019 compared to the average percentage change in remuneration for all GB employees. The UK population was considered to be the most appropriate as it most closely reflects the reward environment of the CEO.

	CEO	Other employees
Base salary	2.6%	2.6%
Taxable benefits	(0.8)%	2.2%
Annual bonus	(29.1)%	(30.0)%

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 2018 and 2019, along with the percentage change of each.

	2019	2018	% change
Total employee expenditure	€1,771m	€1,768m	0.2%
Dividends	€574m	€513m	11.9%
Share buybacks	€1,005m	€502m	100.2%

Annual report on remuneration continued

CEO pay ratio

The table below shows the ratio of the CEO's single figure of remuneration for 2019 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 67:1.

Year	Method	25th percentile ratio ^(A)	Median ratio ^(B)	75th percentile ratio ^(C)
2019	Option B	320:1	215:1	142:1

(A) The individual used in this calculation received total pay and benefits of £31,300 (of which £28,800 was salary).

(B) The individual used in this calculation received total pay and benefits of £46,500 (of which £34,400 was salary).

(C) The individual used in this calculation received total pay and benefits of £70,600 (of which £53,200 was salary).

The Committee has chosen Option B (hourly gender pay gap information as at 5 April 2019) 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.

The Committee believes the median ratio is consistent with the pay and reward policies for CCEP's UK 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

As stated above, 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 (post-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 2019	Interests in share incentive schemes subject to performance conditions at 31 December 2019 ^{(A)(B)}	Interests in share incentive schemes not subject to performance conditions at 31 December 2019 ^{(A)(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 2019 ^(B)
Damian Gammell	122,415	601,408	N/A	324,643	300%	283%

(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) Count towards achievement of the share ownership guideline on an assumed net of tax basis.

(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.

Following the vesting of the 2017 LTIP award on 27 March 2020, Damian Gammell's interest in Shares that count towards his ownership guideline will increase to a level which will be significantly in excess of the 300% of salary guideline.

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 2018	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 2019	End of performance period	Vesting date
Damian Gammell ^(C)										
05.11.15	PSU ^(A)	N/A	60,300	—	60,300	N/A	—	—	31.12.16	30.04.19
27.03.17	PSU ^(B)	N/A	267,400	—	—	N/A	—	267,400	31.12.19	28.03.20
12.03.18	PSU ^(B)	N/A	178,000	—	—	N/A	—	178,000	31.12.20	12.03.21
01.03.19	PSU ^(B)	N/A	—	156,008	—	N/A	—	156,008	31.12.21	01.03.22

(A) Performance share unit (PSU) – the performance condition was satisfied at target on 31 December 2016. Award vested on 30 April 2019.

(B) PSU. The number of Shares shown is the maximum number of Shares that may vest if the performance targets are met in full.

(C) 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.

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 2019
Sol Daurella ^(A)	32,551,890
Jan Bennink	27,200
José Ignacio Comenge Sánchez-Real ^(A)	7,787,663
Francisco Crespo Benítez	—
Christine Cross	—
Javier Ferrán	—
Irial Finan	—
Nathalie Gaveau	—
Álvaro Gómez-Trénor Aguilar	3,121,908
L. Phillip Humann ^(B)	51,717
Orrin H. Ingram II	10,000
Thomas H. Johnson	10,000
Dagmar Kollmann ^(C)	—
Alfonso Libano Daurella ^(A)	6,534,845
Lord Mark Price ^(C)	—
Mario Rotllant Solá	—
Garry Watts	10,000
Curtis R. Welling ^(B)	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 29 May 2019. Share interests stated are as at the date of resignation.

(C) Appointed to the Board on 29 May 2019.

No changes occurred to the Directors' direct beneficial interests in shares between 31 December 2019 and 16 March 2020.

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.

Annual report on remuneration continued

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 2019. Prior year figures are also shown.

Individual	2019 (£'000)				2018 (£'000)			
	Base fee	Chairman/ Committee fees	Taxable benefits ^(A)	Total fees	Base fee	Chairman/ Committee fees	Taxable benefits ^(A)	Total fees
Sol Daurella	561	26	1	588	550	25	–	575
Jan Bennink	82	46	6	134	80	45	7	132
José Ignacio Comenge Sánchez-Real	82	15	5	102	80	15	7	102
Francisco Crespo Benítez	82	10	9	101	66	8	7	81
Christine Cross	82	48	4	134	80	50	8	138
Javier Ferrán	82	31	2	115	80	30	1	111
Irial Finan	82	26	8	116	80	25	7	112
Nathalie Gaveau	82	10	3	95	–	–	–	–
Álvaro Gómez-Trénor Aguilar	82	–	7	89	66	–	6	72
L. Phillip Humann ^(B)	33	8	3	44	80	20	11	111
Orrin H. Ingram II	82	20	10	112	80	25	8	113
Thomas H. Johnson	112	32	15	159	110	25	11	146
Dagmar Kollmann ^(C)	48	18	6	72	–	–	–	–
Alfonso Libano Daurella	82	20	3	105	80	20	1	101
Lord Mark Price ^(C)	48	12	4	64	–	–	–	–
Mario Rotllant Solá	82	15	5	102	80	15	6	101
Garry Watts	82	51	1	134	80	50	1	131
Curtis R. Welling ^(B)	33	9	3	45	80	25	6	111

(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 29 May 2019.

(C) Appointed to the Board on 29 May 2019.

Implementation of remuneration policy for 2020

Base salary

Damian Gammell will receive a 1.8% salary increase with effect from 1 April 2020. This is lower than the average increase provided to the wider UK workforce of 2.5%.

Individual	2019 salary	2020 salary (effective from 1 April)	% increase
Damian Gammell	£1,157,944	£1,178,787	1.8%

Taxable benefits

No significant changes to the provision of benefits are proposed for 2020. 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 2020 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 99. 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%

In determining the IPF for Damian Gammell for 2020, 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:

Strategic intent	Areas of focus include:
Direct revenue growth	<ul style="list-style-type: none"> Value share in sparkling NPD revenues
Customer experience	<ul style="list-style-type: none"> Improve engagement score
Continuous improvement	<ul style="list-style-type: none"> Deliver targeted values for competitiveness and productivity
Sustainability and stakeholder equity	<ul style="list-style-type: none"> Deliver LRP with franchise partners Meet commitments in respect of rPET Execute the investor relations plan and improve diversity
Culture, capability, talent, organisation and employee experience	<ul style="list-style-type: none"> Achieve targeted levels in respect of diversity and inclusion Implement wellbeing initiatives across the organisation Drive actions to improve areas of focus in engagement survey

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.

Long-term incentive

Damian Gammell's long-term incentive opportunity for 2020 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.

As outlined in the Chairman's letter, following discussions with shareholders the long-term incentive award for 2020 will include a performance measure focused on the reduction of greenhouse gas emissions (CO₂e) across CCEP's entire value chain. This performance measure will have a 15% weighting and EPS and ROIC will remain as the financial measures with a weighting of 42.5% each.

Sustainability is a key element of our longer-term strategy and the Remuneration Committee is of the view that this should be reflected through management's long-term incentive arrangements alongside the key financial drivers of our long-term performance. The targets for the CO₂e metric will be set in line with our revised long-term ambitions to keep the global temperature rise to within 1.5°C. These will be verified science based targets and are still a work in progress, but will be disclosed in full in next year's ARR.

The financial targets have been set at stretching levels taking into account both our long-term plan and external forecasts. EPS targets for 2020 awards include the impact of share buybacks to provide greater alignment with external expectations. The targets have been set based on a scenario that assumes the continuation of share buybacks over the performance period. The final performance targets will be adjusted to reflect the actual value of any share buybacks made during the performance period to neutralise any variances and will be fully disclosed at the time of vesting.

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

Measure	Definition	Weighting	Vesting level ^(C)		
			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 ₂ e reduction	Reduction in CO ₂ e emissions across entire CCEP value chain	15%	To be disclosed in full in next year's ARR		

(A) Comparable and on a currency neutral basis.

(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 total of borrowings and equity less cash and cash equivalents. For the purpose of these awards, invested capital includes the effect of the Group's adoption of IFRS 16 on 1 January 2019.

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

Annual report on remuneration continued

Chairman and NED fees

NED fees were increased with effect from 1 April 2019 and no further changes are proposed for 2020.

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 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 Committee's terms of reference were reviewed during 2018 in the context of the 2018 UKCGC and amendments were approved by the Board on 24 October 2018. They 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 60-64. They are three independent NEDs, one Director nominated by Olive Partners and one Director nominated by ER. The Committee met six times during the year, with attendance as set out in the table on page 74 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 2019:

Meeting date	Key agenda items
February 2019	<ul style="list-style-type: none"> • Determine performance outcomes for the 2018 annual bonus • ELT individual objectives for 2019 annual bonus • ELT LTIP awards for 2019
March 2019	<ul style="list-style-type: none"> • Annual base salary review for the ELT • Agree target award levels for 2019 annual bonus • Determination of financial performance targets for the 2019 annual bonus • Agree final performance outcome for legacy German Cash LTIP • Review of 2018 Remuneration Report • Progress report on ELT shareholding requirements • Review of NED fees
May 2019	<ul style="list-style-type: none"> • Remuneration policy review – initial considerations • Approval of new GB Employee Share Plan and Share Shop • Advisor review • AGM voting update
July 2019	<ul style="list-style-type: none"> • Wider workforce review • Consideration of all employee share plan • Performance update for 2019 annual bonus and 2017 and 2018 LTIP
October 2019	<ul style="list-style-type: none"> • Updated on all employee share plan proposals • Shareholder consultation update • Remuneration policy review • Review of LTIP performance measures
December 2019	<ul style="list-style-type: none"> • Review of first draft of the 2019 ARR • Performance update for 2019 annual bonus and 2017 and 2018 LTIP • Base pay design for 2019 • Annual bonus and LTIP design for 2019 • Remuneration policy review

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 LLP (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 2019, the wider Deloitte firm also provided CCEP with unrelated tax, cyber and access security and consultancy services, including employment tax and digital transformations.

Total fees received by Deloitte in relation to the remuneration advice provided to the Committee during the year amounted to £48,150 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 at the AGM held on 29 May 2019 and the remuneration policy at the AGM held on 22 June 2017:

Resolution	Votes For (%)	Votes Against (%)	Number of votes Withheld
Approval of the ARR	98.63%	1.37%	34,941
Approval of the remuneration policy	90.27%	9.37%	152,723

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

Christine Cross

Chairman of the Remuneration Committee

16 March 2020