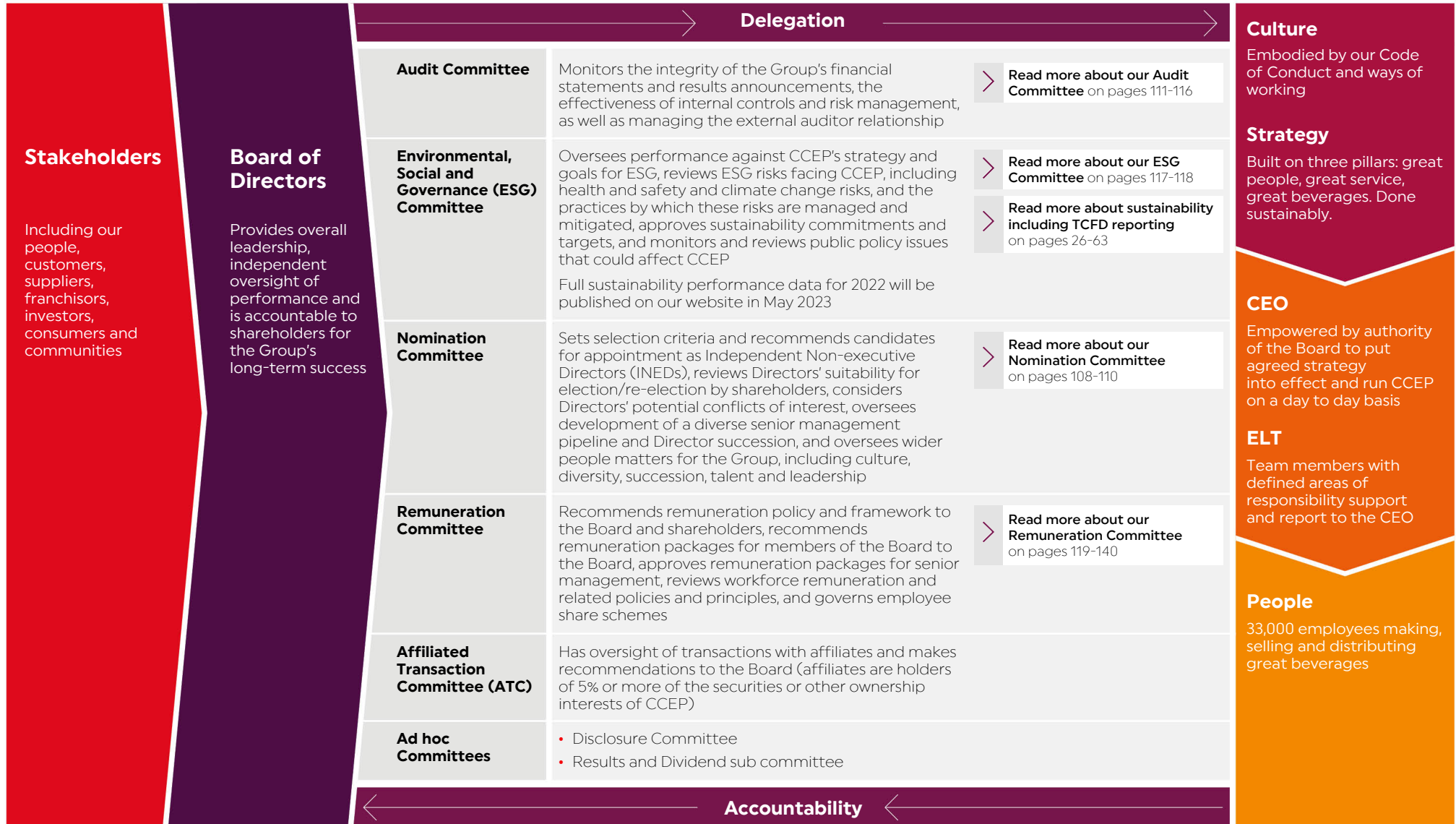


Corporate governance report

Governance framework

Our corporate governance framework is summarised below with further detail provided on the following pages



Corporate governance report continued

Statement of compliance

The governance framework of the Company is set out in its Articles of Association (the Articles) and the Shareholders' Agreement. These provide a high level framework for the Company's affairs, governance and relationship with its stakeholders and its shareholders. The Articles, Shareholders' Agreement and frequently asked questions about the governance framework are available on the Company's website at cocacolaep.com/about-us/governance.

Statement of compliance with the UK Corporate Governance Code

We follow the UKCGC on a comply or explain basis. CCEP is not subject to the UKCGC as it has a standard listing of ordinary shares on the Official List. However, we have chosen to comply with the UKCGC where possible and explain areas of non-compliance to demonstrate our commitment to good governance as an integral part of our culture. Save as set out below, CCEP complied with the UKCGC during the year ended 31 December 2022.

A copy of the UKCGC is available on the Financial Reporting Council's (FRC) website: www.frc.org.uk/directors/corporate-governance/uk-corporate-governance-code.

Chairman UKCGC provision 9

The Chairman, Sol Daurella, was not considered independent on either her appointment or election. However, we benefit from her vast knowledge of, and long-term commitment to, the Coca-Cola system and her extensive experience and leadership skills, gained from her roles as director and CEO of large public and private institutions across many different sectors.

Annual re-election UKCGC provision 18

Sol Daurella, the Chairman, will not be subject to re-election during her nine year tenure following the completion of the Merger. This recognises the importance of her extensive experience and knowledge of the beverage industry, and the significant shareholding of Olive Partners, S.A. (Olive Partners) in the Company.

CCEP follows governance best practice with all other Directors standing for re-election annually at the Annual General Meeting (AGM).

Remuneration UKCGC provision 32

The Remuneration Committee is not comprised solely of INEDs, although it is comprised of a majority of INEDs. The Shareholders' Agreement requires that the Remuneration Committee includes at least one Director nominated by:

- Olive Partners, for as long as it owns at least 15% of the Company
- European Refreshments Unlimited Company (ER), a subsidiary of TCCC, for as long as it owns at least 10% of the Company

The Remuneration Committee, and its independent Chairman, benefit from the nominated Directors' extensive understanding of the Group's market.

Remuneration UKCGC provision 33

The Remuneration Committee is not solely responsible for setting the remuneration of the Chairman and CEO. Instead, the Board (excluding any Director whose remuneration is linked to the decision) determines their remuneration, including the Non-executive Directors (NEDs), on the recommendation of the Remuneration Committee and following rigorous analysis and debate. To date, the Board has followed all of the Remuneration Committee's recommendations.

Differences between the UKCGC and the Nasdaq corporate governance rules (the Nasdaq Rules)

The Company is classed as a Foreign Private Issuer (FPI). It is therefore exempt from most of the Nasdaq Rules that apply to domestic US listed companies, because of its voluntary compliance with the UKCGC. Under the Nasdaq Rules, the Company is required to disclose differences between its corporate governance practices and those followed by domestic US companies listed on Nasdaq. The differences are summarised below.

Director independence

The Nasdaq Rules require a majority of the Board to be independent. The UKCGC requires at least half of the Board (excluding the Chairman) to be independent. The Nasdaq Rules contain different tests from the UKCGC for determining whether a director is independent. The independence of CCEP's NEDs is reviewed by the Board on an annual basis, taking into account the guidance contained in the UKCGC and criteria established by the Board. It has determined that a majority of the Board is independent under the UKCGC and INED criteria, without explicitly taking into consideration the independence requirements outlined in the Nasdaq Rules.

Board Committees

CCEP has a number of committees whose purpose and composition are broadly comparable to the requirements of the Nasdaq Rules for domestic US companies. However, other than the Audit Committee, committee members are not all INEDs, although in all cases the majority are. Each committee has its own terms of reference (broadly equivalent to a charter document) which are reviewed annually and can be found on our website at cocacolaep.com/about-us/governance/committees.

Audit Committee

More information about the Audit Committee is set out in its report, including compliance with the requirements of Rule 10A-3 under the US Securities Exchange Act of 1934, as amended, and Rule 5605(c)(2)(A) of the Nasdaq Rules. The Audit Committee is comprised only of INEDs (who are also deemed independent under the Nasdaq Rules). However, the responsibilities of the Audit Committee (except for applicable mandatory responsibilities under the Sarbanes-Oxley Act) follow the UKCGC's recommendations rather than the Nasdaq Rules, although they are broadly comparable. One of the Nasdaq's similar requirements for the Audit Committee states that at least one member of the Audit Committee should be a financial expert. The Board has determined that Dessi Temperley, John Bryant, Dagmar Kollmann and Garry Watts possess such expertise and are therefore deemed financial experts as defined in Item 16A of Form 20-F. It was further determined that none of the Audit Committee members had participated in the preparation of the financial statements of the Company or any of its subsidiaries.

Corporate governance report continued

Code of Conduct

The Nasdaq Rules require relevant domestic US companies to adopt and disclose a code of conduct applicable to all Directors, officers and employees. CCEP has a Code of Conduct (CoC) that applies to all Directors and the senior financial officers of the Group. If the Board amends or waives the provisions of the CoC, details of the amendment or waiver will appear on the website. No such waiver or amendment has been made or given to date.

➤ **View our CoC** at www.ccepcoke.online/code-of-conduct-policy

CCEP considers that the CoC and related policies address the Nasdaq Rules on the codes of conduct for relevant domestic US companies.

➤ **Read more about our CoC** on page 62

Shareholder approval of equity compensation plans

The Nasdaq Rules for domestic US companies require that shareholders must be given the opportunity to vote on all equity compensation plans and material revisions to those plans. CCEP complies with UK requirements that are similar to those of the Nasdaq Rules.

NED meetings

The Nasdaq Rules require INEDs to meet without the rest of the Board at least twice a year. The UKCGC requires NEDs to meet without the Chairman present at least once annually to appraise the Chairman's performance. The NEDs have regular meetings without management present and, in 2022, there were two separate meetings of INEDs.

Board leadership and company purpose

Role of the Board

The Board is primarily responsible for the Group's strategic plan, risk appetite and oversight, systems of internal control and corporate governance policies, to ensure the long-term success of the Group, underpinned by sustainability.

➤ **Read more about the Board's role in risk oversight in Principal risks** on pages 64-71, **TCFD** on pages 28-37 and the **Audit Committee report** on pages 111-116

To retain control of key decisions and ensure there is a clear division of responsibilities, there is a formal schedule of matters reserved to the Board, which sets out the structure under which the Board manages its responsibilities, and provides guidance on how it discharges its authority and manages its activities. Reserved matters include strategic decisions, approval of annual and long-term business plans, suspension, cessation or abandonment of any material activity of the Group and material acquisitions and disposals.

The Board, through the Nomination Committee, assesses and monitors the Group's culture to ensure it aligns with the Group's purpose, values and strategy set by the Board.

➤ **Read more about our strategy** on page 21

➤ **See our Nomination Committee's report** on pages 108 - 110

Table 1 Roles on the Board

Role	Responsibilities
Chairman	<ul style="list-style-type: none"> Operating, leading and governing the Board Setting meeting agendas, managing meeting timetables Promoting a culture of open debate between Directors and encouraging effective communication during meetings Creating the conditions for overall Board and individual Director effectiveness
CEO	<ul style="list-style-type: none"> Leading the business Implementing strategy approved by the Board Overseeing the operation of the internal control framework
SID	<ul style="list-style-type: none"> Advising and supporting the Chairman by acting as an alternative contact for shareholders and as an intermediary to NEDs
NEDs	<ul style="list-style-type: none"> Providing constructive challenge, strategic guidance, external insight and specialist advice to the Board and its Committees Holding management to account Offering their extensive experience and business knowledge from other sectors and industries
Company Secretary	<ul style="list-style-type: none"> Assisting the Chairman by ensuring that all Directors have full and timely access to relevant information Advising the Board on legal, compliance and corporate governance matters Organising the induction and ongoing training of Directors

Board activities during the year

The Chairman sets the Board agenda, which consists of the following discussion matters:

- Updates from the CEO, the CFO and other key senior executives on the business performance and key business initiatives
- Corporate governance
- Diversity
- Sustainability
- Material expenditure and other Group matters

Strategy was also a key focus of discussions and the Board considered and debated consumer trends focusing on investment in sustainability, digital, supply chain innovation and growth.

➤ **Key topics discussed by the Board during the year** are set out on page 100

Training and development

To ensure constructive challenge to management by the Board, training and development opportunities are provided to the Board in a wide range of topical areas in multiple formats including:

- Briefings – to focus on matters of interest to CCEP such as the bottling industry as well as on relevant commercial, legal and regulatory developments
- Deep dive sessions – to address requests from Directors to better understand CCEP or the environment in which it operates such as its markets
- Site visits – to Group businesses, production facilities and commercial outlets to enhance knowledge of CCEP operations and meet employees, suppliers and customers
- External speakers – to receive insights from experts and engage with stakeholders.

➤ **Some highlights from the programme for 2022** are set out on page 101

Corporate governance report continued

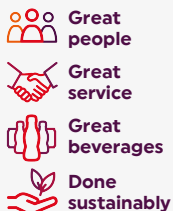
Board activities

Key topics discussed by the Board during 2022.

The table adjacent aims to provide insight into the range of topics discussed that align with its strategic objectives towards its aim of promoting the long-term success of CCEP.

In addition, at Board meetings the Directors receive reports back from Committee Chairs, business and commercial updates from the CEO, finance reports from the CFO and reports covering governance and regulatory updates from the Company Secretary.

Strategic objectives key



Area of focus	Discussion topics	Strategic objectives
Risk	• Assessment of market uncertainty, sanctions, risks and increased costs as a result of the war in Ukraine	
	• Changes to retail environments and customer challenges	
	• Review of competitors and market analysis	
	• Safety and oversight of management's response to fatalities	
People	• People strategy including performance acceleration, employee engagement, talent, learning and development and future ready leadership	
	• Promoting employee inclusion, diversity and equity	
	• Review of wider workforce remuneration	
	• Piloting new technologies to keep our people safe	
Sustainability	• Continual monitoring of our sustainability performance and climate strategy	
	• Defining our sustainable packaging strategy	
	• Investment in sustainability innovation	
	• Approval of the updated CCEP-wide This is Forward sustainability action plan	
Commercial	• Progress towards improving route to market development	
	• Driving API integration into the business, including reorienting the API portfolio	
	• Increasing consumer choice by innovating on flavours and growing our portfolio of products and monitoring performance of innovations	
	• Development of relationship with TCCC and other franchisors	
Finance	• Approval of capital expenditure and dividend payments	
	• Continued support for our innovation investment fund, CCEP Ventures	
	• Progress made on the digital transformation programme	
	• Monitoring pricing challenges and opportunities	

Corporate governance report continued

Board training and development

This timeline highlights some of the training and development opportunities received by the Board in 2022.

2 March 2022



Northern Europe Business Unit

A deep dive of the Northern Europe business unit was presented.



Partnering with our customers to make meaningful progress on sustainability together."

Leendert den Hollander, General Manager, Northern Europe

10 March 2022



GB Business Unit

A deep dive of the GB business was presented.



Continuing to grow sparkling soft drinks share."

Stephen Moorhouse, General Manager, GB

5 April 2022



Climate change

A deep dive on climate change including causes and impacts, strategy and actions and future challenges was presented by our VP, Sustainability, Joe Franses.

27 May 2022



Iberia Business Unit

A deep dive on the unit's current position and strategy was presented.



Iberia's contribution to CCEP leverages on a profitable business with efficient operations."

Francesc Cosano, General Manager, Iberia

7 June 2022



Franchisor agreements

A briefing on franchisor agreements and relationship was provided by management.

20 July 2022



Site visit to Bekasi production facility and Amandina recycling plant, Indonesia



6 September 2022



Rewards philosophy and policy

A training session on CCEP's global rewards philosophy, wider workforce remuneration and market trends.

14 September 2022



Economic outlook

A briefing on economic outlook in CCEP markets and globally, as well as the long-term trends in relation to energy, supply chain, labour and consumer markets was provided by an expert economist.

4-6 October 2022



Site visit to new shared service centre in Varna, Bulgaria



18 October 2022



Site visit to Mannheim production facility, Germany



8 November 2022



Data and analytics for growth

A training session on CCEP data foundations and commercial analytics, change investment and data trends was provided by our Chief Data and Analytics Officer, Laia Collazos.

16 December 2022

Next generation technology architecture


An insight into CCEP's business transformation plans to standardise and optimise business processes was provided by our Chief Information Officer, Peter Brickley.


Corporate governance report continued

Stakeholders

How the Board engages

The Board understands the importance of stakeholder engagement and strives to understand the views of CCEP's key stakeholders. Stakeholders are reviewed by the Board annually to ensure Directors have the right engagement and information to understand stakeholders' input to our business and our impact on them. This enables the Board to better consider stakeholders' interests in Board discussions and decision making.

 Our Section 172(1) statement can be found on page 18


 CCEP's key stakeholders and how CCEP engages with them more generally is explained on pages 14-17

Our people

The terms of reference and remit of the Remuneration Committee include remuneration policy at all levels across the Group, aligned with the Company's long-term strategic goals. The Nomination Committee's terms of reference and remit include key people matters relating to culture, succession planning and diversity. The Chairmen of those committees are responsible for championing, and reporting back to the Board on these matters. The Board also takes the opportunity to engage with our people directly. During the year, our Board met with Inclusion, Diversity and Equity (ID&E) ambassadors to hear about their experiences in person.

 Read more in the Nomination Committee report on pages 108-110

The ESG Committee updates the Board on whistleblowing arrangements, reports and investigations. During the year, as part of its terms of reference review, these matters and others such as health and safety became the remit of the ESG Committee with relevant matters still brought to the Audit Committee.

 Read more in the Audit Committee report on page 116

Our shareholders

Engagement with both existing and potential shareholders is important to the Board. On behalf of the Board, our CEO, CFO and the Investor Relations team engage with investors and analysts throughout the year. The Chairman also attended the capital markets event in November and met with investors.

The CFO provides regular updates to the Board on the views of shareholders, including the share register, share price performance and investor sentiment. The Board is routinely kept up to date on the wider Investor Relations programme.

Our franchisors

Our Board engages both directly and indirectly with our franchisors. The Board receives regular updates on franchisors through reports from the CEO and the Chief Commercial Officer, as well as ATC updates including on performance, relationships and key issues. Some Directors, including the CEO and Chairman, engage regularly with TCCC, and the CEO and CFO regularly meet other franchisors. The Board also received updates from TCCC in Indonesia at the July Board meeting on growth opportunities and strategy in the region, particularly the role of Indonesia.

Our suppliers

The CEO and CFO inform the Board on key supplier relationships and payments. Supplier risk management is also a topic of discussion at the Board generally and as part of the annual Enterprise Risk Management discussions. We have Supplier Guiding Principles considered at Board level setting out requirements of our suppliers, for example, in relation to human rights, health and safety, the environment and other matters.

 Read more in Forward on supply chain on pages 49-52

Our customers

The Board receives periodic presentations from select customer leaders and in 2022 visited a wholesaler in Great Britain (GB). The Board remains committed to understanding our markets and customers. Market visits in GB, Indonesia and Germany were arranged in 2022 where the Board experienced first hand field sales activation, marketing and adding value for retailers.

The CEO also provides regular updates to the Board on customers, including pricing and negotiations, joint value creation and customer satisfaction metrics. The Board is updated regularly on both category and channel growth, together with changes in coverage and execution performance which support growth for our customers. Customers were also discussed at the Board strategy session in September 2022.

Our consumers

CCEP has limited direct engagement with consumers, therefore, the Board's engagement is also limited though Directors have the opportunity to engage directly with consumers through market visits.

The Board attends presentations on trends and behavioural patterns that could affect consumers and our interaction with them. In addition, the Board is kept informed about portfolio developments by the CEO and via updates from the Chairman of the ATC, responsible for overseeing CCEP's relationships with franchise partners.

During 2022, the ESG Committee received an update from TCCC on consumer-focused sustainability, marketing and communications. The Audit Committee receives updates on any material incidents affecting consumers.

Our communities

The ESG Committee is responsible for overseeing CCEP's relationship with communities under the Social pillar of its remit.

Information and updates on CCEP's community partnerships are provided to the ESG Committee, including reports on local water stress and the health of watersheds.

The Chairman of the ESG Committee provides the Board with detailed updates at most Board meetings. During 2022, the ESG Committee and Board considered and approved a new This is Forward society target to support the skills development of 500,000 people facing barriers in the labour market by 2030 to benefit the communities in which we operate.

 Read more in Forward on society - communities on pages 56-57


Corporate governance report continued

Principal decisions

The Board considers "Principal decisions" to be those decisions of strategic importance which may have a significant long-term impact on CCEP's business, including financial and non-financial performance, and consequences for its stakeholders. Specific examples of key areas of focus and considerations affecting the Board's decision making process during 2022 are set out below.

Advancing sustainability commitments

The Board approved the updated CCEP wide sustainability action plan, This is Forward.

 **Read about our sustainability action plan in detail** on pages 26-63

To help the Board make the decision, the Board received reports from the ESG Committee, which oversaw the process to update the commitments following escalation by the Sustainability Steering Committee. A joint meeting of the Audit and ESG Committees was also held to review the assurance of the This is Forward metrics.

The Board considered the long-term implications of the decision and the proposed metrics to track the outcomes of the decision with management, along with disclosure and assurance.

The Board received information as part of the Company Secretary's Governance updates to better understand the regulations around sustainability, including disclosure rules and reporting requirements.

Along with the need to measure CCEP's progress against the proposed sustainability commitments, the Board was also mindful of the importance of assurance and explaining the metrics and targets transparently to ensure CCEP was accountable to its stakeholders.

The views of stakeholders consulted in developing the plan, including TCCC, suppliers, customers and communities, were fed back by management to the ESG Committee, and in

Committee reports to the Board. The impacts on each stakeholder group were considered. For example, our new commitment to support the skills development of those facing barriers in the labour market aims to have a positive impact on this important stakeholder group.

The Board also considered among other things how the updated sustainability plan supports value creation for customers and how best to align CCEP's commitments with TCCC's global sustainability commitments and World Without Waste plan.

In addition, related to our sustainability action plan, the Board reflected on the risks and opportunities, such as the ability to deliver the updated sustainability commitments and the potential reputational impact of not meeting the commitments versus value creation for shareholders, and protecting CCEP's licence to operate by aligning with societal expectations.

Having taken such factors into account and the Section 172 duty to have regard to its wider stakeholders and also the impact of the Company's operations on the community and the environment, the Board approved the updated sustainability commitments and considered the decision would be in the best interest of CCEP's shareholders as a whole and promote the success of the Company.

Dividend payments

The Board made decisions on returning cash to shareholders towards its objective to ensure sustainable shareholder returns within a consistent and disciplined capital allocation framework.

The Board decided that dividend payments would be the most effective way to return cash to shareholders. Fundamental to the decision was our dividend policy in which CCEP is committed to a 50% dividend payout ratio (comparable profit after tax basis).

To ensure the Board had the information required to make the dividend decisions, the CFO presented papers to the Board outlining the financial position of the Company and confirming that the Company had sufficient

distributable reserves to pay the proposed dividends. The Board was also presented with other relevant factors such as liquidity and earnings forecasts. The Board considered the financial performance of CCEP and reflected on the views and interests of shareholders fed back from external brokers, analysts and investors in Investor Relations' meetings.

In deciding on the dividend payments, the Board considered the various stakeholders who had a long-term interest in the Company, including employees, customers and suppliers. The Board opined on the need to balance shareholder interests with maintaining an optimal capital structure, including the need to pay down debt, to support CCEP's strategic objectives for the benefit of CCEP's wider stakeholders, such as its customers and communities.

Having considered these factors and also taken into account its Section 172 duty to other stakeholders, the Board was pleased to approve two dividend payments in 2022 totalling €1.68 per share. The dividend payments maintained a dividend payout ratio of approximately 50%, demonstrating the strength and resilience of CCEP's business, as well as its ability to deliver continued shareholder value and promote the long-term sustainable success of the Company.

 **Read more in our Business and financial review** on pages 74-85

Acquisition of TCCC's stake in CCBI

Following a recommendation from the ATC, the Board approved the purchase of TCCC's 29.4% minority share in our Indonesia business, PT Coca-Cola Bottling Indonesia (CCBI), increasing CCEP's ownership to 100%.

To aid decision making, the ATC received a number of materials presented by members of the ELT which included information on the strategic objective notably the desire to simplify ownership of CCBI and operations in Indonesia, and with regard to the longer-term implications, the financial rationale for the transactions and scenarios to help the ATC

understand the potential impact of the transaction on the financial performance of the Company. This included the positive financial performance of CCBI and future growth prospects, taking into account potential headwinds including from plastic and sugar taxes, with sugar tax implementation expected in 2024.

The ATC also considered CCEP's latest forecasts for the business. The Board were kept regularly updated by management as the transaction progressed.


In taking its decision, the ATC sought the views of stakeholders via management, including Peter West, GM API, and considered there to be a number of benefits. This included demonstrating to our franchise partner, TCCC, customers and shareholders our commitment to the future of Indonesia as a market.

The Board subsequently received reports back from the Chair of the ATC following each of its discussions on the matter in addition to having the ability to access the materials that were provided to the ATC. TCCC nominated Directors recused themselves from the discussions that involved TCCC.

Following due consideration, the Board agreed to proceed with the transaction on the basis that it was considered in the best interests of the Company's shareholders as a whole and would promote the long-term success of CCEP.

Succession planning

In addition to the above key decisions, the Board, taking into account the views of stakeholders, made decisions through new appointments, to ensure the Board, its Committees and senior management had the right combination of skills, experience and knowledge to lead CCEP in meeting the Company's strategic objectives towards long-term success.

 **Read more in our Nomination Committee report** on pages 108-110

Corporate governance report continued

Division of responsibilities Governance structure

The Board, led by the Chairman, is responsible for the leadership of the Group. While both the Executive Director and NEDs have the same duties and constraints, they have different roles on the Board (see Table 1 on page 99). There is a clear, written division of responsibilities between the Chairman and the CEO. The Board has approved a framework of delegated authority to ensure an appropriate level of Board contribution to, and oversight of, key decisions and the management of daily business that support its long-term sustainable success. This framework has been designed to enable the delivery of the Company's strategy and is outlined in our governance framework on page 97.

The Board delegates certain matters to its Committees. Each Committee has its own written terms of reference, which are reviewed annually. These are available at coccolaep.com/about-us/governance/committees.

The CEO with the ELT manages the day to day business. All decisions are made in accordance with our chart of authority, which defines our decision approval requirements and ensures that all relevant parties are notified of decisions impacting their area of responsibility.

Board and Committee meetings

The Board held six formal meetings during 2022, with additional ad hoc meetings with Board and Committee members held in line with business needs. Directors are expected to attend every meeting. If a Director is unable to attend, the relevant papers are provided to that Director in advance so that comments can be given to the Chairman or Committee Chairman, as applicable, who relays them at the meeting. Afterwards, the Chairman or Committee Chairman, as applicable, also briefs the Director on the matters discussed.

Attendance during 2022 is set out in Table 2 on page 105. The Chairman attends most Committee meetings. There is cross membership between the Audit Committee and Remuneration Committee. This helps ensure remuneration outcomes align with the underlying performance of CCEP. This reflects CCEP's joined up approach to investing in and rewarding our people. Cross membership between Committees enables active collaboration and liaison across Committees.

At the end of most Board meetings, two sessions are held: one that all Directors attend, without management present, and the other that all NEDs attend, without management or the CEO present. In 2022, there were also two separate meetings of INEDs. Directors may raise any matter they wish for discussion at these sessions.

Board support

Board meetings are generally scheduled at least one year in advance, with ad hoc meetings arranged to suit business needs. Meetings are held in a variety of locations, reflecting our engagement with all aspects of our international business.

The agenda of Board meetings follow our annual Board programme. This sets out the standing items at each meeting, such as periodic activities (including results and AGM documentation), business plan and the assessment of Board evaluation results.

Before the Board meeting, the Chairman, CEO and Company Secretary agree the final agenda. This covers discussion items such as the status of ongoing projects and stakeholder considerations. Comprehensive briefing papers are circulated electronically to all Directors, to allow time to review the matters which are to be discussed.

Throughout the year Directors have access to the advice and services of the Company Secretary and independent professional advice, at the Company's expense.

Board paper review

In 2022, actions were taken to implement the improvements from the externally facilitated Board paper review undertaken by Independent Audit (IA). IA does not have any connection with the Board or any individual Director.

Following the review:

- The format and content of Board papers have become clearer and more concise with greater use of appendices for detail.
- The Board paper preparation process is more streamlined with greater collaboration between teams drafting the papers for each Committee and the Board.
- Authors of papers receive direct feedback from the meetings, including actions and improvements, directly from the Company Secretariat team.

Independence of Non-executive Directors

The Board reviewed the independence of all the NEDs against the UKCGC and also considered the requirements of SEC Rule 10A-3 in relation to the Audit Committee.

It determined that Jan Bennink, John Bryant, Christine Cross, Nathalie Gaveau, Thomas H. Johnson, Dagmar Kollmann, Mark Price, Dessi Temperley and Garry Watts are independent and continue to make effective contributions. At its meeting in February 2023, the Board determined that Mary Harris and Nicolas Mirzayantz joining the board, subject to their election at the May 2023 AGM are also independent.

The Board recognises that Nancy Quan (joining the Board subject to her election at the May 2023 AGM) cannot be considered independent as the appointment was nominated by ER, a wholly owned subsidiary of TCCC, which owns at least 10% of the Company.

The Board recognises that the remainder of CCEP's NEDs, including the Chairman, cannot be considered independent. However, they continue to demonstrate effective judgement when carrying out their roles and are clear on their obligations as Directors, including under section 172 of the Companies Act.

Our CEO, Damian Gammell, is not considered independent because of his executive responsibilities to the Group.

Consequently, the majority of the Board are independent.

Conflicts of interest

The UK Companies Act 2006 (the Companies Act), the Articles and the Shareholders' Agreement allow the Directors to manage situational conflicts (situations where a Director has an interest that conflicts, or may conflict, with our interests). The ATC exists to oversee transactions with affiliates. The Nomination Committee considers issues involving potential situational conflicts of interest of Directors. Each Director is required to declare any interests that may give rise to a situational conflict of interest with CCEP on appointment and subsequently as they arise. Directors are required to review and confirm their interests annually. The Board is satisfied that the systems for the reporting of situational conflicts are operating effectively.

Corporate governance report continued

Table 2
Meeting attendance by Board and Committee members^(A)

	Independent or nominated by Olive Partners or ER ^(B)	Board of Directors	Affiliated Transaction Committee	Audit Committee ^(I)	ESG Committee ^(J)	Nomination Committee	Remuneration Committee
Chairman							
Sol Daurella	Nominated by Olive Partners	6 (6)	4 (4)			5 (5)	
Executive Director							
Damian Gammell	CEO	6 (6)					
Non-executive Directors							
Manolo Arroyo	Nominated by ER	6 (6)				5 (5)	6 (6)
Jan Bennink	Independent	6 (6)	4 (4)		5 (5)		
John Bryant	Independent	6 (6)		9 (9)			6 (6) ^(I)
José Ignacio Comenge ^(C)	Nominated by Olive Partners	6 (6)	1 (1)				4 (4)
Christine Cross	Independent	6 (6)				5 (5)	6 (6)
Nathalie Gaveau	Independent	6 (6)			5 (5)		
Álvaro Gómez-Trénor Aguilar	Nominated by Olive Partners	6 (6)					
Thomas H. Johnson	SID	6 (6)				5 (5) ^(I)	6 (6)
Dagmar Kollmann	Independent	6 (6)	4 (4) ^(I)	9 (9)			
Alfonso Libano Daurella ^(D)	Nominated by Olive Partners	6 (6)	3 (3)		1 (1)		
Mark Price ^(E)	Independent	5 (6)			5 (5)	5 (5)	
Mario Rotllant Solà ^(F)	Nominated by Olive Partners	6 (6)			4 (4) ^(I)		2 (2)
Brian Smith ^(G)	Nominated by ER	5 (6)			4 (5)		
Dessi Temperley ^(H)	Independent	5 (6)		8 (9) ^(I)			
Garry Watts	Independent	6 (6)	4 (4)	9 (9)			

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

(B) Nominated pursuant to the Articles of Association and terms of the Shareholders' Agreement.

(C) Effective May 2022, José Ignacio Comenge resigned as a member of the Affiliated Transaction Committee and was appointed as a member of the Remuneration Committee.

(D) Effective May 2022, Alfonso Libano Daurella resigned as Chairman and member of the ESG Committee and was appointed as a member of the Affiliated Transaction Committee.

(E) Mark Price was unable to attend the September 2022 Strategy meeting due to other pre-agreed commitments.

(F) Effective May 2022, Mario Rotllant Solà resigned as a member of the Remuneration Committee and was appointed as Chairman and member of the ESG Committee.

(G) Brian Smith was unable to attend the December 2022 Board and ESG Committee meetings due to other pre-agreed commitments.

(H) Dessi Temperley was unable to attend the March 2022 Board and Audit Committee meetings and Garry Watts consented to act as her alternate.

(I) Chairman of the Committee.

(J) One meeting was a joint meeting of the Audit Committee and ESG Committee held in October 2022.

Corporate governance report continued

Composition, succession and evaluation

Board diversity and composition

The composition of the Board and its Committees is set out on page 105. As their biographies on pages 89–93 show, our Board members have a range of backgrounds, skills, experience and nationalities, demonstrating a rich cognitive diversity.

➤ See an overview of our Directors' skills and experience on page 88

➤ Read more about the Group's approach to ID&E on pages 58–63

Our commitment to diversity begins at the top, with clear leadership from our Board, and is embedded at every level of our business through our Inclusion and Diversity policy. This is Forward and the CoC.

We are pleased to announce that subject to the election of the Directors proposed at our May 2023 AGM, we will have achieved our 33% female Board membership target and met our ambition to appoint at least one Director from an ethnic minority background. Female representation on our Board will increase to 35.3% from 29.4% in 2022.

The Board considers that it would be appropriate to have 40% female representation overall and will, with its stakeholders, work towards that as a longer-term aim.

The Nomination Committee is committed to overseeing a diverse pipeline for senior management and Director positions.

➤ Read more about Board succession and diversity on pages 106 and 108 – 110

Election and re-election of Directors

The Board has determined that the Directors, subject to continued satisfactory performance, shall stand for re-election at the May 2023 AGM with the exception of the Chairman as explained on page 98. Jan Bennink, Christine Cross and Brian Smith will retire from the Board at the conclusion of the 2023 AGM. The Board is confident that each Director will carry on performing their duties effectively and remain committed to CCEP.

The Board has also determined that Mary Harris, Nicolas Mirzayantz and Nancy Quan should stand for election at the 2023 AGM.

Mary Harris

Mary Harris brings to the Board a top level strategic outlook with international and consumer focus from her time as partner at McKinsey and Co and as a Non-executive Director. Mary is currently a Non-executive Director and a member of the Nomination and Audit and Risk Committees at ITV plc. She is also the Designated Non-executive Director for workforce engagement and a member of the Remuneration Committee at Reckitt plc and a Supervisory Board member at HAL Holding N.V. Mary has previously held non-executive Director positions at Unibail-Rodamco-Westfield, Sainsbury's and TNT Express and TNT N.V.

Nicolas Mirzayantz

Nicolas Mirzayantz brings to the Board over 30 years of strategic, operational and business transformation experience at IFF, a multinational industry-leading supplier to FMCG customers that creates ingredients and essential solutions for food, beverage, health, scent, biosciences and sensorial experiences. Most recently serving as President, Nourish Division, he was previously the Divisional CEO for the Scent Division during a period of historic and transformational mergers. During his tenure, he was a champion of sustainability, setting the foundation for IFF's industry-leading ESG+ initiatives. Nicolas previously served on the Board of the International Fragrance Association (IFRA), the official representative body of the fragrance industry worldwide and was a Cultural Leader at the World Economic Forum.

Nancy Quan

Nancy Quan has extensive knowledge of the Coca-Cola system having worked with the company since 2007 in leadership roles spanning innovation and consumer trends, research and development, and supply chain. As Senior Vice President and Chief Technical and Innovation Officer for TCCC, she oversees a networked team that creates innovation pipelines to enable short-term and long-term growth, and drives transformational and scalable supply chain solutions to maximise customer and consumer value. Nancy serves on the Board of Directors for the Liberty Mutual Group and the Industry Affiliates Advisory Board for the University of California Davis MBA Program, and is an active member of the FIRST (For Inspiration and Recognition of Science and Technology) Executive Advisory Board.

The NED terms of appointment are available for inspection at the Company's registered office and at each AGM. Among other matters, these set out the time commitment expected of NEDs. The Board is satisfied that the other commitments of all Directors do not interfere with their ability to perform their duties effectively.

➤ See the significant commitments of our Directors in their biographies on pages 89–93

Board evaluation

In line with best practice, we conduct an external Board evaluation at least once every three years. We did this last in 2021.

Given the depth and breadth of the 2021 external effectiveness review, it was determined that an internal Board evaluation process was appropriate for 2022. The Board appointed Lintstock to support a questionnaire based exercise, alongside interviews with all Directors by the SID. Lintstock has no other connection with CCEP or any individual Director.

The questionnaire and interview responses were collated and reports produced on the performance and effectiveness of the Board, each Committee as well as the Directors. The Board discussed the results openly and constructively.

Overall, the Board confirmed that it continued to perform effectively. Board culture, its relationship with senior management and Board support were highly rated but some areas for further improvement were identified. These are set out in Table 3 on page 107.

Corporate governance report continued

Table 3
2022 Board evaluation findings and actions

	Culture and engagement	Strategic topics	Board composition	Information flow and quality
2022 findings	Foster and enhance relationships with the ELT and API stakeholders	Review Board focus on strategic topics including in relation to sustainability, brand portfolio and technology	Review diversity of the Board in terms of gender, ethnicity and other skills aligned with the Group's geographical footprint	Enhance the quality and flow of information to the Board
Actions undertaken in 2022	<p>March 2022 saw the return of physical meetings with the Board and ELT.</p> <p>The May 2022 meeting held in London, included an Employee Townhall, lunch with ID&E Ambassadors and dinner with the Iberian leadership team.</p> <p>Engaged with API leadership, employees and joint venture partner during site visits to Indonesia in July 2022.</p> <p>Reviewed CCEP's key stakeholder groups in October 2022.</p>	<p>Board meetings throughout the year, as well as the Board strategy session held in September 2022, provided the Board with greater visibility of competitor analysis, product innovation, technology and automation and sustainable packaging.</p>	<p>Characteristics above were considered as part of the Nomination Committee's search for new INEDs.</p> <p>Further details on Board succession and diversity can be found in the Nomination Committee report on page 109.</p>	<p>Sessions were held with relevant people within the business with input from external consultants (Independent Audit) on refining the content of papers and presentations to be more succinct.</p> <p>The approach to delivery of papers was revised to provide timely insight to Board members.</p> <p>Improvements were evident from May 2022 onwards.</p>

Table 4
Disclosure of compliance with provisions of the Audit, risk and internal control and Remuneration sections of the UKCGC

Items located elsewhere in the 2022 Integrated Report	Page(s)
Directors' responsibilities statement	144
Directors' statement that they consider the Integrated Report and financial statements, taken as a whole, to be fair, balanced and understandable	144
Going concern statement	143
Assessment of the Group's principal risks	64–71
Viability statement	72
Risk management and internal control systems and the Board's review of their effectiveness	71
Audit Committee report	111–116
Directors' remuneration report	119–140

Audit, risk and internal control and Remuneration

Disclosures of compliance with provisions of the Audit, risk and internal control and Remuneration sections of the UKCGC are located elsewhere in this Integrated Report. These disclosures include descriptions of the main features of CCEP's internal control and risk management systems as required by Rule 7 of the Disclosure Guidance and Transparency Rules (DTRs). Table 4 sets out where each respective disclosure can be found.


Annual General Meeting

The AGM continues to be a key date in our annual shareholder calendar.

At our 2022 AGM, we were pleased that all resolutions were passed by more than 80% of those voting.

The 2023 AGM of the Company will be held on 24 May. The Notice of AGM will set out further details and a full description of the business to be conducted at the meeting. This will be available on our website from the time of its posting to shareholders in April 2023.

The Chairman, SID and Committee Chairmen are available to shareholders for discussion throughout the year to discuss any matters under their areas of responsibility, by contacting the Company Secretary.

 **Read more about our engagement with investors** on pages 15 and 102

Sol Daurella, Chairman
17 March 2023