EUROPEAN PARTNERS

GREAT **PEOPLE**
GREAT **SERVICE**
GREAT **BEVERAGES**

2020 INTEGRATED REPORT AND FORM 20-F

ONE OF THE WORLD'S LARGEST BEVERAGE COMPANIES.

POWERED BY A TEAM OF TALENTED AND ENGAGED PEOPLE.

LEADING POSITION WITHIN A LARGE AND VALUABLE CATEGORY.

SOLID TRACK RECORD OF PERFORMANCE.

RAPID RESPONSE TO COVID-19 PANDEMIC.

CONFIDENT IN OUR FUTURE, LED BY GREEN AND DIGITAL.

STRONGLY ALIGNED WITH THE COCA-COLA COMPANY.

Coca-Cola European Partners plc Registered in England & Wales, Company number 09717350

World's best brands

Positioned for continued growth

Unrivalled customer coverage

Investing in key capabilities

Ambitious sustainability plans

Solid balance sheet

Strong, strategic alignment with The Coca-Cola Company

Success driven by the resilience of our people

Supporting our communities

DRIVING SUSTAINABLE SHAREHOLDER RETURNS

LEARN ABOUT WHAT WE DO, HOW WE DO IT AND OUR STAKEHOLDERS ON **PAGES 8–13**

READ ABOUT OUR SUSTAINABILITY ACTION PLAN, THIS IS FORWARD, ON **PAGES 22–41**

SEE OUR REPORT ONLINE AT **IR.COCACOLAEP.COM/FINANCIAL-REPORTS-AND-RESULTS/INTEGRATED-REPORTS**

Strategic Report

Governance and Directors' Report

Financial Statements

Other Information

None of the websites referred to in this Annual Report on Form 20-F for the year ended 31 December 2020 (the Form 20-F), including where a link is provided, nor any of the information contained on such websites, are incorporated by reference in the Form 20-F.

Performance indicators

We launched our new climate strategy with a clear ambition to reach net zero greenhouse gas emissions by 2040

Key highlight

Financial

Revenue (€BN)

€10.6BN

Comparable volumes declined by 10% reflecting the adverse impact of COVID-19, particularly on immediate consumption and the away from home channel. This was partially offset by growth in the home channel supported by online grocery sales and continued revenue growth management initiatives.

Revenue per unit case declined by 1.5% driven by adverse channel, geographic and pack mix as a result of COVID-19.

Operating profit on a comparable basis* (€BN)

€1.2BN

Comparable operating profit declined by 29% reflecting the decline in revenue. This impact was moderated by a reduction in variable expenses given lower volumes, as well as the delivery of approximately €260 million in discretionary operating expenditure (opex) savings as we ensured spend was limited to what was essential.

We leveraged the crisis as a catalyst to accelerate our competitiveness initiatives as we look for ways to become even more efficient and further reduce complexity.

Diluted earnings per share (EPS) on a comparable basis* (€)

€1.80

Comparable diluted EPS declined by 29% driven by the decline in comparable operating profit. This was partially offset by the return of approximately €130 million to shareholders before the suspension of our €1 billion share buyback programme in March 2020.

Free cash flow* (€BN)

€0.9BN

Free cash flow generation continues to be a core priority of our business. Despite the impact of COVID-19 and following continued investments in our portfolio, digital capabilities and sustainability initiatives, we still delivered free cash flow of over €900 million, close to our medium-term objective of generating at least €1 billion a year.

This highlights the strength of our free cash flow generation, supported by our disciplined capital expenditure (capex) and working capital improvement initiatives.

Return on capital invested (ROIC)* (%)

7.6%

ROIC declined by 270 basis points driven by the decline in comparable operating profit.

This metric remains a high priority for us and we will continue to focus on driving profitable revenue growth and capital efficiencies.

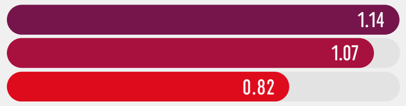
Data legend

2019 | 2020

*Please refer to Business and financial review on page 54 for definition and reconciliation of non-GAAP figures to GAAP figures.

Sustainability

Lost time incident rate (number per 100 full time equivalent employees)

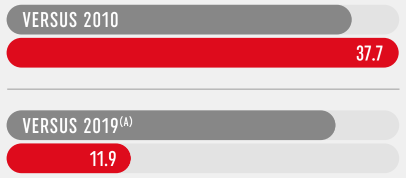


0.82

Our people's mental and physical wellbeing remains our priority during the ongoing COVID-19 pandemic. By providing our people with a safe and healthy work environment, we aim to work towards zero incidents.

In 2020, we continued to upgrade and improve workplace equipment and infrastructure and we saw our lost time incident rate fall to 0.82, a reduction of 23% compared with the previous year.

% GHG emissions reduction across our value chain since 2010 and 2019

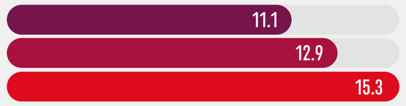


11.9%

We are committed to reducing greenhouse gas (GHG) emissions, to limit the global temperature increase to 1.5°C above pre-industrial levels and to protect the future of our planet. In 2020, we launched our new climate strategy with a clear ambition to reach net zero GHG emissions by 2040 and to reduce our GHG emissions across our value chain by 30% by 2030 (versus 2019).

In 2020, the GHG emissions within our value chain had fallen by 11.9% compared to 2019 and had fallen by 37.7% compared to 2010 (previous target baseline year).

% sugar reduction in our soft drinks since 2015



15.3%

Consumer habits are continually changing. Working with The Coca-Cola Company (TCCC) and other franchisors, we continue to evolve our business and portfolio to meet consumers' demands for a greater variety of drinks, including low and no calorie options.

By the end of 2020, the average sugar per litre in our soft drinks portfolio had fallen by 15.3% compared with 2015. This represents a reduction of 19.8% since 2010. We're achieving these reductions by reformulating our recipes, and by providing greater choice.

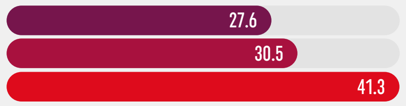
Water use ratio (litres of water/litre of product produced)

1.57

Climate change is altering weather patterns around the world, causing water shortages and droughts in some areas and floods in others. As water is the main ingredient in the majority of our drinks it's critical that we use water sustainably and protect local water resources for future generations.

The amount of water we use to make our products has reduced by 13.7% compared with 2010, to 1.57 litres of water per litre of product produced.

% PET from recycled PET



41.3%

Creating a circular economy for the packaging we use is important in helping to address the world's plastic waste crisis. We are committed to ensuring that at least 50% of the material we use for our PET bottles comes from recycled PET (rPET) by 2023, and we'll aim to reach 100% recycled or renewable plastic by the end of the decade. We continue to make progress in increasing recycled plastic in our packaging.

In 2020, 41.3% of the PET we used to make our PET bottles was rPET, up from 30.5% in 2019.

Data legend

2018 | 2019 | 2020

FOR MORE ABOUT OUR SUSTAINABILITY COMMITMENTS AND PROGRESS, SEE PAGES 22–37

(A) 2019 data restated.
For more information see page 26.

Our portfolio

We work closely with our franchise partners to offer consumers a wide range of popular drinks, with or without sugar and in a range of pack sizes and materials. We continue to expand our portfolio into areas we believe will drive significant growth in the coming years.

COCA-COLA®

Our Coca-Cola brands come in a range of variants that offer consumers a great choice of flavours, with or without sugar. This includes Coca-Cola Classic and Coca-Cola Zero Sugar, and Diet Coke/Coca-Cola Light for a lighter and refreshing taste across a number of flavour variants. Coca-Cola Zero Sugar was the number one soft drinks brand for absolute value growth across our markets, according to Nielseniq.

FLAVOURS, MIXERS AND ENERGY

Flavours, mixers and energy are an important part of our portfolio of drinks. Fanta continued to be a focus in 2020 supported by a significant Halloween marketing campaign and new flavours like raspberry zero sugar.

Monster performed strongly in 2020 – with volume growth of 15.5%, supported by new flavours such as Pacific Punch and a broader multi-pack offering in markets such as GB. Monster is now the number one energy brand in Spain and Portugal. We also introduced a new cherry variant for Coca-Cola Energy.

We're building our portfolio of adult mixers, led by Schweppes[A], Royal Bliss and Coca-Cola Signature Mixers. In 2020, Schweppes gained value share in a competitive GB market.

(A) In Great Britain (GB) only.
(B) We report comparable volumes for our Coca-Cola trademark drinks; flavours, mixers and energy drinks; hydration; and RTD teas, RTD coffees, juices and other drinks.

66.0%
COCA-COLA®

22.5%
FLAVOURS, MIXERS AND ENERGY

HYDRATION

The hydration category is typically heavily reliant on immediate consumption – with consumers buying and consuming our hydration brands on the go. As a result of COVID-19 restrictions and less immediate consumption, 2020 saw a 34% volume decline.

RTD TEAS, RTD COFFEES, JUICES AND OTHER DRINKS

2020 saw the expansion of Costa Coffee to Germany, following the introduction of Costa Coffee ready to drink (RTD) in GB in 2019. We also created a dedicated team, led by a new senior leadership role in Coca-Cola European Partners (CCEP), to oversee our expansion into coffee.

We continue to invest in Fuze Tea, with new flavours and pack sizes coming in 2021 to drive momentum.

In the fourth quarter of the year, Capri-Sun saw solid growth in GB and France.

In partnership with TCCC, we introduced Topo Chico hard seltzer – Coca-Cola's first brand in the alcohol category in Europe.

2020 BRAND CATEGORY VOLUME (ROUNDED)[B]

5.0%
RTD TEAS, RTD COFFEES, JUICES AND OTHER DRINKS

6.5%
HYDRATION

Our operations

We are a local business. We invest, employ, manufacture and distribute locally. We want to create a great experience for everyone we interact with – whether they are a customer, partner, supplier, stakeholder, member of our local community or part of our great team. We are investing in key areas of our business, to make the experiences we provide even better.

READ MORE ABOUT HOW WE ARE SUCCEEDING IN A CHANGING LANDSCAPE ON **PAGES 18–19**

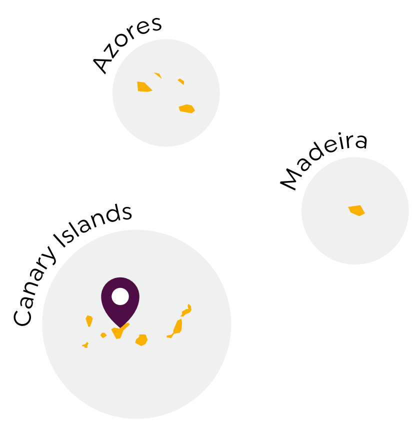
		REVENUE BY GEOGRAPHY[A]	NO. OF EMPLOYEES[B]
1	Iberia (Spain, Portugal and Andorra)	20.5%	4,012
2	Germany	21.5%	7,061
3	Great Britain	21.0%	3,329
4	France (France and Monaco)	16.0%	2,570
5	Belgium and Luxembourg	8.5%	2,135
6	Netherlands	5.0%	765
7	Norway	4.0%	549
8	Sweden	3.0%	679
9	Iceland	0.5%	164
10	Bulgaria		842

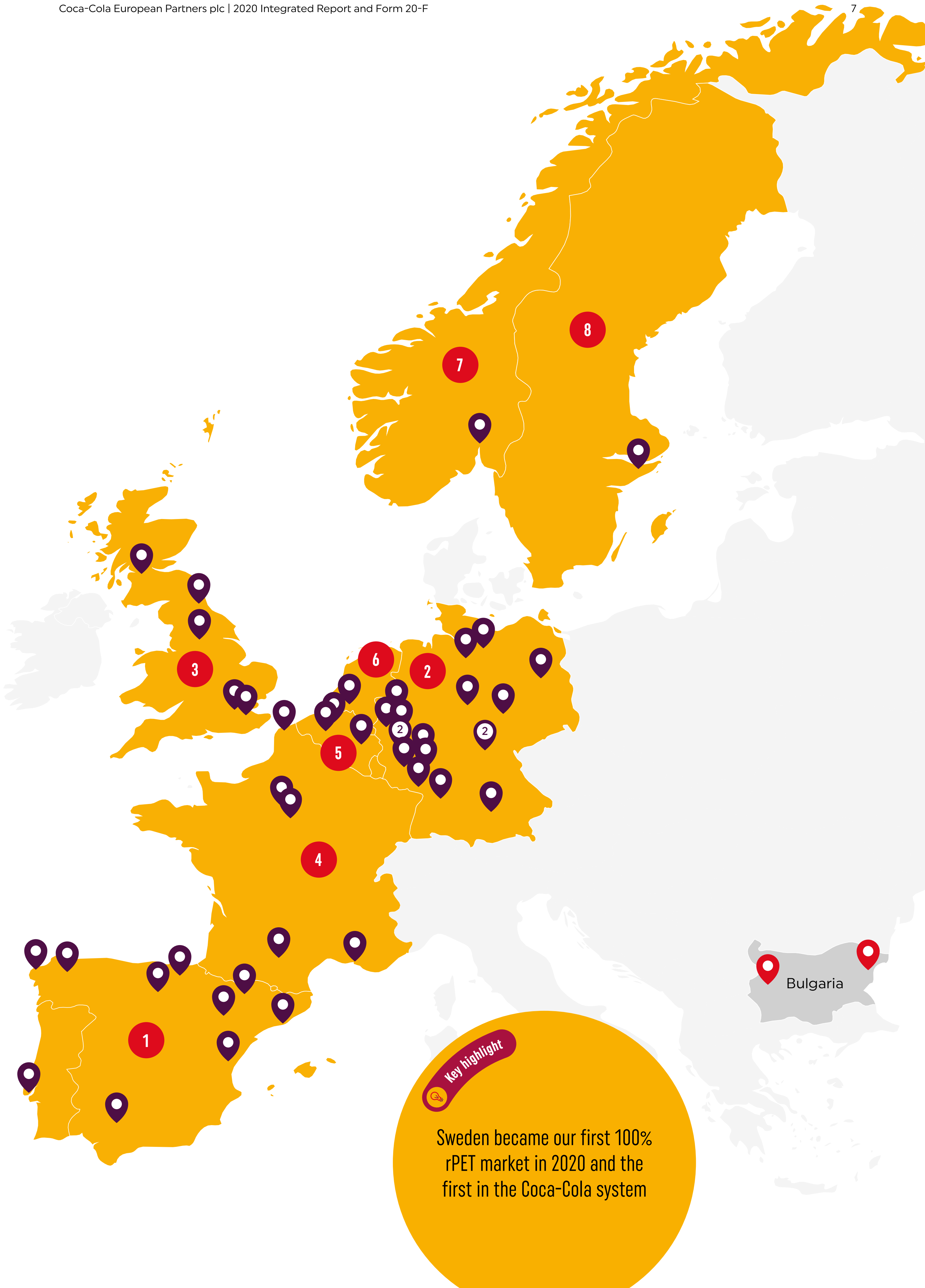
(A) Revenue shown is percentage of total revenue as at 31 December 2020.
(B) Number shown is number of employees as at 31 December 2020.

Map legend

- Production facility
- 2x Production facilities
- Shared service centre
- Where we operate

SEE OUR INTERACTIVE MAP ON WWW.COCACOLAEP.COM /ABOUT-US/PLACES





What we do and how we do it

GREAT PEOPLE

- A great place to work, where people can grow, be happy and be well through Me@CCEP
- Winning capabilities and performance
- Following our Code of Conduct (CoC)

FIND OUT MORE ABOUT WHERE OUR PEOPLE WORK ON PAGE 6

Powered by our people

We employ around 22,000 people across our business. They make and sell our great beverages and help our customers grow by providing great service. They work with our communities as we seek to work sustainably and help them thrive.

GREAT SERVICE

- Easy to do business with
- Known for world class execution
- Agile and flexible
- Decision making close to the customer

Source raw materials

We use ingredients such as water, sugar, coffee, juices and syrup to make our drinks. We also rely on materials like glass, aluminium, PET, pulp and paper to produce packaging. We require all our suppliers to meet strict targets around workplace policies and practices, health and safety, ethics and human rights, environmental protection and business integrity.

Work with TCCC and other franchisors

TCCC and other franchisors make and sell concentrates, beverage bases and syrups, own the brands and are responsible for consumer brand marketing.

We operate under bottler agreements with TCCC and other franchisors and purchase the concentrates, beverage bases and syrups to make, sell and distribute packaged beverages to our customers and vending partners.

Make great tasting drinks

Our production facilities make and bottle our wide range of drinks. We're continually improving our production facilities. We produce safe, high quality products for our customers and consumers. Over 92% of the drinks we sell are produced in the country in which they are consumed.

Distribute to our customers

We distribute our products to customers and vending partners by working closely with logistics partners.

Work closely with customers who sell to consumers

Our nearly 6,000 strong sales force works with a huge range of customers – from small local shops, supermarkets and wholesalers to restaurants, bars and sports stadiums – so consumers can enjoy our great products wherever they are and whenever they want. We also provide cold drink equipment (CDE) and supply vending machines so people can find our drinks on the go.

GREAT BEVERAGES

- Category leadership with great tasting drinks and brands consumers love
- Top quality and right every time
- Bring brands to life in the market through powerful partnerships with brand owners

FIND OUT MORE ABOUT OUR PORTFOLIO OF DRINKS ON PAGES 4–5

DONE SUSTAINABLY

- Force for good
- Transitioning to a low-carbon, zero waste, circular business
- Focused on the areas that matter most to our business and stakeholders: climate, society, drinks, packaging, water and supply chain

SEE OUR THIS IS FORWARD SUSTAINABILITY ACTION PLAN ON PAGES 22–37

Work with partners, aiming to collect 100% of our packaging

Although 98% of our bottles and cans are recyclable, they don't always end up being recycled. That needs to change. We're determined to lead the way towards a circular economy for our packaging where 100% of our packaging is collected, reused or recycled, so that none of it ends up as litter or in the oceans.

FOR A BETTER SHARED FUTURE

- Creating value for all our customers – big and small
- Contributing to local economies
- Supporting our communities
- Trusted by shareowners and stakeholders

Our stakeholders

Our stakeholders are part of our business and play a vital role in our success at every stage in our value chain. From the suppliers who provide our raw materials, to the communities where we operate and the people who make and sell our products, we seek to work together to refresh our markets and make a difference.

OUR PEOPLE

Our business depends on the great people who make, sell and distribute our products every day. We foster a diverse, inclusive and safe working environment, where everyone's individuality is valued and where everyone has the training, tools and opportunity to succeed.

We invest in our people's training and development (around €9 million in 2020) as well as compensating them and providing additional benefits.

How we engage

We make sure our people have opportunities to share their views, for example, through town hall meetings (held virtually in 2020, as a result of the COVID-19 pandemic) and engagement surveys. We share information through our intranet and other communication channels. Our management meets regularly with works councils and trade unions that represent our people. We have a number of channels through which our people can seek advice and raise concerns in line with our CoC.

What the Board did

Designated Directors
Two Non-executive Directors (NEDs), the chairmen of the Remuneration and Nomination Committees, have responsibility for ensuring the views and concerns of the workforce are taken into account by the Board and for reporting to the Board on employee related matters. During the year, the Nomination Committee requested regular feedback from management in relation to employee wellbeing and progress towards our inclusion and diversity (I&D) plan. The Remuneration Committee considered employee incentives in light of COVID-19, including the need for a fair and consistent approach across our workforce.

Consultation
2020 saw the first exceptional meetings of the CCEP European Employee Works Council, established in November 2019, to consult on CCEP's proposed Accelerate Competitiveness programme. The Chief Executive Officer (CEO) presented and took questions in a virtual environment and the conversation was translated into local languages to enable full participation.

Communication
To create an open and honest culture at CCEP, regular communications to our people from the CEO and other senior leaders is key. The CEO provides a regular cadence of updates regarding the Group's results and other developments within the business, to ensure our people are kept informed about the matters that affect them as employees. The Board endorsed management's approach to increasing senior leadership visibility and frequency of communications in response to COVID-19, noting the positive impacts of clear leadership and direction on confidence and productivity.

Employee town hall
To ensure the safety of our people, we adhered to prevailing COVID-19 public health guidance and held an employee town hall with the Board, virtually. Over 2,000 of our people were invited to attend an online session and to submit questions to be answered by a panel of Directors. They challenged the panel with tough questions covering sustainability, commercial decisions and mergers and acquisitions (M&A).

READ MORE ABOUT OUR PEOPLE AND CULTURE ON **PAGES 38–41**

OUR INVESTORS

Our investors provide the equity capital for our business and hold management to account, not only on financial performance but also by discussing key environmental, social and governance issues.

In 2020, we paid dividends totalling €386 million to shareholders.

How we engage

We have a comprehensive programme of investor engagement covering the Annual General Meeting (AGM), investor roadshows, investor conferences including key note webcast presentations, analyst meetings, proxy advisor engagement, half yearly earnings releases alongside presentations and trading updates with webcast conference calls. Much of our interaction in 2020 was virtual as a result of the COVID-19 pandemic.

What the Board did

M&A
During the year, the Board considered the opportunity to acquire Coca-Cola Amatil Limited (CCL), one of the largest bottlers of RTD beverages and coffee in the Asia Pacific region. The Board invested significant time in understanding CCL's business and markets and how the acquisition aligns with CCEP's long-term growth ambition.

Annual General Meeting
This year, the AGM was held as a closed meeting in line with prevailing COVID-19 guidelines and in accordance with CCEP's Articles of Association. Shareholders were given the opportunity to put questions to the Board ahead of the meeting via the Company's website.

READ ABOUT OUR SOURCES AND USES OF CASH ON **PAGES 59–60**

OUR FRANCHISORS

We conduct our business primarily under agreements with TCCC and a limited number of other franchisors. These agreements generally give us the exclusive right to sell, distribute, and, in most cases, make beverages in approved packaging in specified territories.

We drive sales to customers so that our franchisors' brands are available where and when consumers want them.

How we engage

CCEP has long-term growth plans to create value together with our franchisors. To ensure ongoing discussion, our management regularly meets them to consider both functional, and sales and marketing matters. We invite TCCC to present at our Board meetings on a regular basis.

What the Board did

Collaboration
CCEP works closely with our franchise partners to develop and market the brands we sell and to set the tone of our engagement with consumers. The Affiliated Transaction Committee (ATC) oversaw the performance of franchisor relationships in 2020, including new product development and trends in innovation.

READ ABOUT OUR RELATIONSHIP WITH TCCC AND OTHER FRANCHISORS ON **PAGES 195–196**

OUR SUPPLIERS

We work with a network of about 15,000 suppliers across our markets. They supply us with a wide range of commodities and services such as ingredients, packaging, energy, equipment, building and facilities, fleet and logistics services, sales and marketing services, information technology (IT) and telecoms and general administration.

Partnering and collaboration with our suppliers on sustainability is helping drive progress on delivering our This is Forward commitments while sustainable sourcing ensures security of supply of all the commodities and services needed to make, sell and distribute our drinks. For example, the support of our suppliers is key to achieving our 2030 GHG emissions reduction target.

Around 87% of our spend in 2020 (excluding concentrate and juices purchased from TCCC and other franchisors) was with suppliers in our countries of operation.

How we engage

Through our supplier relationship management process, our procurement teams engage regularly with suppliers so we can build long-term relationships and work together on common objectives. This includes addressing key sustainability issues in areas such as reducing packaging waste and responsible ingredient sourcing.

What the Board did

Annual supplier day
The CEO and other senior management representatives attended a virtual event attended by more than 200 unique suppliers.

Digital tools
A demonstration of the digital tools used by CCEP's procurement team was given on request to one member of the Board.

Supplier Guiding Principles
As part of operating with integrity, we have guidelines approved at Board level setting out expectations and requirements of our suppliers in relation to expected conduct, for example, in relation to human rights, health and safety and other matters.

READ MORE ABOUT ACTION WE'RE TAKING ON OUR SUPPLY CHAIN ON **PAGES 36–37**

Our stakeholders continued

WE ENGAGE WITH OUR STAKEHOLDERS REGULARLY TO UNDERSTAND THEIR VIEWS ON THE ISSUES THAT MATTER MOST TO THEM AND HOW BEST TO WORK TOGETHER TOWARDS OUR COMMON GOALS. BY LISTENING CLOSELY TO OUR STAKEHOLDERS, WE ENSURE THEIR INSIGHTS SHAPE OUR BUSINESS STRATEGY.

OUR CUSTOMERS

We strive to be our customers' preferred partner and create value together by responding to changing consumer preferences and retail trends. Our operating model is customer centric and focused on the front line. We aim to deliver the strongest execution and reach a broad range of outlets in the marketplace, all while making it easier to do business with us. In 2020, the revenue we generated for our grocery customers grew by €488 million compared to 2019.(A)

How we engage

We are focused on our customers, with thousands of our people calling on them every day (subject to local restrictions). General Managers regularly engage with customers, along with senior members of the sales teams. We also engage with customers at an international level through TCCC's Global Customer Governance Board where certain international customers request this single point of contact within the Coca-Cola system. This engagement is limited to our markets under strict legal protocols.

What the Board did

Market visits
The Directors remain committed to understanding our markets and our customers. Virtual market visits were arranged in 2020, to mitigate the health and safety risks of in person visits from COVID-19. The Directors received insights on matters including field sales activation, marketing and adding value for retailers.

Voice of the customer
Senior leadership from Carrefour France were invited to present to the Board about Carrefour's approach to its customers. The Directors asked questions and discussed the future of retail more widely from a consumer focus.

CONSUMERS

Consumers buy our great products from our customers. They drive demand for a range of drinks. We work with our customers to ensure that the drinks reaching consumers are high quality, safe and taste great.

How we engage

Generally, our franchisors own the relationship with consumers. We work closely with our franchisors and customers to understand consumer wants and needs. We receive direct feedback from consumers via the consumer care line provided on all our packaging.

What the Board did

Our portfolio
Our ATC oversees CCEP's relationships with our franchise partners, through which we are able to keep focus on development and diversification of our portfolio.

OUR COMMUNITIES

We have a strong local heritage and presence. We seek to make a positive difference, helping to address the challenges our communities face by supporting local partnerships and grassroots initiatives.

We recognise the economic, social and environmental interaction between our business and our communities. Our people live in our local communities and we use local resources, such as water and transport systems, to make, sell and distribute our products.

How we engage

We invest in charitable and community causes in all of our markets and our people regularly take part in volunteering activities to support social initiatives in our communities.

What the Board did

This is Forward
The Corporate Social Responsibility (CSR) Committee oversaw development of, and progress against, our sustainability action plan, taking into consideration market guidance on sustainability and stewardship. The Board attended a session giving an external perspective on the global climate challenge, in the context of CCEP's action on climate.

Climate strategy
In December 2020, CCEP announced a new 2030 science based emissions reduction target and an ambition to reach net zero emissions by 2040. We continue to invest proactively in our sustainability ambitions to create a better future for the communities we serve.

READ ABOUT OUR GHG EMISSIONS TARGETS ON **PAGES 24–26**

(A) Source: Nielseniq ScanTrack (Nielsen Strategic Planner Data) for the year 2020 to week ending 27 December 2020. Countries included are Belgium, France, Germany, GB, the Netherlands, Norway, Spain, Sweden and Portugal. CCEP is defined as TCCC and Monster Energy excluding Innocent. Grocery customers here generally includes hypermarkets, supermarkets and discounters, although there are slight variations by market.

CASE STUDY

COVID-19

In response to the COVID-19 pandemic, the Board empowered management to take immediate actions to protect our people, support our customers and communities, and safeguard the long-term future of our business.

COVID-19 required us to adapt quickly to a challenging and rapidly evolving environment. During the initial peak of the pandemic, weekly meetings were established between the Directors and senior management to ensure the right actions could be taken at the right times. We took decisions with a view to balancing the immediate needs of our stakeholders with our commitment to a sustainable recovery over the long term. Some examples of how this worked in practice are set out below:

Our people
We made a commitment early in the year to prioritise our people's health, safety and wellbeing. Pulse surveys were undertaken during the summer, to understand our people's experiences of the pandemic and their responses to leadership decisions. The results directly informed development of our people strategy, notably our wellbeing and future ways of working initiatives, with oversight by the Nomination Committee.

READ ABOUT THE STEPS WE TOOK IN RELATION TO OUR PEOPLE IN ACTION ON SOCIETY ON **PAGE 27**

Customers
Our commercial management teams have provided case by case support to our customers during what has been a difficult and challenging time. The Board endorsed a flexible and collaborative approach to speed recovery, which saw adjustments to production to ensure our customers were receiving the products in demand, and redeployment of our people to support a strained grocery sector.

Communities
Commitment to supporting the local communities where we operate is a part of CCEP's sustainability strategy. We are proud that the strong links we have established with local communities have helped CCEP to have a meaningful and positive impact across our territories in response to the pandemic. Our contributions have included €3 million in product donations, ongoing volunteering by our people and working closely with TCCC and the Coca-Cola Foundation to provide substantial financial aid to fund the fight against COVID-19.

READ ABOUT SUPPORT FOR COMMUNITIES AND CUSTOMERS ON **PAGES 28–29**

We have furthered our commitment to making a positive difference by signing the Uniting Business and Governments to Recover Better business statement, which calls upon businesses and governments to prioritise science based climate actions as part of their COVID-19 recovery plans.

READ ABOUT OUR PLANS FOR A GREEN RECOVERY ON **PAGES 24–26**

Investors
Due to the significant macroeconomic uncertainty arising from the pandemic, we took the decision in the short term to defer consideration of a 2020 dividend payment to shareholders until later in the year, to preserve maximum flexibility during a challenging period. Management maintained regular and open dialogue with investors and provided timely updates to the Board on market sentiment and confidence in our business. The Directors recognise the importance of cash returns to shareholders and declared a full-year dividend for 2020 in October, once visibility over performance had improved.

READ MORE ABOUT OUR STRATEGIC RESPONSE TO COVID-19 IN THE CONVERSATION WITH OUR CHAIRMAN AND CEO ON **PAGES 15–17**

Consumers
The Board received regular updates from management regarding consumer buying behaviour and changes to the daily routines of consumers. Emerging trends in consumer behaviour have helped inform our strategic route to market decisions, to ensure we can deliver our beverages to the places and in the ways our consumers want.

During 2020, the Board acted in good faith to promote the long-term success of CCEP

In accordance with the directors' duties set out in section 172 of the UK Companies Act 2006 (the Companies Act), the Board supervises the profitable operation and development of CCEP to maximise its equity value over the long term, without regard to the individual interests of any shareholder. A minority of our NEDs were appointed by major shareholders of CCEP. However, each of the Directors understands his or her responsibility under the Companies Act to act fairly as between members of the Company. We acknowledge that all of our decisions may affect CCEP's shareholders through their impact on the future success of the business and confirm our due regard in this respect.

We recognise that to deliver our strategy in a sustainable way, we must consider the commercial, social and environmental impacts of our business. During the year, we have monitored, assessed and challenged CCEP's progress against our annual business plan and sustainability targets.

When taking decisions of strategic importance, we endeavour to balance the interests of our stakeholders in ways that are compatible with CCEP's long-term, sustainable growth. The Board gains stakeholder perspectives to inform its decision making through direct engagement, where feasible, and regular communication with senior management. We identified our key stakeholder groups as those which have significant interactions with our business model and that we impact in the course of our business operations.

Ensuring our business operates responsibly is fundamental to our long-term success. The Board oversees a robust corporate governance framework that enables the right people to take the right decisions at the right time.

READ HOW OUR CORPORATE GOVERNANCE FRAMEWORK WORKS IN PRACTICE ON **PAGES 74–81**

HOW THE DIRECTORS, AND CCEP MORE WIDELY, HAVE ENGAGED WITH OUR KEY STAKEHOLDERS THIS YEAR IS SET OUT ON **PAGES 10–13**

Conversation with our Chairman and CEO

Damian Gammell, Chief Executive Officer (left)

Sol Daurella, Chairman (right)

How did CCEP fare during 2020 and the COVID-19 pandemic?

Sol 2020 was an unprecedented and challenging year for us all and I'd firstly like to extend my sincere gratitude to everyone at CCEP for their incredible commitment and hard work, as well as to all of those who have been keeping us safe throughout the pandemic.

In 2020, we prioritised the wellbeing of our people and the continuity of service to our customers. We worked closely with all our partners to support our customers and everyone they serve. Together with TCCC, we provided substantial aid to the Red Cross and other local non-governmental organisations (NGOs). In addition to providing protective equipment, we donated more than 600,000 unit cases of our products to foodbanks, medical and key workers.

And from a governance perspective, we increased the cadence of leadership reviews with our teams, our Board and TCCC, while also learning from other bottlers across the Coca-Cola system.

Damian Our results demonstrate the resilience of our business and our ability to operate with agility in such a rapidly changing environment. I am particularly proud of how our colleagues worked tirelessly to support our customers, consumers, communities and each other throughout such a challenging year, while at the same time protecting the long-term health of our business.

We entered 2020 with good momentum but the COVID-19 pandemic had a significant impact on immediate consumption and the away from home channel given widespread outlet closures.

As a result, we placed greater emphasis on our core brands and the home channel, including the growth in online and future consumption. I am pleased that we still gained overall market share during the year.

We also took bold actions to protect our performance and focus on business continuity. All opex was limited to what was essential and we deferred non-critical capex. These discretionary opex and capex savings of approximately €260 million and €200 million respectively helped us generate strong free cash flow of €924 million which, supported by a strong balance sheet, enabled us to maintain a full year dividend payout ratio of approximately 50%.

2020 also strengthened our determination to go further and faster on our sustainability action plan, This is Forward. In December, we set out a bold ambition to reach net zero GHG emissions by 2040, which we'll talk more about later.

What is the rationale behind the acquisition of Coca-Cola Amatil?

Damian In October, we announced plans to acquire Coca-Cola Amatil, one of the largest bottlers and distributors of RTD beverages and coffee in the Asia Pacific region. The transaction will solidify our position as the largest Coca-Cola bottler by revenue and create a platform for accelerated growth and returns.

Four years on from the creation of CCEP, this is the right time to take our proven playbook in Western Europe and apply its success into new markets. Australia and New Zealand are complementary developed markets with attractive long-term macro growth fundamentals.

We will also gain exposure to Indonesia, one of the world's most populous and attractive emerging markets.

This is a unique and exciting opportunity to double our consumer reach to 600 million. This will enable us to scale up faster than ever before, with even more aligned and ambitious growth plans with TCCC and our other brand partners.

Sol This coming together of two of the world's best Coca-Cola bottlers is truly exciting. We expect to drive more sustainable and faster growth by combining the talent, learning and best practices of two great companies, both with a strong shared sustainability focus. A more diverse and inclusive culture will translate into new thinking and new ideas and our people will have even more opportunity to grow and develop. We also look forward to leveraging CCEP's experienced leadership in emerging markets.

We believe in the power of the Coca-Cola system to generate value for shareholders, demonstrated by the creation of CCEP four years ago, and now through the acquisition of these great franchises and markets. We have created significant value for our shareholders in recent years and we look forward to continuing on that trajectory.

FURTHER... FASTER...

Key highlight

We donated more than 600,000 unit cases (3.3 million litres) of our products to foodbanks, medical and key workers

"WE ARE CONFIDENT THAT WE WILL EMERGE FROM THE PANDEMIC AS AN EVEN MORE EFFICIENT AND SUSTAINABLE BUSINESS"

Damian Gammell, Chief Executive Officer

Conversation with our Chairman and CEO continued

How are you building a future ready culture within CCEP?

Damian We fundamentally believe that a great employee experience will create a strong and positive future.

Our people strategy sets out how we are building a winning culture that supports personal growth, builds the right skills such as agility and resilience and benefits from a diverse range of talents.

We're committed to building a more inclusive, representative and equal workplace, by going further and faster to bring meaningful change. We've been working hard to create a workplace where everyone feels welcome to contribute and be at their best, and we want to make a difference to society and grow sustainably – together.

We continue to provide physical, mental and emotional wellbeing support to all colleagues. This has been particularly important during the pandemic and included the rollout of online wellbeing training modules which proved very popular, and were attended by over 5,000 colleagues during the year.

In November, we appointed Véronique Vuillod as the new Chief People and Culture Officer at CCEP. Véronique worked previously as the Vice President of People and Culture for CCEP France and has a comprehensive understanding of our business having worked with CCEP since 1996. Véronique's appointment underscores our commitment to developing talent within CCEP, and I am confident that her leadership will support the growth of our business and people in the coming years.

We want to create an environment that empowers everyone to thrive, where everyone can contribute to the growth of CCEP and where everyone feels respected and able to share their ideas and perspectives.

Sol Together with all the people in CCEP who are driving our success, particularly Damian and his leadership team, I'm grateful to my fellow Directors for their contribution over the year. I'd like to take this opportunity to thank Francisco Crespo Benítez, Orrin H. Ingram and Javier Ferrán, who stepped down from the Board during 2020, for their excellent contributions to our business. And I was very pleased to welcome our new Directors, Dessi Temperley, Brian Smith and John Bryant. In addition to their wide business expertise, Dessi brings strong financial and commercial insight, Brian is a deeply experienced Coca-Cola leader, with more than 20 years of experience working in the Coca-Cola system and John brings over 30 years' experience in consumer goods, with particular expertise in strategy and M&A.

How is CCEP developing its digital capabilities?

Sol Our world has changed due to the pandemic, and we will embrace the opportunity digital represents for our consumers, customers and colleagues and in supporting us to become a more sustainable business.

Our response to COVID-19 has shown that we can adapt to remote working, and still collaborate with colleagues and deliver work successfully. We will continue to look for ways of using digital solutions to bring us closer together and work faster and more effectively. For example, Redline, CCEP's internal communication platform, continues to grow and has provided a real sense of community throughout the pandemic.

Damian The pandemic has caused huge behavioural shifts in society and people are now living, shopping and working very differently. As consumers move to digital solutions in larger numbers, we're working closely with customers to make sure our products are as easy to find online as they are in store. At the same time, other online shopping channels like food aggregators and direct to consumer propositions offer us a new way of getting our great products to consumers.

We've also been accelerating our business to business (B2B) platforms to make it even easier for our customers and wholesalers to do business with us. We have a winning portal with My.CCEP.com, now available in nine of our markets, with functionality that continues to improve and further customer reach. We currently have around 31,000 customers using the platform, four times more than at the beginning of the year, and this number continues to grow.

Using technology will help us manage our costs and develop ways to become more efficient. Becoming a more data driven business – using real time insights – will enable us to make the right decisions to support our customers and grow our business. We will also be able to use data analytics to improve our demand and supply chain planning, enabling us to make the drinks consumers want, when they want them.

Sol We will also continue to work on developing new digital routes to market. In 2020, our innovation investment programme, CCEP Ventures, partnered with start ups Foodl and StarStock, to identify new ways of getting our products to consumers. We also launched our first ever direct to consumer sales platform in GB as a pilot – Your Coca-Cola. This platform allows consumers to stock up on their favourite drinks brands as well as those popular, harder to find products like Diet Coke Caffeine Free, often in slightly larger packs than are currently available through traditional retail channels.

What progress has CCEP made with its sustainability commitments?

Damian Sustainability remains a key priority for our business and I am pleased that we continued to make further progress in 2020. In particular, we took an important step in our journey by setting a new ambition to reach net zero emissions by 2040. This means we need to dramatically reduce GHG emissions from our own business and our entire value chain (Scope 1, 2 and 3 emissions) – from the raw ingredients we source and the packaging we use, to the drinks we sell.

To support this ambition we have set a target to reduce absolute GHG emissions by 30% by 2030 (versus 2019) – aligned with a pathway to limit global warming to 1.5°C – the goal of the Paris Agreement.

Packaging is central to our carbon reduction goals. Crucial to this is accelerating our ambition to use zero virgin oil based PET in our plastic bottles. As we continue working towards a circular economy for packaging, I am proud that Sweden became our first 100% rPET market in 2020 and the first in the Coca-Cola system. We also invested in new solutions like CanCollar® and KeelClip, and we continue to explore innovative solutions in refillable packaging and dispensed technology.

Our sustainability ambition will be supported by a €250 million investment over three years. This will enable us to go even further and faster to help tackle climate change and create a better future. We have a responsibility to the communities we serve to keep taking this action on climate. We know it will be a long and challenging journey – there are no quick fixes – but we are determined to drive this change as fast as we can and to play our part in helping and influencing others. We've made significant progress so far, and looking ahead, we will continue to help lead the transition to a low-carbon future by putting the environmental impact at the heart of our decision making. I know that our people want it to be truly embedded within our culture at CCEP.

Sol We are committed to creating and driving a green future. It's a core part of our effort to become a stronger business, supporting our customers, consumers and communities and returning value to our shareholders. This is reflected in our decision to integrate a carbon reduction metric into our management's Long-Term Incentive Plan (LTIP) for the first time in 2020, making us an early adopter in this space.

I am also proud that we continue to be recognised for our sustainability efforts. We are one of just four beverage companies to be included in the Dow Jones Sustainability World and European indices and for the fifth year in a row, CCEP was included in the Climate Disclosure Project (CDP) Climate and Water A Lists for 2020.

Our communities are counting on us. CCEP has been proactive in drawing attention to the importance of securing a "green" recovery and a more inclusive society – which has a critical role to play in supporting communities, economic growth, employment and development. Sustainability is a subject that I personally feel very strongly about and I'm thankful to our colleagues, partners, suppliers and stakeholders for supporting us on this journey. Together, we can make a difference.

READ MORE ABOUT OUR SUSTAINABILITY PLAN AND OUR PROGRESS AGAINST OUR TARGETS ON **PAGES 22–37**

How is CCEP's relationship with TCCC developing?

Damian CCEP has always been closely aligned with TCCC strategically and this has been clearly demonstrated through our agile collaboration and decision making during the pandemic. Together we ensured the continuity of supply of the products our consumers wanted to buy by prioritising core brands and packs. We also launched new brands into our markets such as Costa and Topo Chico, which we look forward to scaling up further in 2021.

TCCC's support for the proposed acquisition of CCL is further endorsement of the strong alignment we have built since the formation of CCEP.

Sol As the COVID-19 crisis began, we worked closely with TCCC and the Coca-Cola Foundation to provide substantial aid to fund the fight against COVID-19, channelled through the Red Cross and local NGOs. Many colleagues continue to be personally involved in supporting the most vulnerable people in their local areas and we're really proud of them. As we move through this crisis, we are continuing to work with TCCC in helping our communities recover in a sustainable way and ensuring businesses and governments prioritise science based climate action. Importantly, our sustainability strategy and our ambitious plans to work towards a net zero future are fully aligned with TCCC's global World Without Waste and climate strategies.

How is CCEP positioned for growth in 2021 and beyond?

Damian While there remains some uncertainty about the duration and impact of the pandemic, the rollout of COVID-19 vaccines brings new optimism. We are confident that we will emerge from the pandemic as an even more efficient and sustainable business, underpinned by three key pillars: great people, great service and great beverages.

Our category is robust, resilient and set to keep growing in the long term. Our focus must be on outperforming the market – growing faster and expanding share. We will continue to adapt to changes in consumer behaviour by focusing on the brands that our consumers love while extending into exciting new areas such as coffee and hard seltzers.

To support our ambitious growth plans, we will continue to invest but in a more targeted way, focused on the biggest opportunities – the capabilities and technology that our people need to win. This will require us to manage our costs, making choices about our spending and developing ways to be more efficient and reduce complexity. This has been a long-term priority for CCEP, and with the sustained uncertainty and changes to consumer behaviours that COVID-19 is creating, we must accelerate these efforts. In fact, the pandemic has strengthened our determination to go further and faster in building a greener and more digital future for our business.

Sol The COVID-19 crisis has had an unprecedented impact on our business and the communities we serve, but we face the future with hope, optimism and confidence. The speed at which our business reacted to the pandemic gives us confidence that we will emerge from the pandemic as an even more agile and efficient business. We have a strong team of dedicated, talented and engaged colleagues. We will continue to put our bold sustainability commitments at the heart of our business as we help our customers and communities rebuild and recover in 2021 and beyond. The acquisition of CCL is also truly exciting, and I'd like to thank all our colleagues, stakeholders and investors for continuing to be a part of our journey.

Sol Daurella, Chairman
Damian Gammell, Chief Executive Officer

Succeeding in a changing landscape

From macroeconomic impacts to changing drinking habits, our business is affected by a range of market trends. We have a business model and culture that enable us to adapt and thrive in this changing environment.

We're moving into exciting new areas such as hard seltzers with Topo Chico and hot coffee with Costa

Key highlight

Macro trend		Our response	Example
DIGITAL COMMERCE	In 2020, we saw significant behavioural shifts in society driven by COVID-19 with people living, shopping, and working very differently. Digital technology has become increasingly ingrained in consumers' lives, with more people choosing to buy their groceries or order a takeaway online. Our customers are also moving more towards digital platforms and other technologies.	Capturing the growth in digital commerce has been an important area of focus and investment for us. We have leveraged the growth in e-commerce by supporting our customers with unique online price/pack offers, upweighted marketing and dedicated digital teams in each of our markets. We've also continued to invest in our B2B platform (My.CCEP.com), launched our first direct to consumer sales platform in GB, and formed new partnerships through CCEP Ventures.	In 2020, our innovation investment programme, CCEP Ventures, partnered with two new start ups, Foodl and StarStock, to identify new ways of getting our products to consumers. We are working with Foodl to provide an enhanced digital customer experience for the hotel, restaurant and cafe (HoReCa) channel customers in the Netherlands. Together with StarStock, we are supporting the development of innovative new e-commerce solutions for the licensed trade in the UK.
TECHNOLOGY	Technology is not only shaping the way that our consumers and customers interact with us, but also how we operate as a business. It is becoming increasingly important to modernise the way that people connect and communicate with each other in a more digital workplace. The pandemic was a catalyst for more flexible working and increasingly employees need access to documents, systems, and collaboration tools from wherever they may be located.	With digital capabilities and ways of working becoming the norm, we have continued to invest in technology to better serve our employees, drive efficiencies and become a more digitally enabled business. This also includes enhancing our digital capabilities in areas such as demand and supply planning, master data and business analytics.	Redline, CCEP's internal digital communication channel, was launched in August 2019 and enables our colleagues to stay connected to each other, including our people in the field and across our supply chain. The application's social media like experience and auto translation feature help to make content more engaging, relevant and shareable. This has proved invaluable during COVID-19, as it provides employees with direct access to our leaders and real time news.
SUSTAINABILITY	We are listening to feedback from our stakeholders and responding to concerns from consumers, governments and NGOs on key sustainability issues. This includes feedback about climate change, water, plastic, packaging and concerns about health and obesity.	In December 2020, we took another important step in our sustainability journey by setting an ambition to reach net zero GHG emissions by 2040. This means we need to dramatically reduce emissions across our entire value chain – from the raw ingredients we source and the packaging we use, to the drinks we sell.	As part of our journey to reach net zero emissions by 2040, we also announced our intention to reduce absolute GHG emissions by 30% by 2030 (versus 2019) – aligned with a pathway to limit global warming to 1.5°C – the goal of the Paris Agreement. This ambition is underpinned by the inclusion of a GHG emissions reduction target in our LTIP and will be supported by a €250 million investment over three years. This will help us go even further and faster to help tackle climate change and create a better future.
EVOLVING CONSUMER TRENDS	Consumers' drinking motivations and occasions are becoming more varied. Today, consumers want different drinks to suit a range of moments and occasions, and we're seeing the importance of premium products too – with people looking for a treat or indulgence. Last year the pandemic shifted consumer occasions towards at home consumption. As people work and spend time at home, they're also looking to bring the cinema or bar experience into their homes.	We have a great portfolio of the world's best brands and we continue to diversify our drinks portfolio and packaging to suit the changing needs of our consumers. As well as prioritising the supply of our core brands and packs, we're also expanding our presence in exciting new areas such as hard seltzers and hot coffee.	We want to build a platform for growth in coffee. Costa Coffee has a scalable platform across multiple formats and channels – from the Costa Express vending system to RTD products. Following the launch of the RTD range in GB in 2019, Costa Coffee launched in Germany in September 2020, starting in Berlin and Cologne, and we are excited to continue this roll out across more of our markets in 2021.
TRANSPARENCY	Governments and regulators are demanding increasing transparency from companies, both through packaging labelling and reporting. At the same time consumers are becoming more health conscious, so they're asking for more information about the drinks they consume.	We publish information about us and our performance through regular disclosures, including this report. Clear and transparent communication to all stakeholders has been particularly important during the pandemic. We're also committed to providing transparent product information on our packaging, as well as on our website.	We upweighted our communication to all stakeholders throughout 2020. This included virtual town halls for our employees to ensure they understood the support available to them, as well as regular investor presentations. To support the launch of our new climate strategy, we ran dedicated sessions for suppliers and external stakeholders which were well received.

Our strategy

We're a leader in a soft drinks category that is worth nearly €100 billion, with brands that are so popular and so widely consumed that we serve millions of people, businesses and communities in our markets every day. Our category is robust, resilient and set to keep growing in the long term. Our goal is to outperform the market – growing faster and building share.

We have a track record of creating value for our customers – helping them become more profitable businesses with world class execution. This strong platform for growth needs to be supported by the right choices and a clear focus on priorities to enable us to win.

Key highlight

Our investments in digital continue – My.CCEP.com is now being used by around 31,000 customers

Growth platform

01 Grow the sparkling category and our share where we lead (e.g. Coca-Cola® and Fanta)

02 Build share where we don't lead (e.g. Sprite, Fuze and Tropico)

03 Double our energy business (Monster and Coca-Cola Energy)

04 Build a platform for growth in coffee (Costa)

05 World class revenue growth management (RGM) to drive mix and profit

06 Winning channel strategy and outlet coverage

07 Unrivalled execution and customer service

Supported by

ACCELERATE COMPETITIVENESS

- Manage our cash
- Targeted approach to investment
- Competitive cost base
- Reduce complexity

FUTURE READY CULTURE

- Challenge status quo
- Inclusion, diversity and equality
- Enhanced wellbeing
- Agility and performance mindset

DIGITAL FUTURE

- Advance digital and online revenue
- Empower sales force
- Leverage analytics and artificial intelligence
- Enable future workplace

GREEN FUTURE

- Accelerate This is Forward
- Science based and measurable carbon reduction targets

ULTIMATELY DRIVING SUSTAINABLE RETURNS FOR ALL STAKEHOLDERS

Sustainability

ACTION ON

We are taking action on sustainability by using our business and brands to build a better future. For people. For the planet.

The COVID-19 pandemic has laid bare the urgency behind a range of environmental and social concerns. We believe that we can – and must – recover in ways that support our communities, our economies and our planet.

We have put a green future at the heart of our vision for the business and our sustainability strategy. We want to grow our business in a way that manages our social and environmental impacts and contributes to a better future.

We are doing this through our Group wide sustainability action plan – This is Forward – created with TCCC, and developed through continual consultation with our stakeholders across all our territories.

Through This is Forward, we are taking action on six key social and environmental areas where we know we have significant impact, and which our stakeholders want us to prioritise.

In each of these areas we have made a number of commitments that align with the targets underpinning the United Nations (UN) Sustainable Development Goals (SDGs). Together, they provide a clear direction of how we intend to work with partners across our value chain to build a better and greener future.

There is no going back. This is Forward.

READ MORE IN OUR CORPORATE GOVERNANCE REPORT ON **PAGES 72–81**

FIND OUT MORE AT **WWW.COCACOLAEP.COM/SUSTAINABILITY**

OUR COMMITMENTS

CLIMATE

WE'LL AIM TO REACH NET ZERO BY 2040 AND REDUCE OUR EMISSIONS BY 30% BY 2030.

- We'll aim to reach net zero GHG emissions across our entire value chain by 2040.[A]
- We'll cut GHG emissions by 30% across our entire value chain by 2030, versus 2019.[B]
- We'll aim for 100% of our strategic suppliers to set their own science based targets and transition to 100% renewable electricity by 2023.
- We'll continue to purchase 100% renewable electricity.

PACKAGING

WE'LL COLLECT ALL OF OUR PACKAGING SO THAT NONE OF IT ENDS UP AS LITTER OR IN THE OCEANS.

- We'll make sure that 100% of our primary packaging is recyclable or reusable.
- We'll work with local and national partners to collect 100% of our packaging in Western Europe, including support for well designed deposit return schemes where a proven alternative does not exist.[C]
- We'll remove all unnecessary or hard to recycle packaging from our portfolio.[C]
- We'll make sure that at least 50% of the material we use for our PET bottles comes from rPET by 2023 and we'll aim to reach 100% recycled or renewable plastic by the end of the decade.[C]
- We'll use the reach of our brands to inspire everyone to recycle.
- We'll lead the way in pioneering sustainable packaging – including renewable materials and smart new ways to reduce packaging waste.

DRINKS

WE'LL BE A TOTAL BEVERAGE COMPANY, OFFERING CONSUMERS AN EVEN GREATER CHOICE OF DRINKS WITH REDUCED SUGAR.

- We'll reduce the sugar in our soft drinks by 10% between 2015 and 2020, and that's in addition to the 5% reduction achieved in the previous five years.[D]
- We'll aim for 50% of our sales to come from low or no calorie drinks.[E]
- We'll continuously evolve our recipes and portfolio to offer a greater choice of drinks.
- We'll make it easier for consumers to cut down on sugar with straightforward product information and smaller pack sizes.
- We'll make sure we don't advertise to children under 12 and that our sales and marketing practices evolve in line with external expectations.

SOCIETY

WE'LL BE A FORCE FOR GOOD BY CHAMPIONING INCLUSION AND ECONOMIC DEVELOPMENT IN SOCIETY – WITH OUR EMPLOYEES AND OUR COMMUNITIES.

- We'll foster a diverse and inclusive culture in our business and make sure that women hold at least 40% of our management positions.
- We'll expand the contribution we make to society by increasing our employee volunteering and supporting local community partnerships.
- We'll support initiatives which help young people gain the employability, skills and confidence they need to succeed.

WATER

WE'LL HANDLE WATER WITH THE CARE IT DESERVES ACROSS OUR BUSINESS AND OUR VALUE CHAIN.

- We'll protect the sustainability of the water sources we use for future generations.
- We'll reduce the water we use in manufacturing by 20% – and address water impacts in our supply chain.[F]
- We'll replenish 100% of the water we use in areas of water stress.

SUPPLY CHAIN

WE'LL SOURCE OUR MAIN INGREDIENTS AND RAW MATERIALS SUSTAINABLY AND RESPONSIBLY.

- We'll make sure 100% of our main agricultural ingredients and raw materials come from sustainable sources.
- We'll continue to embed sustainability, ethics and human rights into our supply chain.[G]

Baseline is 2010 and target date is 2025 unless otherwise stated

(A) Value chain covers Scope 1, 2 and 3 emissions. (B) In addition to a 30.5% absolute reduction already achieved between 2010 and 2019. (C) 2019 enhanced Action on packaging commitments. (D) Sparkling soft drinks and non-carbonated soft drinks only. Does not include water or juice. This commitment is for CCEP and TCCC Western European Business Unit. Baseline is 2010 and includes historical, consolidated data for Coca-Cola Enterprises, Coca-Cola Iberian Partners, S.A. and Coca-Cola Erfrischungsgetränke AG that was recalculated after the Merger. (E) Total CCEP sales. Does not include coffee, alcohol, beer or freestyle. Low calorie beverages ≤ 20kcal/100ml. Zero calorie beverages <4kcal/100ml. (F) Water use ratio, litres of water per litre of finished product produced. (G) We'll do this through our global Supplier Guiding Principles and Human Rights Policies.

ACTION ON CLIMATE

CCEP's commitment to SDGs

AFFORDABLE AND CLEAN ENERGY

CLIMATE ACTION

The world is at a critical point and we must all play our part to cut GHG emissions, to limit global temperature increase to 1.5°C in line with the Paris Agreement, and protect the future of our planet.

We've made strong progress over the last decade, reducing GHG emissions across our entire value chain by 37.7% since 2010. However, much more needs to be done.

That is why we launched a new climate strategy in December 2020, including an ambition to reach net zero GHG emissions by 2040 and a target to reduce our absolute GHG emissions across our value chain by 30% by 2030 (versus 2019). Our GHG reduction target has been approved by the Science Based Targets initiative (SBTi) as being in line with a 1.5˚C reduction pathway, as recommended by the Intergovernmental Panel on Climate Change.

Over 90% of our value chain GHG emissions come from our supply chain. This is why we have also committed to support our strategic suppliers to set their own science based carbon reduction targets, and to shift to 100% renewable electricity by 2023.

We are focused on reducing our GHG emissions as far as possible. When we can't reduce emissions any further we'll focus our investment in projects which remove carbon from the atmosphere, or verified carbon offset projects, to achieve our net zero 2040 ambition.

Our ambition is supported by a three year €250 million investment which will provide targeted financial support to decarbonise our business between 2020 and 2022. We have also integrated a full value chain carbon reduction target into our LTIP, incentivising our management team to deliver a reduction in GHG emissions across our value chain. The carbon reduction metric has a 15% weighting and sits alongside traditional financial metrics, including EPS and ROIC.

Supporting a green recovery

As a leading business, we will use our voice to influence public policy which will help drive the transition to a low-carbon future and support a green recovery following the COVID-19 pandemic. Along with the launch of our new climate ambition, we joined more than 20 other companies in signing The Climate Pledge. The pledge brings together companies which are committed to reaching net zero GHG emissions by 2040 – 10 years ahead of the Paris Agreement deadline.

We are a proud member of the We Mean Business coalition, as well as a member of The Climate Group's RE100 initiative, and achieved our target of purchasing 100% renewable electricity in 2018. We have also joined The Climate Group's EV100 initiative, committing to accelerate our transition to electric vehicles by 2030.

In May 2020, we joined 150 other companies in signing the Recover Better business statement, a call to action for business leaders and governments around the world to prioritise science based climate action in their recovery efforts, convened by the SBTi, the UN Global Compact and We Mean Business.

As a member of the Corporate Leaders Group, we have been active in supporting European Union (EU) policymakers in their work to increase the EU's GHG emissions reduction targets for 2030, in line with the EU's goal to become carbon neutral by 2050. We signed the Corporate Leaders Group CEO statement, which urges EU leaders to set a target to reduce emissions by at least 55% by 2030. Together with TCCC and Coca-Cola Hellenic, we joined the Green Recovery Initiative, a Europe wide alliance of businesses, political decision makers, and NGOs calling for action to support sustainable investments in a green recovery.

We have also taken local action. In Belgium, we signed the Belgian Alliance for Climate Action Pledge, together with TCCC. The pledge underscores our commitment to achieving the objectives of the Paris Agreement. In Portugal, together with 200 signatories, we signed the European Green Capital 2020 commitment to help make capital cities sustainable by the end of 2030.

> "CCEP IS SHOWING CLEAR LEADERSHIP BY ALIGNING THEIR DEVELOPMENT STRATEGY WITH THE 1.5°C PATHWAY AND THE PARIS AGREEMENT. THEY ARE ENSURING THEIR BUSINESS IS READY TO EXCEL IN THE TRANSITION TO A ZERO CARBON ECONOMY."
>
> **María Mendiluce,** CEO, We Mean Business coalition

Taking action now

We are working hard to reduce GHG emissions across our entire value chain, from the ingredients we source and packaging we use, to the drinks we sell. The lessons we learn during this process will help us to achieve our net zero 2040 ambition.

Our immediate plan includes a focus on activities such as eliminating virgin oil based PET from packaging and switching to recycled plastic, reducing the weight of our packaging, and innovating in refillable packaging and dispensed technology.

We'll continue to make our distribution networks more efficient, transport more of our products by train, and use more electric vehicles. For example, in 2020 we switched to freight trains to transport our 1 litre Coca-Cola returnable glass bottles from our production facility in Deizisau, Germany to three warehouses in the north of the country.

We'll work to make many of our production facilities fossil fuel free. In the next three years, six of our production facilities are piloting a carbon neutral sites initiative, where they will work to become PAS 2060 carbon neutral certified by 2023. This builds on work we have already done in 2020, including signing an agreement to expand the solar park for our Wakefield production facility. The 25 year agreement will support investment in next generation solar panels and leading edge energy storage equipment.

We will also continue to improve the energy efficiency of our CDE, by investing in new, more energy efficient equipment. This reduced the energy use per unit by 1.9% versus 2019. Due to the impact of COVID-19 on our customers, our fleet reduced in size by 3.9%, while the total energy consumption of our CDE fleet dropped by 5.7% compared with 2019.

Alignment to the TCFD recommendations

In 2019, together with TCCC, we completed a climate risk scenario assessment, in line with guidance from the Task Force on Climate-related Financial Disclosures (TCFD). The assessment identified the physical and transition risks we could face as a result of climate change.

In 2020, we voluntarily published our first disclosure against the recommendations of TCFD and we will continue to do this on an annual basis. In 2021, we will carry out the work to assess how our business may be impacted in the longer term from climate related risks, with a particular focus on our production facilities and the availability of key ingredients in our value chain. This work was planned for 2020 but the timetable was delayed due to COVID-19.

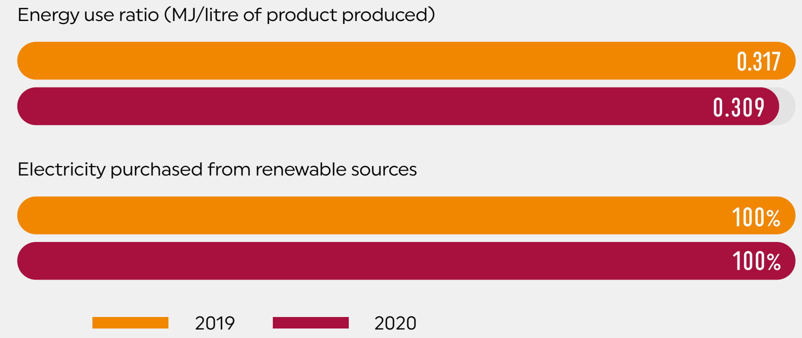
SEE OUR WEBSITE FOR OUR DISCLOSURE AGAINST THE RECOMMENDATIONS OF TCFD **WWW.COCACOLAEP.COM/SUSTAINABILITY/DOWNLOAD-CENTRE**

CASE STUDY

Autonomous truck pilot in Sweden

We continue to explore opportunities to use innovative technologies to reduce the carbon footprint of our transportation activities. In Sweden, we've teamed up with autonomous transport company Einride and food retailer Axfood to trial a self driving, electric vehicle between our production facility in Jordbro and Axfood's warehouse. Einride's solution, based on digitalisation, electrification and automation, has the potential to reduce CO_2 emissions by 90%.

Our progress



READ MORE AT **WWW.COCACOLAEP.COM/SUSTAINABILITY/THIS-IS-FORWARD/ACTION-ON-CLIMATE**

Action on climate continued

GHG emissions (Scope 1, 2 and 3)

Details of our Scope 1, 2 and 3 GHG emissions in tonnes of CO_2 equivalent (stated as CO_2e) during 2020 are set out in table 1. Our Scope 1 and 2 emissions are independent of any GHG trades, and our Scope 2 emissions are reported using both a location based and a market based approach.

Details about our Scope 3 GHG emissions in our value chain (including emissions related to our ingredients, packaging, CDE and third party transportation), are also reported below. Additional Scope 3 figures will also be included in our 2020 CDP response.

Our carbon footprint is calculated in accordance with the WRI/WBCSD GHG Protocol Corporate Standard, using an operational control approach to determine organisational boundaries.

In 2020, our Scope 1 and 2 emissions decreased by 14.4% compared to 2019. Our total Scope 1, 2 and 3 GHG emissions (full value chain) have reduced by 11.9% versus 2019 and by 37.7% versus 2010.

Intensity ratios

CCEP

GHG emissions (Scope 1 and 2) per litre of product produced (market based Scope 2 approach): 17.22g CO_2e/litre of product produced.

GHG emissions (Scope 1 and 2) per euro of revenue (market based Scope 2 approach): 19.03g CO_2e/euro of revenue.

UK and UK offshore

GHG emissions (Scope 1 and 2) per euro of revenue (market based Scope 2 approach): 15.96g CO_2e/euro of revenue.

Note on sources of data and calculation methodologies

Under the WRI/WBCSD GHG Protocol, we measure our emissions in three scopes, except for CO_2e emissions from biologically sequestered carbon, which we report separately outside these scopes. Our baseline year has been updated to 2019, following approval of our new science based GHG emissions reduction target, at the end of 2020. Our baseline figures for 2019 have been restated to include new emission sources and more accurate data.

Data is consolidated from a number of sources across our business and is analysed centrally. We use a variety of methodologies to gather our emissions data and measure each part of our operational carbon footprint, including natural gas and purchased electricity data, refrigerant gas losses, CO_2 fugitive gas losses and transport fuel, water supply, wastewater and waste management. We use emission factors relevant to the source data including UK Department for Business, Environment and Industrial Strategy (BEIS) 2020 and International Energy Agency (IEA) 2018 emission factors.

Scope 1 figures include direct sources of emissions such as the fuel we use for manufacturing and our own vehicles plus our fugitive emissions of CO_2.

Scope 2 figures include indirect sources from the generation of electricity we use at our sites. We report against this on both a location based and a market based approach. Commitments and key performance indicators are tracked using the market based approach.

Scope 3 figures include emissions from purchased goods and services (specifically the packaging we put on the market and the ingredients we use in our products); fuel and energy related activities not already included in Scope 1 and 2 (e.g. emissions from well-to-tank and transmission and distribution); upstream transportation and distribution; waste generated in operations; business travel (including employee business travel by rail and air); upstream leased assets (including the home charging of company vehicles); use of sold products (including CO_2 emissions released by consumers); end of life treatment of sold products; and downstream leased assets (including the electricity used by our hot and cold drink equipment at our customers' premises). This accounts for over 90% of our Scope 3 emissions. Additional Scope 3 emissions, from capital goods, employee commuting and the use of sold products, are not included in our value chain figures below, and we will report on these separately as part of our 2020 CDP response. All other Scope 3 categories are not currently applicable to CCEP.

Emission factors used include industry and supplier data, Defra/BEIS 2020 and IEA 2018 emission factors. 0.35% of our value chain carbon footprint is based on estimated emissions (e.g. leased offices where energy invoices or the square metre footage size of the site is not available). The figures for 2020 in table 1, along with selected information on our website, are subject to independent assurance by DNV GL in accordance with the ISAE 3000 standard. The full assurance statement with DNV GL's scope of work, and basis of conclusion, will be published on our website in May 2021.

Table 1
CCEP – TOTAL

Tonnes of CO_2e		2020	2019
Scope 1	Direct emissions (e.g. fuel used in manufacturing, own vehicle fleet, as well as process and fugitive emissions)	196,919	229,713[(A)]
Scope 2 (market based approach)	Indirect emissions (e.g. electricity)	4,815	6,051[(A)]
Scope 2 (location based approach)	Indirect emissions (e.g. electricity)	144,011	170,245[(A)]
Scope 3	Third party emissions, including those related to our ingredients, packaging, CDE, third party transportation and distribution, waste in our operations and business travel	3,144,035	3,561,980[(A)]
GHG emissions Scope 1, 2[(B)] and 3 (Full value chain)		**3,345,769**	**3,797,744[(A)]**

Energy use	2020	2019
Direct energy consumption (Scope 1) (kWh)	708,998,235	804,677,475
Direct energy consumption (Scope 2) (kWh)	575,929,963	644,114,285

CCEP – UK and UK offshore

Tonnes of CO_2e		2020	2019
Scope 1	Direct emissions (e.g. fuel used in manufacturing, own vehicle fleet, as well as process and fugitive emissions)	35,152	36,193
Scope 2 (market based approach)	Indirect emissions (e.g. electricity)	12	37
Scope 2 (location based approach)	Indirect emissions (e.g. electricity)	16,906	22,213
GHG emissions Scope 1, 2[(B)]		35,164	36,230

Energy use	2020	2019
Direct energy consumption (Scope 1) (kWh)	153,638,384	145,299,499
Direct energy consumption (Scope 2) (kWh)	78,464,328	94,622,150

(A) Restated – as described above.
(B) Market based approach only.

ACTION ON SOCIETY

CCEP's commitment to SDGs

1 NO POVERTY
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
11 SUSTAINABLE CITIES AND COMMUNITIES

We're determined to make a positive difference both in our workplaces and in our local communities. Ensuring our people's and our communities' wellbeing and safety is our priority.

Our people

Our business depends on the great people who make, sell and distribute our products every day and we are determined to make a positive difference in society. When COVID-19 swept across Western Europe in 2020, we immediately prioritised the wellbeing of our people. Throughout the crisis, our incident management team and central business continuity and resilience (BCR) team have been working full time to protect the health of our people and secure the continuity of our business. We kept in touch with all our employees, ensuring they were safe and aware of our plans to address the situation.

Supporting wellbeing

Amid the stress and disruption caused by the COVID-19 pandemic, it's more important than ever that we look after our wellbeing and mental health.

During the year we strengthened our wellbeing programme for all our people. We created an online Coronavirus Support Hub, giving our people access to a range of support tools and guidance. These include stress management webinars, tips on self-care and coping strategies, and advice about how to maintain an inclusive team environment. We also launched wellbeing training modules, such as the Wellbeing First Aider initiative to build an internal support network for mental health.

We've also done more to promote our Employee Assistance Programme (EAP), a 24/7 support line for our people. With our Don't Bottle it Up campaign, we've shared some of our colleagues' experiences of how the EAP has supported them, to encourage others to do the same if they feel they need help.

Ensuring our people can work safely

When it comes to our people, safety is our top priority. We've taken a number of steps to ensure our people can work safely, including creating new work protocols and expanding teleworking capabilities to enable more employees to work from home.

Many of our colleagues – especially those working in our production facilities or in the field – have jobs that can't be done remotely, and have continued to work tirelessly throughout the crisis to get products safely to retail partners and consumers. For those people, we've invested in equipment to check their temperatures on arrival at our offices and production facilities. We've also introduced rigorous additional cleaning and sanitisation routines, as well as reinforcing hygiene guidelines.

Looking ahead, we are implementing new hygiene and social distancing measures in our offices in line with local and national legislation to make sure our people can safely return to their workplaces.

READ MORE ABOUT OUR SUPPORT FOR OUR PEOPLE IN OUR PEOPLE SECTION ON PAGES 38–41

READ MORE AT WWW.COCACOLAEP.COM/SUSTAINABILITY/THIS-IS-FORWARD/ACTION-ON-SOCIETY-OUR-PEOPLE

Action on society continued

Our communities

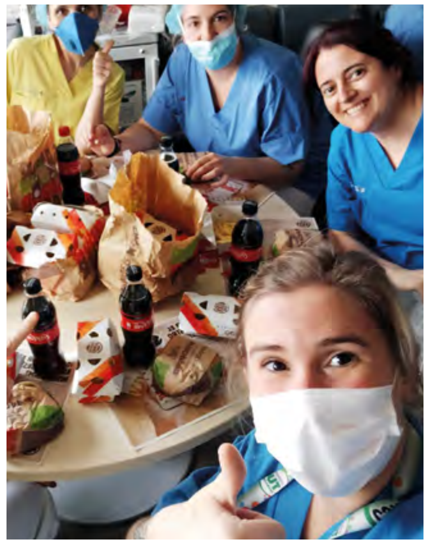
We've been an integral part of our communities for generations. In 2020, we've been using those strong local links to help communities and vulnerable groups – especially people from disadvantaged backgrounds – who have been hit hard by the pandemic. Supporting our communities has never been so important.

Emergency relief

During the first weeks of lockdown across Europe, we worked closely with TCCC and the Coca-Cola Foundation to distribute financial support to provide substantial financial aid to emergency relief in our territories. This formed part of a contribution of over $120 million globally to support COVID-19 relief efforts in affected communities. We supported TCCC in defining the beneficiaries of the fund, channelled through the Red Cross and local NGOs, and we also donated more than 600,000 unit cases of products to hospitals, NGOs, government institutions, foodbanks and those working in front line response.

Where possible, we made our logistics and transportation services available to support emergency relief work. We also continued to encourage our people to volunteer their time to support the most vulnerable people in their local areas through our employee volunteering programme. In 2020, our people dedicated 9,061 hours of volunteering time.

A team of colleagues from TCCC's Brussels based research and development facility produced their first batch of liquid hand sanitisers to the World Health Organization specifications. These were distributed to the Belgian healthcare sector, as well as to colleagues at our production facilities, helping to reduce the heavy demand on market supply.



Support for home schooling

Online lessons have become the norm for many young people in these challenging times, but not everyone has a laptop or computer at home. To help ensure no one falls behind, with TCCC we donated more than 900 used laptops and IT materials to DigitalForYouth.be, a charity in Belgium committed to collecting laptops for secondary education. In addition, through our partnership with Resto du Coeur, a charity helping people facing social and financial challenges to find their place in society, we were able to offer more than 1,250 families essential school equipment for their children.

"IT HAS BEEN A CHALLENGING TIME FOR VULNERABLE YOUTHS DUE TO COVID-19. THROUGH OUR LONG STANDING PARTNERSHIP WITH CCEP WE HAVE BEEN ABLE TO IDENTIFY AND FUND NEW WAYS OF SUPPORTING THOSE WHO NEED IT THE MOST."

Amela Ljubuncic, Key Account Manager Strategic Partnerships, Red Cross Norway

Opportunities for young people

Young people are key to our economic recovery but the pandemic has hit their career prospects hard. That's particularly true for those from vulnerable backgrounds, many of whom have been deprived access to the support networks and education opportunities that are vital for their development. In these times, our programmes and partnerships to support disadvantaged young people are more important than ever.

Partnerships across our territories include our work with Eloquentia and the newly created programme FIER.E.S in France, the German Foundation for Integration with Geh Deinen Weg in Germany, UK Youth's Reach Up programme in GB, JINC in the Netherlands, Mentor Sverige and Fryshuset in Sweden and the Red Cross in Norway and Iceland. In Spain, our GIRA Jóvenes programme continues to help young people develop the confidence and skills they need to find work.

Supporting our customers

Since the start of the COVID-19 pandemic, we've been working hard to ensure our products continue to be delivered safely to our customers, while doing everything we can to support their businesses.

2020 has been an exceptionally tough year for the hospitality sector. Across our territories we've launched initiatives to support these businesses and encourage people to return to their favourite bars, restaurants and cafes, in line with COVID-19 restrictions and social distancing guidelines.

For example, in France we partnered with social entrepreneurship NGO Groupe SOS to support 1,000 cafés, an initiative to help revitalise rural communities with fewer than 3,500 inhabitants by opening or taking over cafés as a place for the community to meet.

In the Netherlands we joined forces with NGO LINDA.foundation to provide 4,300 disadvantaged families with free dinner vouchers.

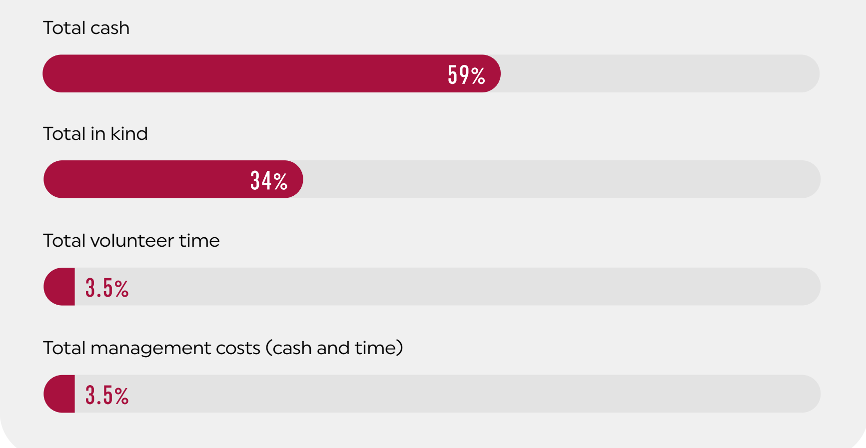
In Sweden, we've encouraged consumers to eat and drink out by providing restaurants and bars with up to 200,000 free drinks, which guests can enjoy in exchange for a digital voucher.

In GB, we created the Coca-Cola Community Pub Fund to reward the winners of the Great British Pub Awards. Through the fund, we made grants of £10,000 to each of the 15 winning Pub Heroes enabling them to fund a business improvement or to put money towards a community project. We also funded a further £1,000 donation to a local charity or good cause chosen by each winner.

CHEERS TO OUR PUB HEROES

#HORECA COMEBACK

Our €9.4 million community contribution



READ MORE AT WWW.COCACOLAEP.COM/SUSTAINABILITY/THIS-IS-FORWARD/ACTION-ON-SOCIETY-OUR-COMMUNITY

ACTION ON PACKAGING

CCEP's commitment to SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

14 LIFE BELOW WATER

Reducing the impact our packaging has on the environment is at the heart of our packaging strategy. We are on a path to zero – zero waste and net zero GHG emissions.

Our packaging represents approximately 40% of our total value chain carbon footprint. Reducing the footprint of our packaging will be a critical part in our journey to reach net zero GHG emissions by 2040.

Our strategy is simple: use less packaging where we can and, for the packaging we do use, our focus is on driving the circularity of that packaging. We aim to achieve this through the key strategic pillars of our packaging strategy: removing unnecessary packaging; innovating in refillable and dispensed solutions; encouraging 100% collection so that we can recycle and reuse packaging material again; and increasing the recycled content of our packaging.

Our Coca-Cola system Sustainable Packaging Office (SPO) streamlines all the technical and exploratory sustainable packaging work across our geographies, accelerates our innovation and supports progress towards our goals.

Remove and reduce

In 2020, we continued to work with our suppliers on innovative solutions to remove single use plastic. For example, in the Balearic Islands in Spain, in collaboration with WestRock, we introduced CanCollar® paperboard can rings, replacing hard to recycle shrink wrap with 100% sustainably sourced, recyclable cardboard for multi pack cans. This project, along with our other shrink to board initiatives for our multi pack cans, enabled us to remove around 1,000 tonnes of hard to recycle plastic from our secondary packaging in 2020. This is a smaller amount than previously planned due to COVID-19 related delays. We are continuing with our plans and aim to remove 4,000 tonnes of hard to recycle plastic from our secondary packaging by the end of 2021.

In addition, we continued to invest in refillable and dispensed solutions that give consumers new and convenient ways to enjoy our drinks, while eliminating packaging waste. For example, through CCEP Ventures we invested in Innovative Tap Solutions to introduce self-pour dispense technology to our customers in Western Europe.

"IT IS OUR AMBITION TO CREATE AN ENERGY EFFICIENT SOLUTION FOR CIRCULAR PRODUCT TO PRODUCT RECYCLING OF POLYESTER. THE SUPPORT OF CCEP VENTURES WILL ENABLE US TO START WITH DIFFICULT TO RECYCLE FOOD GRADE PET AND TAKE THE FIRST STEP TOWARDS OUR ULTIMATE VISION OF RECYCLING ALL POLYESTER AGAIN AND AGAIN."

Josse Kunst, Chief Commercial Officer, CuRe Technology

Driving circularity

We have ambitious targets to make sure that at least 50% of the material we use for our PET bottles comes from rPET by 2023, with the aim to reach 100% recycled or renewable plastic by the end of the decade.

In 2020, we continued to make progress in increasing rPET content in our packaging. In Belgium, GB and Luxembourg we reached our target of 50% rPET across our portfolio. We've already moved to 100% rPET bottles for all of our brands made in Sweden and we're doing the same in the Netherlands, Iceland and Norway. In addition, all our Honest, GLACÉAU Smartwater, ViO and Chaudfontaine bottles are made from 100% recycled plastic.

To achieve our goal to collect 100% of our packaging and to ensure it is either recycled or refilled, we support policymakers in implementing well designed deposit return schemes (DRS). We also encourage consumers to recycle our packaging by including a clear "recycle me" message on pack. As part of the move to 100% rPET bottles in Sweden, we introduced limited edition labels for our PET bottles with a clear message to encourage consumers to "Recycle me again. I'm 100% recycled plastic".

In Spain, we continue to promote our Mares Circulares programme, and in 2020 more than 250 tonnes of waste was collected as a result of this initiative.

Driving innovation

CCEP Ventures, our innovation investment fund, supports the SPO by providing early stage funding to technologically advanced companies and start ups that, among other things, enable us to explore new ways to bring sustainable packaging innovation to life.

We want to be a pioneer in sustainable packaging and that is why, in 2020, CCEP Ventures invested in CuRe Technology, Lavit and Innovative Tap Solutions.

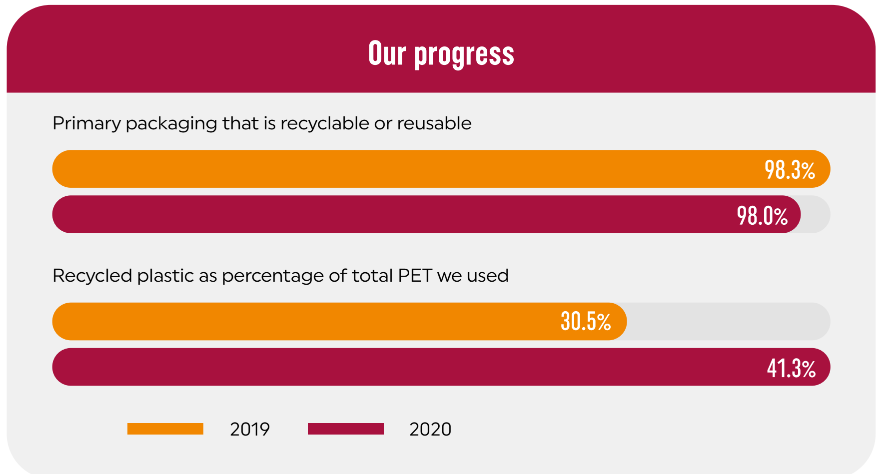
In partnership with Lavit, a leading maker of multi beverage, countertop dispensing machines, we are testing and exploring dispensed delivery solutions that let consumers make and pour their drink at the push of a button.

CuRe Polyester Rejuvenation

CASE STUDY

CuRe: giving plastic waste a new lease of life

CCEP Ventures has invested in CuRe Technology – a start up developing new ways to rejuvenate hard to recycle plastic waste. The funding will enable CuRe to accelerate its polyester rejuvenation technology from pilot plant to commercial readiness. Once the technology is commercialised, CCEP will receive the majority of the output from a CuRe licensed, new build plant.



READ MORE AT WWW.COCACOLAEP.COM/SUSTAINABILITY/THIS-IS-FORWARD/ACTION-ON-PACKAGING

ACTION ON DRINKS

Word count 40

CCEP's commitment to SDGs

GOOD HEALTH AND WELLBEING

We want to make it easier for people to manage their sugar consumption. By evolving our portfolio to offer people a wider variety of great tasting drinks, we're helping consumers cut down on sugar and make more informed choices about their diets.

Consumer habits and preferences are continually evolving. To meet a greater range of moments and occasions, people are looking for a broader variety of drinks, including those with low and no calories. Working with TCCC and other franchisors, we continue to evolve our business and portfolio in line with these changes.

We're rethinking many of our recipes to reduce sugar across our brands. At the same time, we're expanding our portfolio to include many other types of drinks like juices and RTD teas and coffees. We're committed to ensuring that 50% of our sales come from low and no calorie drinks by 2025. We're also making it easier for consumers to cut down on sugar by providing easy to understand product information, and by making smaller and more convenient pack sizes more readily available.

We're shifting our marketing spend to make people more aware of our low and no sugar options, while being committed to not advertising to children under 12.

Great taste, less sugar

We reduced the sugar in our soft drinks by 15.3% between 2015 and 2020 – 5.3% above our target.

We're continuing to reduce sugar across our portfolio. We do this by reformulating our recipes without compromising on taste and by introducing more low and no calorie drinks. In 2020, we launched 96 low and no calorie drinks to the market. These included the introduction of a new Fanta Orange formula in Germany with reduced sugar. We launched three new flavours of Fuze Tea, an infusion of tea leaves blended with fruit juice and botanicals and certified by Rainforest Alliance, across our territories. We also launched a new no calorie Fanta drink, #WhatTheFanta, in France, GB, the Netherlands, Norway and Sweden, available in three flavours: Apple and Lychee; Cactus and Lemon; Banana and Watermelon.

To ensure that 50% of our sales come from low and no calorie drinks by 2025, we actively encourage consumers to reduce their daily sugar intake by raising awareness of our low and no sugar drinks through our point of sales communications. We're also helping consumers control the amount of sugar and calories they consume by offering small pack sizes to enjoy at home as well as on the go. Today, 3.7% of our sparkling soft drinks are sold in packs of 250ml or less.

> "WITH OUR CONTINUED FOCUS ON PROVIDING CHOICE FOR OUR CUSTOMERS, CCEP IS TAKING ACTION TOWARDS A STRONGER STRATEGIC ALIGNMENT MAINLY FOCUSING ON HEALTHIER CHOICES WITH A SUGAR REDUCED ASSORTMENT AND SUSTAINABLE PACKAGING."

Charlotte Brohez, Category Manager Drinks, Delhaize

Giving consumers more choice

To meet our consumers' preferences and expectations, we continually invest in our wide portfolio which includes some of the world's most popular drinks. From Coca-Cola trademark soft drinks to water and RTD teas and coffees, we offer drinks to provide people with more choice across a wider range of categories with and without sugar, still or sparkling, as well as organic, Fairtrade and Rainforest Alliance certified drinks.

In 2020, we expanded our existing Monster Energy portfolio with the launch of Reign Total Body Fuel, a high performance sports drink, in GB, Germany, Iceland, Norway, Spain and Sweden, aimed at fitness conscious consumers. In Sweden, we launched Monster Mule, a no sugar ginger flavoured energy drink in a 500ml can.

In November 2020, we partnered with TCCC to launch Topo Chico hard seltzer in GB and the Netherlands. It is a sparkling water with alcohol and natural flavours, and our first global drinks brand in the alcohol category. The drink will be available in 330ml cans in three flavours: Tangy Lemon Lime, Tropical Mango and Cherry Acai. It will be rolled out across our markets in 2021, and will be accompanied by an integrated responsible marketing campaign specifically aimed at consumers older than the legal drinking age.

Providing clear nutritional information

To help consumers make informed choices, we're committed to providing clear and transparent nutritional information about our drinks, including information about sugar and calorie content. Since 2017, our bottles have featured a labelling icon highlighting the number of portions per multi serve pack.

We support schemes that promote a consistent approach to labelling across our markets and align with EU legislation. We're encouraged to see growing support for colour based interpretive labelling across the EU.

Responsible marketing

We have clear policies and guidelines in place to ensure we market our products responsibly. In particular, we are committed to not marketing our products directly to children under 12.

In 2020, we rolled out a toolkit to support our marketing and commercial teams in their conversations with customers about our drinks and ingredients. TCCC also launched a new global policy that aims to ensure we market alcohol brands responsibly.

CASE STUDY

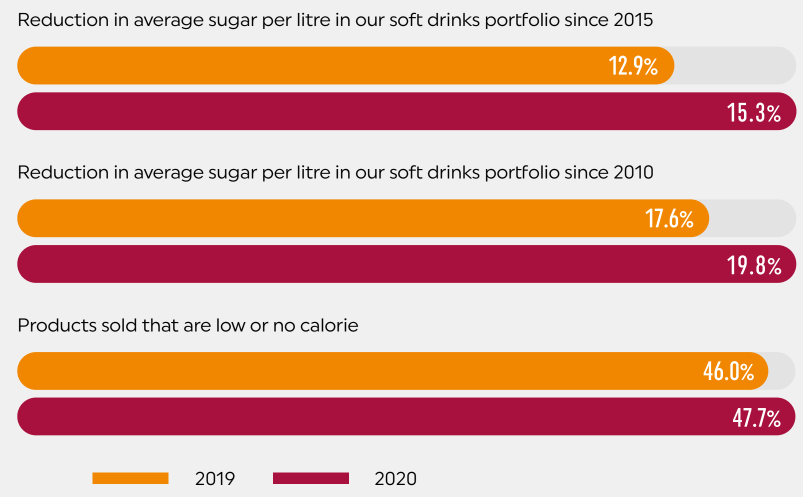
Costa Coffee launches in Germany

Coffee is an important category for our business and Costa Coffee is the leading brand in GB.

In 2020, we launched Costa in Germany, as part of our long-term strategy to grow this exciting brand.

Consumers are able to enjoy freshly brewed Costa Coffee on the go, served by either one of our away from home partners or from one of our innovative Smart Café machines. From 2021, we will begin rolling out the launch to other territories.

Our progress



READ MORE AT WWW.COCACOLAEP.COM/SUSTAINABILITY/THIS-IS-FORWARD/ACTION-ON-DRINKS

ACTION ON WATER

CCEP's commitment to SDGs

CLEAN WATER AND SANITATION

Water is an essential resource – both for our own business and across our value chain. We treat water with the care it deserves, aiming to reduce our water consumption on a continual basis and protect local water sources for future generations.

Global water crises such as water scarcity are ranked among the highest risks to the economy and society.

CCEP depends on a sustainable and high quality supply of water. Not only is water the main ingredient in many of our products, it's also essential for our manufacturing processes, and for growing the agricultural ingredients we depend upon.

To address water scarcity challenges and take care of our water resources, we adopt a value chain approach to water management. We're focused on reducing the water we use in our production facilities, including the safe return to nature of 100% of our wastewater. We're also working with a number of community based partnerships to replenish 100% of the water we use in areas of water stress.

A new water security strategy

To strengthen our approach to water stewardship, we have aligned with TCCC's new 2030 water security strategy. The strategy adopts a context based approach to water security, allowing us to prioritise local areas which are most at risk from water stress.

As part of the new strategy, we are taking a closer look at water stress risks directly linked to our production facilities. In 2020, we carried out Facility Water Vulnerability Assessments (FAWVAs) across all of our production facilities to map local water stress risks and vulnerabilities. These assessments complemented a global enterprise water risk assessment carried out in 2019, which found that 23 of our 46 production facilities are in areas of high baseline water stress.

The FAWVAs are supported by source vulnerability assessments (SVAs), which are undertaken at a local level every five years and are aligned to the Alliance for Water Stewardship Standard. The FAWVAs and SVAs feed into our site water management plans (WMPs), which support context based target management, climate resilience, data sharing and reporting. In 2020, all of our production facilities had SVAs and WMPs in place.

"OUR RIVERS AND CHALK STREAMS FACE COUNTLESS THREATS. THROUGH ITS SUPPORT, CCEP IS HELPING TO MAKE A REAL DIFFERENCE TO OUR UNIQUE WATER HABITATS, AND THE WILDLIFE AND COMMUNITIES THAT RELY ON THEM."

Mark Lloyd, CEO, The Rivers Trust

Partnerships for water management

Effective conservation of water resources depends upon partnerships and collaboration. During 2020, we continued to work closely with NGOs, local authorities, other businesses and communities to improve our water efficiency and protect the health of the watersheds we rely upon.

In Dongen, the Netherlands, we held discussions with local water supplier Brabant Water on reduction, reuse and replenishment opportunities. At our production facilities in Antwerp and Ghent in Belgium, we consulted with the Flemish government on our water saving efforts and replenishment projects. We also met with a representative of the French government to discuss water allowances at our site in Dunkirk.

In 2020, we managed 15 community based water replenishment projects. As a result, we were able to replenish 275% of the water we sourced to make our drinks in areas affected by water stress[(A)]. For example, in 2020, together with The Rivers Trust and the Coca-Cola Foundation we launched a new three year programme which will help clean some of GB's most polluted rivers, reduce flood risk, and create new wetland habitats in both rural and urban locations across the country. We also launched "Plantar Água" in Portugal, a project in partnership with Associacao Natureza Portugal, World Wildlife Fund and the Coca-Cola Foundation. Through the project we will be able to replenish close to 250 million litres of water a year, in a region devastated by wildfires and water scarcity.

Reducing our water use

Effective water management practices are critical to addressing Europe's growing water risks and to improving our resilience to the impacts of climate change.

We're committed to reducing our water use – and to do this, we make our manufacturing and cleaning processes as water efficient as possible.

In 2020, we continued to invest in water saving systems. For example, in our production facility in Ghent, Belgium, our evaporative cooling towers were replaced by dry cooling towers, saving 10,670m³ of water annually. In our production facility in Dongen, the Netherlands, we started reusing the rinse water from our glass bottles for rinsing crates. As a result, we are able to save 700m³ of water a year.

We measure performance through our water use ratio, which is the average amount of water we need to produce a litre of product. In 2020, our water use ratio was 1.57 litres of water per litre of product produced – a reduction of 13.7% since 2010.

CASE STUDY

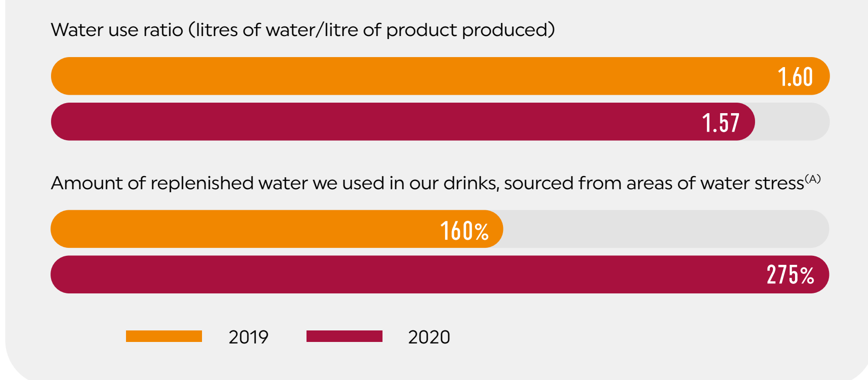
Standing up for Europe's freshwater

Freshwater is essential for businesses to operate and nature to thrive.

In 2020, together with TCCC, Coca-Cola Hellenic and 20 other companies, we signed a joint statement to support and protect the EU Water Framework Directive.

The Directive provides a framework to ensure that freshwater ecosystems in Europe are protected and restored and water is sustainably managed, in line with the UN SDGs.

Our progress



READ MORE AT WWW.COCACOLAEP.COM/SUSTAINABILITY/THIS-IS-FORWARD/ACTION-ON-WATER

(A) Based upon production volumes from 19 sites assessed as being in areas of water stress via our enterprise water risk assessment.

ACTION ON SUPPLY CHAIN

CCEP's commitment to SDGs

- 2 ZERO HUNGER
- 8 DECENT WORK AND ECONOMIC GROWTH
- 10 REDUCED INEQUALITIES

Our supply chains are under increasing pressure from population growth, increased demand for food products and climate change. That's why we're sourcing all our agricultural ingredients and raw materials sustainably and responsibly.

We rely on a global supply chain to make, sell and distribute our products. We source ingredients for our drinks such as water, sugar beet, sugar cane, coffee, tea and fruit juices, and we also purchase raw materials for our packaging such as glass, aluminium, PET and paper.

Together with TCCC, we work collaboratively with our suppliers to respect and protect the human rights of everyone working across our entire supply chain. We aim to ensure our suppliers respect our CoC and make a positive impact on society, in line with the United Nations' Guiding Principles on Business and Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the United Nations' Global Compact.

Measuring compliance

We source products from around 15,000 suppliers, and on average, 87% of our spend (excluding concentrate and juices purchased from TCCC and other franchisors) is with suppliers based in our countries of operations.

Together with TCCC, we're committed to ensuring that our priority agricultural ingredients and raw materials are sourced sustainably. We have developed two sets of principles to measure compliance and track progress in this area: our Supplier Guiding Principles (SGPs) and our Sustainable Agriculture Guiding Principles (SAGPs).

Our SGPs apply to all our suppliers and set out the minimum requirements we expect of our suppliers in areas related to labour conditions and business integrity, including health and safety and human rights. Our SAGPs apply to our suppliers of key agricultural ingredients and raw materials, and cover social, economic and environmental criteria for sustainable farm management.

Independent audits are commissioned by TCCC to monitor supplier compliance with our SGPs and SAGPs. In 2020, 97% of our spend was with suppliers which are covered by our SGPs. In addition, 100% of the coffee in our Honest coffee brand, 100% of our paper and pulp and, for the first time, 100% of our sugar were sourced sustainably from suppliers that comply with our SAGPs.

We evaluate the performance and sustainability of our suppliers on an ongoing basis. For our key Tier 1 suppliers, we carry out a number of detailed evaluations including a financial assessment and an annual supply risk analysis along with regular meetings to discuss issues such as performance, innovation and sustainability.

The sustainability performance of our suppliers is rated by EcoVadis, an independent evaluation company, which evaluates suppliers against criteria such as environment, carbon management, human rights and fair business practices. In 2020, our suppliers had an average overall score of 57.4 and we aim for our suppliers to achieve an average overall score of 65 by 2025. Suppliers that have a low score are asked to develop an action plan and improve their performance.

Respecting and protecting human rights

Human rights are fundamental to how we run our day to day business and the communities in which we operate. We are committed to ensuring that everyone working throughout our operations and within our supply chain is treated with dignity and respect.

In 2020, we provided human rights training to all our procurement employees and production facility managers.

We are currently reviewing a range of options to help improve the validation and proactive management of our supplier base in a number of key areas, particularly human rights and modern slavery. This includes further investment with EcoVadis, via IQ and other digital providers, which will enhance our robust risk management processes.

FOR MORE INFORMATION ABOUT OUR APPROACH TO RESPECTING AND PROTECTING HUMAN RIGHTS SEE PAGE 43

COVID-19 and our supply chain

The COVID-19 pandemic has had a major impact not only for our own operations but also for businesses in our supply chain.

At the start of the pandemic, we carried out a risk assessment to understand the impact of the crisis and adjust to changing production patterns. We used our existing supply chain finance programme to help suppliers in need of financial support, and worked with suppliers in heavily impacted sectors such as CDE and trade marketing to help mitigate the impact.

We also helped suppliers by offering support to secure sufficient transportation to help keep their business operating.

Thanks to the agility and flexibility of our suppliers, we've been able to adapt our supply chains successfully during the crisis to ensure that key raw materials and ingredients remained available.

> "KRONES AND CCEP HAVE ACHIEVED GREAT SUCCESS WITH SOCIAL AND ENVIRONMENTAL INITIATIVES OVER THE YEARS. WE'RE EXCITED TO SUPPORT CCEP'S NEW CLIMATE STRATEGY AND LOOK FORWARD TO WORKING TOWARDS THE NET ZERO AMBITION TOGETHER."
>
> **Christoph Klenk**, CEO, Krones

CASE STUDY

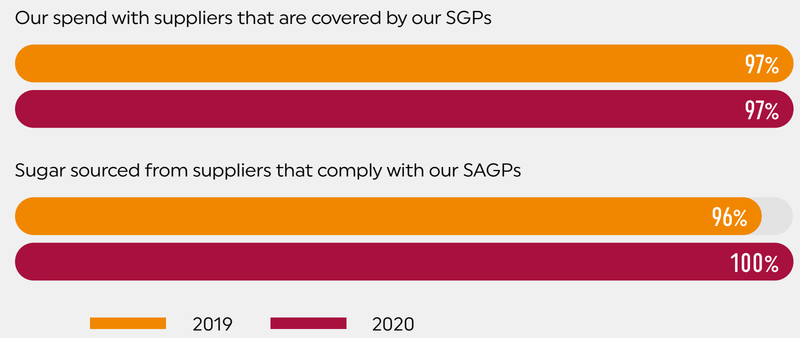
Towards net zero: Supplier Day 2020

Achieving our net zero 2040 ambition requires close collaboration with our suppliers. To raise awareness of our new climate strategy among suppliers, we held a virtual Supplier Day event in October 2020.

During the discussion we focused on the importance of collaboration to achieve our ambition, as well as sharing experience and insights on carbon reduction solutions.

This includes supporting our suppliers to set their own science based GHG emissions reduction targets by 2023, as well as helping them to transition to using 100% renewable electricity across their operations and share their carbon footprint data with CCEP.

Our progress



READ MORE AT WWW.COCACOLAEP.COM/SUSTAINABILITY/THIS-IS-FORWARD/ACTION-ON-SUPPLY-CHAIN

Our people

Our success is determined by the hard work and passion of the people who work at CCEP and we are grateful for everything they do. We provide a supportive, inclusive, safe and healthy working environment where diversity is valued and people at every level are empowered to succeed.

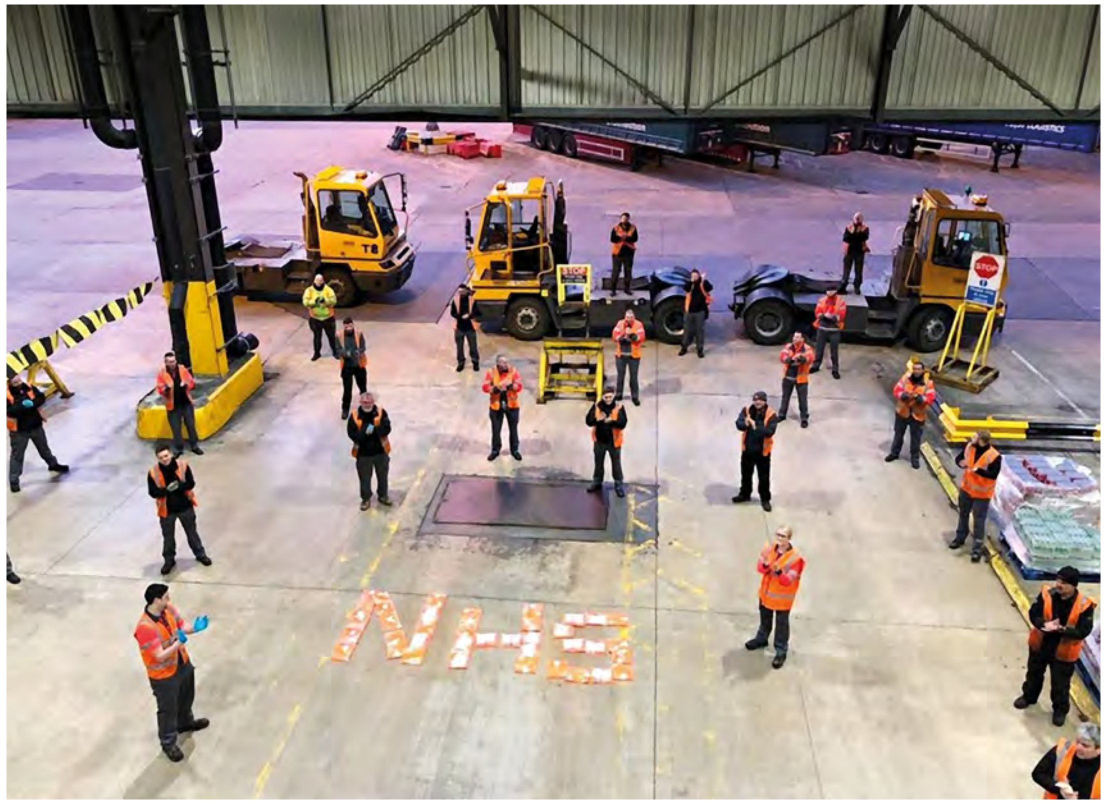
Being valued

We believe that diversity of thinking and experience leads to better ways of working, increased innovation and better business results. We are committed to building a diverse workforce with an inclusive and supportive culture, where everybody's welcome to be themselves, be valued and belong.

With this commitment in mind, we have established an I&D Centre of Expertise (CoE), led by senior management, to develop action plans aligned with CCEP's wider strategy and track the progress of our initiatives against each of our I&D focus areas: gender, culture and heritage, multi generations, LGBT+ and disability.

To accelerate progress on I&D we have built a framework underpinned by our philosophy, "Everyone's Welcome: to be themselves, be valued and belong". We have identified sponsors from our senior leadership team for each of our I&D focus areas, to lead engagement with our people and accelerate meaningful actions to remove barriers to I&D. In 2020, the sponsors held "In Your Shoes" listening sessions where employees shared their experiences of working at CCEP.

As signatories of the Valuable 500 pledge, we are committed to putting disability on the business leadership agenda. To accelerate disability inclusion, we have placed increased focus on advocacy by our senior leadership team, understanding the lived experiences of our employees through listening sessions, and are identifying changes to our ways of working to improve accessibility.



ME@CCEP

ME@CCEP DEFINES THE EXPERIENCE WE WANT OUR PEOPLE TO HAVE AT CCEP. IT IS ABOUT SIX BEINGS:

BEING WELL

The safety and wellbeing of our people is vitally important. We want everyone to feel happy and healthy, and to work with integrity and respect so we can all thrive at work and at home.

BEING CONNECTED

We're powerful when we work as part of a winning team – championing communication, connection and collaboration.

BEING VALUED

We are at our best when we can be ourselves at work. When we are able to share our perspectives and insights, and build upon our strengths.

BEING DEVELOPED

Our experiences make us stronger and we support our people in exploring opportunities to develop – providing possibilities to continually learn, grow in their role and get to where they want to be.

BEING REWARDED

All our people have a part to play in CCEP's growth and we recognise, reward and celebrate the great work they do every day. We do this in ways that are simple, transparent and consistent.

BEING INSPIRED

We strive to be a force for good – for people and for the planet. We're passionate about what we do and what we stand for, and our people are empowered to make a difference.

Our people continued

A key target of our sustainability action plan, This is Forward, is to ensure that at least 40% of our management positions (senior management and above) are held by women by 2025. In 2020, 35.6% of leadership positions were held by women, up from 35.5% in 2019. During the year, CCEP reinforced its commitment to gender equality by applying to join the United Nations Women's Empowerment Principles and for inclusion in the Bloomberg Gender-Equality Index. Confirmation of acceptance and inclusion in each was received in early 2021.

CCEP is an equal opportunities employer. We make decisions about recruitment, promotion, training and other employment matters solely on the grounds of individual ability, achievement, expertise and conduct. We don't discriminate on the basis of gender, gender identity, race, colour, religion, ethnicity, cultural heritage, age, social background, mental or physical ability or disability, national origin, sexual orientation or any other reason not related to job performance or prohibited by applicable law.

READ MORE ABOUT INCLUSION AND DIVERSITY AT CCEP ON **PAGE 85**

Being developed

Across our business, we have a number of training programmes and systems to support our people and develop talent at every level of our organisation.

We offered training during the year, using our digital platforms to enable our people to access training materials wherever possible. Two new training modules were developed and launched in 2020, to assist leaders when discussing mental health and wellbeing with their teams, and individuals to better manage their personal wellbeing and energy levels.

Being rewarded

Along with a regular salary in line with market rates, benefits are available to all our people. These vary according to their country and level in the organisation. Benefits include medical or dental insurance, life insurance, eyecare vouchers, holiday time and leave packages to cover sickness, the birth of a child, bereavement or a long-term illness in the family. Depending on the country, level and grade, pension plans and share purchase plans are also offered.

Around two thirds of our employees participate in annual variable remuneration plans. We offer a consistent annual bonus plan to around 5,400 people across the organisation (around 24% of the total population).

In addition, sales incentives plans are operated for around 18% of our people and a further 29% participate in local incentive plans. We operate an LTIP for around 280 people who occupy the most senior roles in the business.

READ OUR DIRECTORS' REMUNERATION REPORT ON **PAGES 97–107**

Employee share ownership

Some of our employees participate in incentive programmes or share ownership schemes that are linked to CCEP's performance and give them an opportunity to participate in the Group's performance.

In GB, we offer an Employee Share Plan (ESP). This is a tax efficient opportunity for employees to become shareholders through salary sacrifice arrangements. Around 75% of eligible employees were participating in the ESP on 31 December 2020.

Being connected

Good communication is an essential part of building a motivated, engaged workforce. We're committed to communicating clearly and transparently with our people and their representatives. The circumstances surrounding COVID-19 have led to an increase in remote working across our business. This, combined with an increase in the level of unpredictability in our working environment, makes it more important than ever for our management and leadership teams to be visible and available to our people.

In 2020, we rolled out a new internal communications platform, Redline, which can be downloaded as an app to our people's personal devices, giving everyone the opportunity to stay connected and informed, wherever they work. Redline contains real time news from across the business and provides a means of two way communication with colleagues, including management.

Everyone at CCEP has access to news and information about us in local languages through intranet sites and printed materials. CCEP management gives updates about CCEP's overall, and local, performance through these channels, as well as through our published results. In 2020, management held regular, informal sessions to present updates on business performance and the evolving COVID-19 situation, along with wellbeing and other initiatives.

READ MORE ABOUT HOW WE HAVE ADAPTED OUR WAYS OF WORKING THIS YEAR ON **PAGE 27**

CCEP meets regularly with European, national and local works councils and trade unions that represent our people. When required, we consult with our people and their representatives to discuss proposed measures before making decisions. We encourage constructive and meaningful dialogue with our people. During consultation, our employee representatives have the opportunity to ask questions, share views and propose alternatives to proposals before management makes a final decision.

READ MORE ABOUT HOW THE DIRECTORS, AND CCEP, ENGAGE WITH OUR PEOPLE ON **PAGES 10–13**

Being well

We're committed to providing our people with a safe and healthy work environment that safeguards their mental and physical wellbeing. To support this objective, we implement a strong health and safety programme which includes a target to reduce our lost time incident level to below 0.50 by 2025.

In 2020, our lost time incident rate was 0.82 per 100 full time equivalent employees. Zero fatalities occurred during the year. Further information about our safety performance and incident rates will be available on our website from May 2021.

In cases where our people are injured or suffer any mental or physical health issues while employed by CCEP, we endeavour to make any reasonable adjustments to their duties and working environment to support their recovery and continued employment.

READ THE FULL DETAILS AT **WWW.COCACOLAEP.COM/SUSTAINABILITY/THIS-IS-FORWARD/ACTION-ON-SOCIETY-OUR-PEOPLE**

READ ABOUT OUR HEALTH AND SAFETY RESPONSE TO COVID-19 ON **PAGE 27**

Being inspired

As part of supporting our local communities, we encourage our people to take part in a wide range of volunteering activities connected to our sustainability commitments, such as litter pick ups and charity fundraising events. Our volunteering policy enables all employees to spend up to two paid working days each year volunteering for a charity or cause of their choice. Following the introduction of government restrictions across our territories in response to COVID-19, our people had fewer opportunities to volunteer during the year. We continued to offer our people opportunities to volunteer, where possible and safe to do so, and in 2020, our people dedicated 9,061 hours of volunteering time.

READ MORE ABOUT OUR SUPPORT FOR OUR LOCAL COMMUNITIES ON **PAGES 28–29**

Workforce diversity in 2020

	Female	Male
Total employees (including part time employees)	25% — 5,522	75% — 16,584
Board of Directors	29.4% — 5	70.6% — 12
Leadership (senior management grade including Executive Leadership Team)[(A) (B)]	35.6% — 854	64.4% — 1,545
Directors of subsidiary companies[(A)]	23.5% — 20	76.5% — 65

(A) 16 female and 38 male directors of subsidiary companies are also included in the workforce diversity figures under leadership.
(B) The members of the Executive Leadership Team (ELT) and their direct reports consists of 46 female and 72 male employees.

We created an online Coronavirus Support Hub, giving our people access to a range of support tools and guidance

Key highlight

Operating with integrity

We live up to our responsibilities as a business by being accountable, ethical and aware of the risks in everything we do.

Corporate governance

We hold ourselves accountable to the highest standards of corporate governance and public access to information about CCEP.

CCEP has a strong governance framework with a Board of Directors overseeing the interests of all stakeholders. Five committees support the Board. These include the CSR Committee, which is responsible for overseeing CCEP's sustainability strategy and progress and all related policy issues and risks, including climate change, and the Audit Committee, which, among other things, oversees enterprise risk management (ERM).

Management has also established a compliance and risk committee that, among other things, advises the ethics and compliance (E&C) function and provides management input regarding the E&C programme.

FOR MORE ABOUT OUR APPROACH TO RISK, SEE **PAGE 44**

FOR MORE ABOUT OUR CORPORATE GOVERNANCE, SEE **PAGES 72–81**

FOR DETAILS ABOUT SUSTAINABILITY GOVERNANCE, VISIT **WWW.COCACOLAEP.COM/SUSTAINABILITY**

Ethics and compliance

Our E&C programme ensures we are conducting our operations in a lawful and ethical manner. The programme is applicable to our people, officers and Directors. It also supports how we work with our customers, suppliers and third parties.

Code of Conduct

Our CoC seeks to ensure that we act with integrity and accountability in all of our business dealings and relationships, in compliance with all applicable laws, regulations and policies.

We expect everyone working at CCEP to adhere to the CoC. We also expect all third parties who work on our behalf to act in an ethical manner consistent with our CoC and to comply with our SGPs.

The CoC has been formally adopted in all the territories in which we operate, as well as our shared service centres in Bulgaria. All employees are required to undergo CoC training, and this is part of the induction process for new employees. Training on specific topics related to their roles is also provided where needed. All people managers receive a CoC guide that addresses their responsibilities. This includes a matrix to help with decision making and guidance on situations such as bullying and harassment.

Preventing bribery and corruption

We aim to prevent all forms of bribery and corruption in our business dealings. Our CoC sets out our principles and standards to prevent bribery and corruption, including conflicts of interest and the exchange of gifts and entertainment.

Our Anti-bribery, Gifts and Entertainment Policy and our Conflicts of Interest Policy apply to all employees. They are accompanied by mandatory training for a targeted audience.

SEE THE COC AT **WWW.CCEPCOKE.ONLINE/CODE-OF-CONDUCT-POLICY**

Raising concerns

Any employee who wishes to raise concerns about wrongdoing at CCEP can do so in a number of different ways, including contacting a line manager or through our dedicated Speak Up channels. When any employee voices concerns in relation to the CoC, CCEP will promptly and appropriately conduct an investigation.

FOR MORE DETAIL, SEE OUR AUDIT COMMITTEE REPORT ON **PAGES 87–91**

Respect for human rights

We consider human and workplace rights to be inviolable and fundamental to our sustainability as a business. We are committed to ensuring that everyone working throughout our operations and within our supply chain is treated with dignity and respect.

Our principles regarding human rights are set out in our SGPs and further detail is provided in our Human Rights Policy, which is aligned with accepted international standards such as the UN Guiding Principles on Business and Human Rights.

We have a zero tolerance approach to modern slavery of any kind, including forced labour, and any form of human trafficking within our operations and supply chain. In 2017, we published our first Modern Slavery Statement, and continue to update this annually.

In 2019, we conducted an internal human rights risk assessment with participation from senior leaders across our business. We also sought input and advice from key external stakeholders, including the Institute of Employers, KnowTheChain, UN OHCHR and many industry peers.

We identified nine key areas as posing the greatest risk to people in our own operations and across our value chain. We initially focused on the first four priority issues to ensure full compliance and that action is taken: health, safety and security; equality and non-discrimination; working hours; and migrant and temporary workers. In 2020, we developed action plans for the issues related to freedom of association, right to privacy and data protection.

However, due to COVID-19 we took additional measures to ensure the health and safety of our people and others working for CCEP. This included COVID-19 risk assessments, implementation of guides on working from home, social distancing, cleaning and disinfection programmes, and additional measures for our employees within sales and supply chain functions. This has pushed back our timetables on the remaining actions, on forced labour and wages, to 2021.

In 2020, we refreshed our human rights training including a specific focus on modern slavery for all procurement managers who interact with suppliers and for supply chain teams.

On Human Rights Day in December 2020, we shared our progress with our employees and stakeholders.

FIND MORE INFORMATION ABOUT OUR APPROACH TO HUMAN RIGHTS AT **WWW.COCACOLAEP.COM/SUSTAINABILITY/HUMAN-RIGHTS**

SEE OUR MODERN SLAVERY STATEMENT AT **WWW.COCACOLAEP.COM/SUSTAINABILITY/DOWNLOAD-CENTRE**

Code of Conduct reports by type

	Number	%(A)
Avoiding conflicts of interest	2	3
Creating an inclusive and respectful workplace	29	40
Delivering high quality products	2	3
Integrity of our business records(B)	15	21
Preventing bribery and corruption	1	1
Dealing fairly with customers, business partners and suppliers	3	4
Environmental sustainability	1	1
Using our assets responsibly – non-financial	13	19
Working in a safe and healthy environment	6	8
Grand total	72	100
Number of employees resigned or dismissed	33	
Number of disciplined employees still employed(C)	26	

(A) Percentage versus overall reports.
(B) Not limited only to our financial records. Business records include records such as payroll, timecards, travel and expense reports, job applications, quality reports, field sales measures, customer agreements, and inventory and sales reports.
(C) Some cases involve more than one employee.

Principal risks

This section looks at the principal risks we face as a business and how we manage them.

Our approach to risk

Our decisions are informed by an understanding of the risks we face as a business. Through our ERM programme, we identify, measure and manage risk, and embed a strong risk culture across our business.

CCEP's risk management framework looks at both risks we face and how we can capitalise on opportunities we have.

Since the creation of CCEP, we have continually matured our risk management capabilities through seamless collaboration across the business. This has resulted in the creation of the one risk office, which helps us to manage risks and respond rapidly through established processes like incident management, business continuity plans (BCP) and risk transfer mechanisms.

During the COVID-19 pandemic, the framework allowed us to respond rapidly to a fast changing environment. As a result, we were able to capture learnings and developed a comprehensive pandemic handbook that allowed us to respond well to the second wave and ensure that the impacts from COVID-19 were minimised. We are leveraging learnings from the current situation to further strengthen our risk management framework and prepare ourselves even better for future challenges.

The risk and internal control systems have continually improved since CCEP was created and are developed to address the changing risk environment and to adopt best practice in how to manage them.

Assessing risk

To gain an understanding of the risks CCEP faces, we assess risk top down and bottom up.

Our annual enterprise risk assessment (ERA) gives us a top down, strategic view of risk at the enterprise level. During this assessment we carry out a risk survey with our top leaders, followed by interviews with Board and Audit Committee members and members of our ELT to identify both current and emerging risks. This risk assessment is reviewed and updated periodically. In 2020, we received feedback from our top 100 leaders.

To gain a bottom up view of risk from an operational perspective, we carry out risk assessments at a business unit (BU), functional and project level. Each BU has established local compliance and risk review processes, undertaken by its local leadership team. The local leadership teams review and update risk assessments, ensuring that risk management is incorporated into day to day business routines.

This work is overseen by the Group compliance and risk committee, which is chaired by the Chief Compliance Officer. Every quarter, the committee holds a meeting in which local risk owners are invited to share updates on key risks and how they are being managed. In 2020, these included updates on business continuity management, COVID-19, key suppliers, training culture, packaging, human rights, policy changes, data privacy and cybersecurity.

In 2020, we continued to include CCEP's functions in our risk assessment process, and covered areas such as health and safety of our employees, food safety, legal and tax. These functional risk assessments are integrated into our annual business planning routine. We also completed deep dives in the areas of new legislation and water scarcity.

Targeted risk assessment and management projects for topical issues such as Brexit and COVID-19 were also completed. An overview of key ERM activities is provided on page 45.

Measuring and managing risk

Once risks have been identified, we analyse them to understand their likelihood and potential impact. We also consider how we are managing the risks with the right action in place, and impact scales are reviewed on an annual basis; in 2020, these were reassessed with a focus on financial impact.

In addition to likelihood and impact, our risk management methodology now considers velocity. This addresses the speed at which a risk may impact our business.

In 2020, we developed risk appetite statements to support business decision making in line with our strategic objectives. We completed the definition of risk appetite statements for the majority of our enterprise risks. This exercise was conducted with input from the ELT and the Audit Committee.

These statements are defined top down in line with our strategic objectives and structured according to our enterprise risks. We determined the risk appetite per risk category at one of five levels: low, low-medium, medium, medium-high and high. In addition, a qualitative statement for each category provides context for the risk appetite level. The statements are designed to provide management with guidance for business decision making.

The risk appetite statements, which determine our target risk profile, are reviewed annually during the first quarter, following the annual top down ERA, which provides us with the current risk profile.

We are working now to adapt the risk appetite statements to suit our operations through the definition of key risk indicators for each statement with our risk owners. The management of the key risk indicators will be done via our risk and compliance governance tool, Risknonnect. Adverse trends and breaches of thresholds will be reported to the compliance and risk committee following a defined escalation protocol (see figure below for our annual risk management plan).

In 2020, we conducted further scenario analysis and planning to understand how key risks such as water scarcity impact us. In 2021, we will develop action plans for how we would respond to these scenarios through in depth workshops.

We manage risk through the framework, our processes and policies. Our annual policy review ensures the policies and related policy guidance within CCEP are valid. Changes within the documents have been approved by the compliance and risk committee. New policies, for example, the CCEP wide CCTV policy and the IT disaster recovery policy, have been approved by the Board and the compliance and risk committee. In 2020, the CCEP policy governance and management programme was externally reviewed and we received a rating indicating the programme was close to best practice.

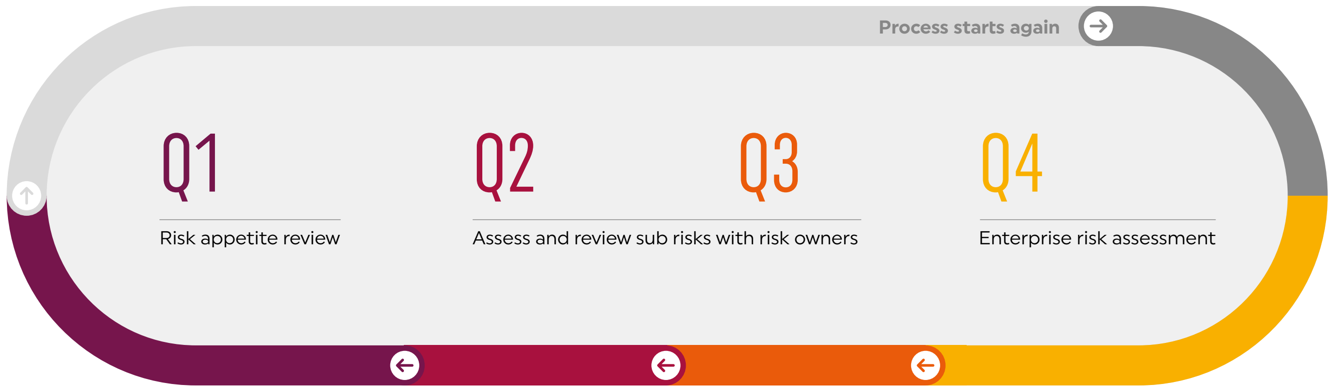
The following pages set out a summary of our principal risks based on the findings of our most recent ERA. The Directors have carried out a robust assessment of these principal risks. However, this summary is not intended to include all risks that could ultimately impact our business and the risks are presented in no particular order.

Beyond our principal risks, CCEP faces other operational risks that we manage as part of our daily routines, such as employee health, safety and wellbeing, and human rights.

READ ABOUT OUR RISK FACTORS ON **PAGES 188–197**

Overview of key ERM activities through the year

(ERM activities link top down and bottom up)



Annual risk appetite review and update

Based on the current risk profile the Board and ELT define the **target risk appetite** for the enterprise risks to enable better decision making and so drive growth.

Risk owners provide input to Principal risk and Risk factors sections in the Integrated Report.

Assess and review sub risks and opportunities with risk owners with focus on mitigation and financial valuation

ERM team works with risk owners to elaborate on the underlying risks, supports risk owners to provide a financial valuation for key risks, and drives mapping of risks to business planning initiatives at BU and functional level to integrate risk management in business activities.

Annual top down enterprise risk assessment

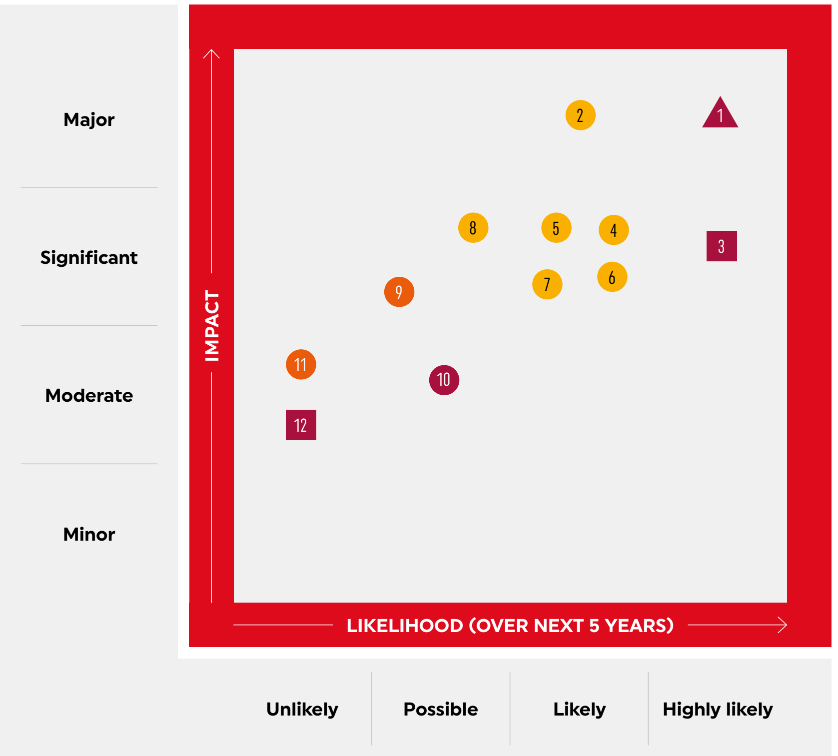
Interviews and surveys with Board members and ELT members and selected subject matters experts to determine CCEP's **current risk profile** (informs Integrated Report, risk appetite, audit plan and business planning).

ERA drafts risk input for the Integrated Report (Principal risks and Risk factors).

Process starts again.

Principal risks continued

Principal risk map[(A) (B)]



External
External opportunities and risks, such as macroeconomic, socio/political and competition risks, that could fundamentally impact business strategy. Typically managed by teams that respond to significant shifts in government relations, consumer or supplier behaviour.

Strategic
Internal opportunities and risks that could impede the achievement of strategic objectives and targets, such as poor resource allocation or decision making. Typically managed by senior leaders responsible for delivering strategic initiatives set by the Board.

Operational
Opportunities and risks that could impact day to day operations in areas such as production, logistics or sales. Managed across all business areas through controls embedded in processes and procedures.

Extreme events
Opportunities and risks that would have an extreme impact on the business (such as cyber attack, global financial crisis, natural disasters, etc). These can materialise in any part of the business and may coincide with other risks in particular scenarios.

Note: extreme events could occur in any principal risk and are, therefore, not allocated to any single specific category.

VELOCITY SCALE (SPEED OF IMPACT)

■ **Very rapid** (Less than one month) ▲ **Rapid** (Less than one year) ● **Moderate** (One to three years) ○ **Slow** (Greater than three years)

PRINCIPAL RISKS

1. Business continuity and resilience
2. Packaging
3. Cyber and social engineering attacks and IT infrastructure
4. Economic and political conditions
5. Market
6. Legal, regulatory and tax change
7. Climate change and water
8. Perceived health impact of our beverages and ingredients, and changing consumer buying trends
9. Competitiveness, business transformation and integration
10. People and wellbeing
11. Relationships with TCCC and other franchisors
12. Product quality

(A) Risk map is based on latest enterprise risk assessment results
(B) See pages 47-50 for full summary of principal risks

Table 1[(A)(B)]

The table below shows our principal risks

Principal risk	Definition and impact	Key mitigation	Change
1 Business continuity and resilience	Our business is vulnerable to a range of risks that may materialise and cause disruption. These include threats and risks such as physical attacks (e.g. terrorism) and cyber attacks, IT system outages and supplier failure as well as natural hazards such as fire, flood, severe weather and pandemics. Working with teams across the business, we develop business continuity plans and resilience arrangements to ensure the delivery of our products and services no matter what the cause of disruption. This is to protect our people, our environment, our reputation and our overall financial condition. In some cases, such as the current COVID-19 pandemic, health, economic and legal effects could have a direct or indirect impact on our ability to operate. PLEASE REFER TO OUR CASE STUDY ON **PAGE 51** FOR FUTHER DETAILS	• Continually updating our response to the situation and our people's needs • Customers: working closely with suppliers, partners and TCCC to ensure we best serve our customers and respond to their needs • Communities: working closely with TCCC to support our communities • Governance: strong frameworks, business continuity plans, incident management teams, strategic business continuity scenario testing, risk reassessments used in business planning, increased frequency of reviews with country leadership teams, Board and TCCC incorporating learnings from the Coca-Cola system • Effective management of liquidity, costs and discretionary spend • Operational, technology and strategic resilience towers developed as part of our newly created business continuity and resilience strategy to enable further resilience and risk mitigation for CCEP • Training and awareness to build BCR capabilities throughout CCEP to improve buy in and skills when it comes to preparing for and responding to incidents • Business impact analysis (BIA) to analyse and identify critical people (roles), property, technology, equipment and suppliers (value chain) across CCEP and their associated maximum acceptable outages, recovery time objectives and recovery point objectives • Scenario planning exercise with stakeholders across facilities and functions to determine scenarios that could lead to the unavailability of critical dependencies identified in the BIA and the associated impacts if the scenarios were to occur • BCP development with colleagues across the business to mitigate risks identified during the BIA, scenario planning and risk assessment and having them available to use in following waves • Risk assessments to identify the likelihood and impact of identified scenarios occurring, enabling BCPs to be developed in a targeted, meaningful way • Testing and exercising to validate BCPs are effective, giving teams capabilities to respond to incidents that may occur, through table top and live simulated exercises with stakeholders across CCEP, within sites and functions	→
2 Packaging	Due to our concerns, and those of our stakeholders, about the environmental impacts of litter and GHG emissions, our packaging (especially single use plastic packaging) is under increasing scrutiny from regulators, consumers, customers, and NGOs. As a result, we may have to change our packaging strategy and mix over both the short and long term. This could result in a reduction in the use of single use plastic packaging and the introduction of new pack formats such as dispensed and refillable packaging, and we may be liable for increased costs related to the design, collection, recycling and littering of our packaging. We may be unable to respond in a cost effective manner and our reputation may be adversely impacted.	• Continued sustainability action plan focused on packaging, including our commitments to: – Ensure that 100% of our primary packaging is recyclable or refillable – Drive higher collection rates, aiming to ensure that 100% of our packaging is collected for reuse or recycling – Ensure that by 2023 at least half of the material we use for our PET bottles comes from recycled plastic, achieving 100% by 2030 • Work with TCCC to explore alternative sources of rPET and innovative new packaging materials • Work with TCCC to encourage consumers to recycle their packaging using existing collection infrastructure • Cross functional SPO with a dedicated focus on packaging collection and to ensure all sustainable packaging strategies are implemented on time • Support for well designed DRS across our markets as a route to 100% collection and increased availability of rPET • Work to expand delivery mechanisms that do not rely on single use packaging, for example refillable packaging and dispensed delivery • Investment in enhanced recycling technology • We continue to develop the business models for packaging-less solutions (such as Freestyle) to provide an alternative offering for customers who do not want to use packaging • We also continue to develop the business models for refillable packaging to provide an alternative offering for customers who want fully circular alternatives to single use packaging • Increase use of recycled content in films • Moving from hard to recycle plastic shrink to sustainable board for multi packs	↑

(A) Changes in risk are as against the Principal risks section of CCEP's Integrated Report/Annual Report on Form 20-F for the year ended 31 December 2019, as updated and supplemented in CCEP's Results for the six months ended 26 June 2020 and COVID-19 update.
(B) Some risk ratings have changed as a result of a change in our risk rating methodology and review of impact scales.

Principal risks continued

Principal risk	Definition and impact	Key mitigation	Change
3 Cyber and social engineering attacks and IT infrastructure	We rely on a complex IT landscape, using both internal and external systems, including some systems that are outside our direct control where employees work from home. These systems are potentially vulnerable to adversarial and accidental security and cyber threats, and user behaviour. This threat profile is dynamically changing, including as a result of the COVID-19 pandemic, as potential attackers' skills and tools advance. This exposes us to the risk of unauthorised data access, compromised data accuracy and confidentiality, the loss of system operation or fraud. As a result, we could experience disruption to operations, financial loss, regulatory intervention, or damage to our reputation.	• Proactive monitoring of cyber threats and implementing preventive measures • Business awareness and training on information security and data privacy • Business continuity and disaster recovery programmes • A programme to identify and resolve vulnerabilities • Third party risk assessments • Corporate security business intelligence • Appropriate investment in updating systems • Hardware lifecycle process in place	↑
4 Economic and political conditions	Our industry is sensitive to economic conditions such as commodity and currency price volatility, inflation, political instability, lack of liquidity and funding resources, widening of credit risk premiums, unemployment and furlough, and consumer confidence or the impact of the widespread outbreak of infectious disease such as COVID-19. This exposes us to the risk of an adverse impact on CCEP and our consumers, driving a reduction of spend within our category or a change in consumption channels and packs. As a result, we could experience reduced demand for our products, fail to meet our growth priorities and our reputation could be adversely impacted. Adverse economic conditions could also lead to increased customer and supplier delinquencies and bankruptcies, while restrictions on the movement of goods in response to economic, political or other conditions, such as COVID-19, could affect our supply chain.	• Diversified product portfolio and the geographic diversity of our operations assist in mitigating our exposure to any localised economic risk • Our flexible business model allows us to adapt our portfolio to suit our customers' changing needs during economic downturns • We regularly review our business results and cash flows and, where necessary, rebalance capital investments • Following the Brexit deal on the 24 December 2020, which took effect from 11pm GMT on 31 December 2020, we continue to monitor developments to ensure the business is prepared to manage emerging situations • Monitoring of societal developments • Hedging programmes	→
5 Market	Our success in the market depends on a number of factors. These include actions taken by our competitors, route to market, our ability to build strong customer relationships and create value together (which could be affected by customer consolidation, buying groups, and the changing customer landscape) and government actions, including those introduced as a result of COVID-19 such as social distancing, the forced closure of some of our customer channels, restricted tourism and restrictions on large gatherings. This exposes us to the risk that market forces may limit our ability to execute our business plans effectively. As a result, it may be more challenging to expand margins, increase market share, or negotiate with customers effectively, and COVID-19 may also further adversely impact the market in previously unforeseen ways.	• Shopper insights and price elasticity assessments • Pack and product innovation • Promotional strategy • Commercial policy • Collaborative category planning with customers • Growth centric customer investment policies • Business development plans aligned with our customers • Diversification of portfolio and customer base • Realistic budgeting routines and targets • Investment in key account development and category planning • Continuous evaluation and updating of mitigation plans • Responded to COVID-19 by developing and investing in new routes to market, for example, online channel, so our products remain available to consumers	↑
6 Legal, regulatory and tax	Our daily operations are subject to a broad range of regulations at EU and national level. These include regulations covering manufacturing, the use of certain ingredients, packaging, labelling requirements, and the distribution and sale of our products. This exposes us to the risk of legal, regulatory or tax changes that may adversely impact our business. As a result, we could face new or higher taxes, higher labour and other costs, stricter sales and marketing controls, or punitive or other actions from regulators or legislative bodies that negatively impact our financial results, business performance or licence to operate. COVID-19 has resulted in both short-term and long-term changes to legislation and regulation. It may also lead to future increases in taxes to finance the cost of government responses to COVID-19. In addition to the changes that took immediate effect from 11pm GMT on 31 December 2020, we expect Brexit could, over time, lead to increased diversity of regulation and consequent costs of compliance including inability to or difficulties in standardising product and process between the UK and CCEP's other markets.	• Continuous monitoring of new or changing regulations and appropriate implementation of adequate mitigations • Dialogue with government representatives and input to public consultations on new or changing regulations • Effective compliance programmes and training for employees • Measures set out elsewhere in this table in relation to legal, regulatory and tax changes with respect to any of the other principal risks, and in particular in relation to packaging, perceived health impact of our beverages and ingredients, and changing consumer preferences • Increasing recycled content level in specific countries to mitigate tax impact	↑

Principal risk	Definition and impact	Key mitigation	Change
7 Climate change and water	Political and scientific consensus indicates that increased concentrations of carbon dioxide and other GHGs are causing climate change and exacerbating water scarcity. Such GHG emissions occur across our entire value chain including our production facilities, cold drink equipment and transportation. GHG emissions also occur as a result of the packaging we use and ingredients we rely on. Our ingredients and production facilities also rely heavily on the availability of water. This exposes us to the risk of negative impacts related to our ability to produce or distribute our products, or the availability and price of agricultural ingredients and raw materials as a result of increased water scarcity. Failure to address these risks may cause damage to our corporate reputation or investor confidence, a reduction in consumer acceptance of our products and potential disruption to our operations.	• Set science based carbon reduction targets for our core business operations and our value chain • Carbon reduction plans for our production facilities, distribution and CDE • Supplier carbon footprint reduction programme launched in support of CCEP's 2040 net zero ambition with focus on suppliers setting SBTi targets and using 100% renewable electricity by 2023 • Transition to 100% renewable electricity • External policy leadership and advocacy to support a transition to a low-carbon economy • Life cycle analysis to assess carbon footprint of packaging formats • Use of recycled materials for our packaging, which have a lower carbon footprint • SVAs to protect future sustainability of local water sources and FAWVA and water management plans • Supplier engagement on carbon reduction and sustainable water use • Assessment on climate related risks and future climate scenario planning • Comprehensive disclosure of GHG emissions across our value chain in line with GHG Protocol	↑
8 Perceived health impact of our beverages and ingredients, and changing consumer buying trends	We make and distribute products containing sugar and alternative sweeteners. Healthy lifestyle campaigns, increased media scrutiny and social media have led to an increasingly negative perception of these ingredients among consumers. This exposes us to the risk that we will be unable to evolve our product and packaging choices quickly enough to satisfy changes in consumer preferences. We will also face new pressure from the EU Commission with the Farm to Fork Strategy, at the heart of the European Green Deal, aiming to make food systems fair, healthy and environmentally friendly. As a result, we could experience sustained decline in sales volume, which could impact our financial results and business performance.	• Reducing the sugar content of our soft drinks, through: – Product and pack innovation and reformulation – Managing our product mix to increase low and no calorie products • Making it easier for consumers to cut down on sugar by providing straightforward product information and smaller pack sizes • EU wide soft drink industry calorie reduction commitment with the Union of European Soft Drinks Associations (UNESDA) • Adopting calorie and sugar reduction commitments at country level • Dialogue with government representatives, NGOs, local communities and customers • Employee communication and education • Responsible sales and marketing codes • Proactive introduction of colour coded front of pack guideline daily amount labelling as a fact based and non-discriminatory way of informing consumers in an understandable way • Provide a serious alternative to other labelling schemes, including the French NutriScore scheme, encouraging the European Commission to evaluate and develop EU harmonised guidance, to address potential unfair targeting of the sparkling soft drinks industry • Work with International Sweeteners Association to promote and protect the reputation of alternative sweeteners and, through UNESDA, working with the European food safety authority on their opinions that will inform EU and national government action	↓
9 Competitiveness, business transformation and integration	We are continuing our strategy of assessing potential opportunities for continual improvements that would enable us to stay competitive in the future. The impact of COVID-19 has accelerated the urgency for assessing potential opportunities and taking appropriate action. This includes technology transformation, including to support increased working from home, continuous supply chain improvements and improvements in the way we work with our partners and franchisors, and more recently our proposed acquisition of CCL. This exposes us to the risk of ineffective coordination between BUs and central functions, change fatigue in our people and social unrest. As a result, we may not create the expected value from these initiatives or execute our business plans effectively. We may also experience damage to our corporate reputation, a decline in our share price, industrial action and disruption to our operations.	• Regular competitiveness reviews ensuring effective steering, high visibility and quick decision making • Dedicated programme management office and effective project management methodology • Continuation and strengthening of governance routines • Regular ELT and Board reviews and approvals of progress and issue resolution • Analysis and review of acquisition related activities such as integration and business performance risk indicators and capital allocation risk reviews • Support our employees with wellbeing initiatives to manage change fatigue SEE PEOPLE AND WELLBEING PRINCIPAL RISK FOR FURTHER DETAILS ON **PAGE 50**	↑

Principal risks continued

Principal risk	Definition and impact	Key mitigation	Change
10 People and wellbeing	The direct and indirect effects of COVID-19 may add to the impact on our people, their health and wellbeing and working conditions. Our response may affect the perception of CCEP as an employer and our ability to attract, retain and motivate existing and future employees, which exposes us to the risk of not having the right talent, required technical skillset, or expected levels of productivity. As a result, we could fail to achieve our strategic objectives and could experience a decline in employee engagement, industrial action, suffer from reputational damage or litigation. CCEP is committed to ensuring that everyone working throughout our operations and within our supply chain is treated with dignity and respect.	• CCEP CoC • Regular communication • EAP • Flexible working • Working from home • Safety measures • Appropriate incentivisation • Talent reviews • Tools for employees to take ownership of careers • People related training and reskilling, risk assessments, action plans and compliance • Manager training to help identify stress • Wellbeing material available to managers and employees via CCEP platforms to support our employees • Human rights policy	↓
11 Relationships with TCCC and other franchisors	We conduct our business primarily under agreements with TCCC and other franchisors. This exposes us to the risk of misaligned incentives or strategy, particularly during periods of low category growth or crisis, such as COVID-19. As a result, TCCC or other franchisors could act adversely to our interests with respect to our business relationship.	• Clear agreements govern the relationships • Incidence pricing agreement with TCCC • Aligned long range planning and annual business planning processes • Ongoing pan-European and local routines between CCEP and franchise partners • Increased frequency of meetings and maintenance of positive relationships at all levels • Regular contact and best practice sharing across the Coca-Cola system • Improve visibility and ways of working with TCCC	↓
12 Product quality	We produce a wide range of products, all of which must adhere to strict food safety requirements. This exposes us to the risk of failing to meet, or being perceived as failing to meet, the necessary standards, which could lead to compromised product quality. As a result, our brand reputation could be damaged and our products could become less popular with consumers.	• TCCC standards and audits • Hygiene regimes at production facilities • Total quality management programme • Robust management systems • ISO certification • Internal governance audits • Quality monitoring programme • Customer and consumer monitoring and feedback • Incident management and crisis resolution • Every CCEP production facility has: – a hazard analysis critical control points assessment and mitigation plan in place – a quality monitoring plan based on risk and requirements – a food fraud vulnerability assessment and mitigation plan based on risk and requirements – a food defence threat assessment and mitigation plan based on risk and requirements	↓

Internal control procedures and risk management

CCEP's internal controls are designed to manage rather than eliminate risk, and aim to provide reasonable but not absolute assurance against material misstatement.

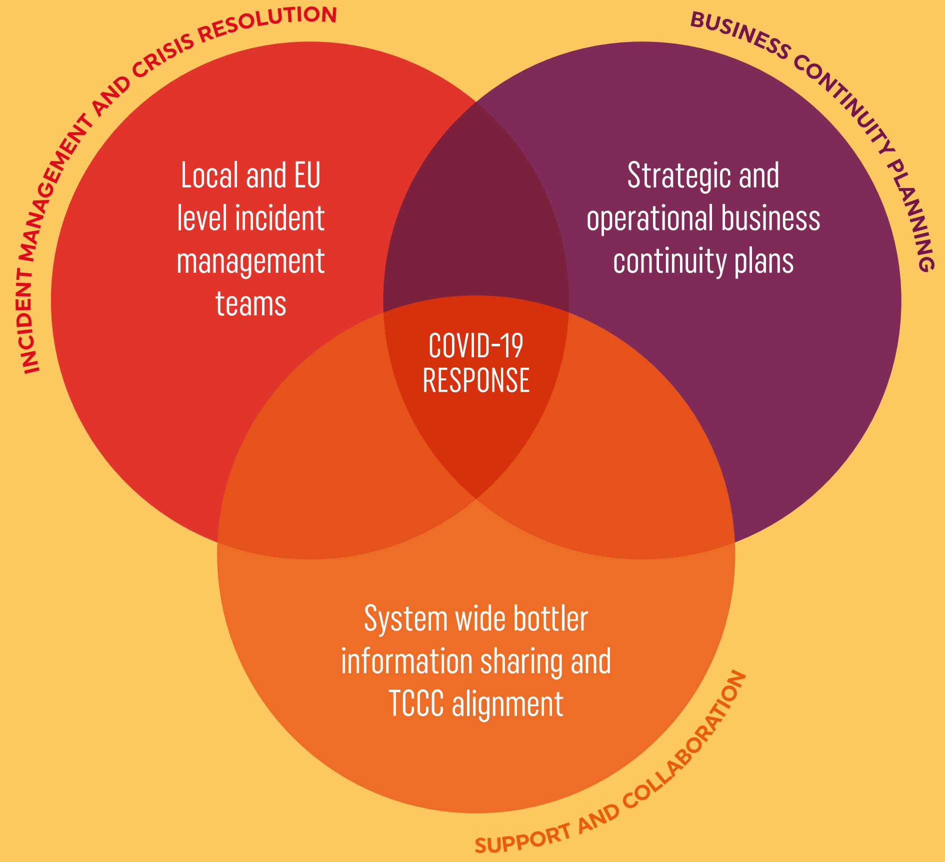
The Board has overall responsibility for the Company's system of internal controls and for reviewing its adequacy and effectiveness. To discharge its responsibility in a manner that complies with law and regulation and promotes effective and efficient operation, the Board has established clear operating procedures, lines of responsibility and delegated authority.

The Audit Committee has specific responsibility for reviewing the internal control policies and procedures associated with the identification, assessment and reporting of risks to check they are adequate and effective.

Our internal control processes include:

- Board approval for significant projects, transaction and corporate actions
- Either senior management or Board approval for all major expenditure at the appropriate stages of each transaction
- Regular reporting covering both technical progress and our financial affairs
- Board review, identification, evaluation and management of significant risks

READ MORE ABOUT OUR APPROACH TO INTERNAL CONTROL AND RISK MANAGEMENT IN THE AUDIT COMMITTEE REPORT ON **PAGE 91**



CASE STUDY

Business continuity and our response to COVID-19

When the COVID-19 pandemic struck in Western Europe, we immediately instigated our business continuity and resilience processes. One of the first steps was to establish the TCCC and CCEP wide incident and crisis management response teams, which worked seamlessly throughout the first wave. This was a complex process as national data and new government legislation was analysed to create one aligned response across our territories. At the height of the pandemic, the teams met on a daily basis and our open lines of communication with senior management meant that decisions were made quickly and effectively.

We were also able to learn from other Coca-Cola system teams in Asia, which helped us in the early stages to develop key processes and procedures. In January 2020, we held a simulation test at our Wakefield production facility in GB, which helped us to establish new procedures such as shift patterns, social distancing measures and cleaning regimes. We also developed guidelines for the appropriate use of PPE for our sales force to support their visits to our customers. In addition, we helped our people working from home with cyber training and guidelines on data privacy, as well as ensuring they had the correct equipment to work safely, including the provision of monitors and other IT equipment.

As a result, we have developed a CCEP wide pandemic handbook, a state of the art document, with hot links, which contains all the relevant processes, procedures and communications guidelines to assist our corporate functions and local business leaders. We continue to monitor the situation and brief senior managers on a regular basis.

The BCR team was awarded European Resilience Team of the Year 2020 by the Business Continuity Institute and the Director of BCR won Global Business Continuity Manager of the Year 2020 from the Continuity Insurance and Risk professional body. Both institutions are world renowned and represent resilience professionals across the globe.

Viability statement

In accordance with provision 31 of the 2018 UK Corporate Governance Code (the UKCGC), the Directors have assessed the prospects for the Group. The Directors have made this assessment over a period of three years, which corresponds to the Group's planning cycle.

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

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

- Continued or new lockdowns/restrictions, and the impact on the away from home channel
- Changing consumer preferences and the health impact of soft drinks
- Legal and regulatory intervention, including in relation to plastic packaging
- The risk of cyber and social engineering attacks
- Adverse changes in relationships with large customers

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

The proposed acquisition of CCL, if approved, would occur within the period covered by the viability assessment. We have considered this scenario and concluded that there is no material impact to viability for the Group over the three year period of this assessment.

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

Non-financial information statement

This Integrated Report contains a combination of financial and non-financial reporting throughout. As required by sections 414CA and 414CB of the Companies Act 2006 (the Companies Act), the following non-financial information can be found in the pages of this Strategic Report stated in the table. These pages contain, where appropriate, details of our policies and approach to each matter.

Non-financial information	Pages
Environmental matters	Action on climate on pages 24–26, Action on packaging on pages 30–31 and Action on water on pages 34–35
Employee matters	Our stakeholders on pages 10–13 and Our people on pages 38–41
Social matters	Action on society on pages 27–29
Human rights	Operating with integrity on page 43
Anti-corruption and anti-bribery matters	Operating with integrity on pages 42–43
Our business model	What we do and how we do it on pages 8–9
Risk and principal risks	Principal risks on pages 44–51 and Risk factors on pages 188–197
Non-financial performance indicators	Performance indicators on page 3

Business and financial review

Our business

CCEP is the world's largest independent Coca-Cola bottler by revenue, operating in 13 countries in Western Europe and employing around 22,000 people. We are proud of our solid track record of performance and, during 2020, we responded rapidly to COVID-19, demonstrating the agility and resilience of our people and business. We remain confident in our future, led by green and digital, and believe we will emerge from this crisis as an even more efficient and sustainable business.

Note regarding the presentation of non-GAAP financial information

We use certain alternative performance measures (non-GAAP performance measures) to make financial, operating and planning decisions and to evaluate and report performance. We believe these measures provide useful information to investors and as such, where clearly identified, we have included certain alternative performance measures in this document to allow investors to better analyse our business performance and allow for greater comparability. To do so, we have excluded items affecting the comparability of period over period financial performance as described below. The alternative performance measures included herein should be read in conjunction with and do not replace the directly reconcilable GAAP measure.

For purposes of this document, the following terms are defined:

"As reported" are results extracted from our consolidated financial statements.

"Comparable" is defined as results excluding items impacting comparability, such as restructuring charges, out of period mark-to-market impact of hedges and net tax items relating to rate and law changes. Comparable volume is also adjusted for selling days.

"Fx-neutral" is defined as comparable results excluding the impact of foreign exchange rate changes. Foreign exchange impact is calculated by recasting current year results at prior year exchange rates.

"Capex" or "Capital expenditures" is defined as purchases of property, plant and equipment and capitalised software, plus payments of principal on lease obligations, less proceeds from disposals of property, plant and equipment. Capex is used as a measure to ensure that cash spending on capital investment is in line with the Group's overall strategy for the use of cash.

"Free cash flow" is defined as net cash flows from operating activities less capital expenditures (as defined above) and interest paid. Free cash flow is used as a measure of the Group's cash generation from operating activities, taking into account investments in property, plant and equipment and non-discretionary lease and interest payments. Free cash flow is not intended to represent residual cash flow available for discretionary expenditures.

"Adjusted EBITDA" is calculated as Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), after adding back items impacting the comparability of year over year financial performance. Adjusted EBITDA does not reflect cash expenditures, or future requirements for capital expenditures or contractual commitments. Further, adjusted EBITDA does not reflect changes in, or cash requirements for, working capital needs, and although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised are likely to be replaced in the future and adjusted EBITDA does not reflect cash requirements for such replacements.

"Net debt" is defined as the net of cash and cash equivalents less currency adjusted borrowing. We believe that reporting net debt is useful as it reflects a metric used by the Group to assess cash management and leverage. In addition, the ratio of net debt to adjusted EBITDA is used by investors, analysts and credit rating agencies to analyse our operating performance in the context of targeted financial leverage.

"ROIC" is defined as comparable operating profit after tax 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. ROIC is used as a measure of capital efficiency and reflects how well the Group generates comparable operating profit relative to the capital invested in the business.

"Dividend payout ratio" is defined as dividends as a proportion of comparable profit after tax.

Additionally, within this report, we provide certain forward-looking non-GAAP financial information, which management uses for planning and measuring performance. We are not able to reconcile forward-looking non-GAAP measures to reported measures without unreasonable efforts because it is not possible to predict with a reasonable degree of certainty the actual impact or exact timing of items that may impact comparability throughout the year.

Unless otherwise stated, percent amounts are rounded to the nearest 0.5%.

Key financial measures[(A)] Unaudited, fx impact calculated by recasting current year results at prior year rates	Year ended 31 December 2020 € million As reported	Comparable	Fx impact	% change vs prior year As reported	Comparable	Fx impact	Comparable fx-neutral
Revenue	10,606	10,606	(75)	(11.5)%	(11.5)%	(0.5)%	(11.0)%
Cost of sales	6,871	6,809	(54)	(7.5)%	(8.5)%	(1.0)%	(7.5)%
Operating expenses	2,922	2,603	(16)	(4.0)%	(11.0)%	(1.0)%	(10.0)%
Operating profit	813	1,194	(5)	(47.5)%	(29.0)%	(0.5)%	(28.5)%
Profit after taxes	498	821	(4)	(54.5)%	(30.5)%	—%	(30.5)%
Diluted earnings per share (€)	1.09	1.80	(0.01)	(53.0)%	(29.0)%	(0.5)%	(28.5)%

(A) See Supplementary financial information – Income Statement section for reconciliation of As reported to Comparable financial information.

Financial highlights

COVID-19 and related response measures have had, and will continue to have, a significant adverse effect on our business, significantly reducing consumption in the away from home channel, which is our most profitable channel. Our response to COVID-19, however, was rapid, and we took meaningful actions to protect our performance. We adjusted our cost base to a new reality, implementing significant cost mitigation plans and announcing an Accelerate Competitiveness efficiency programme, ending the year with strong free cash flow and increased liquidity. This enabled us to continue to return cash to shareholders, as evidenced by the dividend paid in December. The net impact of COVID-19 on our key financial measures can be summarised as follows:

- Reported revenue totalled €10.6 billion, down 11.5% on a reported basis and 11.0% on an fx-neutral basis.
- Volume decreased 9.5% on a reported basis. Comparable volume decreased 10.0% and revenue per unit case decreased 1.5%.
- Reported operating profit was €0.8 billion, down 47.5%. Comparable operating profit was €1.2 billion, down 29.0%.
- Reported diluted earnings per share were €1.09 or €1.80 on a comparable basis, down 28.5% on a comparable and fx-neutral basis.
- Net cash flows from operating activities were €1.5 billion. Full year free cash flow* was €0.9 billion.

* See Liquidity and capital management section for a reconciliation between net cash flows from operating activities and free cash flow.

Operational review

Reported revenue declined by 11.5%, driven by a 10.0% comparable volume decline reflecting the impact of COVID-19. Revenue per unit case was down 1.5% on an fx-neutral basis with positive momentum in the first and third quarter, offset by the second and fourth quarter, reflecting the varying extent of restrictions during the year. Our cost of sales per unit case increased 2.5% on a comparable and fx-neutral basis, mainly driven by an under-recovery of our fixed costs given the lower volumes, combined with adverse mix. This was partially offset by a reduction in discretionary operating expenses and resulted in comparable operating profit of €1.2 billion, down 28.5% on a comparable and fx-neutral basis.

Revenue

Revenue totalled €10.6 billion, down 11.5% versus prior year on a reported basis, and 11.0% on an fx-neutral basis. Revenue per unit case declined by 1.5% in 2020, on a comparable and fx-neutral basis.

Revenue In millions of €, except per case data which is calculated prior to rounding. Fx impact calculated by recasting current year results at prior year rates.	Year ended 31 December 2020	31 December 2019	% change
As reported	**10,606**	**12,017**	**(11.5)%**
Adjust: Total items impacting comparability	—	—	—%
Comparable	**10,606**	**12,017**	**(11.5)%**
Adjust: Impact of fx changes	75	n/a	(0.5)%
Comparable and fx-neutral	**10,681**	**12,017**	**(11.0)%**
Revenue per unit case	**4.69**	**4.77**	**(1.5)%**

The decline in revenue per unit case reflected negative geographic, channel and package mix during the year driven by the impact of COVID-19 across our business. This was partly offset by revenue growth management initiatives, such as optimising our promotional efficiency, stock keeping unit (SKU) rationalisation, and the reallocation of field sales teams into the home channel. These initiatives also helped us to improve our value market share during the year, both in store and online.

Business and financial review continued

Revenue by geography	Year ended 31 December 2020 % of total	31 December 2019 % of total	Revenue % change
Iberia (Spain, Portugal and Andorra)	20.5%	23.0%	(22.0)%
Germany	21.5%	20.5%	(6.5)%
Great Britain	21.0%	20.0%	(8.5)%
France (France and Monaco)	16.0%	16.0%	(10.0)%
Belgium/Luxembourg	8.5%	8.5%	(11.0)%
Netherlands	5.0%	5.0%	(12.0)%
Norway	4.0%	3.5%	(3.0)%
Sweden	3.0%	3.0%	(8.0)%
Iceland	0.5%	0.5%	(17.5)%
Total	**100.0%**	**100.0%**	**(11.5)%**

On a territory basis in 2020, reported revenue in Iberia was down 22.0% versus 2019. This was mainly driven by a decrease in volume due to significant exposure to the away from home channel and lower tourism. Additionally, revenue per case growth was negatively impacted by channel mix given the closure of HoReCa outlets for a significant portion of the year in addition to negative package mix, including a 48% decrease in glass package volume.

Reported revenue in Germany was down 6.5% versus 2019. This was mainly driven by a decrease in volume due to away from home outlet closures, partially offset by additional Danish border trade business. Coca-Cola Zero Sugar and Monster grew volume, while ViO and Apollinaris declined in volume given the brands' exposure to away from home and immediate consumption. Additionally, revenue per case growth was driven by growth in cans, increased promotional efficiency in the home channel and favourable brand mix. This was partially offset by adverse channel mix and package mix given the overperformance of future consumption packages.

Reported revenue in Great Britain was down 8.5% versus 2019. Foreign exchange translation negatively impacted revenue growth by 1.0%. The additional decrease in revenue was mainly driven by a decrease in volume due to restrictive measures and outlet closures. Lower volume in the away from home channel was partially offset by home channel volume growth, both online and in store. Additionally, revenue per case growth was negatively impacted by the volume increase in the home channel and, in particular, the growth in future consumption packages, including growth of 5.0% in large PET and 23.0% in multi pack cans, alongside lower immediate consumption in both channels.

Reported revenue in France was down 10.0% versus 2019. This was mainly driven by a decrease in volume due to away from home outlet closures and lower volumes in hypermarkets reflecting lower foot traffic given government restrictions. However, the decline in volume was partly offset during the second half of the year when away from home outlets reopened and consumer mobility increased, aided by favourable weather. Additionally, revenue per case growth was negatively impacted by channel mix given away from home outlet closures and package mix due to lower immediate consumption, partially offset by lower promotions.

Reported revenue in the Northern European territories (Belgium, Luxembourg, the Netherlands, Norway, Sweden and Iceland) was down 9.5% versus 2019. Foreign exchange translation negatively impacted revenue growth by 1.5%. The additional decrease in revenue was mainly driven by negative away from home volumes reflecting outlet closures, partially offset by growth in the home channel led by Norway and the Netherlands. Additionally, revenue per case grew modestly due to positive country and brand mix, offset by adverse channel mix.

Comparable volume – selling day shift In millions of unit cases, prior period volume recast using current year selling days(A)	Year ended 31 December 2020	31 December 2019	% change
Volume	**2,277**	**2,521**	**(9.5)%**
Impact of selling day shift	n/a	8	n/a
Comparable volume – selling day shift adjusted	**2,277**	**2,529**	**(10.0)%**

(A) A unit case equals approximately 5.678 litres or 24 eight ounce servings, a typical volume measure used in our industry.

Volumes were down 9.5% on a reported and 10.0% on a comparable basis. The most significant impact was in the away from home channel where volumes declined by 27.5% for the year, which included a decline of 50% in the first half of the year. We experienced marked sequential improvement in volumes over the summer months, reflecting the easing of initial lockdown measures and favourable weather, but volumes were again negatively impacted during the fourth quarter due to renewed restrictions across our territories. Trading in the home channel was more stable throughout the year with full year volume growth of 1.5%, driven by our continued revenue growth management initiatives as well as the growth in the online channel. The resolution of a customer dispute also supported home volumes in the second half of the year, particularly in France and Germany. From a package perspective, on the go immediate consumption was negatively impacted across both channels with volumes down 24.5%. The volume of future consumption packs such as large PET and multi pack cans grew during the year, particularly in the home channel.

Comparable volume by brand category Adjusted for selling day shift	Year ended 31 December 2020 % of total	31 December 2019 % of total	Volume % change
Sparkling	**88.5%**	**86.0%**	**(7.0)%**
Coca-Cola trademark	66.0%	63.5%	(6.5)%
Flavours, mixers and energy	22.5%	22.5%	(9.0)%
Stills	**11.5%**	**14.0%**	**(27.0)%**
Hydration	6.5%	8.5%	(34.0)%
RTD teas, RTD coffees, juices and other drinks	5.0%	5.5%	(17.0)%
Total	**100.0%**	**100.0%**	**(10.0)%**

On a brand category basis in 2020, Coca-Cola trademark volume decreased by 6.5% versus 2019 reflecting the decline in immediate consumption due to COVID-19. Coca-Cola Classic was down 9.0%. Lights volumes decreased by 2.5%, driven by resilient performance of Coca-Cola Zero Sugar, up 2.0%.

Flavours, mixers and energy volume decreased by 9.0% versus 2019. This mainly reflects a 13.0% decline in Fanta driven by the impact of COVID-19 on the away from home channel. Energy volumes were up 13.0% reflecting growth in both channels. In particular, Monster volume increased by 15.5% driven by particularly strong growth in Monster multi packs, which increased 33.5%.

Hydration volume decreased by 34.0% versus 2019. This decline was indicative of the ongoing impact of COVID-19 and the exposure to immediate consumption across both channels. In particular, water was down 39.5% with lower volumes across all brands.

RTD teas, RTD coffees, juices and other drinks volume decreased by 17.0% versus 2019. Fuze tea volume decreased by 13.0% and juice drinks were down 16.5% due to exposure to on the go occasions. Costa Coffee RTD distribution increased in Great Britain, resulting in 72.0% volume growth following the initial launch in June 2019. Tropico volumes were up 7.0% driven by solid performance in France. In December, we also launched Topo Chico Hard Seltzer in three flavours in Great Britain and the Netherlands. Although initial volumes are small, we plan to increase distribution in 2021.

Cost of sales

Reported cost of sales was €6.9 billion, down 7.5%. Comparable cost of sales was €6.8 billion, down 8.5% on a comparable basis and 7.5% on a comparable and fx-neutral basis. Cost of sales per unit case increased by 2.5% on a comparable and fx-neutral basis. This reflects the impact of the under-recovery of fixed manufacturing costs given lower volumes and adverse mix due to higher demand for cans, offset by the decline in revenue per unit case driving lower concentrate costs.

Cost of sales In millions of €, except per case data which is calculated prior to rounding. Fx impact calculated by recasting current year results at prior year rates.	Year ended 31 December 2020	31 December 2019	% change
As reported	**6,871**	**7,424**	**(7.5)%**
Adjust: Total items impacting comparability(A)	(62)	(1)	(1.0)%
Comparable	**6,809**	**7,423**	**(8.5)%**
Adjust: Impact of fx changes	54	n/a	(1.0)%
Comparable and fx-neutral	**6,863**	**7,423**	**(7.5)%**
Cost of sales per unit case	**3.01**	**2.94**	**2.5%**

(A) See Supplementary financial information – Income Statement.

Operating expenses

Reported operating expenses were €2.9 billion, down 4.0%, or €123 million. This includes restructuring charges totalling €368 million, which include €202 million related to Accelerate Competitiveness proposals announced in October 2020.

Comparable operating expenses were €2.6 billion, down 11.0%, or €315 million, on a comparable basis and 10.0% on a comparable and fx-neutral basis. Lower volumes resulted in a reduction of variable expenses, such as logistics costs. Operating expenses also reduced versus prior year due to a reduction in discretionary spend of approximately €260 million, mainly in trade marketing expenses, seasonal labour, incentives, travel and meetings, and other services. This reduction in operating expenses was partly offset by one-off costs such as bad debts, inventory write offs and personal protective equipment, as well as by our continued investments for the future in areas such as our digital capabilities.

Business and financial review continued

Operating expenses In millions of €. Fx impact calculated by recasting current year results at prior year rates.	Year ended 31 December 2020	31 December 2019	% change
As reported	**2,922**	**3,045**	**(4.0)%**
Adjust: Total items impacting comparability[(A)]	(319)	(127)	(7.0)%
Comparable	**2,603**	**2,918**	**(11.0)%**
Adjust: Impact of fx changes	16	n/a	(1.0)%
Comparable and fx-neutral	**2,619**	**2,918**	**(10.0)%**

(A) See Supplementary financial information – Income Statement.

Restructuring

During 2020, we recognised restructuring charges of €368 million. These charges were principally related to Accelerate Competitiveness, site closures in Germany in January 2020 and the transformation of our cold drink operations.

Accelerate Competitiveness relates to initiatives across Europe aimed at improving productivity through the use of technology enabled solutions. Included in these proposals were the closure of certain production facilities in Germany and Iberia. These proposals continue the focus on network optimisation and site rationalisation of the Group. The proposals are also expected to impact a number of functions across the Group, including business process technology, customer service, sales and marketing and finance, as the Group seeks to reduce complexity and increase the use of technology. Charges in the year include €202 million related to severance and accelerated depreciation.

Site closures in Germany relate to the closure of five distribution centres during the course of 2020 and a commercial restructuring initiative relating to vending operations and sales functions. Charges in the year include €78 million related to severance and accelerated depreciation.

Effective tax rate

The effective tax rate was 28% and 25% for the years ended 31 December 2020 and 31 December 2019, respectively.

The increase in the effective tax rate to 28% from 2019 is largely due to the remeasurement of deferred tax positions following tax rate changes in the UK and the Netherlands, offset by changes in profit mix and the impact of lower corporate income tax rates in France and Belgium.

The comparable effective tax rate was 24% and 25% for the years ended 31 December 2020 and 31 December 2019, respectively.

Return on invested capital

ROIC is used as a measure of capital efficiency and reflects how well the Group generates comparable operating profit relative to the capital invested in the business. For the year ended 31 December 2020, ROIC decreased by 270 basis points, to 7.6%, versus 2019, reflecting the decline in comparable operating profit, more than offsetting the reduction in our borrowings less cash and cash equivalents and the impact of our announced dividend paid per share.

ROIC In millions of €	Year ended 31 December 2020	31 December 2019
Comparable operating profit[(A)]	**1,194**	**1,676**
Taxes[(B)]	(286)	(421)
Comparable operating profit after tax	**908**	**1,255**
Opening borrowings less cash and cash equivalents	6,105	5,631
Opening equity	6,156	6,564
Opening invested capital	**12,261**	**12,195**
Closing borrowings less cash and cash equivalents	5,664	6,105
Closing equity	6,025	6,156
Closing invested capital	**11,689**	**12,261**
Average invested capital	**11,975**	**12,228**
ROIC	**7.6%**	**10.3%**

(A) Reconciliation from reported operating profit to comparable operating profit is included in the Supplementary financial information – Income Statement.
(B) Tax rate used is the comparable effective tax rate for the year (2020: 23.9%; 2019: 25.1%).

Liquidity and capital management

Liquidity

Liquidity risk is actively managed to ensure we have sufficient funds to satisfy our commitments as they fall due. Our sources of capital include, but are not limited to, cash flows from operating activities, public and private issuances of debt securities and bank borrowings. We believe our operating cash flow, cash on hand and available short-term and long-term capital resources are sufficient to fund our working capital requirements, scheduled borrowing payments, interest payments, capital expenditures, benefit plan contributions, income tax obligations and dividends to shareholders. Counterparties and instruments used to hold cash and cash equivalents are continuously assessed, with a focus on preservation of capital and liquidity.

The Group has amounts available for borrowing under a €1.5 billion multi currency credit facility with a syndicate of 10 banks. This credit facility matures in 2025 and is for general corporate purposes and supporting the Group's working capital needs. Based on information currently available, there is no indication that the financial institutions participating in this facility would be unable to fulfil their commitments to the Group as at the date of this report. The Group's current credit facility contains no financial covenants that would impact its liquidity or access to capital. As at 31 December 2020, the Group had no amounts drawn under this credit facility.

Net cash flows from operating activities were €1,490 million in 2020, a decrease of 22.0%, or €414 million, from €1,904 million in 2019, reflecting the impact of COVID-19. These cash flows were primarily generated from our operations and included restructuring cash outflows of €205 million.

We continue to invest in our capital expenditure programmes, although due to the impact of COVID-19, 2020 capital expenditure was reduced by approximately a third by deferring non-critical projects. Our 2020 capital spend on property, plant and equipment and capitalised software as part of our business capability programme was €408 million, compared to €602 million in 2019.

Free cash flow generation for the year was strong, totalling €924 million, a slight reduction relative to our 2019 total of €1,099 million. Despite the impact of COVID-19 on net cash flows from operating activities, we were able to mitigate the impact on free cash flow through improved working capital and disciplined capital expenditures.

Free cash flow In millions of €	Year ended 31 December 2020	31 December 2019
Net cash flows from operating activities	**1,490**	**1,904**
Less: Purchases of property, plant and equipment	(348)	(506)
Less: Purchases of capitalised software	(60)	(96)
Less: Interest paid, net	(91)	(86)
Add: Proceeds from sales of property, plant and equipment	49	11
Less: Payments of principal on lease obligations	(116)	(128)
Free cash flow	**924**	**1,099**

In 2020, total borrowings increased by €766 million. This was driven by new issue proceeds of €1.6 billion, enhancing the liquidity position to face the significant uncertainty created by COVID-19. This consists of the issuance of €600 million 1.75% notes due in 2026, €250 million 1.5% notes due in 2027 and €750 million 0.2% notes due in 2028, partially offset by payments in the period of €910 million, consisting mainly of €470 million related to repaying in full $525 million notes due during the year, and early payments of €52 million on the 3.25% $250 million notes due in 2021 and €47 million on the $300 million notes due in 2021, in addition to net repayments of short-term borrowings of €221 million.

Capital management

The primary objective of our capital management strategy is to ensure strong ratings and to maintain appropriate capital ratios to support our business and maximise shareholder value. Our credit ratings are periodically reviewed by rating agencies. We regularly assess debt and equity capital levels against our stated policy for capital structure. Our capital structure is managed and, as appropriate, adjusted in light of changes in economic conditions and our financial policy.

Net debt In millions of €	As at 31 December 2020	31 December 2019
Total borrowings	7,187	6,421
Add: fx impact of non-euro borrowings	36	6
Adjusted total borrowings	**7,223**	**6,427**
Less: cash and cash equivalents	(1,523)	(316)
Net debt	**5,700**	**6,111**

Credit ratings As of 11 March 2021	Moody's	Standard & Poor's
Long-term rating	A3	BBB+
Outlook	Stable	Stable

Note: Rating outlooks were updated to reflect the proposed acquisition of Coca-Cola Amatil Limited. Our credit ratings can be materially influenced by a number of factors including, but not limited to, acquisitions, investment decisions and working capital management activities of TCCC and/or changes in the credit rating of TCCC. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

Business and financial review continued

The ratio of net debt to adjusted EBITDA is used by investors, analysts and credit rating agencies to analyse our operating performance in the context of targeted financial leverage, and so we provide a reconciliation of this measure. Net debt enables investors to see the economic effect of total borrowings, related foreign exchange impact and cash and cash equivalents in total. Adjusted EBITDA is calculated as EBITDA after adding back items impacting the comparability of year over year financial performance.

Adjusted EBITDA does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments. Further, adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs and, although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised are likely to be replaced in the future and adjusted EBITDA does not reflect cash requirements for such replacements.

Net debt to adjusted EBITDA

Adjusted EBITDA In millions of €	Year ended 31 December 2020	 31 December 2019
Reported profit after tax	**498**	**1,090**
Taxes	197	364
Finance costs, net	111	96
Non-operating items	7	(2)
Reported operating profit	**813**	**1,548**
Depreciation and amortisation	727	639
Reported EBITDA	**1,540**	**2,187**
Items impacting comparability:		
Mark-to-market effects(A)	2	(2)
Restructuring charges(B)	247	92
Adjusted EBITDA	**1,789**	**2,277**
Net debt to EBITDA	**3.70**	**2.79**
Net debt to adjusted EBITDA	**3.19**	**2.68**

(A) Amounts represent the net out of period mark-to-market impact of non-designated commodity hedges.
(B) Amounts represent restructuring charges related to business transformation activities, excluding accelerated depreciation included in the depreciation and amortisation line.

Adjusted EBITDA has fallen in 2020 relative to 2019 by €488 million, primarily driven by reported profit after tax, which has fallen by €592 million, which in turn was driven by the impact of COVID-19 on the away from home channel.

Dividends

In line with our commitments to deliver long-term value to shareholders, we paid a full year dividend of €0.85 per share in December, maintaining a payout ratio of approximately 50% in line with our dividend policy. For the year ended 31 December 2020, dividend payments totalled €386 million (2019: €574 million).

Share buyback

During the first quarter of 2020, we returned approximately €130 million to shareholders, in connection with the €1 billion share buyback programme announced in February 2020. On 23 March 2020, in response to COVID-19, the Board took the decision to suspend the share buyback programme. No further Shares have been purchased under this programme in the period through to 31 December 2020.

Proposed acquisition of Coca-Cola Amatil Limited

In connection with the proposed acquisition of CCL, the Group has arranged a term loan facility of up to €4.4 billion with a syndicate of 13 banks. This term loan facility matures in December 2021, with options to extend to December 2022, and can only be used to effect the proposed acquisition. The facility was undrawn at 31 December 2020.

Subject to the remaining conditions of the acquisition being satisfied, CCEP is currently expecting to pay cash consideration of between A$7.4bn and A$9.0bn to CCL shareholders, depending on the election to acquire TCCC's remaining 20% shareholding in CCL. CCEP intends to fund the proposed acquisition through a combination of new external borrowings and existing cash and hence our net debt will be impacted. We do not expect this change in the net debt to have a material negative impact on our liquidity or capital resources going forward. In addition, following completion of the acquisition CCEP will be exposed to greater currency exchange risk. Refer to Note 1 of the consolidated financial statements for further information.

Supplementary financial information – Income Statement

The following provides a summary reconciliation of CCEP's reported and comparable results for the full years ended 31 December 2020 and 31 December 2019:

Full year 2020 Unaudited, in millions of € except per share data which is calculated prior to rounding	As reported CCEP	Items impacting comparability Mark-to-market effects(A)	 Restructuring charges(B)	 Acquisition related costs(C)	 Net tax items(D)	Comparable CCEP
Revenue	10,606	—	—	—	—	10,606
Cost of sales	6,871	—	(62)	—	—	6,809
Gross profit	**3,735**	**—**	**62**	**—**	**—**	**3,797**
Operating expenses	2,922	(2)	(306)	(11)	—	2,603
Operating profit	**813**	**2**	**368**	**11**	**—**	**1,194**
Total finance costs, net	111	—	—	(3)	—	108
Non-operating items	7	—	—	—	—	7
Profit before taxes	**695**	**2**	**368**	**14**	**—**	**1,079**
Taxes	197	—	103	3	(45)	258
Profit after taxes	**498**	**2**	**265**	**11**	**45**	**821**
Diluted earnings per share (€)	**1.09**	**—**	**0.58**	**0.03**	**0.10**	**1.80**
					Diluted weighted average Shares outstanding	**456**

Full year 2019 Unaudited, in millions of € except per share data which is calculated prior to rounding	As reported CCEP	Items impacting comparability Mark-to-market effects(A)	 Restructuring charges(B)	 Net tax items(D)	Comparable CCEP
Revenue	12,017	—	—		12,017
Cost of sales	7,424	(1)	—		7,423
Gross profit	**4,593**	**1**	**—**	**—**	**4,594**
Operating expenses	3,045	3	(130)	—	2,918
Operating profit	**1,548**	**(2)**	**130**	**—**	**1,676**
Total finance costs, net	96	—	—	—	96
Non-operating items	(2)	—	—	—	(2)
Profit before taxes	**1,454**	**(2)**	**130**	**—**	**1,582**
Taxes	364	(1)	36	(2)	397
Profit after taxes	**1,090**	**(1)**	**94**	**2**	**1,185**
Diluted earnings per share (€)	**2.32**	**—**	**0.21**	**—**	**2.53**
				Diluted weighted average Shares outstanding	**469**

(A) Amounts represent the net out of period mark-to-market impact of non-designated commodity hedges.
(B) During the full year 2020, we recognised restructuring charges totalling €368 million, which include €202 million related to Accelerate Competitiveness proposals announced in October 2020. These proposals are aimed at reshaping CCEP using technology enabled solutions to improve productivity and include the closure of certain production sites in Germany and Iberia.
(C) Amounts represent costs associated with the proposed acquisition of CCL.
(D) Amounts include the deferred tax impact related to income tax rate and law changes.

The Company's Strategic Report is set out on pages 2–61. The Strategic Report was approved by the Board on 12 March 2021 and signed on its behalf by

Damian Gammell, Chief Executive Officer

Governance and Directors' Report

IN THIS SECTION

Chairman's introduction

Dear Shareholder

As I look back on 2020 and how Coca-Cola European Partners (CCEP) responded to the COVID-19 pandemic, I am proud to be Chairman of CCEP. We prioritised protecting the wellbeing of our people, we supported our customers and we provided help and relief to our communities.

Strong governance underpins a healthy culture and good corporate behaviour, which CCEP has demonstrated in our response to the crisis.

Throughout the COVID-19 pandemic, we kept our focus on our sustainability ambitions. Our Group wide sustainability action plan, This is Forward, is key to our return to growth and to preserve the long-term future of our business.

The Board devoted additional time to COVID-19 and met weekly through the peak of the pandemic. There is a brief summary of the Board's activities during 2020 in table 1 on page 76, with some more details on specific activities elsewhere in this report. This year, as well as our normal agenda we focused on:

- Our response to COVID-19 and its impact on our stakeholders
- Protecting the safety and wellbeing of our people
- Implementing our inclusion and diversity policy
- Training the Board on a range of topics to give the Directors a deeper knowledge of the business and the context in which we operate
- The proposed acquisition of Coca-Cola Amatil Limited (CCL)

"STRONG GOVERNANCE UNDERPINS A HEALTHY CULTURE AND GOOD CORPORATE BEHAVIOUR, WHICH CCEP HAS DEMONSTRATED IN OUR RESPONSE TO THE CRISIS."

Our governance framework

The 2018 UK Corporate Governance Code (the UKCGC) applies to accounting periods beginning on or after 1 January 2019. We continued to apply the UKCGC voluntarily on a comply or explain basis during 2020.

Our governance framework on page 74 aims to embed good corporate governance throughout CCEP. As best practice for corporate governance continues to evolve, we continue to enhance our governance practices.

Looking to the future

The Board is responsible for leading CCEP and overseeing the Group's governance, by setting its culture, values and standards, while keeping our stakeholders' interests front of mind. Along with its regular schedule of topics, the Board has the following activities planned for 2021:

Our people

As we embark on new ways of working due to COVID-19, the wellbeing of our people is paramount. With the Nomination Committee we will continue to focus on making CCEP more inclusive and promoting a strong and positive culture.

Growth

We will support management in establishing a strong strategy to enable CCEP to return to growth and become a greener and more digital business.

Coca-Cola Amatil

At CCEP we have a robust governance framework and we are committed to sustainability. As the business grows organically and inorganically, we will continue to ensure our strong governance processes and sustainability pillars support the business. In my conversation with Damian on pages 14 to 17 you can read about the proposed acquisition of CCL.

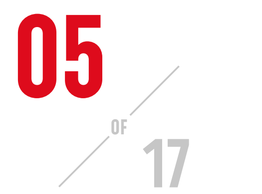
Sol Daurella, Chairman
12 March 2021

Board of Directors

Our Board of Directors is diverse, experienced and knowledgeable, bringing together the skills needed for our long-term success in line with our skills matrix.

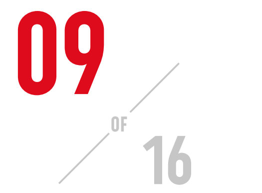
Directors' skills and experience[A]

Women on the Board[A]

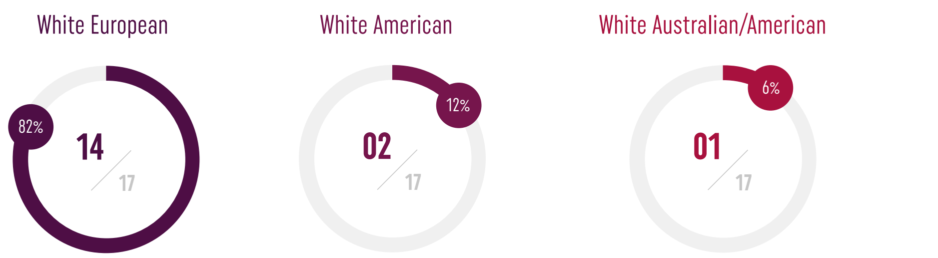


Independent Directors on the Board[A]

(excluding the Chairman)



Ethnicity/nationality of Directors on the Board[A]



(A) Numbers shown are number of Directors.

Directors' biographies

Sol Daurella, Chairman

Date appointed to the Board: May 2016 | **Independent:** No

Key strengths/experience:
- Experienced director of public companies operating in an international environment
- A deep understanding of fast moving consumer goods (FMCG) and our markets
- Extensive experience at Coca-Cola bottling companies
- Strong international strategic and commercial skills

Key external commitments: Co-Chairman and member of the Executive Committee of Cobega, S.A., Executive Chairman of Olive Partners, S.A., Co-Chairman of Grupo Cacaolat, S.L., director of Equatorial Coca-Cola Bottling Company, S.L., director and a member of the Appointments, Remuneration and Responsible Banking, Sustainability and Culture Committees of Banco Santander

Previous roles: Various roles at the Daurella family's Coca-Cola bottling business, director of Banco de Sabadell, Ebro Foods and Acciona

Damian Gammell, Chief Executive Officer (CEO)

Date appointed to the Board: December 2016 | **Independent:** No

Key strengths/experience:
- Strategy, risk management, development and execution experience
- Vision, customer focus and transformational leadership
- Developing people and teams and promoting sustainability
- Over 25 years of leadership experience and in depth understanding of the non-alcoholic ready to drink (NARTD) industry and within the Coca-Cola system

Key external commitments: N/A

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

Key

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

Jan Bennink, Non-executive Director

Date appointed to the Board: May 2016 | **Independent:** Yes

Key strengths/experience:
- Chairman/CEO of multinational public companies
- Extensive experience in FMCG, including the food and beverage industry
- Thorough understanding of global and Western European markets
- Strong strategic, marketing and sales experience relevant to the beverage industry

Key external commitments: Chairman of the Bennink Foundation, director of Wonderflow B.V. and IEFIC1, Executive Partner at Xn, and Advisor to Artisan Partners

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

John Bryant, Non-executive Director

Date appointed to the Board: January 2021 | **Independent:** Yes

Key strengths/experience:
- Chairman/CEO of a multinational public company
- Expert in strategy, mergers and acquisitions, restructuring and portfolio transformation
- 30 years' experience in consumer goods
- Strong track record of finance and operational leadership

Key external commitments: Non-executive director of Ball Corporation, Compass Group plc and Macy's Inc.

Previous roles: Executive Chairman and CEO of Kellogg Company and other senior roles in the Kellogg Company including Chief Financial Officer (CFO), Chief Operating Officer (COO), President America and President International, and strategy advisor at A.T. Kearney and Marakon Associates

José Ignacio Comenge, Non-executive Director

Date appointed to the Board: May 2016 | **Independent:** No

Key strengths/experience:
- Extensive experience of the Coca-Cola system
- Broad board experience across industries and sectors
- Knowledgeable about the industry in our key market of Iberia
- Insights in formulating sustainable strategy drawn from leadership roles in varied sectors

Key external commitments: Director of Olive Partners, S.A., ENCE Energía y Celulosa, S.A., Compañía Vinícola del Norte de España, S.A., Ebro Foods S.A., Barbosa & Almeida SGPS, S.A., and Ball Beverage Can Ibérica, S.L.

Previous roles: Senior roles in the Coca-Cola system, AXA, S.A., Aguila and Heineken Spain, Vice-Chairman and CEO of MMA Insurance

Christine Cross, Non-executive Director

Date appointed to the Board: May 2016 | **Independent:** Yes

Key strengths/experience:
- In depth experience working in the food and beverage industry
- Consults on international business strategy, marketing and sustainable business development
- Global perspective on CCEP's activities
- Experience of chairing remuneration committees

Key external commitments: Director of Christine Cross Ltd, Hilton Food Group plc, Clipper Logistics plc and Pollen Estate, member of the Supervisory Board of Zooplus AG and Chairman of Oddbox Delivery Ltd

Previous roles: Director of Brambles Limited, Fenwick Limited, Kathmandu Holdings Limited, Next plc, Woolworths (Au) plc, Sobeys (Ca) plc, Plantasgen, Fairmont Hotels Group plc, Sonae – SGPS, S.A., Premier Foods plc and Taylor Wimpey plc

Directors' biographies continued

Irial Finan, Non-executive Director

Date appointed to the Board: April 2016 | **Independent:** No

Key strengths/experience:
- Extensive international management experience
- Strong track record of growing businesses
- Extensive experience of working in the Coca-Cola system
- International strategy
- Possesses a strong network at The Coca-Cola Company (TCCC)

Key external commitments: Director of Coca-Cola Bottlers Japan Holdings Inc., Fortune Brands Home & Security, Inc. and the Smurfit Kappa Group plc

Previous roles: Director and senior roles in the Coca-Cola system throughout his career including as CEO of Coca-Cola HBC AG, President of Bottling Investments Group, Executive Vice President of TCCC and director of Coca-Cola Amatil, Coca-Cola Enterprises, Inc., G2G Trading, Coca-Cola East Japan and Coca-Cola FEMSA

Nathalie Gaveau, Non-executive Director

Date appointed to the Board: January 2019 | **Independent:** Yes

Key strengths/experience:
- Successful tech entrepreneur
- Expert in e-commerce and digital transformation, mobile, data and social marketing
- Strong financial background
- International consumer goods experience

Key external commitments: Senior Advisor to BCG Digital Ventures, director of Calida Group and President and director of Tailwind International Acquisition Corp

Previous roles: Founder and CEO of Shopcade, Interactive Business Director of the TBWA Tequila Group, Asia Pacific E-business and CRM Manager for Club Med, co-founder and Managing Director of Priceminister, Financial Analyst for Lazard and director of HEC Paris

Álvaro Gómez-Trénor Aguilar, Non-executive Director

Date appointed to the Board: March 2018 | **Independent:** No

Key strengths/experience:
- Broad knowledge of working in the food and beverage industry
- Extensive understanding of the Coca-Cola system, particularly in Iberia
- Expertise in finance and investment banking
- Strategic and investment advisor to businesses in varied sectors

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

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

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

Date appointed to the Board: May 2016 | **Independent:** Yes

Key strengths/experience:
- Chairman/CEO of international public companies
- Manufacturing and distribution expertise
- Extensive international management experience in Europe
- Investment and finance experience

Key external commitments: CEO of The Taffrail Group, LLC and director of Universal Corporation

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

Dagmar Kollmann, Non-executive Director

Date appointed to the Board: May 2019 | **Independent:** Yes

Key strengths/experience:
- Expert in finance and international listed groups
- Thorough understanding of capital markets and mergers and acquisitions
- Extensive commercial and investor relations experience
- Strong executive and senior leadership experience in global businesses
- Risk oversight and corporate governance expertise

Key external commitments: Deputy Chairman of the Supervisory Board of Deutsche Pfandbriefbank, a non-executive director of Unibail-Rodamco-Westfield SE, Deutsche Telekom and KfW IPEX Bank, and Commissioner in the German Monopolies Commission

Previous roles: CEO and Country Head in Germany and Austria for Morgan Stanley, member of the board of Morgan Stanley International Ltd in London and Associate Director of UBS in London

Alfonso Líbano Daurella, Non-executive Director

Date appointed to the Board: May 2016 | **Independent:** No

Key strengths/experience:
- Developed the Daurella family's association with the Coca-Cola system
- Detailed knowledge of the Coca-Cola system
- Insight to CCEP's impact on communities from experience as trustee or director of charitable and public organisations
- Experienced corporate social responsibility (CSR) committee chair

Key external commitments: Vice Chairman and member of the Executive Committee of Cobega, S.A., director of Olive Partners, S.A., Chairman of Equatorial Coca-Cola Bottling Company, S.L., director of Grupo Cacaolat, S.L., Vice-Chairman of MECC Soft Drinks JLT, director of The Coca-Cola Bottling Company of Egypt, S.A.E, Chair of the Polaris Committee and member of the Ambassadors' Circle of the Family Business Network and member of the board of the American Chamber of Commerce in Spain

Previous roles: Various roles at the Daurella family's Coca-Cola bottling business, director and Chairman of the Quality & CRS Committee of Coca-Cola Iberian Partners, S.A.

Mark Price, Non-executive Director

Date appointed to the Board: May 2019 | **Independent:** Yes

Key strengths/experience:
- Extensive experience in the retail industry
- A deep understanding of international trade and markets
- Strong strategic, digital and sustainable development skills

Key external commitments: Member of the House of Lords, Founder of WorkL, Member of Council at Lancaster University, Chair of Trustees of the Fairtrade Foundation UK and President and Chairman of the Chartered Management Institute

Previous roles: Managing Director of Waitrose and Deputy Chairman John Lewis Partnership, Non-executive Director and Deputy Chairman of Channel 4 TV and Minister of State for Trade and Investment and Trade Policy, Chair of Business in the Community and The Prince's Countryside Fund

Mario Rotllant Solá, Non-executive Director

Date appointed to the Board: May 2016 | **Independent:** No

Key strengths/experience:
- Deep understanding of the Coca-Cola system
- Extensive international experience in the food and beverage industry
- Experience of dealing with regulatory and political bodies
- Experience of chairing a remuneration committee

Key external commitments: Vice-Chairman of Olive Partners, S.A., Co-Chairman and member of the Executive Committee of Cobega, S.A., Chairman of the North Africa Bottling Company, Chairman of the Advisory Board of Banco Santander, S.A. in Catalonia and a director of Equatorial Coca-Cola Bottling Company, S.L.

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

Directors' biographies continued

Brian Smith, Non-executive Director

Date appointed to the Board: July 2020 | **Independent:** No

Key strengths/experience:
- Extensive experience of working in the Coca-Cola system
- Deep understanding of in market executional leadership
- Strong talent development and deployment skills
- Broad knowledge of global field operations at TCCC

Key external commitments: President and COO at TCCC

Previous roles: President of TCCC's Europe, Middle East and Africa group, President of TCCC's Latin America group, Executive Assistant to TCCC's COO and Vice Chairman, President of Brazil division, President of the Mexico division and also Latin America group manager for mergers and acquisitions at TCCC

Dessi Temperley, Non-executive Director

Date appointed to the Board: May 2020 | **Independent:** Yes

Key strengths/experience:
- Financial and technical accounting expertise
- Strong commercial insights and knowledge of European markets
- International consumer brands experience
- Skilled in technology

Key external commitments: Group CFO of Beiersdorf and member of the Supervisory Board of Tesa SE

Previous roles: Head of Investor Relations at Nestlé, CFO of Nestlé Purina Europe, Middle East and North Africa and CFO of Nestlé South East Europe and finance roles at Cable & Wireless plc and Royal Dutch Shell plc

Garry Watts, Non-executive Director

Date appointed to the Board: April 2016 | **Independent:** Yes

Key strengths/experience:
- Extensive business experience in Western Europe and the UK, including as CEO of a global consumer goods business
- Served as executive and non-executive director in a broad variety of sectors and previously chaired the Audit Committee of a sizeable company
- Financial expertise, experience and skills
- Formerly an auditor

Key external commitments: Chairman of Spire Healthcare Group plc and Senior Independent Director of Circassia Pharmaceuticals plc

Previous roles: Audit partner at KPMG LLP, CFO of Medeva plc, CEO of SSL International, director of Coca-Cola Enterprises, Inc., Deputy Chairman and Audit Committee Chairman of Stagecoach Group plc and Protherics plc and Chairman of BTG plc and Foxtons Group plc

Board members that stepped down during the year

- Orrin Ingram, resigned effective 27 May 2020
- Francisco Crespo Benítez, resigned effective 9 July 2020
- Javier Ferrán, resigned effective 31 December 2020

Senior management

The senior management and Damian Gammell together constitute the members of the Executive Leadership Team (ELT).

Nik Jhangiani, Chief Financial Officer

Appointed May 2016

Nik has more than 25 years of finance experience, including 20 years within the Coca-Cola system, latterly as Senior Vice President and CFO for Coca-Cola Enterprises, Inc.. Nik started his career in New York at accountancy firm Deloitte & Touche before spending two years at Bristol-Myers Squibb as International Senior Internal Auditor. He then joined the Colgate-Palmolive Company in New York where he was appointed Group Financial Director for the Nigerian operations, before moving to TCCC in Atlanta. He is a Certified Public Accountant.

Clare Wardle, General Counsel and Company Secretary

Appointed July 2016

Clare leads legal, risk, compliance, security and company secretariat. Prior to joining CCEP, she was Group General Counsel at Kingfisher plc, Commercial Director, General Counsel and Company Secretary at Tube Lines and held senior roles at the Royal Mail Group. She began her career as a barrister before moving to Hogan Lovells. Clare is a non-executive director of The City of London Investment Trust plc and senior independent director of Modern Pentathlon GB.

José Antonio Echeverría, Chief Customer and Supply Chain Officer

Appointed September 2019

José Antonio leads CCEP's end to end supply chain. He is focused on creating a superior experience for our customers, while delivering an expanded and sustainable portfolio of drinks and packaging. He has been a part of the Coca-Cola system since 2005, serving as Vice President of Strategy and Transformational Projects for the Iberia business unit, and Vice President, Strategy and Coordination for supply chain across CCEP.

Peter Brickley, Chief Information Officer (CIO)

Appointed November 2016

Peter leads business solutions, support services and technology infrastructure at CCEP, including steering CCEP's investments in technology solutions. Peter has over 20 years' experience leading technology for global businesses including Heineken, Centrica and BAT. More recently, he was Global CIO and Managing Director of Global Business Services at SABMiller. Peter is also non-executive chairman of Newbury Building Society and a trustee of the Brain and Spine Foundation.

Lauren Sayeski, Chief Public Affairs, Communications and Sustainability Officer

Appointed May 2016

Lauren leads CCEP's strategic engagement with media, policymakers, civil society and community stakeholders. Lauren has worked in the Coca-Cola system for over 17 years in roles across the spectrum of public affairs, communications and sustainability.

Victor Rufart, Chief Strategy Officer

Appointed October 2016

Victor leads business strategy and business transformation. Prior to joining CCEP, he was CEO of Coca-Cola Iberian Partners, S.A. and spent 25 years at Cobega, S.A.. While with Cobega, S.A., he held a number of senior roles including Director of New Business, Head of Finance, advisor in the formation of the Equatorial Coca-Cola Bottling Company and Head of Tax Planning.

Véronique Vuillod, Chief People and Culture Officer

Appointed November 2020

Véronique heads CCEP's people and culture function. Having joined the Coca-Cola system more than 20 years ago, she has worked in senior human resources (HR) positions across business units, commercial and supply chain functions overseeing HR strategy and partnering with business leaders. Most recently, Véronique was Vice President, People and Culture in France. She began her career as a management consultant with PricewaterhouseCoopers. She supports the promotion of diversity, HR best practices and innovations networks.

Leendert den Hollander, General Manager, Northern Europe Business Unit

Appointed September 2020

Leendert is responsible for CCEP's business unit in Northern Europe, including Belgium, Luxembourg, the Netherlands, Sweden, Norway and Iceland. Previously, he was general manager of Great Britain (GB). Prior to Coca-Cola, Leendert was CEO of Young's Seafood and Managing Director at Findus Group Ltd. Earlier in his career, Leendert spent 15 years at Procter & Gamble in senior marketing positions.

Frank Molthan, General Manager, Germany Business Unit

Appointed May 2016

Frank leads CCEP's business unit in Germany and has over 30 years' experience in Germany's Coca-Cola system. He started his career at Coca-Cola bottling operations in Schleswig-Holstein and North Rhine-Westphalia. He has held a range of regional and commercial leadership roles, latterly as HR Director for Coca-Cola Germany. He was also Managing Director of Coca-Cola Deutschland Verkauf GmbH and Co. KG.

Francesc Cosano, General Manager, Iberia Business Unit

Appointed May 2016

Francesc leads CCEP's business unit in Spain, Portugal and Andorra. He was previously the Operations Director then Managing Director of Coca-Cola Iberian Partners, S.A.. Francesc has been part of the Coca-Cola system for over 30 years, and involved in a number of sales management positions, ultimately as Sales Director then Deputy General Manager. He has also worked as Regional Director for the Leche Pascual, S.A. group, in Anglo Española de Distribución, S.A..

François Gay-Bellile, General Manager, France Business Unit

Appointed July 2020

François is responsible for CCEP's business unit in France. His career began at Pernod-Ricard as a brand manager in Germany and France. François joined TCCC in France in 1996. Over his 23 years at TCCC he held roles of increasing responsibility in marketing, commercial and general management in the US, Japan, Asia and Europe. Before joining CCEP, François was general manager of France for TCCC. He is a director of the French Soft Drinks Association (Boissons Rafraîchissantes de France) and of the French Food and Beverage Association (Association Nationale de l'Industrie Alimentaire).

Stephen Moorhouse, General Manager, Great Britain Business Unit

Appointed September 2020

Stephen is responsible for CCEP's business unit in GB. He has 25 years' experience in the Coca-Cola system, leading business operations and supply chain. Stephen has held a number of other senior executive roles throughout Europe, most recently as general manager of Northern Europe. Prior to joining, he worked overseas for the Swire Group in the US and Asia Pacific region. Stephen is a member of the British Soft Drinks Association.

Corporate governance report

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 and information about the governance framework are available on the Company's website at www.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 only has a standard listing of ordinary shares on the Official List. However, we have chosen to apply the UKCGC to demonstrate our commitment to good governance as an integral part of our culture. This Corporate governance report explains how we have applied the UKCGC during the year ended 31 December 2020.

The instances where CCEP's practices vary from the principles and provisions of the UKCGC are set out below. Save as set out below, CCEP complies with the UKCGC.

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

Chairman

UKCGC provision 9

The Chairman, Sol Daurella, was not independent on either her appointment or election, within the meaning of the UKCGC. 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. Her extended term 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.

To provide stability, none of the Independent Non-executive Directors (INEDs) were put up for election at an Annual General Meeting (AGM) before the AGM in 2019 when three INEDs were put up for election. At the AGM in 2020, three INEDs were put up for election and three INEDs were put up for re-election. Three additional INEDs will be put up for election at the AGM in 2021. Therefore, in total all nine INEDs will be put up for election or re-election at the 2021 AGM (Jan Bennink, John Bryant, Christine Cross, Nathalie Gaveau, Thomas H. Johnson, Dagmar Kollmann, Mark Price, Dessi Temperley and Garry Watts). From the point of their first election at an AGM, an INED will be subject to annual re-election. This arrangement was in place to ensure effective representation of public shareholders and to retain INEDs' influence over the Company's strategic direction and operation, following the completion of the Merger.

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 comprises at least one Director nominated by:

- Olive Partners, for as long as it owns at least 15% of the Company
- European Refreshments (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, CEO and Non-executive Directors (NEDs). Instead, the Board (excluding any Director whose remuneration is linked to the decision) determines their remuneration 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 New York Stock Exchange (NYSE) corporate governance rules (the NYSE Rules)

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

Director independence

The NYSE 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 NYSE 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 been determined that a majority of the Board is independent, without explicitly taking into consideration the independence requirements outlined in the NYSE Rules.

Board Committees

CCEP has a number of Committees whose purpose and composition are broadly comparable in purpose and composition to those required by the NYSE Rules for domestic US companies. However, other than the Audit Committee, the 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 can be found on our website at www.cocacolaep.com/about-us/governance/committees. A summary of the terms of reference, roles and activities of the Audit Committee and the Remuneration Committee can be found in the Committees' respective reports. The Remuneration Committee's terms of reference include responsibility for matters relating to remuneration policy, share-based incentive plans, employee benefit plans and implementation of the remuneration policy.

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 Section 303A.06 of the NYSE Rules. The Audit Committee is comprised only of INEDs (complying with the NYSE Rules). However, the responsibilities of the Audit Committee (except for applicable mandatory responsibilities under the Sarbanes-Oxley Act (SOX)) follow the UKCGC's recommendations rather than the NYSE Rules, although they are broadly comparable. One of the NYSE's similar requirements for the Audit Committee states that at least one member of the Audit Committee should have accounting or related financial management expertise. The Board has determined that John Bryant, Dagmar Kollmann, Dessi Temperley and Garry Watts possess such expertise and are therefore deemed the audit committee financial expert as defined in Item 16A of Form 20-F.

Corporate governance guidelines

The NYSE Rules require relevant domestic US companies to adopt and disclose corporate governance guidelines. There is no equivalent recommendation in the UKCGC. However, the Nomination Committee reviews the Board's governance guidelines, as required by its terms of reference.

Shareholder approval of equity compensation plans

The NYSE 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 NYSE Rules. However, the Board does not explicitly take into consideration the NYSE's detailed definition of "material revisions".

Code of Conduct

The NYSE Rules require relevant domestic US companies to adopt and disclose a code of business conduct and ethics for their directors, officers and employees. CCEP has a Code of Conduct (CoC) that currently 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.

SEE OUR COC AT **WWW.CCEPCOKE.ONLINE/CODE-OF-CONDUCT-POLICY**

Our CoC applies to all our people. We also expect all third parties who work on our behalf, such as suppliers, vendors, contractors, consultants, distributors and agents, to act in an ethical manner consistent with our CoC and in compliance with our Supplier Guiding Principles.

The CoC covers issues such as share dealing, anti-bribery, data protection, environmental regulation, human rights, health, safety, wellbeing and respect for others. It aligns with the UN Global Compact, the US Foreign Corrupt Practices Act, the UK Bribery Act, the UKCGC, the EU General Data Protection Regulation, the Spanish and Portuguese Criminal Codes and Sapin II. CCEP considers that the CoC and related policies address the NYSE Rules on the codes of conduct for relevant domestic US companies. We received no fines for CoC violations in 2020.

SEE DETAILS OF COC REPORTING ON **PAGE 43**

NED meetings

The NYSE Rules require NEDs to meet regularly without management and independent directors to meet separately at least once 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. There are also meetings of the INEDs as required and at least once a year.

Corporate governance report continued

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

Governance framework

STAKEHOLDERS
INCLUDING OUR PEOPLE, CUSTOMERS, SUPPLIERS, FRANCHISORS, INVESTORS, CONSUMERS AND COMMUNITIES

ACCOUNTABILITY

DELEGATION

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

Affiliated Transaction Committee (ATC)
Has oversight of transactions with affiliates and makes recommendations to the Board (affiliates are holders of 5% or more of the securities or other ownership interests of CCEP).

Audit Committee
Monitors the integrity of the Group's financial statements and results announcements, the effectiveness of internal controls and risk management, as well as managing the external auditor relationship.
SEE PAGES 86–91 FOR MORE DETAILS

Corporate Social Responsibility (CSR) Committee
Oversees performance against CCEP's strategy and goals for CSR, reviews CSR risks facing CCEP, including health and safety and climate change risks, and the practices by which these risks are managed and mitigated, approves sustainability commitments and targets, and monitors and reviews public policy issues that could affect CCEP.
SEE PAGES 22–37 FOR MORE DETAILS
Full sustainability performance data for 2020 will be published on our website in May 2021

Nomination Committee
Sets selection criteria and recommends candidates for appointment as INEDs, reviews Directors' suitability for election/re-election by shareholders, considers Directors' potential conflicts of interest, oversees development of a diverse pipeline for senior management and Director succession, and oversees wider people matters for the Group, including culture, diversity, succession, talent and leadership.
SEE PAGES 82–85 FOR MORE DETAILS

Remuneration Committee
Recommends remuneration policy and framework to the Board and shareholders, recommends remuneration packages for members of the Board to the Board, approves remuneration packages for senior management, reviews workforce remuneration and related policies and principles, and governs employee share schemes.
SEE PAGES 92–107 FOR MORE DETAILS

Additional Director led Committees
- Disclosure Committee
- Capital Allocation Framework Committee

Values
INCLUDED IN OUR CODE OF CONDUCT, WAYS OF WORKING AND OUR CULTURE

Our Strategy
GUIDED BY OUR GROWTH PLATFORM TO ENSURE WE GENERATE SUSTAINABLE SHAREHOLDER RETURNS

CEO: Empowered by authority of the Board to put agreed strategy into effect and run CCEP on a day to day basis

ELT: Members report to and support the CEO within their defined areas of responsibility

Our people

Board leadership and company purpose

Role of the Board

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

- Strategic decisions
- Approval of annual and long-term business plans
- Suspension, cessation or abandonment of any material activity of the Group
- Material acquisitions and disposals
- Approvals relating to listings
- Change of the Company's country of incorporation
- Amendment or repeal of the constitution of the Company
- Material commitment or arrangement of the Group outside the normal course of business and/or not specifically identified in the annual business plan

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 PAGES 20–21

SEE OUR NOMINATION COMMITTEE'S REPORT ON PAGES 82–85

Stakeholders

The Board recognises the importance of stakeholders to CCEP – both their inputs to our business and our impact on them. We use a matrix, which the Board reviews annually, to help ensure it has the right engagement and information to enable it to consider stakeholders' interests in its decision making.

Regular 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, this year virtually. The Board receives regular updates on the views of shareholders and the investor relations programme.

The terms of reference and remit of the Remuneration Committee includes remuneration policy and strategy at all levels across the Group. The Nomination Committee's terms of reference and remit include key people issues such as culture, succession planning and diversity. The Chairmen of these two Committees are responsible for championing and reporting back to the Board on these matters and sit on each other's Committees to ensure seamless coverage of the full range of people matters. The Board also takes the opportunity to engage with our people directly.

READ MORE IN THE NOMINATION COMMITTEE REPORT ON PAGES 82–85

Our people are able to raise any concerns they have online or by telephone in confidence through Speak Up, CCEP's whistleblowing hotline. The Audit Committee reports to the Board on whistleblowing arrangements, reports and investigations.

READ MORE IN THE AUDIT COMMITTEE REPORT ON PAGES 86–91

SEE A SUMMARY OF OUR STAKEHOLDER ENGAGEMENT ON PAGES 10–13

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
- Governance matters
- Strategy, diversity, sustainability, material expenditure and other Group matters

The key areas of focus for the Board's activities and topics discussed during the year are set out in table 1 on page 76.

Strategy remained a key focus for the Board during 2020. The Board met regularly during the peak of the COVID-19 pandemic to consider our short-term strategy in response to the crisis. Throughout the course of the year, the Board received briefings from management on the potential acquisition of CCL. It also considered and debated our future strategy with a focus on competitiveness and capital allocation.

Training and development

Training and development opportunities are regularly provided to Directors following their induction to ensure they continue to provide constructive challenge to management. Following feedback from the Board evaluation, the training programme for Directors was enhanced this year to include virtual training on a wide range of topical areas. The programme for 2020 is set out in table 2 on page 76.

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 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 1
Board activities in 2020

Area of focus	Discussion topics
Growth platform	• COVID-19: protecting our people, serving our customers, supporting our communities and preserving the long-term future of the business • Increasing consumer choice by innovating on flavours and growing our portfolio of products and monitoring performance of innovations • Route to market development • Front line sales strategy • Retail environments and customer challenges • Customer capabilities and world class key account management
Accelerate competitiveness	• Assessing acquisition opportunities • The 2020 and 2021 annual business plans, including strategic priorities • Long-range planning • Transformation and competitiveness initiatives • Capital allocation and expenditure • Share buyback programme • Treasury matters including delegations of authority to management • Competitor review and analysis
Future ready culture	• Enterprise risk management, including risk appetite and risk assessment • CCEP Ventures, our innovation investment fund • Engagement with CCEP's key and other stakeholders • Brexit planning • Approval of 2019 Modern Slavery Statement, published in May 2020 • Approval of tax strategy • Investor engagement plan • Relationship with TCCC • People strategy including performance acceleration, employee engagement, talent, learning and development • Purpose and culture and their role in supporting the strategy • Inclusion, diversity and equality • Enhanced wellbeing with a focus on mental health and disability • Wider workforce remuneration • Attendance at virtual employee town hall
Digital future	• Progress of the digital transformation programme • Digital recovery • Cybersecurity and risk mitigation
Green future	• Green recovery • Sustainable packaging strategy • Climate strategy and carbon reduction commitments
Corporate governance	• Approval of financial results and associated viability and going concern statements • Approval of trading updates • Approval of interim dividend payment • Approval of Integrated Report and Form 20-F for 2019, subject to final sign off by a sub committee • Approval of Notice of AGM, subject to final sign off by a sub committee • Board evaluation feedback and action plan • Reviewing and updating the governance guidelines for our Board • Consideration of public policy and regulatory developments affecting CCEP • Succession planning for the Board • Approval of revised policies, including quality, environment, safety and health • Approval of new INED appointments: Dessi Temperley and John Bryant • Approval of the updated global chart of authority

Table 2
Director training and development programme

Form of training	Purpose	Subject
Briefings	Focused on in depth studies of matters of topical interest to CCEP as well as on relevant commercial, legal and regulatory developments	Separate deep dives regarding: • People and culture • Investor relations • Voice of the customer
Development sessions	To address requests from Directors	• TCCC bottling system: the relationship between the bottler and TCCC • Governance and stakeholders in a COVID-19 world • The remuneration policy • CO_2 targets • Cybersecurity
Site visits	Visits to Group businesses, factories and commercial outlets to enhance knowledge of CCEP operations and meet employees, suppliers and customers	• Virtual market tours: France, GB, Germany, Sweden and Spain • Opportunity to attend annual kick off meetings in business units and supply chain taken up by some Directors
External speakers	To receive insights from experts and engage with stakeholders	• Tim Brett, President of TCCC's Western Europe business unit • Walter Susini, Senior Vice President for Marketing, TCCC • James Quincey, Chairman and CEO, TCCC • Roland Turnill, Partner, Slaughter & May • Paddy McGuiness, Senior Advisor, Brunswick Group • Keith Tuffley, Global Co-Head, Sustainability & Corporate Transitions, Citi Group • Bill Cohen, Partner, Global Employer Services, Deloitte • James Harris, Director, Executive Compensation Services, Deloitte • Rami Baitieh, Executive Director France, Carrefour

Division of responsibilities

Governance structure

The Board, led by the Chairman, is responsible for the management 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 3). 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 74.

The Board delegates certain matters to its Committees. Each of the five Committees has its own written terms of reference, which are reviewed annually. These are available at www.cocacolaep.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. The chart of authority was reviewed and updated during the year to ensure it remained fit for purpose.

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. On appointment, the Board took into account the other demands on the time of John Bryant, Brian Smith and Dessi Temperley. The Board has delegated authority to the Chairman and the Company Secretary to approve changes to Directors' external appointments. 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 66–70**

Board and Committee meetings

The Board held six formal meetings during 2020, with additional ad hoc meetings with Board and Committee members held in line with business needs. The Board met informally weekly during the peak of the COVID-19 pandemic to stay connected as the situation evolved. Directors and Committee members are expected to attend every meeting. If a Director is unable to attend a meeting, the relevant meeting papers are provided to that Director in advance of the relevant meeting so that comments can be given to the Chairman or Committee Chairman, as applicable, who relays them at the meeting. After the meeting, the Chairman or Committee Chairman, as applicable, also briefs the Director on the matters discussed.

Attendance during 2020 is set out in table 4 on page 79. The Chairman attends most Committee meetings. The Chairman of the Audit Committee sits on the Remuneration Committee. This helps ensure remuneration outcomes align with the underlying performance of CCEP. The Chairman of the Nomination Committee sits on the Remuneration Committee and the Chairman of the Remuneration Committee sits on the Nomination Committee. 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. Committee cross membership is set out on the Company's website at www.cocacolaep.com/about-us/governance/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 the NEDs attend, without management or the CEO present. Directors may raise any matter they wish for discussion at these sessions.

Table 3
Roles on the Board

Role	Responsibilities
Chairman	• 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	• Leading the business • Implementing strategy approved by the Board • Overseeing the operation of the internal control framework
SID	• Advising and supporting the Chairman by acting as an alternative contact for shareholders and as an intermediary to NEDs
NEDs	• Providing constructive challenge, strategic guidance, external insight and specialist advice to the Board and its Committees • Hold management to account • Offering their extensive experience and business knowledge from other sectors and industries
Company Secretary	• 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

Corporate governance report continued

Board support

Board meetings are scheduled at least one year in advance, with ad hoc meetings arranged to suit business needs. These meetings are normally held in a variety of locations, reflecting our engagement with all aspects of our international business. Due to the COVID-19 pandemic, the Directors were unable to meet in person during lockdown and Board and Committee meetings were held virtually.

The agenda of Board meetings follows 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.

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 (from his appointment), Christine Cross, Javier Ferrán (until his resignation), Nathalie Gaveau, Orrin Ingram (until his resignation), Thomas H. Johnson, Dagmar Kollmann, Mark Price, Dessi Temperley (from her appointment) and Garry Watts are independent and continue to make effective contributions. The Board recognises that seven 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 Directors and the NEDs are independent.

Composition, succession and evaluation

Board diversity and composition

The composition of the Board and its Committees is set out in table 4 on page 79. This includes details of appointments and resignations during 2020. As their biographies on pages 66–70 show, our Board members have a range of backgrounds, skills, experiences and nationalities, demonstrating a rich cognitive diversity beyond gender.

SEE AN OVERVIEW OF OUR DIRECTORS' SKILLS AND EXPERIENCE ON **PAGE 65**

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. Our Board took steps towards women making up 33% of its Directors in 2020. The Nomination Committee is committed to overseeing a diverse pipeline for senior management and Director positions.

READ MORE ABOUT SUCCESSION PLANNING ON **PAGE 83**

SEE THE BOARD'S DIVERSITY POLICY IN THE CRITERIA FOR SELECTION OF INEDS AT **WWW.COCACOLAEP.COM/ABOUT-US/GOVERNANCE**

READ MORE ABOUT THE GROUP'S APPROACH TO DIVERSITY ON **PAGES 38–41**

Board evaluation

The Board determined that a concise evaluation process was appropriate in 2020. The Board appointed Lintstock to support a questionnaire based exercise, alongside interviews of 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 and the Directors. The Board discussed the results openly and constructively. The Board confirmed that it continued to work effectively and overall scores had improved versus 2019. Board composition, stakeholder oversight and Board dynamics were highly rated but some areas for further improvement were identified. These are set out in table 5 on page 80.

In line with best practice, we conduct an external Board evaluation at least once every three years. This has been recommended to the Board by the Nomination Committee for 2021.

Table 4

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	CSR Committee	Nomination Committee	Remuneration Committee
Chairman							
Sol Daurella	Nominated by Olive Partners	6 (6)	5 (5)			4 (5)[I]	
Executive Director							
Damian Gammell	CEO	6 (6)					
Non-executive Directors							
Jan Bennink	Independent	6 (6)	5 (5)[G]		5 (5)		
José Ignacio Comenge	Nominated by Olive Partners	6 (6)	5 (5)				
Francisco Crespo Benítez[C]	Nominated by ER	2 (2)			2 (2)		
Christine Cross	Independent	6 (6)				5 (5)	6 (6)[G]
Javier Ferrán[D]	Independent	6 (6)	4 (5)[H]	6 (7)[H]			
Irial Finan	Nominated by ER	6 (6)				5 (5)	6 (6)
Nathalie Gaveau	Independent	6 (6)			5 (5)		
Álvaro Gómez-Trénor Aguilar	Nominated by Olive Partners	6 (6)					
Orrin H. Ingram II[E]	Independent	2 (2)		4 (4)			
Thomas H. Johnson	SID	6 (6)				5 (5)[G]	6 (6)
Dagmar Kollmann	Independent	6 (6)	5 (5)	7 (7)			
Alfonso Líbano Daurella	Nominated by Olive Partners	6 (6)			5 (5)[G]		
Mark Price	Independent	6 (6)			5 (5)	5 (5)	
Mario Rotllant Solà	Nominated by Olive Partners	6 (6)					6 (6)
Brian Smith[C]	Nominated by ER	4 (4)			3 (3)		
Dessi Temperley[F]	Independent	4 (4)		3 (3)			
Garry Watts	Independent	6 (6)		7 (7)[G]			6 (6)

(A) The maximum number of scheduled meetings in the period during which the individual was a Board or Committee member is shown in brackets. John Bryant, an INED, joined the Board on 1 January 2021 and so did not attend any meetings as a Board or Committee member in 2020. He joined the December 2020 Board meeting to observe as part of his induction.
(B) Nominated pursuant to the Articles of Association and terms of the Shareholders' Agreement.
(C) Brian Smith was appointed as a Director by ER when Francisco Crespo Benítez stepped down on 9 July 2020.
(D) Javier Ferrán stepped down as an INED on 31 December 2020.
(E) Orrin Ingram stepped down as an INED on 27 May 2020.
(F) Dessi Temperley was appointed as an INED on 27 May 2020.
(G) Chairman of the Committee.
(H) Javier Ferrán missed one meeting of the Audit Committee and ATC in October 2020 due to a prior engagement and appointed Garry Watts as his alternate.
(I) Sol Daurella missed one meeting of the Nomination Committee in October 2020 due to an unforeseen urgent engagement.

Corporate governance report continued

Election and re-election of Directors

The Board has determined that the Directors, subject to continued satisfactory performance, shall stand for election and re-election at each AGM with the exception of the Chairman as explained on page 72. All Directors appointed by Olive Partners (other than the Chairman) plus Jan Bennink, Damian Gammell, Nathalie Gaveau, Thomas H.Johnson, Dagmar Kollmann, Mark Price and Dessi Temperley will submit themselves for re-election at the 2021 AGM. INEDs John Bryant, Christine Cross and Garry Watts will stand for election at the 2021 AGM along with ER nominated Director Brian Smith. Following its performance assessments of Directors, the Board is confident that each continuing Director will carry on performing their duties effectively and remain committed to CCEP.

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 6 sets out where each respective disclosure can be found.

Table 5
2020 Board evaluation findings and actions

	Board focus	Governance	Induction
2020 findings	Improve Board oversight of Committees	Skills and knowledge gap to be reviewed to ensure effective succession planning	Enhance training programme for Directors on various topics
Actions undertaken in 2020	• Directors invited to attend Committees to better understand the dynamic of the Committee • Increase awareness of access to all Committee briefing papers	• Review and update the Board skills matrix to reflect additional competencies • Nomination Committee and CEO to keep Board informed regarding management succession planning	• Regular Board training sessions scheduled • Induction of new Directors to include introduction to the Coca-Cola system from a bottlers' perspective

Table 6
Disclosure of compliance with provisions of the Audit, risk and internal control and Remuneration sections of the UKCGC

Items located elsewhere in the 2020 Integrated Report	Page(s)
Directors' responsibilities statement	111
Directors' statement that they consider the Integrated Report and financial statements, taken as a whole, to be fair, balanced and understandable	111
Going concern statement	110
Assessment of the Group's principal risks	44–51
Viability statement	52
Risk management and internal control systems and the Board's review of their effectiveness	50
Audit Committee report	86–91
Directors' remuneration report	92–107

Annual General Meeting

The AGM continues to be a key date in our annual shareholder engagement programme. Due to public health guidance from the UK Government prohibiting gatherings of more than two people and non-essential travel during the COVID-19 pandemic, CCEP's 2020 AGM was conducted as a closed meeting.

We were pleased that all resolutions were passed by more than 80% of those voting.

If allowed, the 2021 AGM of the Company will be held in May at Pemberton House, Bakers Road, Uxbridge, UB8 1EZ, United Kingdom. Otherwise, we will make alternative arrangements for the AGM as we did in 2020. The Notice of AGM will set out 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 2021.

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 **PAGE 11**

Sol Daurella, Chairman
12 March 2021

Nomination Committee Chairman's letter

Dear Shareholder

I am pleased to report on the work of the Nomination Committee during this challenging year.

As our Chairman explains in her introduction to the Governance and Directors' Report, since the beginning of the COVID-19 crisis, the priority for management and the Board has been protecting our people. Therefore, this year our activities have focused on the health and wellbeing of our people.

We also focused on INED, ELT and senior management succession to ensure we have the right mix of skills on the Board and in management to lead CCEP today and in the future as we emerge from the COVID-19 crisis.

A brief summary of these activities is provided in table 1 on page 84. We give more details about some of these activities throughout the rest of the Nomination Committee report.

"OUR ACTIVITIES HAVE FOCUSED ON THE HEALTH AND WELLBEING OF OUR PEOPLE."

Protecting the wellbeing of our people

Last year, we committed to dedicate time to promote diversity, succession and talent policies and practices that were in line with our purpose and values and supported our desired culture.

On behalf of the Board, we have monitored the actions by management who have acted to create a culture that promotes health and wellbeing.

I am proud of the resilience that our people have shown, whether that be adapting to home working, managing COVID-19 risk in our production facilities or front line sales teams responding to the change in market conditions.

I believe, like our Chairman, that strong governance underpins a healthy culture and good corporate behaviour and I am also proud that the Nomination Committee has played its part in supporting that culture.

Looking forward to 2021

We will continue to dedicate time to:

- Advocate diversity, succession and talent policies and practices that are in line with our purpose and values and support our desired culture
- Oversee the development of a diverse pipeline for senior management positions as well as the Board
- Assess and monitor the operationalisation of our approach to talent and succession
- Ensure an inclusive culture is embedded throughout CCEP on behalf of the Board
- Oversee investment into the capabilities we need to lead our recovery and growth with confidence
- Promote actionable insights from our people reporting framework
- Encourage the Board to hear, understand and consider the voice of our people in its decision making
- Promote accountability and good governance

Availability to shareholders

I am available to shareholders throughout the year to answer any questions about the work of the Committee.

Thomas H. Johnson, Chairman of the Nomination Committee
12 March 2021

Nomination Committee report

Nomination Committee role and membership

The key duties and responsibilities of the Nomination Committee are set out in its terms of reference.

These are available at www.cocacolaep.com/about-us/governance/committees. They cover the following areas:

- Corporate governance
- Director selection, re-election and review
- Potential conflicts of interest
- Evaluations of the Board and succession planning
- Culture and workforce

The Nomination Committee has five members.

SEE NOMINATION COMMITTEE MEMBERSHIP ON **PAGE 79**

Activities of the Nomination Committee during the year

The Nomination Committee has a process for planning its future meeting agendas and topics to be considered. Table 1 on page 84 sets out the matters considered by the Committee during 2020. More detail about some of these matters is provided in the rest of this report. The Committee formally met five times during the year, with two additional ad hoc meetings in line with business needs.

SEE DETAILS OF ATTENDANCE AT MEETINGS ON **PAGE 79**

Succession

Independent Non-executive Director succession

We continue to focus on maintaining a well balanced Board with the right mix of individuals who can apply their wider business knowledge and experience to overseeing and guiding the delivery of the Group's strategy. To support this, we use a matrix of skills required on the Board to support the Group's future plans. The skills matrix was reviewed and updated during the year. The review identified that all skills remained appropriately represented. Also, our INED selection criteria reflect the importance of selecting candidates who can give voice to stakeholder interests effectively, particularly to help discharge the Board's duties under section 172 of the Companies Act 2006.

SEE OUR CRITERIA FOR THE SELECTION OF INEDS AT **WWW.COCACOLAEP.COM/ABOUT-US/GOVERNANCE**

To ensure we maintain the right balance of skills and experience on the Board, we continue to plan for the managed succession of INEDs. We have drawn up INED candidate specifications based on our existing selection criteria, our stated diversity targets and the gaps identified through our skills matrix. Following our review of the skills matrix during the year, we were able to identify the likely skills that could be lost through Board refreshment.

We engaged MWM Consulting, a firm of external recruitment consultants, to identify potential INED candidates with the skills set identified while also having in mind the desirability of increasing diversity. From the initial list of potential candidates, a shortlist was identified for interview by members of the Committee, the Chairman and other Board members. They were assessed objectively against the candidate specifications.

John Bryant was appointed to succeed Javier Ferrán with effect from 1 January 2021. John brings a wealth of strategic and operational experience to the Board and over 30 years' experience in consumer goods. John serves as an Audit Committee member for three other listed companies and succeeds Javier as an Audit Committee member. The Board is satisfied that John's external Audit Committee memberships will not impair his ability to serve as an effective member of the Board or Audit Committee.

MWM Consulting supported some of CCEP's specialist recruitment activities in 2017. It has no other connection to CCEP and has no connection to any individual Director. It is a signatory to the UK's Standard Voluntary Code of Conduct for Executive Search Firms and is one of the firms accredited under the Enhanced Code for its leading work on promoting board diversity.

Appointments during the year

Dessi Temperley was appointed to succeed Orrin H. Ingram with effect from 27 May 2020. She brings valuable deep financial expertise, commercial insight and knowledge of European markets. In July 2020, in accordance with the Company's Articles and the Shareholders' Agreement, ER nominated Brian Smith to replace Francisco Crespo Benítez.

Nomination Committee report continued

Induction

All new Directors receive a suite of induction materials explaining:

- Their role and responsibilities
- Attributes of an effective board
- Their legal duties and responsibilities, including in relation to section 172 of the Companies Act
- The calendar of Board and Committee meetings
- Governance documents, policies and procedures
- Committee terms of reference
- Our CoC
- Our share dealing code
- Background information about the Group

Established Directors mentor new Directors. Meetings with members of the Board and the ELT and site visits in a number of our markets are also arranged. Dessi, Brian and John each undertook a comprehensive induction programme. This was tailored to their individual requirements and phased to allow feedback and further customisation of meetings and other development activities.

Executive Leadership Team

During 2020 we considered succession plans for the Group's ELT. Ben Lambrecht departed as General Manager France at the end of August 2020. François Gay-Bellile was appointed to succeed him. In September 2020, Leendert Den Hollander and Stephen Moorhouse switched roles. Leendert became General Manager for Northern Europe and Stephen became General Manager for GB. Nick Wall retired as Chief People and Culture Officer at the end of October 2020. Véronique Vuillod was appointed to succeed him. As part of Véronique's recruitment process, she was interviewed by members of the Board.

Evaluation

We recommend the process to be used to evaluate the performance of the Board and its Committees. We recommended to the Board that a more in depth evaluation process be undertaken in early 2021, similar to that undertaken in 2018. The Board accepted our recommendation and appointed Ffion Hague of Independent Board Evaluation to carry out an externally facilitated Board evaluation.

READ MORE ABOUT THE 2020 EVALUATION EXERCISE ON **PAGE 78**

Diversity

Diversity on the Board

Cognitive diversity is important to good decision making, and we have paid particular attention to this in our succession planning. This is driven by diversity of background, including gender and ethnic diversity. It is part of the INED selection criteria and diversity is a key factor in considering potential INED candidates.

Gender diversity is going in the right direction. In 2020, female representation on the Board increased to 29.4% compared to 23.5% in 2019. We have not yet reached the 33% target set by the Board and our INED selection criteria. In addition, our INED selection criteria states our ambition to appoint at least one Director from an ethnic minority to the Board, which we have not reached. We take meeting these targets seriously and are pleased to see movement in the right direction. Nevertheless, we have more to do and we continue to be committed to paying attention to gender and ethnic diversity in our succession planning and pipeline.

Table 1

Matters considered by the Nomination Committee during 2020

Meeting date	Key agenda items
February 2020	• Director succession, particularly INEDs • Succession planning for ELT and senior management
March 2020	• Wellbeing of our people • Director succession, particularly INEDs • Director skills matrix • Committee evaluation • Succession planning for ELT and senior management
May 2020	• Director succession, particularly INEDs • Culture development and people strategy • Succession planning for ELT and senior management • Review of the Board's governance guidelines
July 2020	• Succession planning for ELT and senior management • Senior leadership assessment • Our people: engagement, wellbeing, inclusion and diversity and commercial capability • Director skills matrix
September 2020	• Director succession, particularly INEDs • Succession planning for ELT and senior management
October 2020	• Inclusion and diversity: focusing on disability • New ways of working • Director succession, particularly INEDs
December 2020	• Building the right leaders and the right leadership for CCEP • Transformation and competitiveness initiatives • Director succession, particularly INEDs • Inclusion and diversity: 2020 conclusions and 2021 plans

Inclusion and diversity

We are committed to fostering an inclusive environment and building diverse talent within the Group as set out in our Inclusion and Diversity (I&D) Policy. In 2020, the I&D Policy was translated into an I&D framework to embed an inclusive culture, promote accountability, empower our people to be drivers of change and establish a diverse leadership and pipeline.

We received updates on the progress of I&D initiatives and the actions being taken to accelerate the "Everyone's Welcome" philosophy across CCEP. We provided challenge and feedback on those actions and initiatives.

We monitor progress towards I&D objectives in the business, in particular the target to have 40% of our management positions held by women by 2025.

READ MORE ABOUT OUR APPROACH TO DIVERSITY ON **PAGES 38–41**

Our people

We oversee the approach to culture, succession planning and talent management, including diversity, for the whole Group. We regularly receive data and insights about our people through the people and culture reporting dashboard. Metrics include female leadership headcount, annual voluntary turnover, engagement score, safety performance and promotion rate. The metrics were chosen based on external benchmarks, best practice, business relevance and availability of accurate data.

Engagement

In 2020, we conducted a pulse engagement survey with a focus on wellbeing. We considered the results and action plans with management. The survey helped us to understand the experiences of our people during the COVID-19 pandemic.

Our people appreciated how CCEP had communicated and made decisions during the pandemic. Results also demonstrated how people were adjusting to new ways of working and indicated increased levels of stress and feelings of uncertainty. The responses informed our wellbeing strategy that was launched in 2020. Initiatives included the roll out of wellbeing training, training of mental health first aiders and awareness campaigns.

READ MORE ABOUT HOW WE ENGAGE WITH OUR PEOPLE ON **PAGE 10**

Capability and talent

We believe that our people are the key to delivering our growth strategy and future ready culture.

We operationalise our approach to talent and succession by regularly reviewing employee potential, identifying critical roles, updating succession plans and nurturing emerging leaders.

In 2020, learning has been organised into a single framework, the CCEP capability development framework, categorised into three development areas:

- Core skills for everyone
- Targeted training aimed at specific groups to develop technical and functional skills
- Strategic initiatives to shape strategy and culture

We continue to believe that building our leadership capability is a key differentiator for performance. Since 2017, our top 500 leaders have taken part in our leadership development programme and training to accelerate performance. A leadership development series was launched virtually in November 2020.

During 2020, we have further invested in the capabilities we need to lead our recovery and growth with confidence. Key account managers have been through a comprehensive assessment centre to gauge their capabilities. They then undertook targeted leadership and commercial training.

In 2020, our top 120 leaders also took part in inclusive leadership training.

Independence

SEE THE LIST OF NON-EXECUTIVE DIRECTORS DETERMINED TO BE INDEPENDENT ON **PAGE 78**

Thomas H. Johnson, Chairman of the Nomination Committee
12 March 2021

Audit Committee Chairman's letter

"WE ARE CONFIDENT THAT CCEP'S MATERIAL CONTROL PROCESSES, INCLUDING THE AUDITS OF THESE PROCESSES, REMAIN ROBUST AND FIT FOR PURPOSE."

Dear Shareholder

I am pleased to present the report of the Audit Committee for 2020. During the year, we carried out our responsibilities in accordance with the UKCGC and continued to provide support and advice to the Board on the matters set out in the Committee's terms of reference, and on other matters at the request of the Board. Further information on the Committee's role and responsibilities is set out on page 87.

The COVID-19 pandemic presented a unique set of challenges for the Committee this year. We have seen large scale changes to our people's ways of working, with the introduction of additional workplace health and safety measures, travel restrictions across our territories and a widespread shift to working from home. The Committee worked closely with senior management to ensure the associated risks of such changes were duly assessed, and that our internal control procedures continued to operate as intended.

Work undertaken in prior years to optimise and automate our internal controls, particularly for Sarbanes-Oxley Act (SOX) compliance, as it applies to CCEP as a US FPI, has proven beneficial and we are confident that CCEP's material control processes, including the audits of these processes, remain robust and fit for purpose.

We continued to oversee the Group's internal control and risk management framework and, supported by our external audit team, to monitor and review the integrity of the Group's financial statements. We have challenged management's accounting treatment and judgements during the year, along with EY's conclusions, to ensure clarity, fairness and completeness of our financial disclosures, particularly in consideration of the impact of COVID-19. Further information about the Committee's involvement in respect of our internal control systems is available in the Audit Committee report.

Our 2020 agenda covered a range of topics, with a focus on accounting and reporting, risk and internal controls, internal and external audits, ethics and compliance, business continuity management, enterprise risk management (ERM) and information technology and cybersecurity.

We dedicated significant time during the year to overseeing CCEP's information and operational technology and cybersecurity programmes, from a risk and control perspective. We received regular reports from senior management on their continued assessment of the risks associated with the use of certain technologies, supplemented by reports from our internal and external audit teams. Looking forward to 2021, CCEP continues to embrace new digital capabilities and technology will continue to feature on the Audit Committee agenda as part of our oversight of business continuity and ERM.

Availability to shareholders

I am available to shareholders throughout the year to answer any questions on the work of the Committee.

Garry Watts, Chairman of the Audit Committee
12 March 2021

Audit Committee report

Main responsibilities of the Audit Committee

The role and responsibilities of the Audit Committee are set out in its terms of reference, which are available on the Company's website at www.cocacolaep.com/about-us/governance/committees. Key responsibilities include:

- Monitoring the integrity of the Group's annual audited financial statements and other periodic financial statements and reviewing any key judgements contained in them
- Reviewing the adequacy and effectiveness of the Group's internal control processes
- Oversight of the Group's compliance, operational and financial risk assessments as part of the broader ERM programme
- Review and assessment of the scope, operation and effectiveness of the internal audit function
- Making recommendations to the Board regarding appointment, reappointment or removal of the external auditor
- External auditor terms of engagement, remuneration and independence
- Supporting the Board in relation to specific matters including oversight of the annual and long-term business plans, dividend and capital structure and capital expenditure

The Committee Chairman provided regular updates to the Board on the Committee's activities during the year.

Composition of the Audit Committee

The Group follows UK corporate governance practices, as allowed by the NYSE Rules for FPIs. In accordance with the UKCGC, the Committee comprised four NEDs in 2020, each of whom the Board has deemed to be independent. The Board is satisfied that each member of the Committee has competence relevant to the fast moving consumer goods sector, in which the Group operates.

In accordance with SEC Rules, as applicable to FPIs, the Group's Audit Committee must fulfil the independence requirements set out in SEC Rule 10-3A. The Board has determined that the Audit Committee satisfies these requirements and that Garry Watts, John Bryant, Dagmar Kollmann and Dessi Temperley may each be regarded as an audit committee financial expert, as defined in Item 16A of Form 20-F.

READ MORE ABOUT THE AUDIT COMMITTEE MEMBERS ON **PAGES 66–70**

Matters considered by the Audit Committee during 2020

The Committee met seven times during the year. Reports from the internal and external auditors were presented as standing agenda items, along with reports from senior management on the following topics in the Committee's remit:

- Accounting and reporting matters
- Legal matters
- Ethics and compliance matters, including whistleblowing and CoC breaches
- Business continuity management
- ERM
- Capital projects review and approval

The Committee's interactions with the internal audit function and the external auditor during the year are discussed in more detail later in this report. A summary of key matters considered by the Audit Committee in 2020, in addition to standing items, is set out in table 1 on page 88.

SEE DETAILS OF ATTENDANCE AT MEETINGS ON **PAGE 79**

Financial reporting, significant financial issues and material judgements

As a result of COVID-19, the Committee met regularly with management to understand and assess the key accounting impacts and considerations for the Group. The Committee specifically considered several accounting matters, including:

- Potential goodwill and intangible asset impairments arising as a result of the significant impact on the away from home channel
- Expected credit losses arising due to the closure of outlets in the away from home channel and a corresponding allowance for future losses on trade receivables
- Net realisable value of inventory specific to the away from home channel

The Committee met with management prior to each market announcement to consider the significant accounting judgements and estimates made, and their appropriateness. Details regarding the significant reporting matters identified and the related Committee considerations, including its consideration of the potential goodwill and intangible asset impairments, is set out in table 2 on page 89.

For the remaining matters, the Committee agreed with management that the appropriate accounting considerations had been given and the impact of each item was not material to the Group's financial statements.

SEE OUR VIABILITY STATEMENT ON **PAGE 52**

Audit Committee report continued

Table 1

Matters considered by the Audit Committee during 2020

Meeting date	Key matters considered in addition to standing agenda items[(A)]
February 2020	• 2019 preliminary Q4 and full year results, including significant estimates and judgements • Pay for performance • IAS 36, "Impairment" • Tax matters
March 2020	• 2019 Integrated Report, including the viability and going concern statements, accounting policies and related significant judgements and estimates, and consideration of pandemic risk (particularly COVID-19) and associated disclosures • IFRS 16, "Leases" update • Sarbanes-Oxley Act (SOX) section 404 (s404) compliance • Group risk appetite framework • 2020 internal audit plan • Updated global chart of authority • Reappointment of the external auditor • Treasury matters • Audit Committee evaluation
April 2020	• 2020 Q1 trading update • Dividend payments
May 2020	• Accounting considerations • Business continuity • Capital allocation and expenditure • IT/cybersecurity update • Insurance and credit risk update • Tax strategy • External audit process and procedures
July 2020	• 2020 half year results, including significant estimates and judgements • Pay for performance • SOX s404 compliance and internal controls • Group risk appetite framework • Capital allocation and expenditure • Tax update • Treasury matters
October 2020	• Q3 trading update • SOX s404 compliance and internal controls • Operational technology and cybersecurity • External quality assessment of the internal audit function
December 2020	• Pay for performance • IAS 36, "Impairment" • SOX s404 compliance • Operational technology and cybersecurity

(A) During February and March 2021, the Committee discussed matters regarding the year ended 31 December 2020, which included:
- Reviewing the 2020 preliminary Q4 and full year results and the 2020 Integrated Report, including its significant estimates and judgements, accounting policies, viability and going concern statements
- Advising the Board on whether, in the Committee's opinion, the 2020 Integrated Report is fair, balanced and understandable
- Independent auditor's report on the 2020 full year results
- Approval of this Audit Committee report
- Transition to IFRS for the 2020 Company financial statements

Audit Committee assessment of the 2020 Integrated Report

The Committee undertook a review of a developed draft of the 2020 Integrated Report and provided its feedback, which was applied.

The Committee considered whether the Group's position, strategic approach and performance during the year were accurately and consistently portrayed throughout the 2020 Integrated Report. As part of its review, the Committee referred to the management reports it had received and considered during the year, together with the findings and judgements of the internal and external auditors.

The estimates and judgements made on the significant financial reporting matters regarding financial statements are summarised in table 2 on page 89. The Committee reviewed these in depth, along with management's assessment of the Group as a going concern and the statement of long-term viability contained in the Strategic Report. The Committee concluded that they are appropriate and acceptable in light of the risks facing the business and all significant matters brought to the Committee's attention during the year. The 2020 Integrated Report is, in the opinion of the Committee, fair, balanced and understandable and provides the information necessary for shareholders to assess CCEP's performance, business model and strategy.

Table 2

Significant reporting matters in relation to financial statements considered by the Audit Committee during 2020

Accounting area	Key financial impacts	Audit Committee considerations
Deductions from revenue and sales incentives	Cost of customer marketing programmes in 2020: €3.2 billion Accrual at 31 December 2020: €775 million	The Group participates in various programmes and arrangements with customers designed to increase the sale of products. Among the programmes are arrangements under which allowances can be earned by customers for attaining agreed upon sales levels, or for participating in specific marketing programmes. For customer incentives that must be earned, management must make estimates related to the contractual terms, customer performance and sales volume to determine the total amounts earned. Under IFRS 15, these types of variable consideration are deducted from revenue. There are significant estimates used at each reporting date to ensure an accurate deduction from revenue has been recorded. Actual amounts ultimately paid may be different from these estimates. At each reporting date, the Committee received information regarding the amount of customer marketing spend of the Group along with period end accruals. The Committee also discussed and challenged management on key judgements and estimates applied during the period with a specific focus on the impact of COVID-19 on customer activities and performance.
Tax accounting and reporting	2020 book tax expense: €197 million 2020 cash taxes: €273 million 2020 effective tax rate: 28.3%	The Group evaluated a number of tax matters during the year, including legislative developments across tax jurisdictions, risks related to direct and indirect tax provisions in all jurisdictions, the deferred tax inventory and potential transfer pricing exposure. Throughout the year, the Committee received information from management on the critical aspects of tax matters affecting the Group, considered the information received, and gained an understanding of the level of risk involved with each significant conclusion. The Committee also considered and provided input on the Group's disclosures regarding tax matters, including the balance sheet classification of uncertain tax positions.
Asset impairment analysis	Franchise intangible assets with indefinite lives: €8.1 billion Goodwill: €2.5 billion	The Group performs an annual impairment test of goodwill and intangible assets with indefinite lives, or more frequently if impairment indicators are present. The testing is performed at a cash generating unit (CGU) level, which for the Group are based on geography and generally represent the individual territories in which the Group operates. COVID-19 was an impairment indicator for the Group, which resulted in an interim impairment test in July 2020, based on adjusting the cash flow projections used in the Group's 2019 impairment testing to reflect the estimated impact of COVID-19 using a range of potential downside scenarios. The Group performed its impairment test in the last quarter of 2020, based upon updated cash flow projections and assumptions. The Group did not record any impairment charges as a result of the tests conducted in 2020. The Committee received information from management on the impairment tests performed, focusing on the most critical assumptions such as the terminal growth rate, the discount rate and operating margin, as well as changes from the prior year. The Committee reviewed and challenged sensitivity analyses provided by management to understand the impact of changes in these critical assumptions. The Committee also discussed the key judgements and estimates for the Iberia CGU given the extensive COVID-19 impact on the away from home channel. The Committee was satisfied with the assumptions utilised by the Group and also considered and reviewed the Group's disclosures about its impairment testing.
Restructuring accounting	Restructuring cost recorded in 2020: €368 million Restructuring provision at 31 December 2020: €208 million	During 2020, the Group commenced new restructuring initiatives, including the Accelerate Competitiveness programme aimed at reshaping CCEP using technology to improve productivity. Included in these proposals was the closure of certain production facilities in Germany and Iberia. The Committee was regularly updated by management on the nature of such initiatives and key assumptions underpinning the related provision in the financial statements. The Committee reviewed the Group's restructuring provision balance as at 31 December 2020 and continued to agree that it does not contain significant uncertainty. The Committee was satisfied with the appropriateness of the restructuring accounting during the year and the disclosures included in the financial statements.

Audit Committee report continued

External audit

Effectiveness of the external audit process

The Committee has responsibility and oversight of the Group's relationship with its external auditor, Ernst & Young LLP (EY), and for assessing the effectiveness of the external audit process. EY was appointed as the external auditor in 2016 and the lead audit partner is Karl Havers. In accordance with UK and SEC auditor independence rules, on completion of the 2020 audit, Karl Havers stepped down as CCEP's lead audit partner and Sarah Kokot was appointed to replace him for CCEP's 2021 audit. The Committee confirms voluntary compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, as published by the UK Competition and Markets Authority.

In 2020, the Committee agreed the approach and scope of the audit work to be undertaken by EY for the financial year. It also reviewed EY's terms of engagement and agreed the appropriate level of fees payable in respect of audit and non-audit services.

SEE DETAILS OF THE AMOUNTS PAID TO THE EXTERNAL AUDITOR IN NOTE 17 TO THE CONSOLIDATED ACCOUNTS ON **PAGE 160**

EY provided the Committee with regular reports on the status of the audit, its assessment of the agreed areas of audit focus and findings, and conclusions to date. In response to the COVID-19 pandemic, EY had regular discussions with management to identify the potential business and financial risks for CCEP and ensure that correct accounting treatment was adopted in response. Updates on this progress were included in EY's reports to the Committee, along with regular updates on the practical impacts of COVID-19 on the external audit process.

The Committee reviewed the experience and expertise of the audit team, the fulfilment of the agreed audit plan and any variations to it, feedback from the Group's businesses and the contents of the external audit report. The Committee confirmed its satisfaction with the effectiveness of the external auditor.

External auditor independence

The continued independence of the external auditor is important for an effective audit. The Committee has developed and implemented policies that govern the use of the external audit firm for non-audit services and limit the nature of the non-audit work that may be undertaken. The external auditor may, only with pre-approval from the Committee, undertake specific work for which its expertise and knowledge of CCEP are important. It is precluded from undertaking any work that may compromise its independence or is otherwise prohibited by any law or regulation. During the year, the Committee updated the Policy Governing Independence of the Public Accounting Firm, to ensure continued compliance with the Financial Reporting Council's Revised Ethical Standard 2019.

The Committee received a statement of independence from EY in March 2021 confirming that, in its professional judgement, it is independent and has complied with the relevant ethical requirements regarding independence in the provision of its services. The report described EY's arrangements to identify, manage and safeguard against conflicts of interest.

The Committee reviewed the scope of the non-audit services proposed by EY during the year, to ensure there was no impairment of judgement or objectivity, and subsequently monitored the non-audit work performed to ensure it remained within the agreed policy guidelines. It also considered the extent of non-audit services provided to the Group. The Committee determined, based on its evaluation, that the external auditor was independent.

Reappointment of the external auditor

The Committee has responsibility for making a recommendation to the Board regarding the reappointment of the external auditor. Based on its continued satisfaction with the audit work performed to date and EY's continued independence, the Committee has recommended to the Board, and the Board has approved, that EY be proposed for reappointment by shareholders as the Group's external auditor at CCEP's 2021 AGM.

Internal audit

The internal audit function provides an independent and objective assessment of the adequacy and effectiveness of the Group's integrated internal control framework, which combines risk management, governance and compliance systems. The internal audit function reports directly to the Audit Committee and comprises approximately 25 full time, professional audit staff based in London, Berlin, Madrid and Sofia, with a range of business expertise working across multiple disciplines.

Effectiveness of the internal audit function

At the start of the year, the Committee reviewed the internal audit plan for 2020 and agreed its scope, budget and resource requirements for the year.

Through regular management reports containing key internal audit observations, proposed improvement measures and related timeframes agreed with management, the Committee monitored the effectiveness of the internal audit function against the approved internal audit plan. As the year progressed, amendments were made to ensure compatibility of internal audits with prevailing public health guidance in relation to COVID-19. This included the introduction of remotely conducted audits. The Chief Audit Executive attended the scheduled meetings of the Committee during 2020 to raise any key matters with the Directors.

In accordance with CCEP's Internal Audit Charter, and in line with the Chartered Institute of Internal Auditors' Code of Practice, an independent third party (KPMG), was engaged in 2020, to assess the internal audit function's conformance to applicable standards, namely, the International Standards for the Professional Practice of Internal Auditing (the IIA Standards) and International Professional Practices Framework (IPPF). The Committee reviewed and considered the findings

of KPMG's evaluation, which concluded that the internal audit function overall "generally conformed" with the IIA Standards and IPPF. Minor improvements suggested by KPMG during the evaluation process were noted and would, where appropriate, inform the future development of the internal audit function.

The Chief Audit Executive confirmed to the Committee that there was no known impairment to the internal audit function's independence or objectivity in undertaking the internal audit work performed during 2020.

Internal control and risk management

The Group depends on robust internal controls and an effective risk management framework to successfully deliver its strategy. The Audit Committee is responsible for monitoring the adequacy and effectiveness of the Group's internal control systems, which includes its compliance with relevant sections of the UKCGC and the requirements of SOX, specifically sections 302 and 404, as it applies to US FPIs.

Effectiveness of the internal control and risk management systems

Regular reports were presented to the Committee on the Group's internal audit assessments of the adequacy and effectiveness of CCEP's integrated internal control framework, risk management, governance and compliance functions. The Committee was asked to consider the internal control framework and the remediation of any identified control deficiencies during the year.

The Committee was given regular updates on the implementation of the Group's business continuity plans, including the implications of COVID-19 and resulting adaptations and risk mitigation actions to be taken by management.

In 2020, management undertook a top down assessment of business unit (BU) and functional risk systems. This included an assessment of the Group's risk appetite across identified enterprise risks, to gauge and promote alignment of risk appetite with CCEP's long range plan. The Committee reviewed the findings, approved changes to the enterprise risk management rankings and concluded that management's approach to risk and to risk appetite was satisfactory.

The Group's material controls were deemed to be designed and operating effectively during the year.

FURTHER INFORMATION ABOUT HOW WE MEASURE AND MANAGE RISK IS SET OUT ON **PAGES 44–45**

Raising concerns

In each of our territories, we have established ways for our people to raise concerns in relation to possible wrongdoing in financial reporting, suspected misconduct, or other potential breaches of our CoC. These include options to contact a line manager, or people and culture representative, in confidence, or to share information through our dedicated, independent and confidential "Speak Up" channels. The Committee is responsible for reviewing the adequacy and security of these arrangements and ensuring they allow appropriate follow up action. In accordance with our CoC, retaliation against anyone for making a genuine report, or for cooperating in an investigation, is prohibited.

The Committee receives and considers reports from management regarding concerns raised by our people and provides the Board with key information for its consideration as appropriate.

Investigations into potential breaches of our CoC are overseen in each BU by the BU's CoC committee, chaired by the BU's Vice President, Legal. All potential CoC breaches and corrective actions are overseen by the Group CoC committee, which is a sub committee of the Group compliance and risk committee and is chaired by the Chief Compliance Officer. The Group CoC committee also:

- Ensures that all reported breaches have been recorded, investigated in a timely manner and a conclusion reached
- Evaluates trends
- Ensures consistent application of the CoC across CCEP

As required under the Spanish Criminal Code, the Iberia BU has an ethics committee formed of members of the Iberia BU leadership team. It is responsible for any ethics and compliance activities, including overseeing the local crime prevention model. It reports to the board of the Iberia BU and the Chief Compliance Officer.

There were no whistleblowing matters that required Committee or Board attention in 2020.

Garry Watts, Chairman of the Audit Committee
12 March 2021

Statement from the Remuneration Committee Chairman

Dear Shareholder

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

Resilience in the face of COVID-19

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

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

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

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

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

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

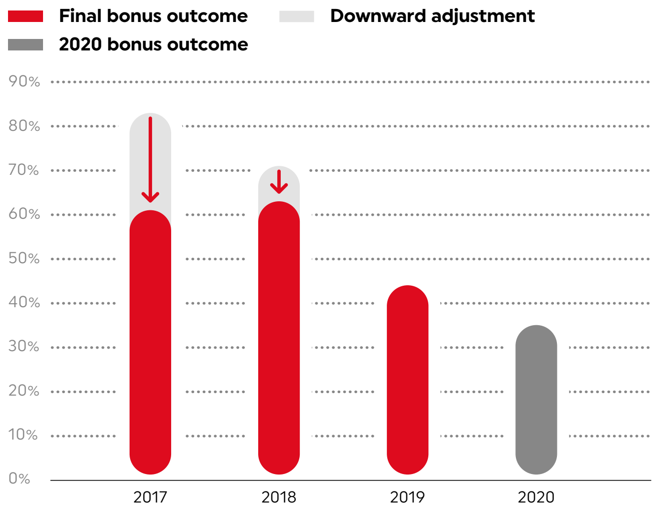
Aligning remuneration to performance

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

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

Examples of previous Remuneration Committee discretion

Annual bonus outcome (% of max)



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

Remuneration outcomes for 2020

Annual bonus

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

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

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

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

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

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

2018 Long-Term Incentive Plan (LTIP)

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

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

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

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

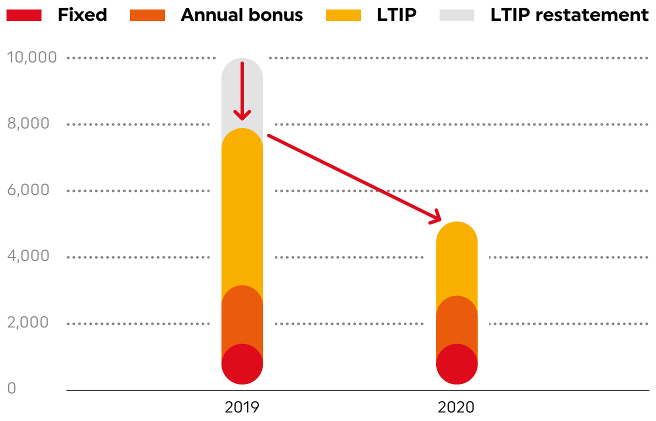
Taking all these factors into account, which are explained in more detail on pages 99–100 of the ARR, the Committee exercised discretion to determine a final vesting level of 37% of maximum. This was determined by applying the performance achieved for 2018 and 2019 (55% of maximum) on a pro rata basis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

Significant reduction in CEO single figure

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

Significant year on year reduction in total remuneration received

Single figure of remuneration (£000)



LTIP sustainability targets

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

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

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

Implementation of remuneration policy in 2021

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

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

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

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

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

Looking ahead

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

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

Christine Cross, Chairman of the Remuneration Committee
12 March 2021

Our remuneration policy

Overview of the remuneration policy

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

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

Summary of remuneration policy table

Fixed pay	Annual bonus	LTIP
Key features	**Key features**	**Key features**
Base salary: Annual increases will normally take into account business performance and increases awarded to the general workforce Benefits: A range of benefits may be provided in line with market practice Pension: • Can participate in the UK pension plan or receive a cash allowance on the same basis as all other employees • Maximum employer contribution is £30k	• Target bonus opportunity is 150% of salary • Bonus calculated by multiplying the target bonus by a Business Performance Factor (BPF) (0-200%) and an Individual Performance Factor (IPF) (0-120%) • Business and Individual performance targets are set in the context of the strategic plan • Malus and clawback provisions may apply to awards • Discretion to adjust the formulaic outcome up or down taking into account all relevant factors	• Based on performance measures aligned to the strategic plan and measured over at least three financial years • Target LTIP award is 250% of salary (500% of salary maximum) • Malus and clawback provisions may apply to awards • Two year holding period applied after vesting • Discretion to adjust the formulaic vesting outcome up or down taking into account all relevant factors
Link to strategy	**Link to strategy**	**Link to strategy**
Supports recruitment and retention of Executive Directors of the calibre required for the long-term success of the business	• Incentivises delivery of the business plan on an annual basis • Rewards performance against key indicators which are critical to the delivery of the strategy	• Focused on delivery of Group performance over the long term • Delivered in shares to provide alignment with shareholders' interests

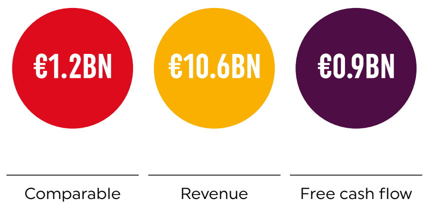
A FULL COPY OF THE REMUNERATION POLICY CAN BE FOUND ON **PAGES 89-96** OF THE 2019 INTEGRATED REPORT, IN THE REPORTS & RESULTS SECTION OF THE INVESTOR SECTION OF OUR WEBSITE AT **WWW.COCACOLAEP.COM/INVESTORS**

Remuneration at a glance

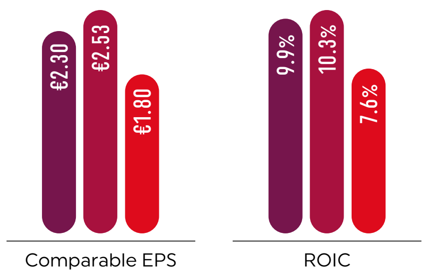
Overview of 2020 remuneration performance

CCEP share price
US$

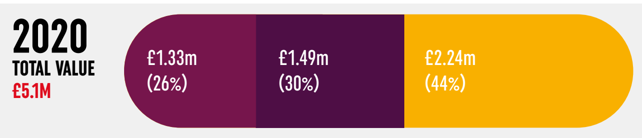
Reported annual KPIs
Bonus pay out = 35% of maximum based on discretionary assessment of performance



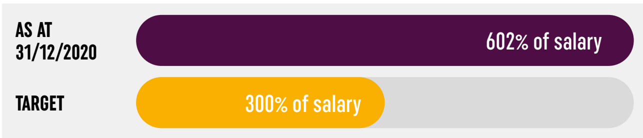
Reported long-term KPIs



2020 CEO single figure



CEO shareholding



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

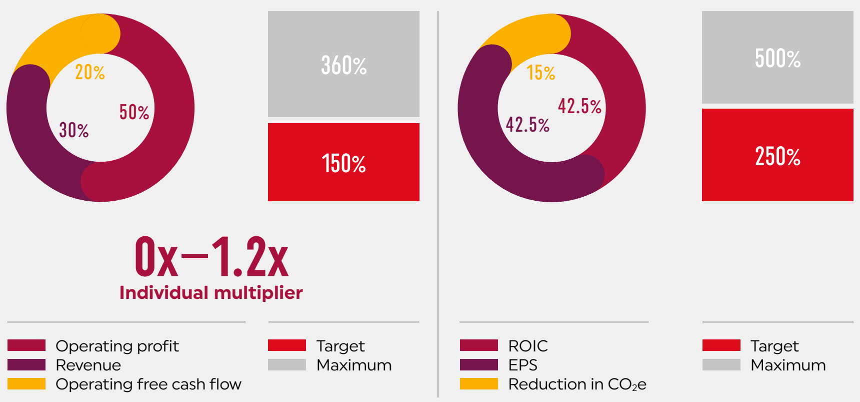
Overview of 2021 CEO remuneration framework

Fixed pay + Annual bonus + LTIP

Base salary
No change for 2021
£1.18m

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

Pension
Cash in lieu aligned to wider workforce
£30k



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

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

Annual report on remuneration

Remuneration outcomes for 2020

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

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

Single figure table for Executive Directors (audited)

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

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

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

Base salary

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

Taxable benefits

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

Pension

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

Annual bonus

Overview of CCEP's annual bonus design

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

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

REFER TO **PAGE 105** FOR DEFINITIONS

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

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

Annual report on remuneration continued

2020 annual bonus outcome

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

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

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

Our people, customers and communities

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

Overall financial performance

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

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

Alignment with wider workforce

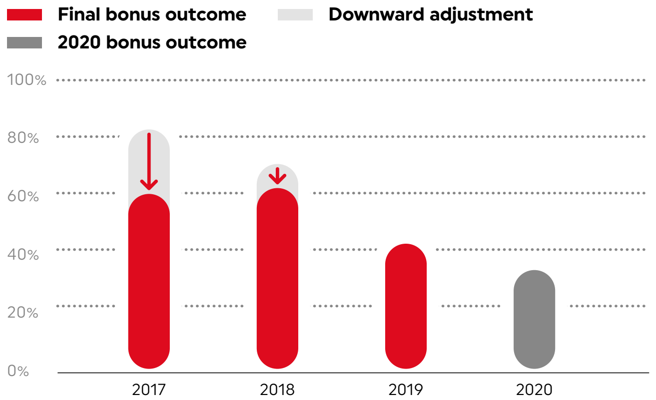
- When it became apparent that the original annual bonus targets were no longer relevant a revised plan was put in place for the 5,400 participants in respect of the second half of the year to ensure employees remained incentivised to deliver strong performance.
- Taking into account the half yearly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

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

Track record of using discretion to deliver fair outcomes

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

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



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

Shareholder experience

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

Sustainability

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

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

Individual performance of CEO

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

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

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

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

Long-term incentives

Awards vesting for performance in respect of 2020

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

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

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

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

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

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

Annual report on remuneration continued

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

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

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

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

Awards granted in 2020

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

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

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

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

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

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

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

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

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

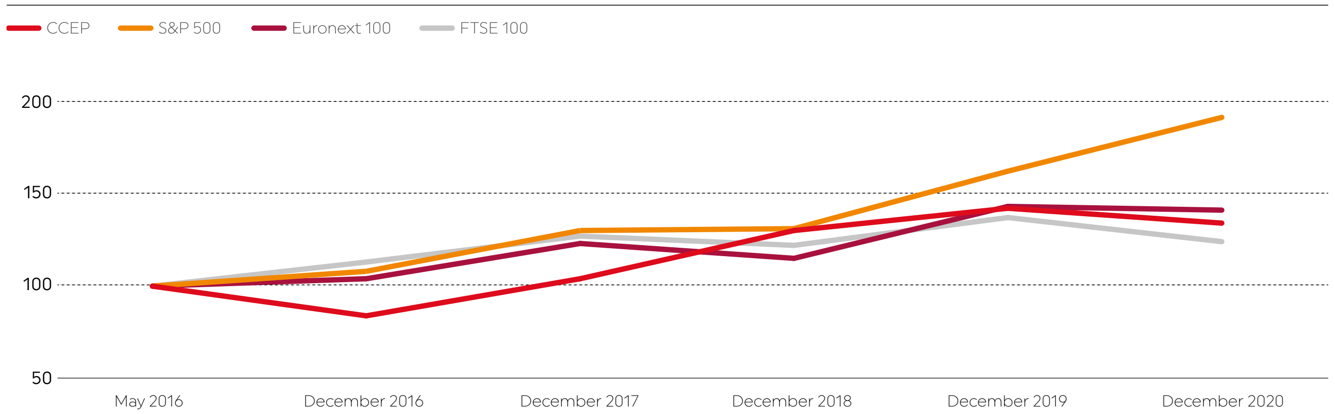
The 2020 LTIP awards introduced a performance measure, with a 15% weighting, focused on the reduction of GHG (CO_2e) across CCEP's entire value chain. The targets for the CO_2e metric were set in line with our revised long-term ambitions to keep the global temperature rise to within 1.5°C, with verified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

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

Historical TSR performance and CEO remuneration outcomes

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

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



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

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

(A) The figures for 2016 are in respect of the period for which each individual served as CEO during the year. John Brock served as CEO from 29 May to 28 December 2016. Damian Gammell served as CEO from 29 December to 31 December 2016.

(B) Restated from last year's single figure to reflect the actual share price on vesting date for the 2017 LTIP.

Annual report on remuneration continued

Percentage change in CEO and Director remuneration

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

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

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

Relative importance of spend on pay

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

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

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

CEO pay ratio

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

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

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

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

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

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

Payments to past Directors (audited)

There were no payments to past Directors during the year.

Payments for loss of office (audited)

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

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

Interests of the CEO

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

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

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

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

Annual report on remuneration continued

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

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

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

Interests of other Directors

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

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

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

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

Dilution levels

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

Single figure table for NEDs (audited)

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

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

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

Implementation of remuneration policy for 2021

Base salary

Damian Gammell will not receive a salary increase for 2021.

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

Taxable benefits

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

Pension

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

Annual bonus

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

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

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

Annual report on remuneration continued

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

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

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

Long-term incentive

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

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

Chairman and NED fees

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

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

The Remuneration Committee

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

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

Remuneration Committee members and attendance

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

Remuneration Committee key activities

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

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

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

Support for the Remuneration Committee

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

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

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

Summary of voting outcomes

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

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

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

Christine Cross, Chairman of the Remuneration Committee
12 March 2021

Directors' report

The Directors present their report, together with the audited consolidated financial statements of the Group, and of the Company, for the year ended 31 December 2020.

This Directors' Report has been prepared in accordance with the applicable disclosure requirements of the following:

- Companies Act
- Listing Rules (LRs) and DTRs
- Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, as published by the UK Competition and Markets Authority (with which the Company complies voluntarily)
- Rules promulgated by the US Securities and Exchange Commission

Additional information and disclosures, as required by the Companies Act, LRs and DTRs, are included elsewhere in this Integrated Report and are incorporated into this Directors' Report by reference in table 1.

This Directors' Report, together with the Strategic Report on pages 2–61, represents the management report for the purpose of compliance with DTR 4.1.5R(2) and 4.1.8R.

Directors

Appointment and replacement of Directors

The Articles set out certain rules that govern the appointment and replacement of the Company's Directors. These are summarised as follows:

- A Director may be appointed by either an ordinary resolution of shareholders or by the Board
- Olive Partners and ER may each appoint a specified number of Directors, up to a set maximum, in accordance with their respective equity holding proportions in the Company
- Replacement INEDs must be recommended to the Board by the Nomination Committee
- The Board shall consist of a majority of INEDs
- Directors (other than the initial Chairman, CEO and INEDs) must retire at each AGM, and may, if eligible, offer themselves for re-election
- The minimum number of Directors (disregarding alternate directors) is two

READ MORE ABOUT THE ELECTION AND RE-ELECTION OF DIRECTORS IN THE CORPORATE GOVERNANCE REPORT ON **PAGE 80**

Table 1

Information and disclosures included elsewhere in this report

Disclosure	Section of report	Page(s)
Names of Directors during the year	Board of Directors	66–70
Review of performance, financial position and likely future developments	Strategic Report	2–61
Dividends	Business and financial review and Note 16 to the consolidated financial statements	60 and 158
Principal risks	Principal risks section of the Strategic Report	44–50
Information on share capital relating to share classes, rights and obligations	Note 16 to the consolidated financial statements, and the Share capital section in Other Group information	157–158 and 199–200
Financial instruments and financial risk management	Notes 12 and 24 to the consolidated financial statements	146–149 and 168–170
Cash balances and borrowings	Notes 10 and 13 to the consolidated financial statements	145 and 150–151
Significant events after the reporting period	Note 26 to the consolidated financial statements	172
Information on employment of disabled persons	Our people	38 and 40
Workforce engagement	Our stakeholders and Our people	10–13 and 38–41
Business relationships with suppliers, customers and others	Our stakeholders, Operating with integrity and Action on supply chain	10–13, 42–43 and 36–37
Greenhouse gas emissions	Action on climate	24–26
Responsibility statement	Directors' responsibilities statement	111

Powers of Directors

The Directors may exercise all powers of the Company, in accordance with, and subject to, the Company's Articles and any applicable legislation.

READ MORE ABOUT THE ROLES AND RESPONSIBILITIES OF THE BOARD AND THE MAIN COMMITTEES OF THE BOARD IN THE FOLLOWING SECTIONS: CORPORATE GOVERNANCE REPORT (**PAGES 74-75**), NOMINATION COMMITTEE REPORT (FROM **PAGE 82**), AUDIT COMMITTEE REPORT (FROM **PAGE 86**), DIRECTORS' REMUNERATION REPORT (FROM **PAGE 92**).

Directors' indemnity arrangements

Qualifying third party indemnities were in place throughout 2020, and remain in place as at the date of this Integrated Report. Under these indemnities, the Company has agreed to indemnify the Directors of the Company, to the extent permitted by law, against losses and liabilities that may be incurred in executing the powers and duties of their office.

Amendment of Articles

The Articles may only be amended by a special resolution of the Company's shareholders in accordance with the Companies Act. Certain provisions of the Articles are entrenched and may only be amended or repealed with the prior consent of Olive Partners, ER or a majority of the INEDs (as applicable). In particular, the requirement under the Articles that the Board shall, at all times, contain a majority of INEDs may only be amended or repealed with the prior consent of a majority of the INEDs. The Articles are available at www.cocacolaep.com/about-us/governance.

Political donations

The Group made no political donations or contributions during 2020 (2019: nil). It is our policy not to make political donations or incur political expenditure in the EU. However, there may be uncertainty as to whether some normal business activities fall under the wide definitions of political donations, organisations and expenditure used in the Companies Act. We will therefore continue to seek shareholder approval to make political donations or incur expenditure within the EU as a precaution to avoid any inadvertent breach of the Companies Act.

Shares

Rights and obligations

The rights and obligations relating to the Company's Shares (in addition to those set out by law) are contained in the Articles.

Restrictions on transfer of securities

Olive Partners and TCCC are both subject to certain restrictions relating to the acquisition or disposal of Shares under the terms of the Shareholders' Agreement. Other than those set out in the Shareholders' Agreement, we are not aware of any agreements between shareholders that may result in a restriction of the transfer of securities or voting rights in the Company.

Employee share schemes

Shares issued under the Company's employee share schemes rank pari passu with the existing Shares of the Company. Voting rights attached to Shares held on trust on behalf of participants in the GB Employee Share Plan are exercised by the trustee as directed by the participants.

Significant shareholdings

In accordance with the DTRs, table 2 shows the significant interests in Shares of which the Company has been notified as at 31 December 2020, and the date of this report. The shareholders identified have the same voting rights as all other shareholders.

Share buyback programme

The Company announced a share buyback programme on 13 February 2020, under which it proposed to reduce share capital by up to €1 billion through the purchase and cancellation of its own Shares (the Buyback Programme). Share purchases for the Buyback Programme were undertaken pursuant to shareholder authority granted at the 2019 AGM.

In light of the significant and unprecedented macroeconomic uncertainty brought about by the outbreak of COVID-19, on 23 March 2020, the Company announced a suspension of the Buyback Programme. To maintain flexibility, the shareholder authority to purchase Shares was renewed at the 2020 AGM, under which the Company may purchase up to 45,415,617 Shares, representing 10% of the Company's issued share capital at 13 April 2020, reduced by the number of Shares purchased or agreed to be purchased between 13 April and 27 May 2020. No Shares were purchased under this authority in 2020.

We intend to seek to renew the authority to purchase Shares at the 2021 AGM.

See table 3 for a summary of Shares purchased in 2020. All purchased Shares were cancelled immediately.

FOR MORE DETAILS, SEE THE SHARE BUYBACK PROGRAMME SECTION IN OTHER GROUP INFORMATION ON **PAGE 200**

Table 2

Interests in Shares of which the Company has been notified

Shareholder	Percentage of total voting rights notified to the Company as at the year end[(C)]	Number of voting rights notified to the Company as at the year end	Percentage of total voting rights notified to the Company as at the date of this report[(C)]	Number of voting rights notified to the Company as at the date of this report
Cobega, S.A.[(A)]	36.1%	166,128,987	36.1%	166,128,987
TCCC[(B)]	19.01%	87,950,640	19.01%	87,950,640

(A) Held indirectly through its 56.36% owned subsidiary, Olive Partners.
(B) Held indirectly through European Refreshments.
(C) Percentage interests disclosed calculated as at the date on which the relevant disclosure was made. These have not been updated to reflect changes in the total voting rights since notification and so may not represent the percentage interest as at 31 December 2020 or the date of this report.

Directors' report continued

Change of control

There are no agreements in place which provide compensation for loss of office or employment to any Director in the event of a takeover, except for certain provisions under the employee share plans, which may provide that certain outstanding awards may vest early in such an event.

The Board considers that a change of control might have an impact on the following significant agreements:

- Bottling agreements between the Group and TCCC
- A bank credit facility agreement, under which the maximum amount available at 31 December 2020 was €1.5 billion
- A term loan facility agreement, in connection with the proposed acquisition of CCL, under which the maximum amount available at 31 December 2020 was €4.4 billion

READ MORE ABOUT THE PROPOSED ACQUISITION OF CCL IN THE BUSINESS AND FINANCIAL REVIEW ON **PAGE 60** AND CONVERSATION WITH OUR CHAIRMAN AND CEO ON **PAGE 15**

Research and development

The Company invests in and undertakes certain activities for the development of innovative solutions, digital capabilities and advanced analytics to drive the simplification of applications and platforms, and to support and grow its business.

Independent auditor

Disclosure of information to auditors

Each of the Directors in office as at the date of this Integrated Report, confirms that:

- so far as he or she is aware, there is no relevant audit information (as defined by section 418 of the Companies Act) of which the Company's auditor is unaware; and
- he or she has taken all the reasonable steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Table 3

Share purchases

Period	Number of Shares purchased	Nominal value of Shares purchased (€)	Amount paid for the Shares (€ millions)	Percentage of called up share capital represented by purchased Shares[(A)]
2020	3,065,200	30,652	128	0.67%

(A) Calculated as a percentage of the called up issued share capital immediately before the Buyback Programme started, which was 456,612,020 Shares.

Auditor reappointment

EY has expressed willingness to continue in its capacity as independent auditor of the Company. The Directors plan to recommend a resolution to reappoint EY at the next AGM.

Going concern

As part of the Directors' consideration of the appropriateness of adopting the going concern basis in preparing the consolidated financial statements, a review was performed on a range of potential COVID-19 scenarios, including but not limited to, the severity and duration of potential further lockdowns including restrictions on trading in the away from home channel, movement of people, and social distancing. The Directors also considered the Group's response to the COVID-19 disruption during 2020 and the ability to continue to generate strong operating cashflows.

In addition, the Group also expects to complete the proposed acquisition of Coca-Cola Amatil Limited during the first half of 2021 subject to certain approvals, which is expected to be funded primarily through the issue of new external borrowings. Further detail of the proposed acquisition is included in Note 1 of the Group's consolidated financial statements. In making their going concern assessment, the Directors have therefore considered scenarios for the combined Group, including the repayment obligations for external borrowings of the combined Group.

The Directors have taken into account the Group's current cash position, its access to a €1.5 billion undrawn committed credit facility and a €4.4 billion committed term loan facility in connection with the proposed acquisition which can be extended to December 2022 at the option of the Group to cover any funding needs until new long term debt is in place, and have also considered the range of mitigating actions available to the Group if required, such as reducing discretionary spend.

On the basis of these reviews, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of 12 months from the date of signing these accounts.

This Directors' Report has been approved by the Board and signed on its behalf by

Clare Wardle, Company Secretary
12 March 2021

Coca-Cola European Partners plc
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Directors' responsibilities statement

Responsibility for preparing financial statements

The Directors are responsible for preparing the Integrated Report and the financial statements in accordance with applicable United Kingdom (UK) law and regulations.

UK company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared group and parent company financial statements in accordance with international accounting standards, in conformity with the Companies Act. They have elected to prepare the parent company financial statements in accordance with International Financial Reporting Standards (IFRS) in conformity with the Companies Act. Under the DTRs, group financial statements are required to be prepared in accordance with IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

Under section 393 of the Companies Act, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Company and of the Group for that period.

In preparing the Company financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- Follow international accounting standards in conformity with the requirements of the Companies Act (except where any departures from this requirement are explained in the notes to the company financial statements)
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

In preparing the Group financial statements the Directors are required to:

- Select suitable accounting policies and apply them consistently
- State whether international accounting standards in conformity with the requirements of the Companies Act (and IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union) have been followed, subject to any material departures disclosed and explained in the financial statements
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial performance
- Make an assessment of the Group's ability to continue as a going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are also responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation, regulation and practice in the UK governing the preparation and dissemination of financial statements may differ from legislation, regulation and practice in other jurisdictions.

Responsibility statement

The Directors, whose names and functions are set out on pages 66–70, confirm that to the best of their knowledge:

- The consolidated financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act (and IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union) give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- The management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face
- The Integrated Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy

By order of the Board

Clare Wardle, Company Secretary
12 March 2021

Financial Statements

IN THIS SECTION

Independent auditor's report to the members of Coca-Cola European Partners plc

Opinion

In our opinion:

- Coca-Cola European Partners plc's Group financial statements and Parent Company financial statements (the financial statements) give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's and the Parent Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with International Accounting Standards (IAS) in conformity with the requirements of the UK Companies Act 2006 (the Companies Act) and, as regards the Group financial statements, International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union (EU); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act.

We have audited the financial statements of Coca-Cola European Partners plc (the Parent Company) and its subsidiaries (the Group) for the year ended 31 December 2020 which comprise:

Group	Parent Company
Consolidated income statement for the year ended 31 December 2020	Statement of comprehensive income for the year ended 31 December 2020
Consolidated statement of comprehensive income for the year then ended	Statement of financial position as at 31 December 2020
Consolidated statement of financial position as at 31 December 2020	Statement of cash flows for the year then ended
Consolidated statement of cash flows for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 11 to the financial statements including a summary of significant accounting policies
Related notes 1 to 27 to the financial statements including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and IAS in conformity with the requirements of the Companies Act and, as regards the Group financial statements, IFRS adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the EU and, as explained in note 1 to the Group financial statements, the Group, in addition to complying with its legal obligation to apply IFRS as adopted by the EU, has also applied IFRS as issued by the International Accounting Standards Board (IASB).

In our opinion, the Group financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Parent company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Group's financial close process, we confirmed our understanding of management's going concern assessment process. We also engaged with management early to ensure we understood the process undertaken to evaluate the operational and economic impacts of COVID-19 on the Group and to reflect these in the Group's forecasts and ensure that all key factors we thought were significant were considered in their assessment;
- We confirmed the cash balance of €1.5 billion as at 31 December 2020 and verified the cash flows from operating activities of €1.5 billion in the year;
- We reviewed the debt maturity ladder and challenged management in relation to how debt payments due in the next 18 months had been considered in the going concern assessment;
- We obtained management's going concern assessment, including the cash forecast for the going concern period which covers a year from the date of signing this audit opinion, and considered significant events falling due shortly after. The Group has modelled various adverse scenarios in their cash forecasts in order to incorporate unexpected changes to the forecasted liquidity of the Group;
- We have tested the clerical accuracy of the model used to prepare the Group's going concern assessment;
- We understood and verified the factors and assumptions included in each modelled scenario for the cash forecast and tested the impact of COVID-19 had been included in the forecasted scenarios;
- We considered the appropriateness of the methods used to calculate the cash forecasts and determined through inspection and testing of the methodology and calculations that the methods utilised were appropriately sophisticated to be able to make an assessment for the entity;
- We considered whether the Group's forecasts used in the going concern assessment were consistent with other forecasts used by the Group in its accounting estimates, including impairment.;
- We considered the mitigating factors (e.g. reduced levels of restructuring activities) included in the cash forecasts that are within control of the Group. This includes review of the Group's non-operating cash outflows (e.g. reduction in dividend payments) and evaluating the Company's ability to control these outflows as mitigating actions if required. We also obtained evidence of the Group's €1.5 billion Revolving Credit Facility agreement through to 2025, noting no associated covenants;
- We have performed reverse stress testing in order to identify what factors would lead to the Group utilising all liquidity during the going concern period. We also considered whether the likelihood of extended periods of future lockdowns in all markets is considered remote given vaccine roll out and expected government policy;
- We considered the acquisition of Coca-Cola Amatil (CCL), including the likelihood of securing long term debt financing to fund the acquisition. We also obtained evidence of the term loan facility that has been secured to fund the acquisition, should the Group fail to secure long term debt funding;
- We reviewed the Group's going concern disclosures included in the Integrated Report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	•We performed an audit of the complete financial information of six components, audit procedures on specific balances for three components and specified audit procedures for a further five components •The components where we performed full, specific or specified audit procedures accounted for 101% of profit before taxation, 98% of revenue and 98% of total assets
Key audit matters	•Aspects of revenue recognition: completeness and measurement of programmes and arrangements with customers recorded as deductions from revenue •Carrying value of goodwill and indefinite lived intangibles •Taxation: accounting for uncertain tax positions and related disclosures
Materiality	•Overall Group materiality of €56 million which represents 5% of normalised profit before taxation

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 54 reporting components of the Group (12 of which are trading components), we selected 14 components covering entities within Great Britain, Spain, Germany, France, Belgium, the Netherlands, Luxembourg, Norway, Sweden and the United States of America covering four corporate entities and 10 trading components which represent the principal business units within the Group.

Of the 14 components selected, we performed an audit of the complete financial information of six components (full scope components) which were selected based on their size or risk characteristics. For the remaining three specific scope and five specified procedures components, we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The table below illustrates the coverage obtained from the work performed by our audit teams.

	Number		% Group profit before tax		% Group revenue		% Total assets		
	2020	2019	2020	2019	2020	2019	2020	2019	See Notes
Full scope	6	6	103%	99%	78%	78%	87%	90%	(A) (D)
Specific scope	3	4	(7)%	3%	13%	13%	5%	6%	(B) (C) (E)
Specified procedures	5	5	5%	3%	7%	7%	6%	3%	(C) (E)
Coverage	**14**	**15**	**101%**	**105%**	**98%**	**98%**	**98%**	**99%**	
Remaining components	40	38	(1)%	(5)%	2%	2%	2%	1%	(F)
Total Reporting components	**54**	**53**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	

Notes
(A) The Group audit risk in relation to tax was subject to audit procedures at each of the full scoped locations.
(B) The specific scope components relate to three trading components.
(C) The Group audit risk in relation to aspects of revenue recognition: completeness and measurement of programmes and arrangements with customers recorded as deductions from revenue was subject to full audit procedures in eight components and specified procedures at two components.
(D) The Group audit risk in relation to carrying value of goodwill and intangible assets was subject to audit procedures across the Group performed by the Group audit team.
(E) The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group. Significant accounts that were not subject to the specific or specified procedures scope audit were subjected to testing of Group-wide controls and analytical review.
(F) Of the remaining 40 components that together represent (1)% of the Group's profit before tax, none are individually greater than 5% of the Group's profit before tax. These components primarily record administrative expenses across the Group, thus there is an aggregated (1)% impact on profit before tax. For the remaining components in this category, we performed other procedures, including testing of Group-wide controls, analytical review procedures, testing of consolidation journals, and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

Changes from the prior year

The change in the total number of reporting components from 53 to 54 represents the set up of one new component during 2020.

For our 2020 audit, we have changed the scope of a component previously audited as Specific scope to Specified procedures scope. This change was made to focus our audit procedures on the only material balance within this entity. In addition, one component which was assigned Specified procedures scope in prior year is now subject to other procedures. This change was made as the component does not hold any material balances.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the Group audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the six full scope components, audit procedures were performed on five of these directly by the component audit teams. Of the eight specific and specified scope components, five represented work performed directly by component auditors. For those audit procedures performed directly by component audit teams, we engaged the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

During the current audit cycle, our planned visits to component teams were cancelled due to the travel restrictions arising from the COVID-19 pandemic. We performed alternative procedures, including virtual visits and live reviews of our component audit teams' working papers.

The Group audit team followed a programme that had been designed to ensure that the Senior Statutory Auditor virtually visited all full scope audit locations at least once in the year, meeting with both EY component teams and local management. During the current year's audit cycle, virtual visits were undertaken by the Group audit team to the component teams in Great Britain, France, Belgium, Spain and Germany. We also virtually visited the team in Bulgaria, which is the shared service centre location, which contributed to the audits of a number of components.

The virtual visits used video technology and our global audit software to meet with our component teams to discuss and direct their audit approach, reviewing relevant working papers and understanding the significant audit findings in response to the risk areas including aspects of revenue recognition and taxation, holding meetings with local management, and obtaining updates on local regulatory matters including tax, pensions, restructuring and legal. The Group audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements. The Group audit team virtually attended all component audit closing meetings.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Aspects of revenue recognition: completeness and measurement of programmes and arrangements with customers recorded as deductions from revenue Refer to the Audit Committee Report (page 87); Accounting policies (page 135). The Group participates in various programmes and arrangements with customers referred to as "promotional programmes", which are recorded as deductions from revenue. These totalled €3.2 billion for the year ended 31 December 2020 (2019: €3.2 billion). The types of programmes are more fully described in Note 3 to the consolidated financial statements with details about accruals for the Group's promotional programmes disclosed in Note 14 to the consolidated financial statements. Auditing the completeness and measurement of the accrued customer marketing costs is judgemental, as management makes estimates of sales levels related to certain promotions to determine the liability. The cost of these promotional programmes is recognised as a deduction from revenue. In addition, we identified a fraud risk related to manipulation of revenues through manual and unusual adjustments to revenue.	We performed full audit procedures over this matter in seven components which covered 88% of the Group balance. We obtained an understanding, evaluated the design and tested the operating effectiveness of controls, including IT controls, that address the risks of material misstatement relating to the completeness and measurement of the promotional programmes. We tested controls over management's determination of the accrued customer marketing costs, as well as management's determination of the accrued balances prior to settling balances due to customers. To test the completeness and measurement of deductions from revenue and the associated unpaid accrued customer marketing costs, our procedures included, among others, reviewing post-period end settlements. We also performed an historical analysis of prior period balance sheet amounts to amounts settled. We tested settlement of promotional programmes balances throughout the year on a sample basis. To evaluate the specific estimations that are inherent in the calculation of the accruals, we evaluated assumptions inherent in the calculation of the accrual by comparing promotional programmes accruals to settlements and to executed contracts. We tested the assumptions utilised in the calculations, including consideration of any changes in the business environment, such as the impact of COVID-19, that would warrant changes in the methodology. We performed specific analytical procedures around per unit rates to identify any potential outliers. We also tested completeness and accuracy of the underlying data, including the sales details. We performed correlation analysis between revenue, accounts receivable, and cash utilising journal data. Using the correlation, we tested that the flow of transactions is in line with our expectations and identified and tested unusual and unexpected journals which could be evidence of management override of controls. We also performed correlation analysis between promotional programmes expense, promotional programmes accrual and settlements utilising testing of the flow of transactions and unusual and unexpected journals. We obtained and inspected documentation for any material unusual or unexpected journals which were made. We assessed management's disclosure in respect of deductions from revenue and sales incentives amounts recorded in the income statement and statement of financial position.	Promotional programmes are appropriately recognised in the consolidated income statement and consolidated statement of financial position, and the related disclosures included in the financial statements are appropriate. We concluded that the revenue was appropriately recognised by the Group.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Carrying value of goodwill and indefinite lived intangibles Refer to the Audit Committee Report (page 87); Accounting policies (page 135). At 31 December 2020, the carrying value of the Group's goodwill and indefinite lived intangibles was €10.6 billion (2019: €10.7 billion). As discussed in Note 6 of the Consolidated Financial Statements, goodwill and indefinite lived intangibles are tested for impairment at least annually, in the fourth quarter or whenever there is an indication of impairment. Goodwill is tested for impairment at the Cash Generating Unit (CGU) level. Auditing management's annual impairment test was complex and judgemental as the Directors' assessment of value in use of the Group's CGUs involves judgement about the future results of the business, including the expected recovery from the impact of COVID-19 during the projection period, growth rates, operating profit margin, and the discount rates applied to future cash flow forecasts. In particular, management's impairment models used to calculate the value in use estimate were most sensitive to the assumptions around discount rate across all CGUs and the prospective financial information for the Iberia and Germany CGUs which were identified as high risk CGUs. The estimation uncertainty was primarily due to the sensitivity of the underlying assumptions which were applied by management in the prospective financial information for these CGUs, including the projected expectations of the Group's ability to return to pre COVID-19 growth levels. The significant assumptions used to estimate the value of the identified intangible assets included operating profit margins, growth rates, and discount rates. For the high risk CGUs the significant assumptions also included revenue and operating margin. The risk has increased in the current year in light of the COVID-19 pandemic and greater uncertainty around prospective financial information for those impacted CGUs.	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls, including IT controls, in place within the impairment review process. This included evaluating controls over the Company's budgetary and forecasting process used to develop the estimated future earnings and cash flows used in estimating the fair value of CGUs, including the impacts of COVID-19. We also tested controls over management's determination of the data used in their valuation models and determination of the significant assumptions such as estimation of discount rates, operating profit margin, and growth rates. We performed audit procedures on the impairment models assessing the methodologies, testing the assumptions used to develop the estimates of future earnings and cash flows, particularly around the recovery from the current year impact of COVID-19, and testing the completeness and accuracy of the underlying data. We compared the assumptions used by management to develop the discount rate and growth rate to current industry and economic trends, and other guideline companies within the same industry. We involved our valuation specialists to assist in evaluating the valuation methodology and testing the discount rates and growth rates and to perform sensitivity analyses of these value-in-use calculations using the discount rates at the highest end of our range. We assessed the historical accuracy of management's estimates and forecasts and performed sensitivity analyses on the growth rates, operating profit margin, and discount rates within the value in use calculations for each CGU. We performed further testing on the Iberia and Germany CGUs based on size and lower headroom and because Iberia was most impacted by the COVID-19 pandemic. For these CGUs we performed additional procedures and sensitivity analyses on the projected financial information to assess the impact on the headroom if there were changes in certain assumptions, particularly the assumptions around management's expectations of the Company's ability to return to pre COVID-19 operating profit margin levels, the discount rate, and the growth rate. We also compared the projections within the discrete cash flow period to external economic sources of information. For Iberia we also assessed the breakeven point by evaluating a combination of changes to the growth rate, the operating margin, and discount rate. We assessed the related disclosures provided in the consolidated financial statements on changes in certain variables that could eliminate existing headroom.	We consider management's estimates of value-in-use to be within an acceptable range. We agree with management's conclusion that the value-in-use for each CGU exceeds the carrying values as of the impairment testing date and as of year end. An assumption of the economy returning to normal is supported by current economic forecasts and is therefore reasonable. Historic performance in Iberia shows the business should return to normal. An impairment would only occur if the economy fails to recover to pre-pandemic levels. We conclude that the goodwill and indefinite lived intangibles disclosures in the notes to the financial statements are appropriate.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Taxation: accounting for uncertain tax positions Refer to the Audit Committee Report (page 87); Accounting policies (page 135). The Group is subject to income tax in numerous jurisdictions and is routinely under audit by taxing authorities in the ordinary course of business as described in Note 20 and Note 22 of the consolidated financial statements. The potential outcomes of proceedings by the taxing authorities is assessed by the Group at the end of each reporting period and adjustments are made based on any new facts and circumstances that the Group believes will affect the outcome of the tax audit. Auditing the uncertain tax positions, including the potential tax associated with the purchase of concentrate, was challenging because the significant estimation of the provision is based on changing facts and circumstances and involves a certain level of uncertainty that may produce a number of different outcomes or ranges of outcomes.	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls, including IT controls, in place to evaluate the risks within the uncertain tax provision process. To test the Company's measurement of tax positions related to uncertain tax positions: • we involved tax teams with local knowledge to test the tax positions taken by the Group in each significant jurisdiction in the context of local tax law and significant tax assessments. • we also verified our understanding of the relevant facts by reading and evaluating the Group's correspondence with the relevant tax authorities and third-party advice and communication obtained by the Group. • we also considered whether the Group's tax risks had been resolved in other EU jurisdictions with similar tax laws to those being reviewed in CCEP's territories. We further assessed management's positions by obtaining management's assessment of risk from legal proceedings in relation to the tax position and obtained tax authorities correspondence where available to support its position. We virtually met and discussed key tax issues with the Group's tax team, component tax team and EY tax team in each jurisdiction where the Group is subject to audit by tax authorities. In evaluating the Group's tax provisions, we developed our own range of acceptable provisions for the Group's tax exposures, based on evidence we obtained. We then compared the Group's provisions to our independently determined range. We also evaluated the related disclosures provided in the Group financial statements.	We concluded that the uncertain tax position balances are appropriately recognised by the Group. We concluded that the tax disclosures provided in the consolidated financial statements are appropriate.

There have been no changes to key audit matters since the prior year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be €56.0 million (2019: €72.7 million), which is 5% of normalised profit before taxation (2019: 5% of profit before taxation). We believe that profit before taxation provides us with the most relevant performance measure to the stakeholders of Coca-Cola European Partners plc. The decrease of €16.7 million (23%) in Group materiality since 2019 reflects the reduction in profit before taxation driven principally by the impact of COVID-19. We updated our approach to calculating materiality, moving to a normalised measure, to reflect the volatility in the Group arising from the impact of COVID-19. We calculated normalised profits by averaging the last three years of profit, which reflects the impact of COVID-19 whilst recognising the expected return to more normal trading levels once lockdown restrictions are lifted.

We determined materiality for the Parent Company to be €151.9 million (2019: €149.5 million), which is 1% of shareholders' equity (2019: 1% of shareholders' equity).

During the course of our audit, we reassessed initial materiality and adjusted the materiality based on actual results. Had we used the same basis as 2019 our materiality would have been €34.8 million.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2019: 75%) of our planning materiality, namely €42 million (2019: €54.5 million). We reviewed any misstatements identified in our 2019 Group audit to assess their potential recurrence in 2020 (which would affect the percentage of Group performance materiality we utilised to determine the extent of our audit procedures). Based on the nature of the adjustments identified last year and the stabilised structure of the finance environment within the Group, we concluded the likelihood of material misstatements would remain low in the current year and, hence, we set performance materiality at 75%.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was €8.6 million to €21.5 million (2019: €10.2 million to €25.5 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of €2.8 million (2019: €3.6 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, including Strategic Report set out on pages 1-61, Governance and Directors` report set out on pages 62-111, Other Group Information set out on pages 186-224, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the Parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 110;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 52;
- Directors' statement on fair, balanced and understandable set out on page 111;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 44;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 91; and;
- The section describing the work of the audit committee set out on pages 86-91.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 111, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are:
  - Those that relate to the reporting framework: International Financial Reporting Standards (IFRS), International Accounting Standards in conformity with the requirements of the Companies Act 2006, the UK Companies Act 2006 and the UK Corporate Governance Code;
  - Those that relate to the accrual or recognition of expenses for taxation such as various country specific tax codes in which the Group has operations; and
  - Those that relate to the accrual or recognition of expenses for pension costs, as well as the treatment of its employees, such as labour agreements in countries where the Group operates.
- We understood how the Group is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the company secretary. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee and attendance at all meetings of the Audit Committee, as well as consideration of the results of our audit procedures across the Group.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations, including specific instructions to full and specific scope component audit teams. At a Group level, our procedures involved: enquiries of Group management and those charged with governance, legal counsel and internal audit. At a component level, our full and specific scope component audit team's procedures included enquiries of component management; journal entry testing; and focused testing, including as referred to in the "Aspects of Revenue Recognition: completeness and measurement of programmes and arrangements with customers recorded as deductions from revenue" key audit matters section above.
- We assessed the susceptibility of the Group's financial statements to material misstatement including how fraud may occur. We did this by meeting with management from various parts of the business to understand where they considered there to be susceptibility to fraud; and assessing whistleblowing incidences for those with a potential financial reporting impact. We also considered performance targets and their propensity to influence on efforts made by management to manage revenue and earnings. We considered the controls framework that the Group has established to address risks identified and how management monitors these controls. Where the risk was considered to be higher, we performed audit procedures to address identified risks of material misstatement. These procedures included those on "Aspects of Revenue Recognition: completeness and measurement of programmes and arrangements with customers recorded as deductions from revenue" detailed above and testing manual journals. Our procedures were designed to provide reasonable assurance that the financial statements are free from material misstatements, whether due to fraud or error.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the audit committee we were appointed by the company on 22 June 2016 to audit the financial statements for the year ending 31 December 2016 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is five years, covering the years ending 31 December 2016 to 31 December 2020.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Karl Havers (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
12 March 2021

Notes
(A) The maintenance and integrity of the Coca-Cola European Partners plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
(B) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of independent registered public accounting firm

To the Shareholders and the Board of Directors of Coca-Cola European Partners plc

Opinion on the financial statements

We have audited the accompanying consolidated statements of financial position of Coca-Cola European Partners plc (the Company) as of 31 December 2020 and 2019, the related consolidated statements of income, comprehensive income, statement of changes in equity and cash flows for each of the three years in the period ended 31 December 2020 and the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at 31 December 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended 31 December 2020, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of 31 December 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated 12 March 2021 expressed an unqualified opinion thereon.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgements. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

	Completeness and measurement of programmes and arrangements with customers recorded as deductions from revenue
Description of the matter	The Company participates in various programmes and arrangements with customers, referred to as "promotional programmes", which are recorded as deductions from revenue. These totalled €3.2 billion for the year ended 31 December 2020. The types of promotional programmes are more fully described in Note 3 to the consolidated financial statements with details about accruals for the Company's customer marketing costs disclosed in Note 14 to the consolidated financial statements. Auditing the completeness and measurement of the accrued marketing costs was judgemental due to the level of subjectivity and uncertainty involved in management's estimates of sales levels related to certain promotions that are used to determine the liability. The cost of these promotional programmes was recognised as a deduction from revenue.
How we addressed the matter in our audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls, including IT controls, that address the risks of material misstatement relating to the completeness and measurement of the promotional programmes. For example, we tested controls over management's determination of the accrued customer marketing costs, including sales estimates, and management's determination of the accrued balances prior to settling balances due to customers. To test the completeness and measurement of deductions from revenue and the associated unpaid accrued customer marketing costs, our audit procedures included, among others, comparing post current period end settlements to the accrual. We also performed an historical analysis of prior period balance sheet amounts to amounts subsequently settled. We also tested settlement of promotional programme balances throughout the year on a sample basis. To evaluate the specific estimations that are inherent in the calculation of the accruals, we compared accrued customer marketing costs to settlements and to executed contracts. We tested the assumptions utilised in the calculations, including consideration of any changes in the business environment, such as the impact of COVID-19, that would warrant changes in the methodology. We performed specific analytical procedures around per unit rates to identify any potential outliers. We tested completeness and accuracy of the underlying data, including the sales details. We also evaluated the related disclosures provided in the consolidated financial statements related to these promotional programmes.
	Carrying value of goodwill and indefinite lived intangibles
Description of the matter	At 31 December 2020, the carrying value of the Company's goodwill and indefinite lived intangibles was €10,595 million. As discussed in Note 6 of the consolidated financial statements, goodwill and indefinite lived intangibles are tested for impairment at least annually, in the fourth quarter or whenever there is an indication of impairment. Goodwill is tested for impairment at the Cash Generating Unit (CGU) level. Auditing management's annual impairment test was complex and judgemental as the Directors' assessment of value in use of the Company's CGUs involves judgement about the future results of the business, including the expected recovery from the impact of COVID-19 during the projection period, growth rates, operating profit margin, and the discount rates applied to future cash flow forecasts. In particular, management's impairment models used to calculate the value in use estimate were most sensitive to the assumption around the extent and duration of the impact of the COVID-19 pandemic on the Company's operations. For those CGUs with lower headroom between the value in use and the carrying value, the determination of projections and these applicable rates were considered to be more judgemental.
How we addressed the matter in our audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls, including IT controls, in place within the impairment review process. This included evaluating controls over the Company's budgetary and forecasting process used to develop the estimated future earnings and cash flows used in estimating the fair value of CGUs, including the impacts of COVID-19. We also tested controls over management's determination of the data used in their valuation models and determination of the significant assumptions such as estimation of discount rates, operating profit margin and growth rates. We performed audit procedures on the impairment models such as assessing the methodologies, testing the assumptions discussed above used to develop the estimates of future earnings and cash flows, particularly around the recovery from the current year impact of COVID-19, and testing the completeness and accuracy of the underlying data. We compared the assumptions used by management to develop the discount rate and growth rate to current industry and economic trends, and other guideline companies within the same industry. We involved our valuation specialists to assist in evaluating the valuation methodology and testing the discount rates and growth rates, and to perform sensitivity analysis of these value in use calculations using the discount rates at the highest end of our range. We assessed the historical accuracy of management's estimates and forecasts and performed sensitivity analyses on the growth rates, operating profit margin, and discount rates within the value in use calculations for each CGU. We performed further testing on the Iberia and Germany CGUs, based on size and lower headroom, and because the Iberia CGU was most impacted by the COVID-19 pandemic. For these CGUs we performed additional procedures and sensitivity analyses on the projected financial information to assess the impact on the headroom if there were changes in certain assumptions, particularly the assumptions around management's expectations of the Company's ability to return to pre COVID-19 operating profit margin levels, the discount rate, and the growth rate. We also compared the projections within the discrete cash flow period to external economic sources of information. For Iberia we also assessed the breakeven point by evaluating a combination of changes to the growth rate, the operating profit margin, and discount rate. We assessed the related disclosures provided in the consolidated financial statements on changes in certain variables that could eliminate existing headroom.

	Accounting for uncertain tax positions and related disclosures
Description of the matter	The Company is subject to income tax in numerous jurisdictions and is routinely under audit by taxing authorities in the ordinary course of business as described in Note 20 and Note 22 of the consolidated financial statements. The potential outcomes of proceedings by the taxing authorities are assessed by the Company at the end of each reporting period and adjustments are made based on any new facts and circumstances that the Company believes will affect the outcome of the tax audit. Auditing the uncertain tax positions, including the potential tax associated with the purchase of concentrate, was challenging because the significant estimation of the provision is based on changing facts and circumstances and involves a certain level of uncertainty that may produce a number of different outcomes or ranges of outcomes.
How we addressed the matter in our audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls in place to evaluate the risks within the uncertain tax provision process. To test the Company's measurement of tax positions, we involved tax professionals with local knowledge to assess the tax positions taken by the Company in each significant jurisdiction in the context of local tax law and significant tax assessments. We also obtained an understanding of relevant facts by reading and evaluating the Company's correspondence with the relevant tax authorities and third party advice and communication obtained by the Company. We also considered whether the Company's tax risks had been resolved in other EU jurisdictions with similar tax laws to those being reviewed in the Company's territories. In evaluating the Company's tax provisions, we developed our own range of acceptable provisions for the Company's tax exposures, based on evidence we obtained. We then compared the Company's provisions to our independently determined range. We also evaluated the related disclosures provided in the consolidated financial statements related to these tax matters.

/s/ Ernst & Young LLP
We have served as the Company's auditor since 2016.
London, United Kingdom
12 March 2021

Report of independent registered public accounting firm

To the Shareholders and the Board of Directors of Coca-Cola European Partners plc

Opinion on internal control over financial reporting

We have audited Coca-Cola European Partners plc's internal control over financial reporting as of 31 December 2020, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). In our opinion, Coca-Cola European Partners plc (the Company) maintained, in all material respects, effective internal control over financial reporting as of 31 December 2020, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statement of financial position of the Company as of 31 December 2020 and 2019, the related consolidated statements of income, comprehensive income, statement of changes in equity and cash flows for each of the three years in the period ended 31 December 2020 and the related notes and our report dated 12 March 2021 expressed an unqualified opinion thereon.

Basis for opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's report on internal control over financial reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP
London, United Kingdom
12 March 2021

Consolidated income statement

		Year ended		
		31 December 2020	31 December 2019	31 December 2018
	Note	€ million	€ million	€ million
Revenue		10,606	12,017	11,518
Cost of sales	17	(6,871)	(7,424)	(7,060)
Gross profit		**3,735**	**4,593**	**4,458**
Selling and distribution expenses	17	(1,939)	(2,258)	(2,178)
Administrative expenses	17	(983)	(787)	(980)
Operating profit		**813**	**1,548**	**1,300**
Finance income	18	33	49	47
Finance costs	18	(144)	(145)	(140)
Total finance costs, net		(111)	(96)	(93)
Non-operating items		(7)	2	(2)
Profit before taxes		**695**	**1,454**	**1,205**
Taxes	20	(197)	(364)	(296)
Profit after taxes		**498**	**1,090**	**909**
Basic earnings per share (€)	5	**1.09**	**2.34**	**1.88**
Diluted earnings per share (€)	5	**1.09**	**2.32**	**1.86**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

		Year ended		
		31 December 2020	31 December 2019	31 December 2018
	Note	€ million	€ million	€ million
Profit after taxes		**498**	**1,090**	**909**
Components of other comprehensive income (loss):				
Items that may be subsequently reclassified to the income statement:				
Foreign currency translations:				
Pretax activity, net		(125)	94	(35)
Tax effect		—	—	—
Foreign currency translation, net of tax		(125)	94	(35)
Cash flow hedges:				
Pretax activity, net		33	11	(17)
Tax effect		4	(2)	3
Cash flow hedges, net of tax	12, 20	37	9	(14)
		(88)	**103**	**(49)**
Items that will not be subsequently reclassified to the income statement:				
Pension plan remeasurements:				
Pretax activity, net		(71)	(79)	2
Tax effect		16	12	—
Pension plan remeasurements, net of tax	15, 20	(55)	(67)	2
		(55)	**(67)**	**2**
Other comprehensive (loss)/ income for the period, net of tax		**(143)**	**36**	**(47)**
Comprehensive income for the period		**355**	**1,126**	**862**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Note	31 December 2020 € million	31 December 2019 € million
ASSETS			
Non-current:			
Intangible assets	6	8,414	8,506
Goodwill	6	2,517	2,520
Property, plant and equipment	7	3,860	4,205
Non-current derivative assets	12	6	3
Deferred tax assets	20	27	27
Other non-current assets	23	337	321
Total non-current assets		**15,161**	**15,582**
Current:			
Current derivative assets	12	40	12
Current tax assets	20	19	18
Inventories	8	681	723
Amounts receivable from related parties	19	150	106
Trade accounts receivable	9	1,439	1,669
Other current assets	23	224	259
Cash and cash equivalents	10	1,523	316
Total current assets		**4,076**	**3,103**
Total assets		**19,237**	**18,685**
LIABILITIES			
Non-current:			
Borrowings, less current portion	13	6,382	5,622
Employee benefit liabilities	15	283	221
Non-current provisions	22	83	54
Non-current derivative liabilities	12	15	13
Deferred tax liabilities	20	2,134	2,203
Non-current tax liabilities	20	131	254
Other non-current liabilities		44	47
Total non-current liabilities		**9,072**	**8,414**
Current:			
Current portion of borrowings	13	805	799
Current portion of employee benefit liabilities	15	13	17
Current provisions	22	154	142
Current derivative liabilities	12	62	28
Current tax liabilities	20	171	95
Amounts payable to related parties	19	181	249
Trade and other payables	14	2,754	2,785
Total current liabilities		**4,140**	**4,115**
Total liabilities		**13,212**	**12,529**
EQUITY			
Share capital	16	5	5
Share premium	16	192	178
Merger reserves	16	287	287
Other reserves	16	(537)	(449)
Retained earnings		6,078	6,135
Total equity		**6,025**	**6,156**
Total equity and liabilities		**19,237**	**18,685**

The accompanying notes are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 12 March 2021. They were signed on its behalf by:

Damian Gammell, Chief Executive Officer
12 March 2021

Consolidated statement of cash flows

	Note	Year ended 31 December 2020 € million	31 December 2019 € million	31 December 2018 € million
Cash flows from operating activities:				
Profit before taxes		695	1,454	1,205
Adjustments to reconcile profit before tax to net cash flows from operating activities:				
Depreciation	7	665	587	461
Amortisation of intangible assets	6	62	52	51
Share-based payment expense	21	14	15	17
Finance costs, net	18	111	96	93
Income taxes paid		(273)	(270)	(263)
Changes in assets and liabilities:				
Decrease in trade and other receivables		208	5	72
Decrease/(increase) in inventories		34	(25)	(45)
Increase/(decrease) in trade and other payables		53	(63)	297
(Decrease)/increase in net payable receivable from related parties		(112)	59	(20)
Increase/(decrease) in provisions		43	(57)	9
Change in other operating assets and liabilities		(10)	51	(71)
Net cash flows from operating activities		**1,490**	**1,904**	**1,806**
Cash flows from investing activities:				
Purchases of property, plant and equipment		(348)	(506)	(525)
Purchases of capitalised software		(60)	(96)	(75)
Proceeds from sales of property, plant and equipment		49	11	4
Investments in equity instruments		(11)	(8)	—
Net cash flows used in investing activities		**(370)**	**(599)**	**(596)**
Cash flows from financing activities:				
Proceeds from borrowings, net	13	1,598	987	398
Changes in short-term borrowings	13	(221)	101	(131)
Repayments on third party borrowings	13	(569)	(625)	(426)
Payments of principal on lease obligations	13	(116)	(128)	(18)
Interest paid, net		(91)	(86)	(81)
Dividends paid	16	(386)	(574)	(513)
Purchase of own shares under share buyback programme	16	(129)	(1,005)	(502)
Exercise of employee share options		14	26	25
Other financing activities, net		—	2	(11)
Net cash flows used in financing activities		**100**	**(1,302)**	**(1,259)**
Net change in cash and cash equivalents		**1,220**	**3**	**(49)**
Net effect of currency exchange rate changes on cash and cash equivalents		(13)	4	(2)
Cash and cash equivalents at beginning of period	10	**316**	**309**	**360**
Cash and cash equivalents at end of period	10	**1,523**	**316**	**309**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Note	Share capital € million	Share premium € million	Merger reserves € million	Other reserves € million	Retained earnings € million	Total equity € million
As at 1 January 2018		**5**	**127**	**287**	**(503)**	**6,769**	**6,685**
Profit after taxes		—	—	—	—	909	909
Other comprehensive (expense)/income		—	—	—	(49)	2	(47)
Total comprehensive income		—	—	—	(49)	911	862
Issue of shares during the year	16	—	25	—	—	—	25
Equity-settled share-based payment expense	21	—	—	—	—	16	16
Share-based payment tax benefits	20	—	—	—	—	(7)	(7)
Dividends	16	—	—	—	—	(515)	(515)
Own shares purchased under share buyback programme		—	—	—	—	(502)	(502)
As at 31 December 2018		**5**	**152**	**287**	**(552)**	**6,672**	**6,564**
Profit after taxes		—	—	—	—	1,090	1,090
Other comprehensive income/(expense)		—	—	—	103	(67)	36
Total comprehensive income		—	—	—	103	1,023	1,126
Issue of shares during the year	16	—	26	—	—	—	26
Equity-settled share-based payment expense	21	—	—	—	—	13	13
Share-based payment tax effects	20	—	—	—	—	6	6
Dividends	16	—	—	—	—	(574)	(574)
Own shares purchased under share buyback programme		—	—	—	—	(1,005)	(1,005)
As at 31 December 2019		**5**	**178**	**287**	**(449)**	**6,135**	**6,156**
Profit after taxes		—	—	—	—	498	498
Other comprehensive expense		—	—	—	(88)	(55)	(143)
Total comprehensive income		—	—	—	(88)	443	355
Issue of shares during the year	16	—	14	—	—	—	14
Equity-settled share-based payment expense	21	—	—	—	—	14	14
Share-based payment tax effects	20	—	—	—	—	2	2
Dividends	16	—	—	—	—	(387)	(387)
Own shares purchased under share buyback programme	16	—	—	—	—	(129)	(129)
As at 31 December 2020		**5**	**192**	**287**	**(537)**	**6,078**	**6,025**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

Note 1

General information and basis of preparation

Coca-Cola European Partners plc (the Company or Parent Company) was created through the merger on 28 May 2016 of the businesses of Coca-Cola Enterprises, Inc. (CCE), Coca-Cola Iberian Partners, S.A. (CCIP) and Coca-Cola Erfrischungsgetränke GmbH (CCEG) (the Merger). The Company and its subsidiaries (together CCEP, or the Group) are a leading consumer goods group in Western Europe, making, selling and distributing an extensive range of non-alcoholic ready to drink beverages. The Group is the world's largest independent Coca-Cola bottler based on revenue. CCEP serves a consumer population of over 300 million across Western Europe, including Andorra, Belgium, continental France, Germany, Great Britain, Iceland, Luxembourg, Monaco, the Netherlands, Norway, Portugal, Spain and Sweden.

The Company has ordinary shares with a nominal value of €0.01 per share (Shares). CCEP is a public company limited by shares, incorporated under the laws of England and Wales with the registered number in England of 9717350. The Group's Shares are listed and traded on Euronext Amsterdam, the New York Stock Exchange, London Stock Exchange and on the Spanish Stock Exchanges. The address of the Company's registered office is Pemberton House, Bakers Road, Uxbridge, UB8 1EZ, United Kingdom.

The consolidated financial statements of the Group for the year ended 31 December 2020 were approved and signed by Damian Gammell, Chief Executive Officer on 12 March 2021 having been duly authorised to do so by the Board of Directors.

Impact of COVID-19 pandemic

The COVID-19 pandemic and related response measures have had and may continue to have an adverse effect on global economic conditions, as well as our business, results of operations, cash flows and financial condition. At this time, we cannot predict the degree to which, or the time period over which, our business will continue to be affected by COVID-19 and the related response measures. These impacts limit the comparability of these consolidated financial statements with prior periods.

In addition, as part of the preparation of these consolidated financial statements, we have considered the impact of COVID-19 on our accounting policies and judgements and estimates. The key accounting impacts and considerations for the Group are included in the relevant notes herein.

Proposed acquisition of Coca-Cola Amatil Limited

In November 2020, CCEP and Coca-Cola Amatil Limited (CCL) entered into a binding Scheme Implementation Deed (the Scheme) for the acquisition of 69.2% of the entire existing issued share capital of CCL, which is held by shareholders other than The Coca-Cola Company (TCCC). CCL is one of the largest bottlers and distributors of ready to drink non-alcoholic and alcoholic beverages and coffee in the Asia Pacific region and is the authorised bottler and distributor of TCCC's beverage brands in Australia, New Zealand, Fiji, Indonesia, Papua New Guinea and Samoa. Based on a best and final offer made by CCEP in February 2021, the independent shareholders of CCL will be entitled to receive A$13.50 per share in cash, upon implementation of the Scheme. CCEP has also entered into a Co-operation and Sale Deed with TCCC with respect to the acquisition of TCCC's 30.8% interest in CCL (the Co-operation agreement), conditional upon the implementation of the Scheme. Under the Co-operation agreement CCEP will acquire 10.8% of CCL shares from TCCC for A$9.57 per share in cash and the remaining 20% shareholding for A$10.75 per share, either in cash or a combination of cash and the issue of CCEP shares at an agreed conversion ratio that will be determined no later than 14 days before the meeting of shareholders of CCL to approve the Scheme. The Scheme remains subject to customary conditions, including CCL's independent shareholder approval, court approval and regulatory approval.

The Scheme approval meeting is expected to take place during April 2021 and, if approved, the implementation date is expected during May 2021. Upon implementation CCEP will be required to pay cash consideration of between A$7.4bn and A$9.0bn to CCL shareholders, depending on the election to acquire TCCC's remaining 20% shareholding in CCL. CCEP intends to fund the proposed acquisition through a combination of new external borrowings and existing cash. To mitigate the currency risk exposure, the Group has entered into a number of deal contingent foreign currency forwards as detailed further in Note 12.

Basis of preparation

These consolidated financial statements reflect the following:

- They have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), IFRS as adopted pursuant to Regulation (EC) No 1606/2002 as it applies within the European Union (EU) and in accordance with international accounting standards in conformity with the provisions of the UK Companies Act 2006 (the Companies Act). There are no differences between IFRS as adopted pursuant to Regulation (EC) No 1606/2002 as it applies within the EU and IFRS as issued by the IASB that have an impact for the years presented.
- They have been prepared under the historical cost convention, except for certain items measured at fair value. Those accounting policies have been applied consistently in all periods, except for the adoption of new standards and amendments as of 1 January 2020, as described below under accounting policies.
- They are presented in euros, which is also the Parent Company's functional currency and all values are rounded to the nearest € million except where otherwise indicated.
- They have been prepared on a going concern basis (refer to page 110).

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries. All subsidiaries have accounting years ended 31 December and apply consistent accounting policies for the purpose of the consolidated financial statements.

Subsidiary undertakings are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through the Group's power to direct the activities of the entity. All intercompany accounts and transactions are eliminated on consolidation.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% to 50% of voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Foreign currency

The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which the subsidiary operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each subsidiary are expressed in euros.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are remeasured to the functional currency of the entity at the rate of exchange in effect at the statement of financial position date with the resulting gain or loss recorded in the consolidated income statement. The consolidated income statement includes non-operating items which are primarily made up of remeasurement gains and losses related to currency exchange rate fluctuations on financing transactions denominated in a currency other than the subsidiary's functional currency. Non-operating items are shown on a net basis and reflect the impact of any derivative instruments utilised to hedge the foreign currency movements of the underlying financing transactions.

The assets and liabilities of the Group's foreign operations are translated from local currencies to the euro reporting currency at currency exchange rates in effect at the end of each reporting period. Revenues and expenses are translated at average monthly currency exchange rates, with average rates being a reasonable approximation of the rates prevailing on the transaction dates. Gains and losses from translation are included in other comprehensive income. On disposal of a foreign operation, accumulated exchange differences are recognised as a component of the gain or loss on disposal.

The principal exchange rates used for translation purposes in respect of one Euro were:

	Average for the year ended			Closing as at	
	31 December 2020	31 December 2019	31 December 2018	31 December 2020	31 December 2019
UK Sterling	1.13	1.14	1.13	1.11	1.18
US Dollar	0.88	0.89	0.85	0.81	0.89
Norwegian Krone	0.09	0.10	0.10	0.10	0.10
Swedish Krone	0.10	0.09	0.10	0.10	0.10
Icelandic Krone	0.01	0.01	0.01	0.01	0.01

Reporting periods

In these consolidated financial statements, the Group is reporting the financial results for the years ended 31 December 2020, 31 December 2019 and 31 December 2018.

Typically, sales of the Group's products are seasonal, with the second and third quarters accounting for higher unit sales of the Group's products than the first and fourth quarters. The seasonality of the Group's sales volume, combined with the accounting for fixed costs such as depreciation, amortisation, rent and interest expense, impacts the Group's reported results for the first and second halves of the year. Additionally, year over year shifts in holidays, selling days and weather patterns can impact the Group's results on an annual or half yearly basis.

During 2020, COVID-19 and related response measures, particularly during the second quarter, significantly impacted the normal seasonality of our business.

The following table summarises the number of selling days for the years ended 31 December 2020, 31 December 2019 and 31 December 2018 (based on a standard five day selling week):

	First Half	Second Half	Full Year
2020	128	134	262
2019	129	132	261
2018	130	131	261

Note 2

Accounting policies

The accounting policies applied by the Group are included in the relevant notes herein. Effective 1 January 2020, the Group implemented the following new accounting policies, following changes in the related accounting standards. Refer to Note 25 for other significant accounting policies.

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39, "Financial Instruments: Recognition and Measurement" provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 16: COVID-19-Related Rent Concessions

On 28 May 2020, the IASB issued "COVID-19-Related Rent Concessions", which amended IFRS 16, "Leases". The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of COVID-19 are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment applied to annual reporting periods beginning on or after 1 June 2020, however earlier application was permitted.

These amendments had no impact on the consolidated financial statements of the Group as the Group did not receive any rent concessions as a direct consequence of COVID-19.

Definition of Material: Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", effective 1 January 2020, which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

The amendments to the definition of material did not have a significant impact on the Group's consolidated financial statements.

Amendments to IFRS 3: Definition of a Business

The amended definition of a business, effective 1 January 2020, requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term "outputs" is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

This amendment had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Note 3

Significant judgements and estimates

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made in applying the Group's accounting policies were applied consistently across the annual periods. The significant judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in these financial statements are outlined below.

Significant estimates

Deductions from revenue and sales incentives

The Group participates in various promotional programmes with customers designed to increase the sale of products. Among the programmes are arrangements under which rebates, refunds, price concessions or similar items can be earned by customers for attaining agreed upon sales levels, or for participating in specific marketing programmes. Those promotional programmes do not give rise to a separate performance obligation. Where the consideration the Group is entitled to varies because of such programmes, the amount payable is deemed to be variable consideration. Management makes estimates on an ongoing basis for each individual promotion to assess the value of the variable consideration based upon historical customer experience, expected customer performance and/or estimated sales volumes. The related accruals are recognised as a deduction from revenue and are not considered distinct from the sale of products to the customer. Refer to Note 14 for further details.

Income tax

The Group is subject to income taxes in numerous jurisdictions and there are many transactions for which the ultimate tax determination cannot be assessed with certainty in the ordinary course of business. The Group recognises a provision for situations that might arise in the foreseeable future based on an assessment of the probabilities as to whether additional taxes will be due. In addition, the Group is involved in various legal proceedings and tax matters. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made, management provides for its best estimate of the liability. Where the final outcome on these matters is different from the amounts that were initially recorded, such differences impact the tax provision in the period in which such determination is made. These estimates are subject to potential change over time as new facts emerge and each circumstance progresses. The evaluation of deferred tax asset recoverability requires estimates to be made regarding the availability of future taxable income in the jurisdiction giving rise to the deferred tax asset. Refer to Note 20 for further details regarding income taxes.

Intangible assets and goodwill

Determining whether goodwill and intangible assets with indefinite lives are impaired requires an estimation of the value in use or the fair value less costs to sell of the cash generating unit (CGU) to which the goodwill or intangible asset has been allocated. The value in use calculation requires management's estimation of the future cash flows expected to arise from the CGU, including the impact of COVID-19. Refer to Note 6 for the sensitivity analysis of the assumptions used in the impairment analysis of goodwill and intangible assets with indefinite lives.

Defined benefit plans

The determination of pension benefit costs and obligations are estimated based on assumptions determined with the assistance of external actuarial advice. The key assumptions impacting the valuations are the discount rate, salary rate of inflation and mortality rates. Refer to Note 15 for further details about the Group's defined benefit pension plan costs and obligations.

Significant judgements

Intangible assets and goodwill

The Group has assigned indefinite lives to its bottling agreements with TCCC. This judgement has been made after evaluating the contractual provisions of the bottling agreements, the Group's mutually beneficial relationship with TCCC and the history of renewals for bottling agreements. Refer to Note 6 for further details on the judgement regarding the lives of bottling agreements.

Note 4

Segment information

Description of segment and principal activities

The Group evaluates its segmental reporting under IFRS 8, "Operating Segments". The Group derives its revenues through a single business activity, which is making, selling and distributing non-alcoholic ready to drink beverages. The Group operates solely in developed markets in Western Europe and has a homogenous product portfolio across its geographic territories. Based on the governance structure of the Group, including decision making authority and oversight, the Group has determined that the Board is its Chief Operating Decision Maker (CODM). The Board, as the CODM, allocates resources and evaluates performance at a consolidated level and, therefore, the Group has one operating segment.

No single customer accounted for more than 10% of the Group's revenue during the years ended 31 December 2020, 31 December 2019 and 31 December 2018.

Revenue by geography

The following table summarises revenue from external customers by geography, which is based on the origin of the sale:

	Year ended		
	31 December 2020	31 December 2019	31 December 2018
Revenue:	€ million	€ million	€ million
Iberia[(A)]	2,173	2,784	2,670
Germany	2,270	2,432	2,335
Great Britain	2,203	2,412	2,280
France[(B)]	1,709	1,897	1,775
Belgium/Luxembourg	892	1,002	983
Netherlands	529	602	580
Norway	423	437	439
Sweden	337	366	365
Iceland	70	85	91
Total	**10,606**	**12,017**	**11,518**

(A) Iberia refers to Spain, Portugal and Andorra.
(B) France refers to continental France and Monaco.

Assets by geography

Assets are allocated based on operations and physical location. The following table summarises non-current assets, other than financial instruments and deferred tax assets, by geography:

	31 December 2020	31 December 2019
Assets:	€ million	€ million
Iberia[(A)]	6,696	6,797
Germany	3,138	3,216
Great Britain	2,432	2,587
France[(B)]	920	922
Belgium/Luxembourg	621	656
Netherlands	441	457
Sweden	396	396
Norway	233	261
Iceland	31	36
Other unallocated	220	224
Total	**15,128**	**15,552**

(A) Iberia refers to Spain, Portugal and Andorra.
(B) France refers to continental France and Monaco.

Note 5

Earnings per share

Basic earnings per share is calculated by dividing profit after taxes by the weighted average number of Shares in issue and outstanding during the period. Diluted earnings per share is calculated in a similar manner, but includes the effect of dilutive securities, principally share options, restricted stock units and performance share units. Share-based payment awards that are contingently issuable upon the achievement of specified market and/or performance conditions are included in the diluted earnings per share calculation based on the number of Shares that would be issuable if the end of the period was the end of the contingency period.

The following table summarises basic and diluted earnings per share calculations for the years presented:

	Year ended		
	31 December 2020	31 December 2019	31 December 2018
Profit after taxes attributable to equity shareholders (€ million)	498	1,090	909
Basic weighted average number of Shares in issue(A) (million)	455	466	484
Effect of dilutive potential Shares(B) (million)	1	3	4
Diluted weighted average number of Shares in issue(A) (million)	456	469	488
Basic earnings per share (€)	1.09	2.34	1.88
Diluted earnings per share (€)	1.09	2.32	1.86

(A) As at 31 December 2020, 31 December 2019 and 31 December 2018 the Group had 454,645,510, 456,399,877 and 474,920,066 Shares, respectively, in issue and outstanding.
(B) For the year ended 31 December 2020, 31 December 2019 and 31 December 2018 no options to purchase Shares were excluded from the diluted earnings per share calculation. The dilutive impact of all outstanding options, unvested restricted stock units and unvested performance share units was included in the effect of dilutive securities.

Note 6

Intangible assets and goodwill

Intangible assets with indefinite lives

Intangible assets with indefinite lives acquired through business combination transactions are measured at fair value at the date of acquisition. These assets are not subject to amortisation but are tested for impairment annually at the CGU level or more frequently if facts and circumstances indicate an impairment may exist. In addition to the annual impairment test, the assessment of indefinite lives is also reviewed annually.

Franchise intangible assets

The Group's bottling agreements contain performance requirements and convey the rights to distribute and sell products within specified territories. The Group's agreements with TCCC for each of its territories have terms of 10 years and expire on 28 May 2026, with each containing the right for the Group to request a 10 year renewal. While these agreements contain no automatic right of renewal beyond that date, the Group believes that its interdependent relationship with TCCC and the substantial cost and disruption to TCCC that would be caused by non-renewal ensure that these agreements will continue to be renewed and, therefore, are essentially perpetual. The Group has never had a bottling agreement with TCCC terminated due to non-performance of the terms of the agreement or due to a decision by TCCC to terminate an agreement at the expiration of a term. After evaluating the contractual provisions of bottling agreements, the Group's mutually beneficial relationship with TCCC and history of renewals, indefinite lives have been assigned to all of the Group's franchise intangible assets.

Goodwill

Goodwill is initially measured as the excess of the total consideration transferred over the amount recognised for net identifiable assets acquired and liabilities assumed in a business combination. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in the consolidated income statement as a bargain purchase. Goodwill is not subject to amortisation. It is tested annually for impairment at the CGU level or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill acquired in a business combination is allocated to the CGU that is expected to benefit from the synergies of the combination irrespective of whether a CGU is part of the business combination.

Intangible assets with finite lives

Intangible assets with finite lives are measured at cost of acquisition or production and are amortised using the straight-line method over their respective estimated useful lives. Finite lived intangible assets are assessed for impairment whenever there is an indication that they may be impaired. The amortisation period and method are reviewed annually.

Internally generated software

The Group capitalises certain development costs associated with internally developed software, including external direct costs of materials and services and payroll costs for employees devoting time to a software project and any such software acquired as part of a business combination. Development expenditure is recognised as an intangible asset only after its technical feasibility and commercial viability can be demonstrated. When capitalised software is not integral to related hardware it is treated as an intangible asset; otherwise it is included within property, plant and equipment. The estimated useful life of capitalised software is between five and seven years. Amortisation expense for capitalised software is included within administrative expenses and was €54 million, €44 million and €43 million for the years ended 31 December 2020, 31 December 2019 and 31 December 2018, respectively.

Customer relationships

The Group acquired certain customer relationships in connection with the acquisitions of the Norway and Sweden bottling operations from TCCC in 2010 and the Merger with CCIP and CCEG in 2016. These customer relationships were recorded at their fair values on the date of acquisition, and they are amortised over an estimated economic life of 20 years. The fair values were determined using a "with and without" valuation technique, which compares the revenues with all assets of the business in place, to a "without" scenario, which assumes the customer relationship asset and related revenues do not exist and must be rebuilt over time. Amortisation expense for these assets is included within administrative expenses and was €8 million, €8 million and €8 million for the years ended 31 December 2020, 31 December 2019 and 31 December 2018, respectively.

Balances and movements in intangible assets and goodwill

The following table summarises the movements in the carrying amounts of intangible assets and goodwill for the periods presented:

	Franchise intangible	Software	Customer relationships	Assets under construction	Total intangibles	Goodwill
	€ million	€ million	€ million	€ million	€ million	€ million
Cost:						
As at 31 December 2018	**8,084**	**300**	**162**	**52**	**8,598**	**2,518**
Additions	1	30	—	64	95	—
Disposals	—	(14)	(1)	—	(15)	—
Transfers and reclassifications	—	12	—	(12)	—	—
Currency translation adjustments	80	5	—	—	85	2
As at 31 December 2019	**8,165**	**333**	**161**	**104**	**8,763**	**2,520**
Additions	—	34	—	26	60	—
Disposals	—	(34)	—	—	(34)	—
Transfers and reclassifications	—	61	—	(61)	—	—
Currency translation adjustments	(87)	(12)	—	—	(99)	(3)
As at 31 December 2020	**8,078**	**382**	**161**	**69**	**8,690**	**2,517**
Accumulated amortisation:						
As at 31 December 2018	**—**	**(187)**	**(27)**	**—**	**(214)**	**—**
Amortisation expense	—	(44)	(8)	—	(52)	—
Disposals	—	13	1	—	14	—
Currency translation adjustments	—	(4)	(1)	—	(5)	—
As at 31 December 2019	**—**	**(222)**	**(35)**	**—**	**(257)**	**—**
Amortisation expense	—	(54)	(8)	—	(62)	—
Disposals	—	34	—	—	34	—
Currency translation adjustments	—	9	—	—	9	—
As at 31 December 2020	**—**	**(233)**	**(43)**	**—**	**(276)**	**—**
Net book value:						
As at 31 December 2018	8,084	113	135	52	8,384	2,518
As at 31 December 2019	8,165	111	126	104	8,506	2,520
As at 31 December 2020	**8,078**	**149**	**118**	**69**	**8,414**	**2,517**

Impairment testing

Each CGU is tested for impairment annually in the fourth quarter or whenever there is an indication of impairment. The recoverable amount of each CGU is determined through a value in use calculation. To determine value in use for a CGU, estimated future cash flows are discounted to their present values using a pre-tax discount rate reflective of the current market conditions and risks specific to each CGU. If the carrying value of a CGU exceeds its recoverable amount, the carrying value of the CGU is reduced to its recoverable amount and impairment charges are recognised immediately within the consolidated income statement. Impairment charges other than those related to goodwill may be reversed in future periods if a subsequent test indicates that the recoverable amount has increased. Such recoveries may not exceed a CGU's original carrying value less any depreciation that would have been recognised if no impairment charges were previously recorded.

The Group's CGUs are based on geography and generally represent the individual territories in which the Group operates. For the purposes of allocating intangibles, each franchise intangible asset is allocated to the geographic region to which the agreement relates and goodwill is allocated to each of the CGUs expected to benefit from a business combination, irrespective of whether other assets and liabilities of the acquired businesses are assigned to the CGUs. The following table identifies the carrying value of goodwill and indefinite-lived intangible assets attributable to each significant CGU of the Group. In addition to the significant CGUs of the Group, as at 31 December 2020 the Group had other CGUs with total franchise intangible assets of €1,105 million and goodwill of €294 million.

	31 December 2020		31 December 2019	
	Franchise intangible	Goodwill	Franchise intangible	Goodwill
Cash generating unit	€ million	€ million	€ million	€ million
Iberia	4,289	1,275	4,289	1,275
Great Britain	1,624	200	1,716	200
Germany	1,060	748	1,060	748

The recoverable amounts of each CGU were determined through a value in use calculation, which uses cash flow projections for a five year period. The key assumptions used in projecting these cash flows were as follows:

- Growth rate and operating margins: Cash flows were projected over five years to reflect the expected recovery in operating margins to pre COVID-19 levels. Projected cash flows for the first year were based on management's best estimate of the extent and duration of COVID-19 and its impact on operations, expected government response measures regarding restrictions on trading in the away from home channel and movement of people. Cash flows for years two through four were projected based on expectations of the Group's ability to return to pre COVID-19 growth levels based on past experience and external sources of information. Cash flows for the fifth year and beyond were projected using a long-term terminal growth rate of 2%.
- Discount rate: A weighted average cost of capital was applied specific to each CGU as a hurdle rate to discount cash flows. The discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The following table summarises the pre-tax discount rate attributable to each significant CGU.

	31 December 2020	31 December 2019
	Pre-tax discount rate	Pre-tax discount rate
Cash generating unit	%	%
Iberia	9	9
Great Britain	9	10
Germany	9	9

The Group did not record any impairment charges as a result of the tests conducted in 2020 and 2019.

The Group's Great Britain CGU continues to have substantial headroom when comparing the estimated value in use calculation of the CGU versus the CGU's carrying value.

For the Group's Iberia and Germany CGUs, the headroom in the 2020 impairment analysis was approximately 25% (2019: 50%) and 90% (2019: 110%) of carrying value, respectively. These CGUs continue to have the lowest relative headroom due to the fact that the net assets of Iberia and Germany were subject to acquisition accounting and fair valued based upon operating plans and macroeconomic conditions present at the time of the Merger in 2016.

For the Germany CGU, the Group estimates that a 5.0% reduction in terminal growth rate or a 4.0% increase in the discount rate, each in isolation, would eliminate existing headroom.

Iberia CGU sensitivity

The headroom reduction since 2019 has been most significant for the Iberia CGU given the significant exposure to the away from home channel and lower tourism during 2020. Whilst we expect the impact of COVID-19 to be temporary and for the Iberia CGU to return to pre COVID-19 profitability levels in the near term, should operating results or macroeconomic conditions deteriorate versus those utilised in the value in use calculation, including those estimates regarding the severity and duration of potential further restrictions, structural market or channel changes, scale and pace of market recovery, or discount rates, an impairment charge for these assets could arise in the future.

The calculation of value in use is most sensitive to the discount rate and long-term terminal growth rate assumptions. For the Iberia CGU, the Group estimates that a 1.6% reduction in the terminal growth rate or a meaningful reduction in the long-term operating margin for the CGU, each in isolation, would eliminate headroom. In considering these sensitivities, the Group estimates that the Spanish economy would need to experience a significant period of prolonged restrictions along with longer-term structural changes in the away from home market for either of them to materialise. Headroom would also be eliminated if the discount rate increased by more than 1.2%.

Note 7

Property, plant and equipment

Property, plant and equipment is recorded at cost, net of accumulated depreciation and accumulated impairment losses, where cost is the amount of cash or cash equivalents paid to acquire an asset at the time of its acquisition or construction. Major property additions, replacements and improvements are capitalised, while maintenance and repairs that do not extend the useful life of an asset or add new functionality are expensed as incurred. Land is not depreciated, as it is considered to have an indefinite life. For all property, plant and equipment, other than land, depreciation is recorded using the straight-line method over the respective estimated useful lives as follows:

	Useful life (years)	
Category	Low	High
Buildings and improvements	10	40
Machinery, equipment and containers	3	20
Cold drink equipment	4	12
Vehicle fleet	3	12
Furniture and office equipment	4	10

Gains or losses arising on the disposal or retirement of an asset are determined as the difference between the carrying amount of the asset and any proceeds from its sale. Leasehold improvements are amortised using the straight-line method over the shorter of the remaining lease term or the estimated useful life of the improvement.

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, an impairment test is performed to estimate the potential loss of value that may reduce the recoverable amount of the asset to below its carrying amount. Any impairment loss is recognised within the consolidated income statement by the amount which the carrying amount exceeds the recoverable amount. Useful lives and residual amounts are reviewed annually and adjustments are made prospectively as required.

For property, plant and equipment, the Group assesses annually whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, a previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised and only up to the recoverable amount or the original carrying amount net of depreciation that would have been incurred had no impairment losses been recognised.

The following table summarises the movement in net book value for property, plant and equipment for the periods presented:

	Land	Buildings and improvements	Machinery, equipment and containers	Cold drink equipment	Vehicle fleet	Furniture and office equipment	Assets under construction	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Cost:								
As at 31 December 2018	**317**	**1,488**	**2,533**	**1,214**	**129**	**183**	**339**	**6,203**
Adjustment for adoption of IFRS 16[(A)]	—	183	—	—	107	32	—	322
Additions	2	67	158	119	66	29	187	628
Disposals	(6)	(49)	(102)	(137)	(14)	(14)	—	(322)
Transfers and reclassifications	—	51	191	—	1	2	(245)	—
Currency translation adjustments	3	15	25	14	2	2	(2)	59
As at 31 December 2019	**316**	**1,755**	**2,805**	**1,210**	**291**	**234**	**279**	**6,890**
Additions	18	89	112	46	64	16	77	422
Disposals	(12)	(32)	(81)	(86)	(69)	(107)	(1)	(388)
Transfers and reclassifications	1	49	173	—	—	4	(227)	—
Currency translation adjustments	(6)	(15)	(34)	(15)	(3)	(3)	(3)	(79)
As at 31 December 2020	**317**	**1,846**	**2,975**	**1,155**	**283**	**144**	**125**	**6,845**
Accumulated depreciation:								
As at 31 December 2018	**—**	**(467)**	**(978)**	**(670)**	**(84)**	**(116)**	**—**	**(2,315)**
Depreciation expense	—	(106)	(223)	(158)	(64)	(36)	—	(587)
Disposals	—	14	72	136	6	13	—	241
Currency translation adjustments	—	2	(6)	(17)	(1)	(2)	—	(24)
As at 31 December 2019	**—**	**(557)**	**(1,135)**	**(709)**	**(143)**	**(141)**	**—**	**(2,685)**
Depreciation expense	—	(117)	(297)	(159)	(62)	(30)	—	(665)
Disposals	—	15	79	86	63	84	—	327
Currency translation adjustments	—	8	16	10	1	3	—	38
As at 31 December 2020	**—**	**(651)**	**(1,337)**	**(772)**	**(141)**	**(84)**	**—**	**(2,985)**
Net book value:								
As at 31 December 2018	317	1,021	1,555	544	45	67	339	3,888
As at 31 December 2019	316	1,198	1,670	501	148	93	279	4,205
As at 31 December 2020	**317**	**1,195**	**1,638**	**383**	**142**	**60**	**125**	**3,860**

(A) The Group adopted IFRS 16, "Leases" on a modified retrospective basis. The Group has not restated its 2018 financial statements as permitted under the specific transitional provisions in the standard. The impact from the new leasing standard is therefore recognised in the opening balance sheet on 1 January 2019.

Right of use assets

The Group leases land, office and warehouse space, computer hardware, machinery and equipment and vehicles under non-cancellable lease agreements most of which expire at various dates through to 2030. Since the adoption of IFRS 16, "Leases", effective 1 January 2019, the Group includes right of use assets within property, plant and equipment.

Right of use assets are initially measured at cost, comprising the initial measurement of the lease liability, plus any direct costs and an estimate of asset retirement obligations, less lease incentives. Subsequently, right of use assets are measured at cost, less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the term of the lease.

The Group does not separate lease from non-lease components for each of its lease categories, except for property leases. For property leases, only base rent is included in the calculation of the right of use asset. All low value leases with total minimum lease payments under €5,000 are expensed on a straight-line basis.

Extension and termination options are included in a number of property and equipment leases across the Group and are used to maximise operational flexibility in terms of managing contracts. Extension options (or periods after termination options) are only included in the lease term if the Group has an enforceable right to extend or terminate the lease and is reasonably certain to do so. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. Some lease agreements contain standard renewal provisions that allow for renewal at rates equivalent to fair market value at the end of the lease term.

In adopting IFRS 16, "Leases" on 1 January 2019, the following expedients were applied on transition:

- The right of use asset was measured at the value of the lease liability, adjusted for any prepaid or accrued lease payments.
- A single discount rate applied to a portfolio of leases with reasonably similar characteristics.
- Hindsight was used in determining lease term.
- Short-term lease exemption applied to machinery and equipment and IT asset classes for leases expiring within 12 months of 1 January 2019.

The following table summarises the net book value of right of use assets included within property, plant and equipment:

	31 December 2020	31 December 2019
	€ million	€ million
Buildings and improvements	202	188
Vehicle fleet	137	140
Machinery, equipment and containers	19	23
Furniture and office equipment	6	33
Total	**364**	**384**

Total additions to right of use assets during 2020 were €134 million (2019: €127 million).

The following table summarises depreciation charges relating to right of use assets for the periods presented:

	31 December 2020	31 December 2019
	€ million	€ million
Buildings and improvements	37	39
Vehicle fleet	61	62
Machinery, equipment and containers	8	5
Furniture and office equipment	11	18
Total	**117**	**124**

During the years ended 31 December 2020 and 31 December 2019, the total expense relating to low value and short-term leases was €18 million and €10 million, respectively, which is primarily included in administrative expenses on the consolidated income statement.

The Group does not have any residual value guarantees in relation to its leases. The Group did not engage in any sale and leaseback transactions for the year ended 31 December 2020.

The Group's activities as a lessor are not material and hence the Group determines there is no significant impact on its consolidated financial statements.

As at 31 December 2020 the total value of lease extension and termination options included within right of use assets was €18 million.

Refer to Note 13 for further disclosure regarding lease liabilities.

Note 8

Inventories

Inventories are valued at the lower of cost or net realisable value and cost is determined using the first-in, first-out (FIFO) method. Inventories consist of raw materials, supplies (primarily including concentrate, other ingredients and packaging) and finished goods, which also include direct labour, indirect production and overhead costs. Cost includes all costs incurred to bring inventories to their present location and condition. Spare parts are recorded as assets at the time of purchase and are expensed as utilised. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to complete and sell the inventory.

The following table summarises the inventory outstanding in the consolidated statement of financial position as at the dates presented:

	31 December 2020	31 December 2019
	€ million	€ million
Finished goods	389	408
Raw materials and supplies	210	232
Spare parts	82	83
Total inventories	**681**	**723**

Write downs of inventories to net realisable value totalled €29 million and €25 million for the years ended 31 December 2020 and 31 December 2019 respectively. Included in 2020 were finished good write downs of approximately €17 million related to COVID-19. These write downs, which were principally related to bag in box and glass packages, were included in cost of sales on the consolidated income statement. None of the write downs for inventory that has been destroyed or provided for at the year end were subsequently reversed.

Note 9

Trade accounts receivable

The Group sells its products to retailers, wholesalers and other customers and extends credit, generally without requiring collateral, based on an evaluation of the customer's financial condition. While the Group has a concentration of credit risk in the retail sector, this risk is mitigated due to the diverse nature of the customers the Group serves, including, but not limited to, their type, geographic location, size and beverage channel.

Trade accounts receivable are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. Typically, accounts receivable have terms of 30 to 60 days and do not bear interest. The Group applies an expected credit loss reserve methodology to assess possible impairments. Balances are considered for impairment on an individual basis rather than by reference to the extent that they become overdue. The Group considers factors such as delinquency in payment, financial difficulties, payment history of the debtor as well as certain forward-looking macroeconomic indicators. The carrying amount of trade accounts receivable is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated income statement. Credit insurance on a portion of the accounts receivable balance is also carried. Refer to Note 24 for further details on credit risk management.

As a result of COVID-19, the Group supplemented its existing credit loss reserve methodology to include an incremental loss allowance for those receivable balances that were deemed to be higher risk in the current environment. The incremental allowance is included within allowance for doubtful accounts below, as at 31 December 2020.

The following table summarises the trade accounts receivable outstanding in the consolidated statement of financial position as at the dates presented:

	31 December 2020	31 December 2019
	€ million	€ million
Trade accounts receivable, gross	1,478	1,687
Allowance for doubtful accounts	(39)	(18)
Total trade accounts receivable	**1,439**	**1,669**

The following table summarises the ageing of trade accounts receivable, net of allowance for doubtful accounts, in the consolidated statement of financial position as at the dates presented:

	31 December 2020	31 December 2019
	€ million	€ million
Not past due	1,389	1,560
Past due 1 - 30 days	23	54
Past due 31 - 60 days	3	5
Past due 61 - 90 days	4	8
Past due 91 - 120 days	1	4
Past due 121+ days	19	38
Total	**1,439**	**1,669**

The following table summarises the change in the allowance for doubtful accounts for the periods presented:

	Allowance for doubtful accounts
	€ million
As at 31 December 2018	**(16)**
Provision for impairment recognised during the year	(6)
Receivables written off during the year as uncollectible	4
As at 31 December 2019	**(18)**
Provision for impairment recognised during the year	(25)
Receivables written off during the year as uncollectible	4
As at 31 December 2020	**(39)**

Note 10

Cash and cash equivalents

Cash and cash equivalents include cash and short-term, highly liquid investments with maturity dates of less than three months when acquired that are readily convertible to cash and which are subject to an insignificant risk of changes in value. Counterparties and instruments used to hold the Group's cash and cash equivalents are continually assessed, with a focus on preservation of capital and liquidity.

The following table summarises the cash and cash equivalents outstanding in the consolidated statement of financial position as at the dates presented:

	31 December 2020	31 December 2019
	€ million	€ million
Cash at banks and on hand	643	170
Short-term deposits and securities	880	146
Total cash and cash equivalents	**1,523**	**316**

Cash and cash equivalents are held in the following currencies as at the dates presented:

	31 December 2020	31 December 2019
	€ million	€ million
Euro	950	88
British pound	424	124
US dollar	32	27
Norwegian krone	70	44
Swedish krona	33	21
Other	14	12
Total cash and cash equivalents	**1,523**	**316**

There are no material restrictions on the Group's cash and cash equivalents.

Note 11

Fair values

Fair value measurements

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described as one of the following, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included in Level 1. The Group values assets and liabilities included in this level using dealer and broker quotations, certain pricing models, bid prices, quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The fair values of the Group's cash and cash equivalents, trade accounts receivable, amounts receivable from related parties, trade and other payables and amounts payable to related parties approximate their carrying amounts due to their short-term nature.

The fair values of the Group's borrowings are estimated based on borrowings with similar maturities and credit quality and current market interest rates. These are categorised within Level 2 of the fair value hierarchy as the Group uses certain pricing models and quoted prices for similar liabilities in active markets in assessing their fair values. Refer to Note 13 for further details regarding the Group's borrowings.

The following table summarises the book value and fair value of the Group's borrowings as at the dates presented:

	31 December 2020	31 December 2019
	€ million	€ million
Fair value of borrowings	7,585	6,720
Book value of borrowings (Note 13)	7,187	6,421

The Group's derivative assets and liabilities are carried at fair value, which is determined using a variety of valuation techniques, depending on the specific characteristics of the hedging instrument, taking into account credit risk. The fair value of its derivative contracts (including forwards, options, cross currency swaps and interest rate swaps) is determined using standard valuation models. The significant inputs used in these models are readily available in public markets or can be derived from observable market transactions and, therefore, the derivative contracts have been classified as Level 2. Inputs used in these standard valuation models include the applicable spot, forward and discount rates. The standard valuation model for the option contracts also includes implied volatility, which is specific to individual options and is based on rates quoted from a widely used third party resource. Refer to Note 12 for further details about the Group's derivatives.

The following table summarises the fair value of the derivative assets and liabilities as at the dates presented:

	31 December 2020 € million	31 December 2019 € million
Assets at fair value:		
Derivatives (Note 12)	46	15
Liabilities at fair value:		
Derivatives (Note 12)	77	41

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period. There have been no transfers between levels during the periods presented.

Note 12

Hedging activities

Derivative financial instruments

The Group utilises derivative financial instruments to mitigate its exposure to certain market risks associated with its ongoing operations. The primary risks that it seeks to manage through the use of derivative financial instruments include currency exchange risk, commodity price risk and interest rate risk. All derivative financial instrument assets and liabilities are recorded at fair value on the consolidated statement of financial position. The Group does not use derivative financial instruments for trading or speculative purposes and all hedge ratios are on a 1:1 basis. At the inception of a hedge transaction, the Group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking the hedge transaction. This process includes linking the derivative financial instrument designated as a hedging instrument to the specific asset, liability, firm commitment or forecasted transaction. Further information on the Group's risk management strategy and objective can be found in Note 24. Both at the hedge inception and on an ongoing basis, the Group assesses and documents whether the derivative financial instrument used in the hedging transaction is highly effective in maintaining the risk management objective. Where critical terms match, the Group uses a qualitative assessment to ensure initial and ongoing effectiveness criteria. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If the hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

While certain derivative financial instruments are designated as hedging instruments, the Group also enters into derivative financial instruments that are designed to hedge a risk but are not designated as hedging instruments (referred to as an economic hedge or a non-designated hedge). The decision regarding whether or not to designate a hedge for hedge accounting is made by management considering the size, purpose and tenure of the hedge, as well as the anticipated ability to achieve and maintain the Group's risk management objective.

The Group is exposed to counterparty credit risk on all of its derivative financial instruments. It has established and maintained strict counterparty credit guidelines and enters into hedges only with financial institutions that are investment grade or better. It continuously monitors counterparty credit risk and utilises numerous counterparties to minimise its exposure to potential defaults. It does not require collateral under these agreements.

The following table summarises the fair value of the assets and liabilities related to derivative financial instruments and the respective line items in which they were recorded in the consolidated statement of financial position as at the dates presented. All derivative instruments are classified as Level 2 within the fair value hierarchy. Discussion of the Group's other financial assets and liabilities is contained elsewhere in these financial statements. Refer to Note 9 for trade accounts receivable, Note 14 for trade and other payables, Note 13 for borrowings and Note 19 for amounts receivable and payable with related parties.

Hedging instrument	Location – statement of financial position	31 December 2020 € million	31 December 2019 € million
Assets:			
Derivatives designated as hedging instruments:			
Commodity contracts	Non-current derivative assets	6	3
Deal contingent forward	Current derivative assets	24	—
Foreign currency contracts	Current derivative assets	3	6
Commodity contracts	Current derivative assets	13	4
	Total	**46**	**13**
Derivatives not designated as hedging instruments:			
Commodity contracts	Current derivative assets	—	2
	Total	**—**	**2**
Total assets		**46**	**15**
Liabilities:			
Derivatives designated as hedging instruments:			
Foreign currency contracts	Non-current derivative liabilities	6	9
Commodity contracts	Non-current derivative liabilities	9	4
Foreign currency contracts	Current derivative liabilities	38	10
Commodity contracts	Current derivative liabilities	24	17
	Total	**77**	**40**
Derivatives not designated as hedging instruments:			
Foreign currency contracts	Current derivative liabilities	—	1
	Total	**—**	**1**
Total liabilities		**77**	**41**

Cash flow hedges

The Group uses cash flow hedges to mitigate its exposure to changes in cash flows attributable to currency fluctuations and commodity price fluctuations associated with certain forecasted transactions, including purchases of raw materials, finished goods and services denominated in non-functional currencies, the receipt of interest and principal on intercompany loans denominated in non-functional currencies and the payment of interest and principal on debt issuances in non-functional currencies. Effective changes in the fair value of these cash flow hedging instruments are recognised as a component of other reserves on the consolidated statement of financial position. The effective changes are then recognised within the line item on the consolidated income statement that is consistent with the nature of the underlying hedged item in the period that the forecasted purchases or payments impact earnings. Any changes in the fair value of these cash flow hedges that are the result of ineffectiveness are recognised immediately in the line item on the consolidated income statement that is consistent with the nature of the underlying hedged item. Historically, the Group has not experienced, nor does it expect to experience, material hedge ineffectiveness with the value of the hedged instrument equalling that of the hedged item.

As at 31 December 2020, the Group has entered into deal contingent foreign currency forwards with a total notional amount of €3.0 billion (A$4.80 billion) to mitigate the foreign currency risk arising from the proposed acquisition of CCL. These instruments have been recorded as cash flow hedges. Refer to Note 1 for further information regarding the proposed acquisition.

The net notional amount of the other outstanding currency related cash flow hedges was €0.7 billion as at 31 December 2020 and €1.2 billion as at 31 December 2019. The net notional amount of outstanding commodity related cash flow hedges was €0.7 billion as at 31 December 2020 and €0.5 billion as at 31 December 2019. Outstanding cash flow hedges as at 31 December 2020 are expected to settle and affect profit or loss between 2021 and 2023.

The following table summarises the Group's outstanding cash flow hedges by risk category as at the dates presented (all contracts denominated in a foreign currency have been converted into euros using the respective year end spot rate):

Cash flow hedges	Total	Notional maturity profile Less than 1 year	1 to 3 years	3 to 5 years
	€ million	€ million	€ million	€ million
Foreign currency	1,255	227	1,028	—
Commodity	237	212	25	—
As at 31 December 2018	**1,492**	**439**	**1,053**	**—**
Foreign currency	1,211	643	568	—
Commodity	459	246	213	—
As at 31 December 2019	**1,670**	**889**	**781**	**—**
Deal contingent foreign currency forwards	3,000	3,000	—	—
Foreign currency	706	570	136	—
Commodity	677	403	274	—
As at 31 December 2020	**4,383**	**3,973**	**410**	**—**

The Group recognised within other comprehensive income net gains of €25 million, €10 million and €33 million for the years ended 31 December 2020, 31 December 2019 and 31 December 2018, respectively, related to changes in the fair values of outstanding cash flow hedges. The amount of ineffectiveness associated with these cash flow hedges was not material during any year presented within these financial statements.

The following table summarises the net of tax effect for cash flow hedges that settled for the periods presented within the consolidated income statement:

		Amount of (gain)/loss reclassified from the hedging reserve into profit		
		31 December 2020	31 December 2019	31 December 2018
Cash flow hedging instruments	Location – income statement	€ million	€ million	€ million
Foreign currency contracts	Cost of sales	1	—	4
Commodity contracts	Cost of sales	(33)	(17)	—
Commodity contracts	Selling and distribution expenses	(3)	—	—
Foreign currency contracts(A)	Non-operating items	23	18	43
Total		**(12)**	**1**	**47**

(A) The (gain)/loss recognised on these currency contracts is offset by the (gain)/loss recognised on the remeasurement of the underlying debt instruments; therefore, there is a minimal consolidated net effect in non-operating items on the consolidated income statement.

Non-designated hedges

The Group periodically enters into derivative instruments that are designed to hedge various risks but are not designated as hedging instruments. These hedged risks include those related to commodity price fluctuations associated with forecasted purchases of aluminium, sugar, components of PET (plastic), and vehicle fuel. At times, it also enters into other short-term non-designated hedges to mitigate its exposure to changes in cash flows attributable to currency fluctuations associated with short-term intercompany loans and certain cash equivalents denominated in non-functional currencies. Changes in the fair value of outstanding non-designated hedges are recognised each reporting period in the line item on the consolidated income statement that is consistent with the nature of the hedged risk.

There were no outstanding non-designated commodity hedges as at 31 December 2020. The notional amount of non-designated commodity hedges as at 31 December 2019 was €30 million.

There were no outstanding non-designated short-term foreign currency contracts associated with intercompany loans and trade payables denominated in non-functional currencies as at 31 December 2020. The notional amount of non-designated short-term foreign currency contracts associated with intercompany loans and trade payables denominated in non-functional currencies as at 31 December 2019 was €11 million.

The following table summarises the gains (losses) recognised from non-designated derivative financial instruments in the consolidated income statement for the years presented:

		31 December 2020	31 December 2019	31 December 2018
Non-designated hedging instruments	Location – income statement	€ million	€ million	€ million
Commodity contracts	Cost of sales	—	—	1
Commodity contracts	Selling and distribution expenses	(12)	5	—
Foreign currency contracts(A)	Non-operating items	(4)	(2)	(4)
Total		**(16)**	**3**	**(3)**

(A) The gain/(loss) recognised on these currency contracts is offset by the gain/(loss) recognised on the remeasurement of the underlying hedged items; therefore, there is a minimal consolidated net effect in non-operating items on the consolidated income statement.

Net investment hedges

The Group had no net investment hedges in place as at 31 December 2020 or 31 December 2019, however it continues to monitor its exposure to currency exchange rates and may enter into future net investment hedges as a result of volatility in the functional currencies of certain of its subsidiaries.

Note 13

Borrowings and leases

Borrowings

Borrowings are initially recognised at fair value, net of issuance costs incurred. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortisation of transaction costs, premiums and discounts is recognised as part of finance costs within the consolidated income statement.

Leases

Since the adoption of IFRS 16, "Leases", effective 1 January 2019, lease liabilities are included within Borrowings in our consolidated statement of financial position.

The lease liability is measured at the present value of lease payments, discounted using the Group's incremental borrowing rate (IBR). The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease whenever the Group is reasonably certain to exercise that option and has an enforceable right to do so. Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and reducing it by lease payments made.

Borrowings outstanding

The following table summarises the carrying value of the Group's borrowings as at the dates presented:

	31 December 2020 € million	31 December 2019 € million
Non-current:		
US$250 million 3.25% Notes 2021	—	221
US$300 million 4.50% Notes 2021	—	266
€350 million Floating Rate Note 2021(A)	—	350
€700 million 0.75% Notes 2022	699	698
€350 million 2.63% Notes 2023	349	348
€500 million 1.13% Notes 2024	497	496
€350 million 2.38% Notes 2025	347	347
€250 million 2.75% Notes 2026	248	248
€600 million 1.75% Notes 2026(B)	592	—
€400 million 1.50% Notes 2027	396	396
€250 million 1.50% Notes 2027(C)	263	—
€500 million 1.75% Notes 2028	494	493
€750 million 0.20% Notes 2028(D)	742	—
€500 million 1.13% Notes 2029	494	493
€500 million 1.88% Notes 2030	496	495
€500 million 0.70% Notes 2031	496	495
Lease obligations	269	276
Total non-current borrowings	**6,382**	**5,622**
Current:		
US$250 million 3.25% Notes 2021(E)	156	—
US$300 million 4.50% Notes 2021(E)	203	—
€350 million Floating Rate Note 2021(A)	350	—
US$525 million 3.50% Notes 2020(F)	—	467
EUR commercial paper	—	221
Lease obligations	96	111
Total current borrowings	**805**	**799**

(A) 3 months EURIBOR plus 18 basis points with a minimum 0%.
(B) In March 2020, the Group issued €600 million 1.75% Notes due 2026.
(C) In June 2020, the Group issued additional Notes for the principal amount of €250 million which consolidated with the existing €400 million Notes issued in November 2018 form a single series amounting to €650 million. All other terms and conditions relating to the existing €400 million Notes were unchanged.
(D) In December 2020, the Group issued €750 million 0.20% Notes due 2028.
(E) In February 2020, the Group repaid prior to maturity $255 million of outstanding USD borrowings.
(F) Between February and September 2020, the $525 million 3.50% Notes were fully repaid.

Borrowings are stated net of unamortised financing fees of €26 million and €23 million, as at 31 December 2020 and 31 December 2019, respectively.

As at 31 December 2020, the total interest expense recognised on lease liabilities was €4 million.

The maturity analysis of lease liabilities is disclosed in Note 24.

The Group's exposure arising from leases not yet commenced to which the Group is committed is disclosed in Note 22.

Credit facilities

The Group has amounts available for borrowing under a €1.5 billion multi currency credit facility with a syndicate of 10 banks. This credit facility matures in 2025 and is for general corporate purposes and supporting the Group's working capital needs. Based on information currently available, there is no indication that the financial institutions participating in this facility would be unable to fulfil their commitments to the Group as at the date of these consolidated financial statements. The Group's current credit facility contains no financial covenants that would impact its liquidity or access to capital. As at 31 December 2020, the Group had no amounts drawn under this credit facility.

In connection with the proposed acquisition of CCL, the Group has arranged a term loan facility of up to €4.4 billion with a syndicate of 13 banks. This term loan facility matures in December 2021, with options to extend to December 2022, and can only be used to effect the proposed acquisition. The facility is undrawn at 31 December 2020.

Cash flows from financing activities

The following table provides a reconciliation of movements of liabilities to cash flows arising from financing activities:

	Current portion of borrowings € million	Borrowings, less current portion € million	Total € million
As at 31 December 2018	**491**	**5,127**	**5,618**
Changes from financing cash flows			
Proceeds from third party borrowings, net	—	987	987
Changes in short-term borrowings	101	—	101
Repayments on third party borrowings	(350)	(275)	(625)
Payment of principal and interest on lease obligations(A)	(132)	—	(132)
Other non-cash changes			
Amortisation of discount, premium and issue costs	1	9	10
Lease additions	20	102	122
Lease operating liability recognised as at 1 January 2019(B)	92	230	322
Currency translation	9	9	18
Reclassifications	567	(567)	—
Total changes	**308**	**495**	**803**
As at 31 December 2019	**799**	**5,622**	**6,421**
Changes from financing cash flows			
Proceeds from third party borrowings, net	—	1,598	1,598
Changes in short-term borrowings	(221)	—	(221)
Repayments on third party borrowings(C)	(467)	(102)	(569)
Payment of principal and interest on lease obligations(A)	(120)	—	(120)
Other non-cash changes			
Amortisation of discount, premium and issue costs	—	8	8
Lease additions and other non-cash movements	(7)	108	101
Currency translation	—	(31)	(31)
Reclassifications	821	(821)	—
Total changes	**6**	**760**	**766**
As at 31 December 2020	**805**	**6,382**	**7,187**

(A) As a result of the adoption of IFRS 16 on 1 January 2019, the majority of the Group's lease obligations are now presented on the balance sheet as right of use (ROU) assets in property, plant and equipment. Cash outflows relating to operating leases had previously been presented in net cash flows from operating activities and, from 1 January 2019, these equivalent cash flows are included as cash flows from financing activities. During the year ended 31 December 2020, total cash outflows from lease payments are payments of principal on lease obligations for €116 million and payments of interest charged on lease obligation for €4 million.
(B) Adjustment for the adoption of IFRS 16, "Leases" on 1 January 2019.
(C) This line item includes the impact of the cross currency swap hedge from USD to EUR.

Cash flows from financing activities includes €24 million, €36 million and €34 million of cash received related to income on a cross currency swap for 2020, 2019 and 2018, respectively.

Total cash outflows for leases were €120 million and €132 million for the year ended 31 December 2020 and 31 December 2019, respectively.

Note 14

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the reporting period, which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Trade payables are non-interest bearing and are normally settled between 30 to 60 days.

The Group participates in various programmes and arrangements with customers designed to increase the sale of our products. The costs of these programmes are recorded as deductions from revenue. Among the programmes are arrangements under which allowances can be earned by customers for attaining agreed upon sales levels or for participating in specific marketing programmes. When these allowances are paid in arrears, the Group accrues the estimated amount to be paid based upon historical customer experience, the programme's contractual terms, expected customer performance and/or estimated sales volume. The costs of these off-invoice customer marketing costs totalled €3.2 billion, €3.2 billion and €3.0 billion for 2020, 2019 and 2018, respectively.

The following table summarises trade and other payables as at the dates presented:

	31 December 2020	31 December 2019
	€ million	€ million
Trade accounts payable[(A)]	1,124	1,138
Accrued customer marketing costs	775	701
Accrued deposits	246	274
Accrued compensation and benefits	217	234
Accrued taxes	193	251
Other accrued expenses	199	187
Total trade and other payables	**2,754**	**2,785**

(A) Includes €219 million of invoices (2019: €217 million) which are part of a supply chain finance programme facilitated by the Group. The programme permits suppliers to elect on an invoice-by-invoice basis to receive a discounted payment from the partner bank earlier than the agreed payment terms with the Group. If a supplier makes this election, the value and the due date of the invoice payable by the Group remains unchanged.

Note 15

Post-employment benefits

The cost of providing benefits is determined using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. All remeasurements of the defined benefit obligation, such as actuarial gains and losses and return on plan assets, are recognised directly in other comprehensive income. Remeasurements recognised in other comprehensive income are reflected immediately in retained earnings and are not reclassified to profit or loss. Service costs are presented within cost of sales, selling and distribution expenses and administrative expenses in the consolidated income statement. Past service costs are recognised immediately within cost of sales, selling and distribution expenses and administrative expenses in the consolidated income statement. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. Net interest cost is presented within finance costs or finance income, as applicable, in the consolidated income statement. The defined benefit obligation recognised in the consolidated statement of financial position represents the present value of the estimated future cash outflows, using interest rates of high quality corporate bonds which have terms to maturity approximating the terms of the related liability.

For termination benefits the Group recognises termination benefits at the earlier of the following dates: (1) when the Group can no longer withdraw the offer of those benefits and (2) when the Group recognises costs for a restructuring that is within the scope of IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for those benefits.

The following table summarises our non-current employee benefit liabilities as at the dates presented:

	31 December 2020	31 December 2019
	€ million	€ million
Retirement benefit obligation	251	178
Other employee benefit liabilities	32	43
Total non-current employee benefit liabilities	**283**	**221**

Defined benefit plans

The Group sponsors a number of defined benefit pension plans in Belgium, France, Germany, Great Britain, Luxembourg and Norway, of which the Great Britain plan (GB Scheme) and Germany plans (Pension Plan 1 and Pension Plan 2) are the most significant.

The GB Scheme's defined benefit obligation includes benefits for current employees, former employees and current pensioners. The level of benefits provided (funded final salary pension) depends on the member's length of service and salary at retirement age. Part of the pension may be exchanged for a tax free cash lump sum. The GB Scheme was closed to new members with effect from 1 October 2005 and is administered by a separate board of trustees, which is legally separate from the Group. The board of trustees is composed of representatives of both the employer and employees. The board of trustees is required by law to act in the interest of all relevant beneficiaries and is responsible for the investment policy with regard to the assets plus the day to day administration of the benefits.

A full actuarial valuation of the GB Scheme occurs on a triennial basis by a qualified external actuary, which is used as the basis of determining the Group's future contributions to the plan. The latest triennial valuation was carried out as at 5 April 2019 and has been updated to 31 December 2020 to reflect our defined benefit obligation, for known events and changes in market conditions as allowed under IAS 19, "Employee Benefits". Following the 2019 triennial actuarial results and in light of the funding status of the plan, it was agreed between the Group and the trustees of the GB Scheme that the annual additional £13 million funding requirement, which had previously been determined as an outcome of the 2016 triennial valuation, will be discontinued.

On 8 October 2020, the Group announced a proposal to close the GB Scheme to future accrual on 31 March 2021 with affected employees being offered enrolment in the Group's defined contribution scheme. The proposal, if implemented, would result in members moving from active to deferred status, with pension increases to retirement from that date being based on the GB Scheme's deferred revaluation rates which are linked to the consumer price index (CPI). As at 31 December 2020, the consultation period with employee representatives was still open without a final agreement and therefore no prior service cost has been recognised in these consolidated financial statements.

Germany's defined benefit pension plans are open to existing members but closed to new entrants. The defined benefit includes benefits for current employees, former employees and current pensioners. Pension Plan 1 has elements of a final salary pension for past service and a career average formula for new accruals. It is funded through a support fund administered by an insurance company. Pension Plan 2 is administered by the Group with the plan being covered by a contractual trust arrangement (CTA) and a single reinsurance contract. The Group is responsible for paying obligations. There is no external board of trustees. The insurer shares some responsibility for plan assets, investment policy and administration. The latest annual valuation for Plan 1 was 31 December 2019 updated to the balance sheet date of these consolidated financial statements and for Plan 2 it was 31 December 2020.

Risks

The Group's defined benefit pension schemes expose the Group to a number of risks, including:

- Asset volatility – the plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, a deficit would occur. Some of our plans hold a significant proportion of growth assets (equities and property) which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given each scheme's long-term objectives.
- Changes in bond yields – a decrease in corporate bond yields will increase the defined benefit liability, although this will be partially offset by an increase in the value of the plan's bond holdings.
- Inflation risk – a significant proportion of our benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
- Life expectancy – the majority of our plans have an obligation to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the defined benefit liabilities.

Benefit costs

The following table summarises the expense related to pension plans recognised in the consolidated income statement for the years presented:

	31 December 2020	31 December 2019	31 December 2018
	€ million	€ million	€ million
Service cost	52	46	52
Past service cost	—	3	—
Net interest cost	2	1	1
Administrative expenses	2	2	2
Total cost	**56**	**52**	**55**

Other comprehensive income

The following table summarises the changes in other comprehensive income related to our pension plans for the years presented:

	31 December 2020 € million	31 December 2019 € million	31 December 2018 € million
Actuarial (gain)/loss on defined benefit obligation arising during the period	160	282	(120)
Return on plan assets (greater)/less than discount rate	(89)	(203)	118
Net charge to other comprehensive income	**71**	**79**	**(2)**

Benefit obligation and fair value of plan assets

The following table summarises the changes in the pension plan benefit obligation and the fair value of plan assets for the periods presented:

	31 December 2020 € million	31 December 2019 € million
Reconciliation of benefit obligation:		
Benefit obligation at beginning of plan year	**2,236**	**1,872**
Service cost	52	46
Past service cost	—	3
Interest costs on defined benefit obligation	34	44
Plan participants contribution	71	26
Actuarial loss/(gain) - experience	(7)	(13)
Actuarial loss/(gain) - demographic assumptions	—	11
Actuarial loss/(gain) - financial assumptions	169	284
Benefit payments	(121)	(111)
Administrative expenses	2	2
Currency translation adjustments	(96)	72
Benefit obligation at end of plan year	**2,340**	**2,236**
Reconciliation of fair value of plan assets:		
Fair value of plan assets at beginning of plan year	**2,096**	**1,804**
Interest income on plan assets	32	43
Return on plan assets greater/(less) than discount rate	89	203
Plan participants contributions	71	26
Employer contributions	52	61
Benefit payments	(121)	(111)
Currency translation adjustment	(87)	70
Fair value of plan assets at end of plan year	**2,132**	**2,096**

Timing of benefit payments

The weighted average duration of the defined benefit plan obligation as at 31 December 2020 is 21 years, including 23 years for the GB Scheme and 16 years for Germany plans.

Retirement benefit status

The following table summarises the retirement benefit status of pension plans as at the dates presented:

	31 December 2020 € million	31 December 2019 € million
Net benefit status:		
Present value of obligation	(2,340)	(2,236)
Fair value of assets	2,132	2,096
Net benefit status:	**(208)**	**(140)**
Retirement benefit surplus	43	38
Retirement benefit obligation	(251)	(178)

The GB Scheme and Germany plans represented approximately 74.1% and 15.9% of the present value of the obligation and 73.6% and 18.0% of the fair value of assets as at 31 December 2020, respectively.

The surplus for 2020 and 2019, which is primarily related to Germany Pension Plan 2, is recognised on the balance sheet on the basis that the Group is entitled to a refund of any remaining assets once all members have left the plan. Refer to Note 23.

Actuarial assumptions

The following tables summarise the weighted average actuarial assumptions used to determine the benefit obligations of pension plans as at the dates presented:

Financial assumptions	31 December 2020 %	31 December 2019 %
Discount rate	1.3	1.7
Rate of compensation increase	2.7	2.9
Rate of price inflation	2.6	2.7

Demographic assumptions (weighted average)[(A)]	31 December 2020	31 December 2019
Retiring at the end of the reporting period		
Male	21.3	21.2
Female	24.0	23.8
Retiring 15 years after the end of the reporting period		
Male	22.4	22.2
Female	25.1	24.9

(A) These assumptions translate into an average life expectancy in years, post-retirement, for an employee retiring at age 65.

The following table summarises the sensitivity of the defined benefit obligation to changes in the weighted average principal assumptions for the periods presented:

		Impact on defined benefit obligation (%)			
		Increase in assumption		Decrease in assumption	
Principal assumptions	Change in assumption	2020	2019	2020	2019
Discount rate	0.5%	(9.1)	(9.3)	10.4	10.6
Rate of compensation increase	0.5%	2.3	2.4	(2.1)	(2.2)
Rate of price inflation	0.5%	7.3	7.6	(7.9)	(8.5)
Mortality rates	1 year	3.4	3.4	(3.5)	(3.5)

The sensitivity analyses have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

Pension plan assets

There are formal investment policies for the assets associated with our pension plans. Policy objectives include (1) maximising long-term return at acceptable risk levels; (2) diversifying among asset classes, if appropriate, and among investment managers; and (3) establishing relevant risk parameters within each asset class. Investment policies reflect the unique circumstances of the respective plans and include requirements designed to mitigate risk, including quality and diversification standards. Asset allocation targets are based on periodic asset liability and/or risk budgeting study results, which help determine the appropriate investment strategies for acceptable risk levels. The investment policies permit variances from the targets within certain parameters.

The following tables summarise pension plan assets measured at fair value as at the dates presented:

	Total 31 December 2020 € million	Investments quoted in active markets € million	Unquoted investments € million
Equity securities(A)	186	186	—
Fixed-income securities:(B)			
Corporate bonds and notes	80	51	29
Government bonds	1,196	1,196	—
Cash and other short-term investments(C)	114	112	2
Other investments:			
Real estate funds(D)	312	31	281
Insurance contracts(E)	230	—	230
Derivatives(F)	14	—	14
Total	**2,132**	**1,576**	**556**

	Total 31 December 2019 € million	Investments quoted in active markets € million	Unquoted investments € million
Equity securities(A)	1,024	1,024	—
Fixed-income securities:(B)			
Corporate bonds and notes	75	48	27
Government bonds	445	445	—
Cash and other short-term investments(C)	20	20	—
Other investments:			
Real estate funds(D)	329	34	295
Insurance contracts(E)	203	—	203
Total	**2,096**	**1,571**	**525**

(A) Equity securities are comprised of the following investment types: (1) ordinary shares; (2) preference shares; and (3) common trust funds and collective funds. Investments in ordinary and preference shares are valued using quoted market prices multiplied by the number of shares owned. Investments in common trust funds and collective funds are valued at the net asset value per share, which is calculated based on the underlying quoted investments market price, multiplied by the number of shares held as of the measurement date.
(B) Investments other than those held in common trust funds and collective funds are valued using a market approach. The value of such assets is primarily sourced from broker quotes in active markets. Bonds are held mainly in the currency of the geography of the plan.
(C) Cash and other short-term investments are valued at €1.00/unit, which approximates fair value. Amounts are generally invested in cash, actively managed common trust funds or interest bearing accounts.
(D) Real estate funds, mainly related to the GB Scheme, are valued at the net asset value per share. For quoted funds, the calculation is based on the underlying quoted investments market price, multiplied by the number of shares held as of the measurement date. For unquoted funds, this is calculated using the most recent partnership financial reports, adjusted, as appropriate, for any lag between the date of the financial reports and the measurement date (as at 31 December 2020, it is not probable that these investments will be sold at an amount other than net asset value).
(E) Insurance contracts exactly match the amount and timing of certain benefits, therefore the fair value of these insurance policies is deemed to be the present value of the related obligations. The significant majority of these are reinsurance contracts relating to benefit arrangements in Germany.
(F) Derivatives are comprised of 1) futures valued using daily quoted prices and 2) total return swaps valued using mostly observable market data inputs.

Contributions
To support a long-term funding arrangement, during 2019 the Group entered into a partnership agreement with the GB Scheme, the CCEP Scottish Limited Partnership (the Partnership). Certain property assets in Great Britain, with a market value of £171 million were transferred into the Partnership and subsequently leased back to the Group's operating subsidiary in Great Britain. The GB Scheme receives semi-annual distributions from the Partnership, increasing each year at a fixed cumulative rate of 3% through to 2034. The Group exercises control over the Partnership and as such it is fully consolidated in these consolidated financial statements. Under IAS 19, the investment held by the GB Scheme in the Partnership does not represent a plan asset for the purposes of these consolidated financial statements. Similarly, the associated liability is not included in the consolidated statement of financial position, rather the distributions are recognised when paid as a contribution to the plan assets of the scheme.

Contributions to pension plans totalled €52 million, €61 million and €56 million during the years ended 31 December 2020, 31 December 2019 and 31 December 2018, respectively. Included within the 2020 contribution is €9.6 million relating to the Partnership agreement. The Group expects to make contributions of €49 million for the full year ending 31 December 2021.

Other employee benefit liabilities
In certain territories, the Group has an early retirement programme designed to create an incentive for employees, within a certain age group, to transition from (full or part time) employment into retirement before their legal retirement age. Furthermore, the Group also sponsors deferred compensation plans in other territories. The current portion of these liabilities totalled €13 million and €17 million as at 31 December 2020 and 31 December 2019, respectively, and is included within the current portion of employee benefit liabilities. The non-current portion of these liabilities totalled €32 million and €43 million as at 31 December 2020 and 31 December 2019, respectively, and is included within employee benefit liabilities.

Defined contribution plans
The Group sponsors a number of defined contribution plans across its territories. Contributions payable for the period are charged to the consolidated income statement as an operating expense for defined contribution plans. Contributions to these plans totalled €34 million for each of the years ended 31 December 2020, 31 December 2019 and 31 December 2018.

Note 16

Equity

Share capital
As at 31 December 2020, the Company has issued and fully paid 454,645,510 Shares. Shares in issue have one voting right each and no restrictions related to dividends or return of capital.

	Number of Shares millions	Share capital € million
As at 1 January 2018	**485**	**5**
Issuances of Shares	3	—
Cancellation of Shares	(13)	—
As at 31 December 2018	**475**	**5**
Issuance of Shares	2	—
Cancellation of Shares	(21)	—
As at 31 December 2019	**456**	**5**
Issuance of Shares	2	—
Cancellation of Shares	(3)	—
As at 31 December 2020	**455**	**5**

The share capital increased in 2020, 2019 and 2018 from the issue of 1,310,833, 2,092,404 and 2,763,238 Shares, respectively, following the exercise of share-based payment awards.

In connection with the Company's share buyback programmes, 3,065,200, 20,612,593 and 12,429,600 Shares were cancelled in 2020, 2019 and 2018, respectively.

Share premium
The share premium account increased by cash received for the exercise of options by €14 million for 2020, €26 million for 2019 and €25 million for 2018.

Merger reserves
The consideration transferred to acquire CCIP and CCEG qualified for merger relief under the Companies Act. As such, the excess consideration transferred over nominal value was required to be excluded from the share premium account and recorded to merger reserves.

Share buyback programme
In connection with the €1 billion share buyback programme announced in February 2020, the Company entered into agreements to purchase its own Shares. 3,065,200 Shares were repurchased by the Company and cancelled. The total cost of the repurchased Shares of €129 million, including €1 million of directly attributable tax costs, was deducted from retained earnings.

On 23 March 2020, in response to COVID-19, the Board took the decision to suspend the share buyback programme. No further Shares were purchased under this programme in the period through to 31 December 2020.

Other reserves
The following table summarises the balances in other reserves (net of tax) as at the dates presented:

	31 December 2020 € million	31 December 2019 € million	31 December 2018 € million
Cash flow hedge reserve	20	(17)	(26)
Net investment hedge reserve	197	197	197
Foreign currency translation adjustment reserve	(754)	(629)	(723)
Total other reserves	**(537)**	**(449)**	**(552)**

Movements, including the tax effects, in these accounts through to 31 December 2020 are included in the consolidated statement of comprehensive income.

Dividends

Dividends are recorded within the Group's consolidated financial statements in the period in which they are paid. On 1 December 2020, the Group paid a full year dividend of €0.85 per Share.

	31 December 2020	31 December 2019	31 December 2018
	€ million	€ million	€ million
First half dividend[(A)]	—	290	252
Second half dividend[(B)]	386	284	261
Total dividend on ordinary shares paid	**386**	**574**	**513**

(A) Dividend of €0.62 per Share was paid in first half of 2019. Dividends of €0.26 per Share were paid in both first and second quarters of 2018.
(B) Dividend of €0.62 per Share was paid in second half of 2019. Dividends of €0.26 and €0.28 per Share were paid in the third and fourth quarters of 2018, respectively.

Dividends attributable to restricted stock units and performance share units that are unvested at the period end date are accrued accordingly. During the year an incremental dividend accrual of €1 million has been recognised (2019: nil, 2018: €2 million).

Note 17

Total operating costs

The following tables summarise the significant cost items by nature within operating costs for the years presented:

	31 December 2020	31 December 2019	31 December 2018
	€ million	€ million	€ million
Cost of inventory recognised as an expense	4,626	5,147	4,901
Write down of inventories (Note 8)	29	25	23
Logistics costs[(A)]	763	900	907
Depreciation of property, plant and equipment, excluding restructuring	544	549	446
Amortisation of intangible assets (Note 6)	62	52	51
Acquisition related costs	14	—	—
Out of period mark-to-market effects on undesignated derivatives	2	(2)	8
Restructuring charges, including accelerated depreciation[(B)]	368	130	274

(A) Logistics costs include warehousing and delivery costs to the final customer destination. They exclude depreciation and amortisation.

	31 December 2020	31 December 2019	31 December 2018
Employee costs	€ million	€ million	€ million
Wages and salaries	1,253	1,370	1,360
Social security costs	283	289	290
Pension and other employee benefits	119	112	118
Total employee costs	**1,655**	**1,771**	**1,768**

Directors' remuneration information is disclosed in the Directors' Remuneration Report.

The average number of persons employed by the Group (including Directors) for the periods presented were as follows:

	2020	2019	2018
	No. in thousands	No. in thousands	No. in thousands
Commercial	7.3	7.6	7.7
Supply chain	12.4	13.1	13.1
Support functions	2.5	2.6	2.7
Total average staff employed	**22.2**	**23.3**	**23.5**

	31 December 2020	31 December 2019	31 December 2018
(B) Restructuring	€ million	€ million	€ million
Increase in provision for restructuring programmes (Note 22)	242	80	236
Amount of provision unused (Note 22)	(7)	(15)	(23)
Accelerated depreciation and non-cash costs	121	39	22
Other cash costs[(A)]	12	26	39
Total restructuring costs	**368**	**130**	**274**

(A) Other cash costs primarily relate to professional fees, which include consultancy costs, legal fees and other costs directly associated with restructuring.

Restructuring costs charged in arriving at operating profit for the years presented include restructuring costs arising under the following programmes and initiatives:

Accelerate Competitiveness

In October 2020, the Group announced a number of proposals aimed at improving productivity through the use of technology enabled solutions. Included in these proposals was the closure of certain production facilities, including Liederbach and Sodenthaler in Germany and Malaga in Iberia. These proposals continue the focus on network optimisation and site rationalisation of the Group, with the majority of the impacted activities to be transferred within our network of facilities in each respective territory.

The proposals are also expected to impact a number of functions across the Group, including business process technology, customer service, sales and marketing, and finance as the Group seeks to reduce complexity, improve efficiency and increase the use of technology.

During the year ended 31 December 2020, the Group has incurred restructuring charges related to this programme of €202 million, primarily made up of expected severance costs and accelerated depreciation. The total expenditure over the life of the programme is expected to be approximately €380 million. It is expected to be substantially complete by 31 December 2022.

Site closures in Germany

In January 2020, the Group announced proposals in Germany to close five distribution centres during the course of 2020 and a new commercial restructuring initiative relating to vending operations and sales functions. During the year ended 31 December 2020, restructuring charges of €78 million were recognised in connection with these proposals, primarily relating to severance costs and accelerated depreciation.

Transformation of cold drink operations

During 2019, the Group commenced a transformation project relating to our cold drink operations aimed at delivering a modern, differentiated and versatile equipment fleet to optimise net cooler placements throughout our markets. As part of this strategy, capital expenditure on cold drink equipment will focus on the introduction of a new, more cost effective cooler, whilst reducing maintenance and refurbishment support spending on our older equipment. As a result of the operational impact of the strategic changes, a restructuring charge was recognised for the year ended 31 December 2020 of €44 million (2019: €53 million), primarily relating to the write down and accelerated depreciation of aged cold drink equipment assets.

Supply chain site closure in Iberia

In 2016, as required by a Supreme Court ruling, CCIP created a new logistics centre (COIL) in Fuenlabrada, Spain and re-employed many of the workers who had been subject to a 2014 collective dismissal process at the same location. Following subsequent discussions with employee representatives, in November 2018 a COIL shutdown agreement was signed which effected the closure of the facility. For the year ended 31 December 2018, the Group recorded a related restructuring expense of €112 million, primarily related to severance costs. No further expenses were recognised in 2019 or 2020.

Supply chain site closure in GB

In January 2018, as part of productivity initiatives in Great Britain, the Group announced proposals to close its production facility in Milton Keynes and distribution centre in Northampton. The closures occurred during 2019. During the years ended 31 December 2019 and 31 December 2018, the Group recorded total expense of €20 million, primarily related to severance costs and accelerated depreciation, partially offset by a gain on the sale of the production facility in Milton Keynes. As at 31 December 2019 the programme was substantially complete.

Commercial restructuring initiatives

In 2018, commercial restructuring initiatives were announced in Germany relating to the full service vending business, and in 2019, commercial and supply chain restructuring initiatives were initiated relating to operational productivity. During the year ended 31 December 2019, the Group recorded expenses of €24 million in Germany for these initiatives, primarily related to severance costs. As at 31 December 2020 the programme is substantially complete.

Auditor's remuneration

Audit and other fees charged in the income statement concerning the statutory auditor of the consolidated financial statements, Ernst & Young LLP, were as follows:

	31 December 2020	31 December 2019	31 December 2018
	€ thousand	€ thousand	€ thousand
Audit of Parent Company and consolidated financial statements(A)	3,149	2,737	2,401
Audit of the Company's subsidiaries	3,046	3,430	3,719
Total audit	**6,195**	**6,167**	**6,120**
Audit-related assurance services(B)	909	1,106	976
Other assurance services	279	236	101
Total audit and audit-related assurance services	**7,383**	**7,509**	**7,197**
All other services(C)	30	123	1,180
Total non-audit or non-audit-related assurance services	**30**	**123**	**1,180**
Total audit and all other fees	**7,413**	**7,632**	**8,377**

(A) Fees in respect of the audit of the accounts of the Company, including the Group's consolidated financial statements.
(B) Includes professional fees for interim reviews, reporting on internal financial controls, services related to the transaction entered into with CCE, TCCC, CCIP and CCEG, issuance of comfort letters for debt issuances, regulatory inspections, certain accounting consultations and other attest engagements.
(C) Represents fees for all other allowable services.

Note 18

Finance costs

Finance costs are recognised in the consolidated income statement in the period in which they are incurred, with the exception of general and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Borrowing costs are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised within the consolidated income statement in the period in which they are incurred based upon the effective interest rate method. Interest income is recognised using the effective interest rate method.

The following table summarises net finance costs for the years presented:

	31 December 2020	31 December 2019	31 December 2018
	€ million	€ million	€ million
Interest income(A)	33	49	47
Interest expense on external debt(A)	(132)	(137)	(134)
Other finance costs(B)	(12)	(8)	(6)
Total finance costs, net	**(111)**	**(96)**	**(93)**

(A) Includes interest income and expense amounts, as applicable, on cross currency swaps used to hedge USD debt. Interest swap income amounts to €24 million, €36 million and €34 million for 2020, 2019 and 2018, respectively. Refer to Note 12 for further details.
(B) Other finance costs principally include amortisation of the discount on external debt and interest on leases.

Note 19

Related party transactions

For the purpose of these consolidated financial statements, transactions with related parties mainly comprise transactions between subsidiaries of the Group and the related parties of the Group.

Transactions with TCCC

TCCC exerts significant influence over the Group, as defined by IAS 24, "Related Party Disclosures". As at 31 December 2020, 19.3% of the total outstanding Shares in the Group were owned by European Refreshments, a wholly owned subsidiary of TCCC. The Group is a key bottler of TCCC products and has entered into bottling agreements with TCCC to make, sell and distribute products of TCCC within the Group's territories. The Group purchases concentrate from TCCC and also receives marketing funding to help promote the sale of TCCC products. Bottling agreements with TCCC for each of the Group's territories extend through to 28 May 2026, with terms of 10 years, with each containing the right for the Group to request a 10 year renewal. Additionally, two of the Group's 17 Directors are nominated by TCCC.

The Group and TCCC engage in a variety of marketing programmes to promote the sale of TCCC products in territories in which the Group operates. The Group and TCCC operate under an incidence based concentrate pricing model and funding programme, the terms of which are tied to the terms of our bottling agreements.

TCCC makes discretionary marketing contributions under shared marketing agreements to CCEP's operating subsidiaries. Amounts to be paid to the Group by TCCC under the programmes are generally determined annually and are periodically reassessed as the programmes progress. Under the bottling agreements, TCCC is under no obligation to participate in the programmes or continue past levels of funding in the future. The amounts paid and terms of similar programmes with other franchises may differ.

Marketing support funding programmes granted to the Group provide financial support principally based on product sales or on the completion of stated requirements and are intended to offset a portion of the costs of the programmes.

Payments from TCCC for marketing programmes to promote the sale of products are classified as a reduction in cost of sales, unless the presumption that the payment is a reduction in the price of the franchisors' products can be overcome. Payments for marketing programmes are recognised as product is sold.

The following table summarises the transactions with TCCC that directly impacted the consolidated income statement for the years presented:

	31 December 2020	31 December 2019	31 December 2018
	€ million	€ million	€ million
Amounts affecting revenue(A)	50	66	59
Amounts affecting cost of sales(B)	(2,555)	(2,962)	(2,860)
Amounts affecting operating expenses(C)	8	(22)	(18)
Total net amount affecting the consolidated income statement	**(2,497)**	**(2,918)**	**(2,819)**

(A) Amounts principally relate to fountain syrup and packaged product sales.
(B) Amounts principally relate to the purchase of concentrate, syrup, mineral water and juice, as well as funding for marketing programmes.
(C) Amounts principally relate to certain costs associated with new product development initiatives. In 2020, amounts also include the reimbursement of certain marketing expenses.

The following table summarises the transactions with TCCC that impacted the consolidated statement of financial position for the periods presented:

	31 December 2020	31 December 2019
	€ million	€ million
Amounts due from TCCC	146	103
Amounts payable to TCCC	167	233

Terms and conditions of transactions with TCCC

Outstanding balances on transactions with TCCC are unsecured, interest free and generally settled in cash. Receivables from TCCC are considered to be fully recoverable.

Refer to Note 1 for further information regarding the proposed acquisition of CCL, which includes the Co-operation agreement with TCCC with respect to the acquisition of TCCC's 30.8% interest in CCL.

Transactions with Cobega companies

Cobega, S.A. (Cobega) exhibits significant influence over the Group, as defined by IAS 24, "Related Party Disclosures". As a result of the consummation of the Merger, Cobega, which previously owned 56% of CCIP, indirectly owned 20.6% of the total outstanding Shares in the Group as at 31 December 2020 through its ownership interest in Olive Partners, S.A.. Additionally, five of the Group's 17 Directors, including the Chairman, are nominated by Olive Partners, three of whom are affiliated with Cobega.

The principal transactions with Cobega are for the purchase of packaging materials, juice concentrate and maintenance services for vending machines. The following table summarises the transactions with Cobega that directly impacted the consolidated income statement for the years presented:

	31 December 2020	31 December 2019	31 December 2018
	€ million	€ million	€ million
Amounts affecting revenue(A)	1	1	3
Amounts affecting cost of sales(B)	(43)	(68)	(85)
Amounts affecting operating expenses(C)	(8)	(10)	(14)
Total net amount affecting the consolidated income statement	**(50)**	**(77)**	**(96)**

(A) Amounts principally relate to packaged product sales.
(B) Amounts principally relate to the purchase of packaging materials and concentrate.
(C) Amounts principally relate to certain costs associated with maintenance and repair services.

The following table summarises the transactions with Cobega that impacted the consolidated statement of financial position for the periods presented:

	31 December 2020	31 December 2019
	€ million	€ million
Amounts due from Cobega	4	3
Amounts payable to Cobega	14	16

There are no significant transactions with other related parties in the periods presented.

Transactions with key management personnel

Key management personnel are the members of the Board of Directors and the members of the Executive Leadership Team. The following table summarises the total remuneration paid or accrued during the reporting period related to key management personnel:

	31 December 2020 € million	31 December 2019 € million	31 December 2018 € million
Salaries and other short-term employee benefits(A)	20	35	23
Post-employment benefits	1	1	1
Share-based payments	6	9	9
Termination benefits	5	—	—
Total	**32**	**45**	**33**

(A) Short-term employee benefits include wages, salaries and social security contributions, paid annual leave and paid sick leave, paid bonuses and non-monetary benefits.

The Group did not have any loans with key management personnel and was not party to any other transactions with key management personnel during the periods presented.

Note 20

Income taxes

Current income tax

Current income tax for the period includes amounts expected to be payable on taxable income in the period together with any adjustments to taxes payable in respect of previous periods, and is determined based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is determined by identifying the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax for the period includes origination and reversal of temporary differences, remeasurements of deferred tax balances and adjustments in respect of prior periods.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of taxable temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Income tax is recognised in the consolidated income statement. Income tax is recognised in other comprehensive income or directly in equity to the extent that it relates to items recognised in other comprehensive income or in equity.

2020, 2019 and 2018 results

The following table summarises the major components of income tax expense for the periods presented:

	31 December 2020 € million	31 December 2019 € million	31 December 2018 € million
Current income tax:			
Current income tax charge	230	330	315
Adjustment in respect of current income tax from prior periods	3	(20)	4
Total current tax	**233**	**310**	**319**
Deferred tax:			
Relating to the origination and reversal of temporary differences	(73)	45	21
Adjustment in respect of deferred income tax from prior periods	(6)	6	(6)
Relating to changes in tax rates or the imposition of new taxes	43	3	(38)
Total deferred tax	**(36)**	**54**	**(23)**
Income tax charge per the consolidated income statement	**197**	**364**	**296**

The following table summarises the taxes on items recognised in other comprehensive income (OCI) and directly within equity for the periods presented:

	31 December 2020 € million	31 December 2019 € million	31 December 2018 € million
Taxes charged/(credited) to OCI:			
Deferred tax on net gain/loss on revaluation of cash flow hedges	(4)	2	(3)
Deferred tax on net gain/loss on net investment hedges	—	—	(41)
Current tax on net gain/loss on net investment hedges	—	—	41
Deferred tax on net gain/loss on pension plan remeasurements	(16)	(12)	—
Total taxes charged/(credited) to OCI	**(20)**	**(10)**	**(3)**
Taxes charged/(credited) to equity:			
Deferred tax charge/(credit): share-based compensation	1	(2)	12
Current tax charge/(credit): share-based compensation	(3)	(4)	(5)
Total taxes charged/(credited) to equity	**(2)**	**(6)**	**7**

The effective tax rate was 28.3%, 25.0% and 24.6% for the years ended 31 December 2020, 31 December 2019 and 31 December 2018, respectively. The parent company of the Group is a UK company. Accordingly, the following tables provide reconciliations of the Group's income tax expense at the UK statutory tax rate to the actual income tax expense for the periods presented:

	31 December 2020 € million	31 December 2019 € million	31 December 2018 € million
Accounting profit before tax from continuing operations	**695**	**1,454**	**1,205**
Tax expense at the UK statutory rate	132	276	229
Taxation of foreign operations, net(A)	23	89	81
Non-deductible expense items for tax purposes	6	4	30
Rate and law change impact, net(B)(C)(D)(E)(F)	43	3	(38)
Deferred taxes not recognised	(4)	6	(4)
Adjustment in respect of prior periods	(3)	(14)	(2)
Total provision for income taxes	**197**	**364**	**296**

(A) This reflects the impact, net of income tax contingencies, of having operations outside the UK, which are taxed at rates other than the statutory UK rate of 19% (2019: 19%, 2018: 19%), as well as the benefit of some income being fully or partially exempt from income taxes due to various operating and financing activities.
(B) In 2020, the UK enacted a law change that retained the rate of 19% from 2020 reversing a previously enacted decrease to 17%. The Group recognised a deferred tax expense of €37 million to reflect the impact of this change.
(C) In 2020, the Netherlands enacted a law change which held the tax rate at 25% with effect from 2021. This reverses the previously enacted reduction to 21.7% from 2021. The Group recognised a deferred tax expense of €6 million to reflect the impact of this amendment. In 2018, the Netherlands enacted a staggered reduction in the tax rate from 25% in 2018 to 20.5% in 2021 and deferred tax balances were adjusted accordingly. The Group recognised a deferred tax benefit of €9 million to reflect the impact of the rate reduction. In 2019, the ultimate level to which the rate will reduce was increased to 21.7%. The Group recognised a deferred tax expense of €2 million to reflect the impact of this amendment.
(D) In 2019, France enacted two law changes that decelerated the trajectory of the rate reduction from 33.33% to 25% effective for tax years beginning on or after 1 January 2019. The Group recognised a net deferred tax expense of €1 million to reflect the impact of these changes.
(E) In 2018, the Basque territory enacted a law change which reduced the rate of tax from 28% in prior years, to 26% in 2018 and 24% from 2019. Additionally, the rules relating to the use of tax credits changed. The Group recognised a deferred tax benefit of €23 million to reflect the impact of this change.
(F) In 2018, Sweden enacted an incremental corporate income tax rate reduction from 22%, ultimately reaching 20.6%, effective 1 January 2021. As a result, the Group recognised a deferred tax benefit of €5 million to reflect the impact of this change.

Deferred income taxes

The following table summarises the movements in the carrying amounts of deferred tax liabilities and assets by significant component during the periods presented:

	Franchise and other intangible assets	Property, plant and equipment	Financial assets and liabilities	Tax losses	Employee and retiree benefit accruals	Tax credits	Other, net	Total, net
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
As at 31 December 2018	**1,949**	**212**	**15**	**(4)**	**(81)**	**(12)**	**41**	**2,120**
Amount charged/(credited) to income statement (excluding effect of tax rate changes)	2	10	(10)	—	36	9	4	**51**
Effect of tax rate changes on income statement	2	1	—	—	—	—	—	**3**
Amounts charged/(credited) directly to OCI	—	—	2	—	(12)	—	—	**(10)**
Amount charged/(credited) to equity	—	—	—	—	(2)	—	—	**(2)**
Effect of movements in foreign exchange	13	1	—	—	—	—	—	**14**
As at 31 December 2019	**1,966**	**224**	**7**	**(4)**	**(59)**	**(3)**	**45**	**2,176**
Amount charged/(credited) to income statement (excluding effect of tax rate changes)	(9)	(40)	(8)	(2)	(14)	(7)	1	**(79)**
Effect of tax rate changes on income statement	39	4	—	—	(1)	—	1	**43**
Amounts charged/(credited) directly to OCI	—	—	(4)	—	(16)	—	—	**(20)**
Amount charged/(credited) to equity	—	—	—	—	1	—	—	**1**
Effect of movements in foreign exchange	(14)	(1)	(1)	—	—	—	2	**(14)**
As at 31 December 2020	**1,982**	**187**	**(6)**	**(6)**	**(89)**	**(10)**	**49**	**2,107**

The total net deferred tax liability of €2,107 million at 31 December 2020 is presented in the consolidated statement of financial position as deferred tax assets of €27 million and deferred tax liabilities of €2,134 million. Other net deferred tax liabilities as at 31 December 2020 include a €39 million liability arising on assets capitalised under IFRS but expensed for tax, and a €22 million liability related to purchase accounting on earlier transactions in an acquired entity.

Unrecognised tax items

The utilisation of tax losses and temporary differences carried forward, for which no deferred tax asset is currently recognised, is subject to the resolution of tax authority enquiries and the achievement of positive income in periods which are beyond the Group's current business plan, and therefore this utilisation is uncertain. In respect of unused tax losses and other attributes carried forward, deferred tax assets of €463 million, €493 million and €544 million have not been recognised as at 31 December 2020, 31 December 2019 and 31 December 2018, respectively. As at 31 December 2020, the net recognised tax losses carried forward totalled €6 million. Of these, €4 million expire between 2026 and 2029. As at 31 December 2020, the Group recognised tax credits carried forward totalling €10 million, which expire between 2043 and 2050.

As at 31 December 2020, no deferred tax liability has been recognised in respect of €139 million of unremitted earnings in subsidiaries, associates and joint ventures.

Tax provisions

The Group is routinely under audit by tax authorities in the ordinary course of business. Due to their nature, such proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, settlements between affected parties and/or governmental actions. The probability of outcome is assessed and accrued as a liability and/or disclosed, as appropriate. The Group maintains provisions for uncertainty relating to these tax matters that it believes appropriately reflect its risk. As at 31 December 2020, €136 million of these provisions is included in current tax liabilities and the remainder is included in non-current tax liabilities.

The Group reviews the adequacy of these provisions at the end of each reporting period and adjusts them based on changing facts and circumstances. Due to the uncertainty associated with tax matters, it is possible that at some future date, liabilities resulting from audits or litigation could vary significantly from the Group's provisions.

The Group has received tax assessments in certain jurisdictions for potential tax related to the Group's purchases of concentrate. The value of the Group's concentrate purchases is significant, and therefore, the tax assessments are substantial. The Group strongly believes the application of tax has no technical merit based on applicable tax law, and its tax position would be sustained. Accordingly, the Group has not recorded a tax liability for these assessments, and is vigorously defending its position against these assessments.

Note 21

Share-based payment plans

The Group has established share-based payment plans that provide for the granting of share options and restricted stock units, some with performance and/or market conditions, to certain executive and management level employees. These awards are designed to align the interests of its employees with the interests of its shareholders.

The Group recognises compensation expense equal to the grant date fair value for all share-based payment awards that are expected to vest. Expense is generally recorded on a straight-line basis over the requisite service period for each separately vesting portion of the award.

During the years ended 31 December 2020, 31 December 2019 and 31 December 2018, compensation expense related to our share-based payment plans totalled €14 million, €15 million and €17 million, respectively.

Share options

Share options (1) are granted with exercise prices equal to or greater than the fair value of the Group's stock on the date of grant, (2) generally vest in three annual tranches over a period of 36 months and (3) expire 10 years from the date of grant. Generally, when options are exercised, new Shares will be issued rather than issuing treasury Shares, if available. No options were granted during the years ended 31 December 2020, 31 December 2019 and 31 December 2018. All options outstanding as at 31 December 2020, 31 December 2019 and 31 December 2018 were valued and had exercise prices in US dollars.

The following table summarises our share option activity for the periods presented:

	2020		2019		2018	
	Shares	Average exercise price	Shares	Average exercise price	Shares	Average exercise price
	thousands	US$	thousands	US$	thousands	US$
Outstanding at beginning of year	**4,815**	29.8	**6,542**	26.51	**8,579**	23.58
Granted	—	—	—	—	—	—
Exercised	(761)	19.79	(1,722)	17.33	(2,037)	14.16
Forfeited, expired or cancelled	(3)	31.97	(5)	19.23	—	—
Outstanding at end of year	**4,051**	31.68	**4,815**	29.8	**6,542**	26.51
Options exercisable at end of year	**4,051**	31.68	**4,815**	29.8	**6,542**	26.51

The weighted average Share price during the years ended 31 December 2020, 31 December 2019 and 31 December 2018 was US$42.71, US$52.73 and US$41.91, respectively.

The following table summarises the weighted average remaining life of options outstanding for the periods presented:

	2020		2019		2018	
Range of exercise prices	Options outstanding	Weighted average remaining life	Options outstanding	Weighted average remaining life	Options outstanding	Weighted average remaining life
US$	thousands	years	thousands	years	thousands	years
5.00 to 15.00	—	—	—	—	713	0.84
15.01 to 25.00	931	1.75	1,681	2.31	2,459	2.94
25.01 to 40.00	3,120	3.85	3,134	4.59	3,370	5.84
Total	**4,051**	3.37	**4,815**	3.79	**6,542**	4.21

Restricted Stock Units (RSUs) and Performance Share Units (PSUs)

RSU awards entitle the participant to accrue dividends, which are paid in cash only if the RSUs vest. They do not give voting rights. Upon vesting, the participant is granted one Share for each RSU. They generally vest subject to continued employment for a period of at least 36 months. Unvested RSUs are restricted as to disposition and subject to forfeiture.

There were 0.2 million, 0.3 million and 0.3 million unvested RSUs outstanding with a weighted average grant date fair value of US$41.77, US$42.06 and US$39.51 as at 31 December 2020, 31 December 2019 and 31 December 2018, respectively.

PSU awards entitle the participant to the same benefits as RSUs. They generally vest subject to continued employment for a period of at least 36 months and the attainment of certain performance targets. There were 1.1 million, 1.2 million and 1.2 million of unvested PSUs with weighted average grant date fair values of US$40.45, US$42.53 and US$42.66 outstanding as at 31 December 2020, 31 December 2019 and 31 December 2018, respectively.

The PSUs granted in 2018, 2019 and 2020 vest after three years and are subject to two equally weighted performance conditions: compound annual growth rate of earnings per share, and return on invested capital (ROIC), both measured over a three year period. For the PSUs granted in 2020 an additional sustainability metric, focused on the reduction of greenhouse gas emissions (CO_2e) across our entire value chain, was included, with a 15% weighting.

Key assumptions for grant date fair value

The following table summarises the weighted average grant date fair values per unit:

Restricted Stock Units and Performance Share Units	2020	2019
Grant date fair value - service conditions (US$)	34.45	48.60
Grant date fair value - service and performance conditions (US$)	33.46	47.74

Note 22

Provisions, contingencies and commitments

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When some or all of a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement, net of any reimbursement.

Asset retirement obligations are estimated at the inception of a lease or contract, for which a liability is recognised. A corresponding asset is also created and depreciated.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions

The following table summarises the movement in each class of provision for the periods presented:

	Restructuring provision € million	Decommissioning provision € million	Other provisions[A] € million	Total € million
As at 31 December 2018	**223**	**16**	**13**	**252**
Charged/(credited) to profit or loss:				
Additional provisions recognised	80	2	1	83
Unused amounts reversed	(15)	—	(2)	(17)
Utilised during the period	(121)	(1)	(1)	(123)
Translation	1	—	—	1
As at 31 December 2019	**168**	**17**	**11**	**196**
Charged/(credited) to profit or loss:				
Additional provisions recognised	242	—	4	246
Unused amounts reversed	(7)	—	—	(7)
Utilised during the period	(193)	—	(1)	(194)
Translation	(2)	(2)	—	(4)
As at 31 December 2020	**208**	**15**	**14**	**237**
Non-current	63	15	5	83
Current	145	—	9	154
As at 31 December 2020	**208**	**15**	**14**	**237**

(A) Other provisions primarily relate to property tax assessment provisions and legal reserves and are not considered material to the consolidated financial statements.

Restructuring provision

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate timeline, and the employees affected have been notified of the plan's main features. These provisions are expected to be resolved by the time the related programme is substantively complete.

Refer to Note 17 for further details regarding our restructuring programmes, including expected completion date, total costs incurred and expected costs to be incurred.

Decommissioning provisions

Decommissioning liabilities relate to contractual or legal obligations to pay for asset retirement costs. The liabilities represent both the reinstatement obligations when the Group is contractually obligated to pay for the cost of retiring leased buildings and the costs for collection, treatment, reuse, recovery and environmentally sound disposal of cold drink equipment. Specific to cold drink equipment obligations, the Group is subject to, and operates in accordance with, the EU Directive on Waste Electrical and Electronic Equipment (WEEE). Under the WEEE, companies that put electrical and electronic equipment (such as cold drink equipment) on the EU market are responsible for the costs of collection, treatment, recovery and disposal of their own products. Where applicable, the WEEE provision estimate is calculated using assumptions including disposal cost per unit, average equipment age and the inflation rate, to determine the appropriate accrual amount.

The period over which the decommissioning liabilities on leased buildings and cold drink equipment will be settled ranges from 1 to 30 years and 4 to 9 years, respectively.

Contingencies

Legal proceedings and tax matters

The Group is involved in various legal proceedings and tax matters and is routinely under audit by tax authorities in the ordinary course of business. Due to their nature, such legal proceedings and tax matters involve inherent uncertainties including, but not limited to, court rulings, settlements between affected parties and/or governmental actions. The probability of loss for such contingencies is assessed and accrued as a liability and/or disclosed, as appropriate.

Guarantees

In connection with ongoing litigation in certain territories, guarantees of approximately €310 million have been issued to the authorities. The Group was required to issue these guarantees to satisfy potential obligations arising from such litigation. In addition, we have approximately €45 million of guarantees issued to third parties through the normal course of business. The guarantees have various terms, and the amounts represent the maximum potential future payments that we could be required to make under the guarantees. No significant additional liabilities in the accompanying consolidated financial statements are expected to arise from guarantees issued.

Commitments

Commitments beyond 31 December 2020 are disclosed herein but not accrued for within the consolidated statement of financial position.

Purchase agreements

Total purchase commitments were €0.2 billion as at 31 December 2020. This amount represents non-cancellable purchase agreements with various suppliers that are enforceable and legally binding, and that specify a fixed or minimum quantity that we must purchase. All purchases made under these agreements have standard quality and performance criteria. In addition to these amounts, the Group has outstanding capital expenditure purchase orders of approximately €50 million as at 31 December 2020. The Group also has other purchase orders raised in the ordinary course of business which are settled in a reasonably short period of time.

Lease agreements

As at 31 December 2020, the Group had committed to a number of lease agreements that have not yet commenced. The minimum lease payments for these lease agreements totalled €18 million.

Note 23

Other assets

The following table summarises the Group's other current assets as at the dates presented:

Other current assets	31 December 2020 € million	31 December 2019 € million
Prepayments	61	65
VAT receivables	34	44
Miscellaneous receivables	109	132
Assets held for sale	20	18
Total other current assets	**224**	**259**

The following table summarises the Group's other non-current assets as at the dates presented:

Other non-current assets	31 December 2020 € million	31 December 2019 € million
VAT receivables	208	201
Retirement benefit surplus (Note 15)	43	38
Other	86	82
Total other non-current assets	**337**	**321**

VAT receivables

As at 31 December 2020, included within other non-current assets, the Group has a VAT receivable of €208 million, relating to the dispute that began in 2014 between the Spanish tax authorities and the regional tax authorities of Bizkaia (Basque Region) as to the responsibility for refunding the VAT to CCEP.

Under relevant tax laws in Spain, conflicts between jurisdictions are ruled by a special Arbitration Board and the refund of the VAT is mandated following the resolution of the issue at the Arbitration Board. However, to date, the Arbitration Board has not ruled on the issue and Spanish legislation offers limited mechanisms for a taxpayer to force the expedition of matters before the Arbitration Board. The outstanding VAT receivable as at 31 December 2020 remains classified as non-current due to the continued delay in the resolution of the matter by the Arbitration Board. We believe it remains a certainty that the amount due plus interest will be refunded to CCEP once the Arbitration Board rules.

Note 24

Financial risk management

Financial risk factors, objectives and policies

The Group's activities expose it to several financial risks including market risk, credit risk and liquidity risk. Financial risk activities are governed by appropriate policies and procedures to minimise the uncertainties these risks create on the Group's future cash flows. Such policies are developed and approved by the Group's treasury and commodities risk committee, through the authority delegated to it by the Board.

Market risk

Market risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices and includes interest rate risk, currency risk and other price risk such as commodity price risk. Market risk affects outstanding borrowings, as well as derivative financial instruments.

Interest rates

The Group is subject to interest rate risk for its outstanding borrowings. To manage interest rate risk, the Group maintains a significant proportion of its borrowings at fixed rates. Approximately 95% and 91% of the Group's interest bearing borrowings were comprised of fixed rate borrowings at 31 December 2020 and 31 December 2019, respectively. The Group has not entered into any interest rate swap agreements or other such instruments to hedge its interest rate risk during the periods presented.

If interest rates on the Group's floating rate debt were adjusted by 1% for the years ended 31 December 2020, 31 December 2019 and 31 December 2018, the Group's finance costs and pre-tax equity would change on an annual basis by approximately €2 million, €4 million and €6 million, respectively. This amount is determined by calculating the effect of a hypothetical interest rate change on the Group's floating rate debt. This estimate does not include the effects of other actions to mitigate this risk or changes in the Group's financial structure.

Currency exchange rates

The Group's exposure to the risk of changes in currency exchange rates relates primarily to its operating activities denominated in currencies other than the functional currency, euro. To manage currency exchange risk arising from future commercial transactions and recognised monetary assets and liabilities, foreign currency forward and option contracts with external third parties are used. Typically, up to 80% of anticipated cash flow exposures in each major foreign currency for the next calendar year are hedged using a combination of forward and option contracts with third parties.

The Group is also exposed to the risk of changes in currency exchange rates between US dollar and euro relating to its US denominated borrowings. The following table demonstrates the sensitivity of the Group's profit before income taxes and pre-tax equity as a result of changes in the value of outstanding debt instruments due to reasonable movements in the US dollar against the euro, with all other variables held constant. This does not take into account the effects of derivative instruments used to manage exposure to this risk. Movements in foreign currencies related to the Group's other financial instruments do not have a material impact on profit before income taxes or pre-tax equity.

Effect on profit before tax and pre-tax equity	Change in currency rate %	€ strengthens against US$ € million	€ weakens against US$ € million
Year ended 31 December 2020	10	33	(36)
Year ended 31 December 2019	10	87	(95)
Year ended 31 December 2018	10	85	(93)

Commodity price risk

The competitive marketplace in which the Group operates may limit its ability to recover increased costs through higher prices. As such, the Group is subject to market risk with respect to commodity price fluctuations, principally related to its purchases of aluminium, PET (plastic, including recycled PET), steel, sugar and vehicle fuel. When possible, exposure to this risk is managed primarily through the use of supplier pricing agreements, which enable the Group to establish the purchase price for certain commodities. Certain suppliers restrict the Group's ability to hedge prices through supplier agreements. As a result, commodity hedging programmes are entered into and generally designated as hedging instruments. Refer to Note 12 for more information. Typically, up to 80% of the anticipated commodity transaction exposures for the next calendar year are hedged using a combination of forward and option contracts executed with third parties. The Group estimates that a 10% change in the market price of these commodities over the current market prices would affect operating profit during the next 12 months by approximately €47 million. This does not take into account the effects of derivative instruments used to manage exposure to this risk or pricing agreements in place.

Credit risk

The Group is exposed to counterparty credit risk on all of its derivative financial instruments. Strict counterparty credit guidelines are maintained and only financial institutions that are investment grade or better are acceptable counterparties. Counterparty credit risk is continuously monitored and numerous counterparties are used to minimise exposure to potential defaults. Collateral is not required under these agreements. The maximum credit risk exposure for each derivative financial instrument is the carrying amount of the derivative.

Credit is extended in the form of payment terms for trade to customers of the Group, consisting of retailers, wholesalers and other customers, generally without requiring collateral, based on an evaluation of the customer's financial condition. While the Group has a concentration of credit risk in the retail sector, this risk is mitigated due to the diverse nature of the customers the Group serves, including, but not limited to, their type, geographic location, size and beverage channel. Depending on the risk profile of certain customers, we may also seek bank guarantees. Collections of receivables are dependent on each individual customer's financial condition and sales adjustments granted. Trade accounts receivable are carried at net realisable value. Typically, accounts receivable have terms of 30 to 60 days and do not bear interest. Exposure to losses on receivables is monitored, and allowances for potential losses or adjustments are maintained. Allowances are determined by: (1) evaluating the ageing of receivables; (2) analysing the history of adjustments; and (3) reviewing high risk customers. Past due receivable balances are written off when the Group's efforts have been unsuccessful in collecting the amount due. Credit insurance on a portion of the accounts receivable balance is also carried.

Liquidity risk

Liquidity risk is actively managed to ensure that the Group has sufficient funds to satisfy its commitments. The Group's sources of capital include, but are not limited to, cash flows from operations, public and private issuances of debt and equity securities and bank borrowings. The Group believes its operating cash flow, cash on hand and available short-term and long-term capital resources are sufficient to fund its working capital requirements, scheduled borrowing payments, interest payments, capital expenditures, benefit plan contributions, income tax obligations and dividends to its shareholders. Counterparties and instruments used to hold cash and cash equivalents are continuously assessed, with a focus on preservation of capital and liquidity. Based on information currently available, the Group does not believe it is at significant risk of default by its counterparties.

The Group has amounts available for borrowing under a €1.5 billion multi currency credit facility with a syndicate of 10 banks. This credit facility matures in 2025 and is for general corporate purposes, including serving as a backstop to its commercial paper programme and supporting the Group's working capital needs. Based on information currently available, the Group has no indication that the financial institutions participating in this facility would be unable to fulfil their commitments as at the date of these financial statements. The current credit facility contains no financial covenants that would impact the Group's liquidity or access to capital. As at 31 December 2020, the Group had no amounts drawn under this credit facility.

The table below analyses the Group's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows:

Financial liabilities	Total € million	Less than 1 year € million	1 to 3 years € million	3 to 5 years € million	More than 5 years € million
31 December 2020					
Trade accounts payable	2,356	2,356	—	—	—
Amounts payable to related parties	181	181	—	—	—
Borrowings	7,323	798	1,207	970	4,348
Derivatives	77	62	15	—	—
Lease liabilities	383	100	128	56	99
Total financial liabilities	**10,320**	**3,497**	**1,350**	**1,026**	**4,447**
31 December 2019					
Trade accounts payable	2,332	2,332	—	—	—
Amounts payable to related parties	249	249	—	—	—
Borrowings	6,530	772	1,676	957	3,125
Derivatives	41	28	13	—	—
Lease liabilities	396	115	152	62	67
Total financial liabilities	**9,548**	**3,496**	**1,841**	**1,019**	**3,192**

Capital management

The primary objective of the Group's capital management is to ensure a strong credit rating and appropriate capital ratios are maintained to support the Group's business and maximise shareholder value. The Group's credit ratings are periodically reviewed by rating agencies. Currently, the Group's long-term ratings from Moody's and Standard & Poor's (S&P) are A3 and BBB+, respectively. The ratings outlook for Moody's is on review for downgrade and for S&P on credit watch negative, which follows the Group's announced intention to fund the acquisition of CCL fully or partially with debt. Changes in the operating results, cash flows or financial position could impact the ratings assigned by the various rating agencies. The credit rating can be materially influenced by a number of factors including, but not limited to, acquisitions, investment decisions, capital management activities of TCCC and/or changes in the credit rating of TCCC. Should the credit ratings be adjusted downward, the Group may incur higher costs to borrow, which could have a material impact on the financial condition and results of operations.

The capital structure is managed and, as appropriate, adjustments are made in light of changes in economic conditions and the Group's financial policy. The Group monitors its operating performance in the context of targeted financial leverage by comparing the ratio of net debt with adjusted EBITDA. Net debt is calculated as being the net of cash and cash equivalents and currency adjusted borrowings. Adjusted EBITDA is calculated as EBITDA and adjusting for items impacting comparability.

Refer to Note 11 for the presentation of fair values for each class of financial assets and financial liabilities and Note 12 for an outline of how the Group utilises derivative financial instruments to mitigate its exposure to certain market risks associated with its ongoing operations.

Refer to the Strategic Report included within this Integrated Report for disclosure of strategic, commercial and operational risk relevant to the Group.

Note 25

Other significant accounting policies

IFRS 15 "Revenue recognition and deductions from revenue"

The Group derives its revenues by making, selling and distributing ready to drink beverages. The revenue from the sale of products is recognised at the point in time at which control passes to a customer, typically when products are delivered to a customer. A receivable is recognised by the Group at the point in time at which the right to consideration becomes unconditional.

The Group uses various promotional programmes under which rebates, refunds, price concessions or similar items can be earned by customers for attaining agreed upon sales levels or for participating in specific marketing programmes. Those promotional programmes do not give rise to a separate performance obligation. Where the consideration the Group is entitled to varies because of such programmes, it is deemed to be variable consideration. The related accruals are recognised as a deduction from revenue and are not considered distinct from the sale of products to the customer. Variable consideration is only included to the extent that it is highly probable that the inclusion will not result in a significant revenue reversal in the future normal commercial terms.

Financing elements are not deemed present in our contracts with customers as the sales are made with credit terms not exceeding normal commercial terms. Taxes on sugared soft drinks, excise taxes and taxes on packaging are recorded on a gross basis (i.e. included in revenue) where the Group is the principal in the arrangement. Value added taxes are recorded on a net basis (i.e. excluded from revenue). The Group assesses these taxes and duties on a jurisdiction by jurisdiction basis to conclude on the appropriate accounting treatment.

Standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 26

Significant events after the reporting period

In connection with the proposed closure of the GB defined benefit plan to future accrual, in January 2021 consultation with the employee representatives was finalised. The Group has subsequently announced that the plan will close to future accrual as of 31 March 2021. The related prior service cost/gain will be recognised in the year ended 31 December 2021 and is not expected to be material.

The UK Budget 2021 announcements on 3 March 2021 included a proposal to increase the UK corporation tax rate from 19% to 25%, effective from 1 April 2023. This change was not substantively enacted as at the balance sheet date and hence has not been reflected in the measurement of deferred tax balances at the period end. If the Group's deferred tax balances as at 31 December 2020 were remeasured at 25% this would result in a deferred tax charge of approximately €100 million.

Note 27

Group companies

In accordance with section 409 of the Companies Act 2006, a full list of the Company's subsidiaries, partnerships, associates, joint ventures and joint arrangements as at 31 December 2020 is disclosed below, along with the country of incorporation, the registered address and the effective percentage of equity owned at that date. Unless otherwise stated, each entity has a share capital comprising a single class of ordinary shares and is wholly owned and indirectly held by CCEP plc.

Name	Country of incorporation	% equity interest	Registered address
Agua De La Vega Del Codorno, S.L.U.	Spain	100%	C/ Ribera del loira, 20-22, 2ª Planta - 28042, Madrid
Aguas De Cospeito, S.L.U.	Spain	100%	Crta. Pino km. 1 - 2, 27377, Cospeito, Lugo, Spain
Aguas De Santolin, S.L.U.	Spain	100%	C/ Real, s/n 09246, Quintanaurria, Burgos
Aguas Del Maestrazgo, S.L.U.	Spain	100%	C/ Monasterio de las huelgas, 7, Pol.ind.Alcalde Caballero, 50014, Zaragoza
Aguas Del Toscal, S.A.U.	Spain	100%	Ctra. de la Pasadilla, km. 3- 35250, ingenio, Gran Canaria
Aguas Vilas Del Turbon, S.L.U.	Spain	100%	C/ Monasterio de las huelgas, 7, Pol.ind.Alcalde Caballero, 50014, Zaragoza
Amalgamated Beverages Great Britain Limited	United Kingdom	100%(D)	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
BBH Investment Ireland Limited	Ireland	100%	6th Floor, 2 Grand Canal Square, Dublin 2
Bebidas Gaseosas Del Noroeste, S.L.U.	Spain	100%	Avda. Alcalde Alfonso Molina, s/n- 15007, A Coruña
Beganet, S.L.U.	Spain	100%	Avda. Paisos Catalans, 32 – 08950, Esplugues de Llobregat
BH Holdings Lux Commandite SCS	Luxembourg	100%(B)	2, Rue des Joncs, L-1818, Howald
BH Holdings Luxembourg SARL	Luxembourg	100%	2, Rue des Joncs, L-1818, Howald
BH Luxembourg SARL	Luxembourg	100%	2, Rue des Joncs, L-1818, Howald
BH SARL	Luxembourg	100%	2, Rue des Joncs, L-1818, Howald
Birtingahúsið ehf.	Iceland	34.5%	Laugavegur 174, 105, Reykjavík
BL Bottling Holdings UK Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
Bottling Great Britain Limited	United Kingdom	100%(D)	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
Bottling Holdings (Luxembourg) SARL	Luxembourg	100%	2, Rue des Joncs, L-1818, Howald
Bottling Holdings (Netherlands) B.V.	Netherlands	100%	Watermanweg 30, 3067 GG, Rotterdam
Bottling Holdings Europe Limited	United Kingdom	100%(A)(E)	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
Bottling Holding France SAS	France	100%	9, chemin de Bretagne, 92784, Issy-les-Moulineaux
CC Digital GmbH	Germany	50%	Stralauer Allee 4, 10245, Berlin
CC Erfrischungsgetränke Oldenburg Verwaltungs GmbH	Germany	100%	Stralauer Allee 4, 10245, Berlin
CC Iberian Partners Gestion S.L.	Spain	100%	C/ Ribera del loira, 20-22, 2ª Planta - 28042, Madrid
CC Verpackungsgesellschaft mit beschraenkter Haftung	Germany	100%	Schieferstraße 20 06126 Halle, Saale
CCEP Australia Pty Ltd	Australia	100%	Level 17, 8 Chifley, 8 - 12 Chifley Square, Sydney NSW 2000
CCEP Finance (Ireland) Designated Activity Company	Ireland	100%	6th Floor, 2 Grand Canal Square, Dublin 2, Ireland
CCEP Group Services Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
CCEP Holdings (Australia) Limited	United Kingdom	100%(A)(D)	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
CCEP Holdings (Australia) Pty Ltd	Australia	100%(A)	Level 17, 8 Chifley, 8 - 12 Chifley Square, Sydney NSW 2000
CCEP Holdings Norge AS	Norway	100%	Robsrudskogen 5, 1470, Lørenskog
CCEP Holdings Sverige AB	Sweden	100%	Dryckesvägen 2 C, 136 87, Haninge
CCEP Holdings UK Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
CCEP Scottish Limited Partnership	United Kingdom	100%	52 Milton Road, East Kilbride, Glasgow, Scotland, G74 5DJ
CCEP Ventures Europe Limited	United Kingdom	100%(A)	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
CCEP Ventures UK Limited	United Kingdom	100%(A)	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
CCIP Soporte, S.L.U.	Spain	100%	C/ Ribera del loira, 20-22, 2ª Planta - 28042, Madrid
Classic Brand (Europe) Designated Activity Company	Ireland	100%	4th Floor, 25-28 Adelaide Road, D02 RY98, Dublin 2
Cobega Embotellador, S.L.U.	Spain	100%	Avda Paisos Catalans, 32 - 08950, Esplugues de Llobregat
Coca-Cola European Partners (Initial LP) Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
Coca-Cola European Partners (Scotland) Limited	United Kingdom	100%	52 Milton Road, College Milton, East Kilbride, Scotland, G74 5DJ
Coca-Cola European Partners Belgium SPRL	Belgium	100%	Chaussée de Mons 1424, 1070, Brussels
Coca-Cola European Partners Deutschland GmbH	Germany	100%(F)	Stralauer Allee 4, 10245, Berlin
Coca-Cola European Partners France SAS	France	100%(G)	9, chemin de Bretagne, 92784, Issy-les-Moulineaux
Coca-Cola European Partners Great Britain Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
Coca-Cola European Partners Holdings Great Britain Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
Coca-Cola European Partners Holdings US, Inc.	United States	100%(A)(D)	Corporation Trust Center, 1209 Orange Street, Wilmington 19801, Delaware
Coca-Cola European Partners Iberia, S.L.U.	Spain	100%	C/ Ribera del loira, 20-22, 2ª Planta - 28042, Madrid
Coca-Cola European Partners Ísland ehf.	Iceland	100%	Studlahals 1, 110, Reykjavik
Coca-Cola European Partners Luxembourg SARL	Luxembourg	100%	2, Rue des Joncs, L-1818, Howald
Coca-Cola European Partners Nederland B.V.	Netherlands	100%	Watermanweg 30, 3067 GG, Rotterdam
Coca-Cola European Partners Norge AS	Norway	100%	Robsrudskogen 5, 1470, Lørenskog
Coca-Cola European Partners Pension Scheme Trustees Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
Coca-Cola European Partners Portugal Unipessoal, LDA	Portugal	100%	Quinta da Salmoura - Cabanas, 2929- 509, Azeitão, Setúbal
Coca-Cola European Partners Services Bulgaria EOOD	Bulgaria	100%	48, Sitnyakovo Blvd, Serdika Center, Office Building, floor 5, 1505, Sofia
Coca-Cola European Partners Services Europe Limited	United Kingdom	100%	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
Coca-Cola European Partners Services SPRL	Belgium	100%(C)	Chaussée de Mons 1424, 1070, Brussels
Coca-Cola European Partners Sverige AB	Sweden	100%	Dryckesvägen 2 C, 136 87, Haninge
Coca-Cola European Partners US II, LLC	United States	100%	Corporation Trust Center, 1209 Orange Street, Wilmington 19801, Delaware
Coca-Cola European Partners US, LLC	United States	100%	Corporation Trust Center, 1209 Orange Street, Wilmington 19801, Delaware
Coca-Cola Immobilier SCI	France	100%(G)	9, chemin de Bretagne, 92784, Issy-les-Moulineaux
Coca-Cola Production SAS	France	100%	Zone d'entreprises de Bergues, Commune de Socx, 59380, Bergues

Name	Country of incorporation	% equity interest	Registered address
Compañía Asturiana De Bebidas Gaseosas, S.L.U.	Spain	100%	C/ Nava, 18-3ª (Granda) Siero - 33006, Oviedo
Compañía Castellana De Bebidas Gaseosas, S.L.	Spain	100%	C/ Ribera del loira, 20-22, 2ª Planta - 28042, Madrid
Compañía Levantina De Bebidas Gaseosas, S.L.U.	Spain	100%	Av. Real Monasterio de Sta. María de Poblet, 36, 46930, Quart de Poblet
Compañía Norteña De Bebidas Gaseosas, S.L.U.	Spain	100%	C/ Ibaizábal, 57 - 48960 Galdakao, Bizkaia
Compañía Para La Comunicación De Bebidas Sin Alcohol, S.L.U.	Spain	100%	C/ Ribera del loira, 20-22, 2ª Planta - 28042, Madrid
Conversia IT, S.L.U.	Spain	100%	C/ Ribera del loira, 20-22, 2ª Planta - 28042, Madrid
Developed System Logistics, S.L.U.	Spain	100%	Av. Henry Ford, 25, Manzana 19, Complejo Pq. Ind. Juan Carlos I , 46220 Picassent, Valencia
Foodl B.V.	Netherlands	33%	HNK Utrecht West, V.08, Weg der Verenigde Naties 1, 3527 KT Utrecht
GBH Investment Ireland Limited	Ireland	100%	6th Floor, 2 Grand Canal Square, Dublin 2
GR Bottling Holdings UK Limited	United Kingdom	100%(A)	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
Infineo Recyclage SAS	France	49%(H)	Sainte Marie la Blanche – 21200, Dijon
Innovative tap solutions inc.	United States	26%	310 North Wolf Road, Wheeling, IL 60090, USA
Instelling voor Bedrijfspensioenvoorziening Coca-Cola European Partners Belgium/Coca-Cola European Partners Services – Bedienden-Arbeiders OFP	Belgium	100%	Bergensesteenweg 1424 – 1070, Brussels
Instelling voor Bedrijfspensioenvoorziening Coca-Cola European Partners Belgium/Coca-Cola European Partners Services – Kaderleden OFP	Belgium	100%	Bergensesteenweg 1424 – 1070, Brussels
Iparbal, 99 S.L.	Spain	100%	C/ Ibaizábal, 57 – 48960 Galdakao, Bizkaia
Iparsoft, 2004 S.L.	Spain	100%	C/ Ibaizábal, 57 – 48960 Galdakao, Bizkaia
KOL SAS	France	25%	12 rue d'Anselme, 93400 Paris, France
Kollex GmbH	Germany	25%	Genthiner Straße 32, 10785, Berlin
Lusobega, S.L.	Spain	100%	C/ Ibaizábal, 57 – 48960 Galdakao, Bizkaia
Madrid Ecoplatform, S.L.U.	Spain	100%	C/Pedro Lara, 8 Pq. Tecnológico de Leganes- 28919, Leganes
Peña Umbria, S.L.U.	Spain	100%	Av. Real Monasterio de Sta. María de Poblet, 36 - 46930, Quart de Poblet
Refecon Aguas - Sociedade Industrial De Bebidas, Unipessoal, LDA	Portugal	100%	Quinta da Salmoura - Cabanas-2925-362 Azeitão, Setúbal
Refrescos Envasados Del Sur, S.L.U.	Spain	100%	Autovía del Sur A-IV, km.528- 41309 La Rinconada, Sevilla
Refrige SGPS, Unipessoal, LDA	Portugal	100%	Quinta da Salmoura - Cabanas-2925-362 Azeitão, Setúbal
Roalba, S.L.U.	Spain	100%	C/ Ibaizábal, 57 – 48960 Galdakao, Bizkaia
Solares y Edificios Norteños, S.L.U.	Spain	100%	C/ Ibaizábal, 57 – 48960 Galdakao, Bizkaia
StarStock Ltd	United Kingdom	26%	Dane Mill, Broadhurst Lane, Congleton, Cheshire, England, CW12 1LA
Svenska Brettbolaget AB	Sweden	19.6%	Greg Turegatan 9, 114 46, Stockholm
WB Investment Ireland 2 Limited	Ireland	100%	6th Floor, 2 Grand Canal Square, Dublin 2
WBH Holdings Luxembourg SCS	Luxembourg	100%	2, Rue des Joncs, L-1818, Howald
WBH Luxembourg SARL	Luxembourg	100%	2, Rue des Joncs, L-1818, Howald
WIH UK Limited	United Kingdom	100%(A)	Pemberton House, Bakers Road, Uxbridge, UB8 1EZ
Wir Sind Coca-Cola GmbH	Germany	100%	Stralauer Allee 4, 10245, Berlin

(A) 100% equity interest directly held by Coca-Cola European Partners plc.
(B) Class A and B ordinary shares.
(C) Class A, B and C ordinary shares.
(D) Including preference shares issued to the Group.
(E) 38.3% equity interest directly held by Coca-Cola European Partners plc (100% of A ordinary shares in issue).
(F) 10% equity interest directly held by Coca-Cola European Partners plc.
(G) Group shareholding of 99.99% or greater.
(H) Class A and B shares. The Group holds 49% of Class B shares.

Coca-Cola European Partners plc Company financial statements Statement of comprehensive income

	Note	Year ended 31 December 2020 € million	31 December 2019 € million
Revenue from management fees		44	28
Dividend income	3	775	20
Administrative expenses		(73)	(58)
Operating profit		**746**	**(10)**
Finance income	4	24	36
Finance costs	4	(111)	(109)
Total finance costs, net		(87)	(73)
Non-operating items		50	1
Profit before taxes		**709**	**(82)**
Taxes		1	—
Profit after taxes		**710**	**(82)**
Components of other comprehensive income:			
Cash flow hedges that may be subsequently reclassified to the income statement:			
Pretax activity, net		7	20
Tax effect		(1)	(3)
Other comprehensive income for the period, net of tax		**6**	**17**
Comprehensive income for the period		**716**	**(65)**

The accompanying notes are an integral part of these Company financial statements.

Statement of financial position

	Note	31 December 2020 € million	31 December 2019 € million	31 December 2018 € million
ASSETS				
Non-current:				
Investments	5	22,284	21,856	21,849
Amounts receivable from related parties	6	—	350	350
Other non-current assets		19	46	9
Total non-current assets		**22,303**	**22,252**	**22,208**
Current:				
Amounts receivable from related parties	6	3,437	20	68
Other current assets		15	10	7
Total current assets		**3,452**	**30**	**75**
Total assets		**25,755**	**22,282**	**22,283**
LIABILITIES				
Non-current:				
Borrowings, less current portion	7	6,194	5,367	4,696
Amounts payable to related parties	6	—	97	223
Other non-current liabilities		—	8	51
Total non-current liabilities		**6,194**	**5,472**	**4,970**
Current:				
Amounts payable to related parties	6	3,531	1,190	195
Current portion of borrowings	7	714	574	470
Trade and other payables		95	83	85
Current derivative liabilities	9	35	5	—
Total current liabilities		**4,375**	**1,852**	**750**
Total liabilities		**10,569**	**7,324**	**5,720**
EQUITY				
Share capital	8	5	5	5
Share premium	8	190	177	151
Merger reserves	8	8,466	8,466	8,466
Retained earnings	8	6,525	6,310	7,941
Total equity		**15,186**	**14,958**	**16,563**
Total equity and liabilities		**25,755**	**22,282**	**22,283**

The accompanying notes are an integral part of these Company financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 12 March 2021. They were signed on its behalf by:

Damian Gammell, Chief Executive Officer
12 March 2021

Statement of cash flows

	Note	Year ended 31 December 2020 € million	31 December 2019 € million
Cash flows from operating activities:			
Profit before taxes		709	(82)
Adjustments to reconcile profit before tax to net cash flows from operating activities:			
Dividend income	3	(775)	(20)
Depreciation		12	18
Amortisation of intangible assets		1	1
Share-based payment expense		14	15
Finance costs, net		36	72
Change in operating assets/liabilities		(38)	35
Net cash flows from operating activities		**(41)**	**39**
Cash flows from investing activities:			
Investment in subsidiaries, net	5	(428)	(7)
Dividend received	3	775	20
Interest received		4	8
Proceeds from sale of property, plant and equipment		17	3
Purchases of property, plant and equipment		—	(57)
Purchase of capitalised software		(3)	(7)
Net cash flows used in investing activities		**365**	**(40)**
Cash flows from financing activities:			
Proceeds from borrowings, net		1,952	2,159
Repayments on borrowings		(1,646)	(474)
Payments of principal on lease obligations		(10)	(17)
Interest paid, net		(113)	(100)
Dividends paid	8	(387)	(576)
Purchase of own Shares under share buyback programme	8	(128)	(1,005)
Exercise of employee share options		13	27
Other financing activities, net		(5)	(13)
Net cash flows used in financing activities		**(324)**	**1**
Net change in cash and cash equivalents		**—**	**—**
Cash and cash equivalents at beginning of period		**—**	**—**
Cash and cash equivalents at end of period		**—**	**—**

The accompanying notes are an integral part of these Company financial statements.

Statement of changes in equity

	Share capital € million	Share premium € million	Merger reserves € million	Retained earnings € million	Total equity € million
As at 31 December 2018	**5**	**151**	**8,466**	**7,941**	**16,563**
Issue of Shares during the year	—	26	—	—	26
Equity-settled share-based payment expense	—	—	—	15	15
Own Shares purchased under share buyback programme	—	—	—	(1,005)	(1,005)
Total comprehensive income for the period	—	—	—	(65)	(65)
Dividends	—	—	—	(576)	(576)
As at 31 December 2019	**5**	**177**	**8,466**	**6,310**	**14,958**
Issue of Shares during the year	—	13	—	—	13
Equity-settled share-based payment expense	—	—	—	14	14
Own Shares purchased under share buyback programme	—	—	—	(128)	(128)
Total comprehensive income for the period	—	—	—	716	716
Dividends	—	—	—	(387)	(387)
As at 31 December 2020	**5**	**190**	**8,466**	**6,525**	**15,186**

The accompanying notes are an integral part of these Company financial statements.

Notes to the Company financial statements

Note 1

General information and basis of preparation

Coca-Cola European Partners plc (the Company) acts as a holding company for investments in subsidiaries, as well as providing various intragroup services. In addition the Company engages in general corporate activities such as third party borrowings.

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006. The financial statements were approved and signed by Damian Gammell, Chief Executive Officer on 12 March 2021 having been duly authorised to do so by the Board of Directors.

As described in the accounting policies in Note 2, the financial statements have been prepared under the historical cost convention except for certain items measured at fair value. Those accounting policies have been applied consistently in all periods. The functional currency of the Company is euros.

Prior to 2020, the Company prepared financial statements under FRS 101 "Reduced Disclosure Framework". The Company elected to adopt IFRS in conformity with the requirements of the Companies Act 2006 for its 2020 financial statements in order to meet certain EU reporting requirements in 2021. The IFRS opening balance sheet as of the first day of transition, which is 1 January 2019, is included in the statement of financial position. There are no measurement or reclassification changes arising from the adoption of IFRS. Additional IFRS disclosures are included in the notes to the financial statements.

Note 2

Significant accounting policies

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made in applying the Company's accounting policies were applied consistently across the annual periods.

Investments

Investments in subsidiaries are initially recognised at cost and carried net of any impairment. Investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts of those investments may not be recoverable. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or CGU in prior years. A reversal of impairment loss is recognised immediately in the income statement, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

Share-based payments

The Company has established share-based payment plans that provide for the granting of share options and restricted stock units, some with performance and/or market conditions, to certain executive and management level employees that are employed by the Company and its subsidiaries. These awards are designed to align the interests of its employees with the interests of its shareholders.

The Company recognises compensation expense equal to the grant date fair value for all share-based payment awards that are expected to vest. As per IAS 27 the Company equity settles share-based payments for employees of subsidiary entities and accounts for the settlement as an addition to the cost of its investment in the employing subsidiary. Upon vesting, the Company recharges the costs of the share based awards to the employing subsidiary and records a reduction of the investment.

Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IFRS 9, "Financial Instruments" are classified as financial assets at fair value through profit or loss, loans and receivables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loan notes, and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. The Company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance revenue or finance expense in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance revenue in the income statement. Losses arising from impairment are recognised in the income statement in other operating expenses.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or other cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Trade and other payables

Trade and other payable amounts represent liabilities for goods and services provided prior to the end of the reporting period which are unpaid as of the balance sheet date. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, as applicable.

Management fees

As the ultimate parent entity of the Group, the Company is involved in the provision of intragroup services to certain subsidiaries. Specifically, the Company's employees are above-market roles, who provide services related but not limited to strategy, people and culture, finance, legal, and business process and technology. In addition, certain intragroup services are charged to the Company by its subsidiaries. Management fees for intragroup services provided to subsidiaries is recorded in revenue and management fee charges for services provided by subsidiaries is recorded in administrative expenses in the statement of comprehensive income.

Note 3

Dividend income

Dividends are recognised on a paid basis. During the year the Company has received the following dividends:

	2020 € million	2019 € million
Bottling Holdings Europe Limited	262	—
WIH UK Ltd Limited	245	—
Coca-Cola European Partners Holdings US Inc	242	—
Coca-Cola European Partners Deutschland GmbH	14	20
GR Bottling Holdings UK Limited	12	—
Total	**775**	**20**

Note 4

Finance income/(costs)

	2020 € million	2019 € million
Interest income	24	36
Total finance income	**24**	**36**
Interest expense	(108)	(106)
Amortisation of debt discount	(3)	(3)
Total finance costs	**(111)**	**(109)**

Note 5

Investments

	2020 € million	2019 € million	2018 € million
Balance at 1 January	**21,856**	**21,849**	**21,834**
Subsequent investment in subsidiaries	432	12	27
Capitalised/vested share-based payments, net	(4)	(5)	(12)
Balance at 31 December	**22,284**	**21,856**	**21,849**

During the year, the Company subscribed for €400 million ordinary shares in CCEP Holdings (Australia) Limited, a new wholly owned subsidiary formed in connection with the proposed acquisition of CCL. Refer to Note 1 in the Group's consolidated financial statements for further information on the proposed acquisition.

In addition, the Company made additional investments in CCEP Ventures Europe Limited for €29 million and CCEP Ventures UK limited for €3 million.

Note 6

Amounts receivable from/payable to related parties

	31 December 2020 € million	31 December 2019 € million	31 December 2019 € million
Non-current amounts receivable from related parties:			
Loans	—	350	350
Total non-current amounts receivable from related parties	**—**	**350**	**350**
Current amounts receivable from related parties:			
Financial receivables(A)	3,085	—	—
Loans(B)	350	—	—
Trade receivables	2	20	68
Total current amounts receivable from related parties	**3,437**	**20**	**68**
Total amounts receivable from related parties	**3,437**	**370**	**418**
Non-current amounts payable to related parties:			
Borrowings	—	97	223
Total non-current amounts payable to related parties	**—**	**97**	**223**
Current amounts payable to related parties:			
Borrowings(C)	3,440	130	—
Cash pool payables(D)	79	1,035	151
Trade and other payables	12	25	44
Total current amounts payable to related parties	**3,531**	**1,190**	**195**
Total amounts payable to related parties	**3,531**	**1,287**	**418**

(A) During the year, the Company acquired A$ denominated preference shares in CCEP Holdings (Australia) Limited, a new subsidiary formed in connection with the proposed acquisition of CCL and the mitigation of foreign currency risk. Refer to Note 1 in the Group's consolidated financial statements for further information on the proposed acquisition. In accordance with IFRS 9 the Company has recorded the financial asset at fair value. Management has concluded that the financial asset meets the criteria of IFRS 9 para 42.11 as it meets the solely payment of principal and interest (SPPI) test and is therefore subsequently held at amortised cost.
(B) Back to back intercompany loan with Bottling Holdings Netherlands.
(C) Interest bearing euro denominated loan notes issued in relation to the subscription of €400 million ordinary shares and €3,040 million preference shares of CCEP Holdings (Australia) Limited.
(D) The Company participates in a cash pooling structure in which its available cash is swept to a cash pool header (Bottling Holdings Luxembourg Sarl). Pooling allows the Company to deposit and withdraw cash on a daily basis to meet its working capital needs.

The foreign exchange gains or losses resulting from the remeasurement of the preference shares have been recorded within non-operating items in the statement of comprehensive income.

Transactions with key management personnel

Key management personnel are the members of the Board of Directors and the members of the Executive Leadership Team that are employed by the Company. The following table summarises the total remuneration paid or accrued during the reporting period related to key management personnel:

	2020 € million	2019 € million
Salaries and other short-term employee benefits(A)	13	14
Share-based payments	5	8
Termination benefits	1	—
Total	**19**	**22**

(A) Short-term employee benefits include wages, salaries and social security contributions, paid annual leave and paid sick leave, paid bonuses and non-monetary benefits.

Please refer to the Directors' Remuneration Report for details of the remuneration of the Company's Directors.

Employee costs

The following table summarises the total employee costs of the Company during the reporting period:

	2020 € million	2019 € million
Wages and salaries	10	11
Social security costs	3	3
Total employee costs	**13**	**14**

The average number of persons employed by the Company during the year was 10 (2019: 11).

Note 7

Borrowings

	31 December 2020 € million	31 December 2019 € million	31 December 2018 € million
Non-current borrowings:			
Loan notes	6,186	5,343	4,696
Lease obligations	8	24	—
Total non-current borrowings	**6,194**	**5,367**	**4,696**
Current borrowings:			
Loan notes	709	337	350
Commercial paper	—	221	120
Lease obligations	5	16	—
Total current borrowings	**714**	**574**	**470**
Total borrowings	**6,908**	**5,941**	**5,166**

The loan notes as at 31 December 2020 are due between August 2021 and September 2031. The principal amounts due are €6,859 million (2019: €5,292 million) and the applicable interest rates are between 0% and 4.5%. The loan notes are stated net of unamortised financing fees of €26 million (2019: €23 million).

Trade and other payables includes interest payable on the borrowings of €52 million (2019: €47 million).

Lease obligations represent the present value of the Company's lease obligations in respect of right of use assets.

The Company has amounts available for borrowing under a €1.5 billion multi currency credit facility with a syndicate of 10 banks. This credit facility matures in 2025 and is for general corporate purposes and supporting the working capital needs. Based on information currently available, there is no indication that the financial institutions participating in this facility would be unable to fulfil their commitments to the Company as at the date of these financial statements. The Company's current credit facility contains no financial covenants that would impact its liquidity or access to capital. As at 31 December 2020, the Company had no amounts drawn under this credit facility.

In connection with the proposed acquisition of CCL, the Company has arranged a term loan facility of up to €4.4 billion with a syndicate of 13 banks. This term loan facility matures in December 2021, with options to extend to December 2022, and can only be used to effect the proposed acquisition. The facility is undrawn at 31 December 2020.

Note 8

Equity

Share capital

As at 31 December 2020, the Company has issued and fully paid 454,645,510 (2019: 456,399,877) ordinary shares with a nominal value of €0.01 per share. Shares in issue have one voting right each and no restrictions related to dividends or return on capital. For more details please refer to Note 16 in the consolidated financial statements.

In connection with the €1 billion share buyback programme announced in February 2020, the Company entered into agreements to purchase its own Shares. 3,065,200 Shares were repurchased by the Company in 2020 and cancelled (2019: 20,612,593).

Share premium

The balance in share premium as at 31 December 2020 represents the excess over nominal value of €0.01 for the 228,244,244 Shares issued to CCE shareholders on 28 May 2016 based on the adjusted closing stock price of CCE ordinary Shares of €33.33 at the time of the CCEP Merger. The balance also includes €86 million excess over nominal value of share-based payment awarded through to 31 December 2020.

Merger reserves

The Company determined that the consideration transferred to acquire CCIP and CCEG qualified for merger relief under the Companies Act. Therefore, the excess consideration transferred over nominal value is excluded from share premium. The cumulative balance of €8.5 billion includes the consideration transferred in excess of nominal value of €0.01 for CCIP and CCEG of €5.5 billion and €2.9 billion, respectively.

Retained earnings

The balance in retained earnings represents the opening balance on 1 January 2020, combined with the result for the period and the share-based payment reserve.

Dividends

Dividends are recorded within the financial statements in the period in which they are paid. Please refer to Note 16 in the consolidated financial statements.

Note 9

Financial risk management

Financial risk factors, objectives and policies

The Company's activities expose it to several financial risks, market risk and liquidity risk. Financial risk activities are governed by appropriate policies and procedures to minimise the uncertainties these risks create on the Company's future cash flows. Such policies are developed and approved by the Group's treasury and commodities risk committee, through the authority delegated to it by the Board.

Market risk

Market risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices and includes interest rate risk, currency risk and other price risk such as commodity price risk. Market risk affects outstanding borrowings, as well as derivative financial instruments.

Interest rates

The Company is subject to interest rate risk for its outstanding borrowings. To manage interest rate risk, the Company maintains a significant proportion of its borrowings at fixed rates. The Company has not entered into any interest rate swap agreements or other such instruments to hedge its interest rate risk during the periods presented.

Currency exchange rates

The Company's exposure to the risk of changes in currency exchange rates relates primarily to its operating activities denominated in currencies other than the functional currency, euro. To manage currency exchange risk arising from future commercial transactions and recognised monetary assets and liabilities, foreign currency forward and option contracts with external third parties are used. Such cash flow exposures are hedged using a combination of forward and option contracts with third parties.

The Company is exposed to the risk of changes in currency exchange rates between US dollar and euro relating to its US denominated borrowings.

In the statement of financial position, current derivative liabilities represent the fair value (level 2) of the cross currency swap of the USD denominated debt to EUR.

Liquidity risk

Liquidity risk is actively managed to ensure that the Company has sufficient funds to satisfy its commitments. The Company's sources of capital include, but are not limited to, dividend income, public and private issuances of debt and equity securities and bank borrowings. The Company believes its operating cash flow, cash on hand and available short-term and long-term capital resources are sufficient to fund its working capital requirements, scheduled borrowing payments, interest payments, capital expenditures, benefit plan contributions, income tax obligations and dividends to its shareholders. Counterparties and instruments used to hold cash and cash equivalents are continuously assessed, with a focus on preservation of capital and liquidity. Based on information currently available, the Company does not believe it is at significant risk of default by its counterparties.

Note 10

Auditor's remuneration

Please refer to Note 17 of the consolidated financial statements for details of the remuneration of the Company's auditor.

Note 11

Significant events after the reporting period

After the balance sheet date, the Company acquired additional A$ denominated preference shares in CCEP Holdings (Australia) Limited. As consideration for the preference shares, interest bearing euro denominated loan notes of €1,754 million have been issued by the Company.

Other information

IN THIS SECTION

Risk factors

This section examines the risks Coca-Cola European Partners (CCEP) faces as a business. These risks may change over time.

Business continuity and resilience

COVID-19 could adversely impact our business and financial results.

Global or regional health pandemics impact our business and financial results. COVID-19 is a global stress event that is impacting the entire CCEP value chain, causing disruption that requires well thought out business continuity plans and response strategies. COVID-19 can cause high levels of employee absence, and requires employees to be flexible with working from home when lockdowns are announced in our territories. In addition, there could be widespread supplier issues, including risks of access to raw materials, specialist parts and labour being impacted due to cross border restrictions on travel and movement of goods and services; the closure of entire customer sectors (e.g. leisure, restaurants, pubs and bars); and changing consumer habits.

Such events could have a material adverse impact on our sales volume, cost of sales, earnings, and overall financial condition.

Global or regional catastrophic events could negatively impact our business and financial results.

Our business may be affected by major information technology (IT) outages, large scale natural disasters or terrorist acts, specially those occurring in our territories or other major industrialised countries. Other catastrophic events that could affect our business include the loss of senior employees, shortages of key raw materials, the outbreak or escalation of armed hostilities or widespread outbreaks of infectious disease such as COVID-19.

Such events in the geographic regions where we do business could have a material adverse impact on our sales volume, cost of sales, earnings, and overall financial condition.

Packaging

Waste and pollution, and the legal and regulatory responses to these issues, could adversely impact our business.

Waste and pollution, particularly plastic and packaging waste, is a global issue affecting our business. Although the vast majority of our packaging is fully recyclable, it is not always collected for recycling across our territories, and can end up as land or marine litter. Concern about this, and the environmental impacts of our packaging has led to laws and regulations that aim to increase the collection and recycling of our packs, reduce packaging, through limiting the use of single use plastic, introduce quotas for refillable packaging, reduce waste and littering, and introduce specific packaging design requirements. For example, circular economy legislation has been introduced in France that requires a 50% reduction in the number of single use plastic bottles by 2030 and the phasing out of single use plastic packaging entirely by 2040, and in Great Britain (GB) there are various regulatory proposals related to packaging, including the introduction of deposit return schemes (DRS) and a move towards extended producer responsibility.

If we fail to engage sufficiently with stakeholders to address concerns about packaging and recycling, or we are not able to adapt our business to new legislation and regulation, it could result in higher costs through packaging taxes, producer responsibility reform, damage to corporate reputation or investor confidence and a reduction of consumer acceptance of our products and packaging.

New recycling technologies may not work or may not be developed quickly enough.

We are exploring innovative ways to achieve the packaging targets that we have set ourselves and those imposed by legislation and regulation, for example by using plastic that has been recycled via enhanced/chemical recycling technologies. There is a risk that these new technologies may not be developed quickly enough or may not work as well as intended, which could limit our ability to mitigate the impact of restrictions on single use plastics. Also, these technologies may be more expensive than current solutions, potentially reducing our profitability.

Cyber and social engineering attacks and IT infrastructure

Cyber attacks, or a deficiency in CCEP's cybersecurity or a customer's or supplier's cybersecurity, could negatively impact our business.

As our reliance on IT increases, so will the risks posed to our internal and third party systems from cyber incidents.

A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity, or availability of our data or information systems. It could involve gaining unauthorised access to systems, either unintentionally or through an intentional attack (such as a criminal attack, hacking or a computer virus), to disrupt operations, corrupt data, steal confidential information, achieve financial gain or threaten our Company or employees.

Our business processes require high levels of integration between our IT systems and the systems of third parties (suppliers, customers, business partners). A cyber incident at any of those third parties can either spread to CCEP's systems or indirectly have a negative impact on CCEP's ability to operate.

Companies that CCEP invests in, or that CCEP acquires, add to the risk exposure for cyber and social engineering attacks of our Company. Any cyber incident at those organisations can have a negative impact (operationally, financially, reputationally) on CCEP.

A cyber incident could disrupt our operations, compromise or corrupt data, or damage our brand image. Like many companies, hackers target us, our customers and suppliers with social engineering attacks. While we have procedures and training in place to protect us against these types of attacks, they can be successful, which could also disrupt our operations, compromise or corrupt data, or damage our brand reputation. All of these outcomes could negatively impact our financial results.

Economic and political conditions

The deterioration of global and local economic conditions could adversely affect CCEP's business performance and share price.

Our performance is closely linked to the economic cycle in the countries, regions and cities where we operate. Normally, strong economic growth in these areas results in greater demand for our products, while slow economic growth or economic contraction decreases demand and drives down sales.

For example, adverse economic conditions decrease individuals' disposable income and propensity to consume, leading to the purchase of cheaper private label brands, or avoiding buying beverage products altogether. Those consumers who do continue to buy our products may shift away from higher margin products and packages. A weak economic climate could also increase the likelihood of customer delinquencies and bankruptcies, which would increase the risk of accounts being deemed uncollectable. For these reasons a slowing economy would likely adversely impact our business, operational results, financial condition and share price.

Economic growth, globally and in the EU, faces a slowdown and markets continue to be volatile. A downward trend of growth started in 2019, with Germany narrowly avoiding recession, and accelerated as the global spread of COVID-19 caused significant declines in global gross domestic product growth. Concerns remain about future interest rate changes and there is continuing uncertainty around how major economies recover from COVID-19, and how central banks reduce their significant monetary stimulus. These factors could directly impact our business, operational results, financial conditions and share price. Central bank support in funding deficits could, if not carefully unwound, result in sovereign debt concern in certain territories. Whether real or perceived, this could result in the availability of capital being limited, which may restrict our liquidity.

Even in the absence of a market downturn, CCEP is exposed to substantial risk from volatility in areas such as consumer spending and capital markets conditions, which may adversely affect the business and economic environment. This in turn may adversely affect our business performance and share price.

Beyond the international economic situation, there is political risk stemming from increased polarisation, and the emergence of nationalist/left wing parties in certain regions that have alternative economic priorities regarding EU unity compared to their incumbent governments. While this risk has decreased in the past 12 months, it does remain and could affect the economic situation in the EU, which could negatively impact our business and financial results.

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

The cost of our raw materials, ingredients or packaging materials could increase over time. If that happens, and if we are unable to pass the increased costs on to our customers in the form of higher prices, our financial results could be adversely affected.

We use supplier pricing agreements and derivative financial instruments to manage volatility and market risk for certain commodities. Generally, these hedging instruments establish the purchase price for these commodities before the time of delivery. These pricing positions are taken in line with the Board's agreed risk policy and the impact of these positions is known and forecasted in our financial results. This may lock CCEP into prices that are ultimately greater or lower than the actual market price at the time of delivery.

We continue to experience volatility in commodity prices mainly driven by political uncertainty, increased protectionist policies and volatility impacts of capital markets.

Our suppliers could be adversely affected by a number of external events. These could include strikes, adverse weather conditions, speculation, abnormally high demand, governmental controls, new taxes, national emergencies, natural disasters, health crises, such as a pandemic, and insolvency. If this happens, and we are unable to find an alternative source for our materials, our cost of sales, revenues, and ability to manufacture and distribute products could be adversely affected.

The quality of the materials or finished goods delivered to us could be lower than expected. If this happens, we may need to substitute those items for ones that meet our standards, or replace underperforming suppliers. This could disrupt our operations and adversely affect our business. We continue to sign long-term supply agreements with suppliers meeting our specifications and put contingency plans in place.

Changes in interest rates or our debt rating could harm our financial results and financial position.

CCEP is subject to interest rate risk, and changes in our debt rating could have a material adverse effect on interest costs and debt financing sources. Our debt rating can be materially influenced by a range of factors, including our financial performance, acquisitions, and investment decisions, as well as the capital management activities of The Coca-Cola Company (TCCC) and changes in the debt rating of TCCC.

The deterioration in political unity within the EU could significantly impact our financial results and reduce our competitiveness in the marketplace.

There are concerns regarding the short and long-term stability of the euro and pound sterling and the euro's ability to serve as a single currency for a number of individual countries. These concerns could lead individual countries to revert, or threaten to revert, to local currencies. In more extreme circumstances, they could exit from the EU, and the Eurozone could be dissolved entirely.

Should this occur, the assets we hold in a country that reintroduces local currency could be subject to significant changes in value when expressed in euros. Furthermore, the full or partial dissolution of the euro, the exit of one or more EU member states from the EU or the full dissolution of the EU could cause significant volatility and disruption to the global economy. This could affect our ability to access capital at acceptable financing costs, the availability of supplies and materials, and demand for our products, all of which could adversely impact our financial results.

If it becomes necessary for us to conduct our business in additional currencies, we would be subjected to additional earnings volatility as amounts in these currencies are translated into euros. The intended acquisition of Coca-Cola Amatil Limited (CCL) will significantly increase the amount of foreign exchange translation risk that CCEP carries.

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

On 24 December 2020, the EU and the United Kingdom (UK) reached agreement on an EU-UK Trade and Cooperation Agreement (TCA). The TCA will govern the future relationship between the EU and the UK following the end of the transition period and consists of a free trade agreement, a partnership for citizens' security and a horizontal agreement on governance.

Besides trade in goods and services, the TCA also covers a broad range of areas, such as investment, competition, state aid, tax transparency, air and road transport, energy and sustainability, data protection, and social security coordination. Separately, the EU and the UK agreed a nuclear cooperation agreement and an agreement on security procedures for exchanging and protecting classified information. The TCA provides that the EU and the UK may agree to additional agreements covering other areas of cooperation in the future.

The EU will provisionally apply the TCA from 1 January until 28 February 2021, while it is awaiting endorsement by the European Parliament and ratification. The UK Parliament overwhelmingly voted in favour of the deal on 30 December 2020 and it received Royal Assent.

The near and medium-term impact of Brexit is unclear and there's uncertainty about the future relationship between the UK and the EU. However, we continue to manage the practical changes, working with both customers and suppliers as well as internally continuing to execute the necessary changes to our process to manage any administrative impact, including border and customs requirements.

Political instability could negatively impact our operations and profits.

We continue to be exposed to risks associated with political instability in different parts of our territories. For example, the instability in Catalonia impacting the Spanish economy. While this risk may be dormant, the situation could quickly deteriorate, leading to major instability.

Such instability could result in prolonged political, economic and operational uncertainty for our business, our customers and consumers, with potential impacts on tourism, private consumption and regulation.

Default by or failure of one or more of our counterparty financial institutions could cause us to incur losses.

We are exposed to the risk of default by, or failure of, counterparty financial institutions with which we do business. This risk may be heightened during economic downturns and periods of uncertainty in the financial markets.

If one of our counterparties became insolvent or filed for bankruptcy, our ability to recover amounts owed from or held in accounts with the counterparty may be limited. In this event we could incur losses, which could negatively impact our results and financial condition.

Market

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

CCEP operates in the highly competitive beverage industry and faces strong competition from other general and speciality beverage companies. Our response to continued and increased competitor and customer consolidations and marketplace competition may result in lower than expected net pricing of our products. In addition, external factors such as the widespread outbreak of infectious disease (e.g. COVID-19) may adversely affect the market.

Changes in our relationships with large customers may adversely impact our financial results.

A significant amount of our volume is sold through large retail chains, including supermarkets and wholesalers. Many of these customers are becoming more consolidated, or forming buying groups, which increases their purchasing power. They may, at times, seek to use this to improve their profitability through lower prices, increased emphasis on generic and other private label brands, or increased promotional programmes and payment of rebates.

Competition from hard discount retailers and online retailers continues to challenge traditional retail outlets. This can increase the pressure on all customer margins, which may then be reflected in pressure on suppliers such as CCEP.

In addition, from time to time a customer or customers choose(s) to temporarily stop selling some of our products as a result of disputes we may have with them.

These factors, as well as others, can have a negative impact on the availability of CCEP's products, and our profitability.

Legal, regulatory and tax

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

CCEP's business model depends on making our products and packages available in multiple channels and locations. Laws that restrict our ability to do this could negatively impact our financial results. These include laws affecting the promotion and distribution of our products, laws that require deposit return schemes (DRS) to be introduced for certain types of packages, or laws that limit our ability to design new packages or market certain packages. The packaging and climate change and water risk factors discuss global issues such as climate change, resource scarcity, marine litter and water scarcity further.

In addition, taxes or other charges imposed on the sale of our products could increase costs or cause consumers to purchase fewer of them. Many countries in Europe, including countries in which CCEP operates, are looking to implement or increase such taxes. These may relate, for example, to the use of non-recycled plastic in beverage packaging, or the use of sugar or other sweeteners in our beverages (see also the risk factors regarding packaging and perceived health impact of our beverages and ingredients, and changing consumer buying trends).

On a European level the regulation adopted in December 2020 laying down the EU's multi annual financial framework for 2021-2027 includes an "own resource", applicable as from 1 January 2021, which consists of the application of a uniform call rate to the weight of plastic packaging waste generated in each member state that is not recycled. The uniform call rate will be €0.80 per kilogram. Every EU member state decides how to collect the money needed to fulfil its contribution. However, we expect some member states to install some sort of recoupment mechanism (a tax) at national level to retrieve the outlays made to the EU. Spain has already proposed a unique plastic tax to be implemented in 2021, and GB is expected to introduce a plastic tax independent of the European levy by April 2022.

EU member states are in the process of adopting implementing regulations to comply with the obligations of the Single Use Plastics Directive. The obligations include a 90% collection target for plastic bottles by 2029, a requirement that plastic bottles contain at least 30% recycled content by 2030 and a requirement for plastic beverage bottles to include tethered closures by 2024. The deadline for transposing the Single Use Plastics Directive into national law is 3 July 2021. Some member states go further than the minimum requirements of the Directive and have adopted stricter regulations. For example, circular economy legislation has been introduced in France, which requires a 50% reduction in the number of single use plastic bottles by 2030 and the phasing out of single use plastic packaging entirely by 2040.

In addition to legislative initiatives at EU level, several countries in which we operate also have or are planning other legislative or regulatory measures to reduce the use of single use plastics, including plastic beverage bottles, and/or to increase plastic collection and recycling. Such measures may include implementing a DRS under which a deposit fee is added to the consumer price, which is refunded to them if and when the bottle is returned. Other measures may include rules on recycled content, individual collection or recycling targets, or a "plastic tax". In GB, as part of our producer responsibility obligations, we are required to purchase Packaging Recovery Notes (PRN) to show that we meet our responsibilities for recycling and recovery of packaging waste. While we have processes in place to manage our PRN exposure, we are subject to price volatility in PRN, which could increase costs for our business in the future.

DRS for plastic beverage bottles currently exist in some of the countries in which we do business, such as in Norway (which is part of the European Economic Area (EEA) but is not an EU member state), the Netherlands (which has recently extended its DRS to cover all PET bottles from July 2021), Germany and Sweden. Other countries have recently adopted regulations for DRS for beverage packaging (such as Scotland where DRS will start in July 2022 that includes PET plastic, cans and glass) or have adopted legislation paving the way for DRS (such as Portugal, England and Wales, and recently Belgium).

In addition to the regulations on packaging, plastic and waste in general, concern over climate change has led to more environmental legislative and regulatory initiatives at an EU and national level. These include areas such as greenhouse gas (GHG) emissions, water use and energy efficiency. At the EU level, as part of the EU Green Deal, the proposed European Climate law provides for a significant increase in the EU GHG emissions reduction target for 2030, in line with the EU's goal of becoming carbon neutral by 2050. Also, at a national level, we have seen a number of countries in which we operate introduce, or start the process of introducing, legislation and regulation.

Additional taxes levied on CCEP could harm our financial results.

CCEP's tax filings for various periods are or may be subject to current or future audit by tax authorities. These audits may result, or have resulted, in assessments of additional taxes, as well as interest and/or penalties, and could adversely affect our financial results.

For example, the US Internal Revenue Service (IRS) may seek to examine the Merger between Coca-Cola Enterprises, Inc. (CCE), Coca-Cola Iberian Partners, S.A. (CCIP) and Coca-Cola Erfrischungsgetränke GmbH (CCEG), and may not agree with our positions, potentially causing material adverse tax consequences. The US tax returns for that period were filed in 2017 and generally, the IRS have a three year period to enquire into the submitted tax returns, however the three year statute could be extended due to specific facts and circumstances. Although we believe our positions with respect to the Merger are consistent with relevant authorities, there can be no assurance that the IRS will not take a contrary view.

Changes in tax laws, regulations, court rulings, related interpretations, and tax accounting standards in countries in which we operate, or if we are unsuccessful in defending our tax positions, may adversely affect our financial results.

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

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

CCEP and its subsidiaries are required to comply with the laws and regulations of the various countries in which they conduct business, as well as certain laws of other countries, including the US. In particular, our operations are subject to anti-corruption laws such as the US Foreign Corrupt Practices Act of 1977 (the FCPA), the UK Bribery Act 2010 (UKBA), the Spanish and Portuguese Criminal Codes and Sapin II and other key regulations such as the corporate criminal offence provisions of the UK Criminal Finances Act 2017 and the General Data Protection Regulation (GDPR). We are also subject to economic sanction programmes, including those administered by the United Nations, the EU and the Office of Foreign Assets Control of the US Department of the Treasury (OFAC), and regulations set forth under the US Comprehensive Iran Accountability Divestment Act.

A GDPR violation could lead to fines of up to 4% of our global annual turnover, as well as negatively affect our reputation. Since the recent European Court of Justice Schrems II ruling, EU personal data transfers to third countries are subject to new compliance requirements, including risk assessments of foreign government surveillance, execution of standard contractual clauses with third parties and potential supplemental measures. These requirements will also apply to transfers of EU personal data to the UK, in case the European Commission does not find the level of protection of personal data (adequacy finding) offered by the UK as suitable, at the end of the extension period (four months from 1 January 2021 – extendible to six months). Non-compliance with such transfer requirements would result in a GDPR violation.

The FCPA prohibits providing anything of value to foreign officials for the purposes of obtaining or retaining business or securing any improper business advantage (active bribery). In our business dealings we may deal with both governments and state owned business enterprises, the employees of which are considered foreign officials for the purposes of the FCPA.

The provisions of the UKBA extend beyond bribery of foreign public officials, covering both public and private sector bribery. They are more onerous than the FCPA in a number of respects, including jurisdiction, non-exemption of facilitation payments, the receipt of bribery (passive bribery), penalties and in some cases imprisonment.

We do not currently operate in jurisdictions that are subject to territorial sanction imposed by OFAC or other relevant sanction authorities. However, such economic sanction programmes will restrict our ability to engage or confirm business dealings with certain sanctioned countries and with sanctioned parties.

Violations of the above, including anti-corruption, GDPR, economic sanctions, competition law or other applicable laws and regulations are punishable by civil and sometimes criminal penalties for individuals and companies. These penalties can vary from fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) to revocations or restrictions of licences, as well as criminal fines and imprisonment. Potentially any violation within one of these compliance risk areas could have a negative impact on our reputation and consequently on our ability to win future business.

Having effective compliance programmes in place can never give the assurance that related policies or procedures will be followed at all times, or always detect and prevent violations of the applicable laws by our employees, consultants, agents or partners.

Legal changes could affect our status as a foreign corporation for US federal income tax purposes, or limit the US tax benefits we receive from engaging in certain transactions.

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

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

Future changes to US, UK and other tax laws to which CCEP is subject could adversely affect our business.

In the US, the UK and other countries in which CCEP and its affiliates do business, government agencies such as the US Congress and HM Revenue & Customs (HMRC) are looking into a number of issues related to the taxation of multinational corporations. One key area of focus is "base erosion and profit shifting", where multinational groups artificially shift profits from a higher tax jurisdiction to a lower tax jurisdiction. As a result, tax laws in these countries could change on a prospective or retroactive basis. Any such changes could adversely affect our business and its affiliates, and there is no assurance that we would be able to maintain any particular worldwide effective corporate tax rate.

Our business may be subject to US federal tax withholding as a result of the subscription for CCEP Shares in exchange for property.

If certain US Treasury regulations applied, our business could be treated as having received a distribution as a result of the subscription for CCEP Shares by a US company. The amount of such deemed distribution could be substantial, and would be subject to US withholding tax (at a rate of 5%) under the Treaty.

We do not believe that such regulations apply under the particular facts and circumstances of the Merger. However, there can be no assurance that the US IRS will not take a contrary view.

Climate change and water

Global issues such as climate change, resource and water scarcity, and the legal and regulatory responses to these issues, could adversely impact our business.

Climate change – caused by GHG emissions, in part from businesses such as ours – is resulting in global average temperature increases and extreme weather conditions around the world. This has an adverse impact on our business. CCEP's products rely heavily on water, and climate change may exacerbate water scarcity and cause a deterioration of water quality in affected regions. It could also decrease agricultural productivity in certain regions of the world, which could limit the availability or increase the cost of key raw materials that we use to produce our products. More frequent extreme weather events, such as storms or floods in our territories, could disrupt our facilities and distribution network, further impacting our business.

Concern over climate change has led to legislative and regulatory initiatives aimed at limiting GHG emissions. Policy makers continue to consider proposals that could impose mandatory requirements on GHG emissions reduction and reporting. Other climate laws could affect other areas of our business, such as production, distribution, packaging or the cost of raw materials. This in turn could negatively impact our business and financial results.

Water is the primary ingredient in most of our products. It is also vital to our manufacturing processes and is needed to produce the agricultural ingredients that are essential to our business. Water scarcity and a deterioration in the quality of available water sources in our territories or to our supply chain, even if temporary, may result in increased production costs or capacity constraints. This could adversely affect our ability to produce and sell our beverages, and increase our costs.

As part of our commitment to addressing our climate change impacts, we are investing in technologies that improve the energy efficiency of our operations and reduce GHG emissions related to our packaging, cold drink equipment (CDE) and transportation. In general, the cost of these investments is greater than investments in less energy efficient technologies, and the period of return is often longer. Although we believe these investments will provide long-term benefits, there is a risk that we may not always achieve our desired returns.

Perceived health impact of our beverages and ingredients, and changing consumer buying trends

Health concerns could reduce consumer demand for some of our products, impacting our financial performance.

There is continued public concern about the public health consequences of obesity, particularly among young people. Health advocates and dietary guidelines suggest that consumption of sugar sweetened beverages is a cause of increased obesity rates, and are encouraging consumers to reduce or eliminate consumption of such products. In addition, governments have introduced stronger regulations around the marketing, labelling, packaging, or sale of sugar sweetened beverages. These concerns and regulations could reduce demand for, or increase the cost of, our sugar sweetened beverages.

Health and wellness trends among consumers have also led to an increased demand for low calorie soft drinks, water, enhanced water, isotonics, energy drinks, teas, coffees and beverages with natural sweeteners. If we fail to meet this demand by not providing a broad enough range of products, this could adversely affect our business and financial results.

Competitiveness, business transformation and integration

The proposed acquisition of CCL may not complete successfully or on a timely basis and may cause a negative reaction from our stakeholders.

In November 2020 we made a binding offer, which we revised in February 2021, to acquire the entire existing issued share capital of CCL from TCCC, under the terms of a Co-operation and Sale Deed, and from shareholders other than TCCC, to be effected by means of a scheme of arrangement (the Proposed Acquisition). Summaries of the related contracts can be found in the Material contracts section on page 203. The Proposed Acquisition is subject to certain customary conditions, including the absence of a superior proposal and an independent expert concluding, and continuing to conclude, that the scheme is fair and reasonable and in the best interests of shareholders other than TCCC.

There is a risk that the Proposed Acquisition may not close or do so on a timely basis, may divert resources and focus of our management team and employees, and may cause uncertainty and negative reaction on the part of our customers, employees, suppliers, shareholders and/or other stakeholders. If the Proposed Acquisition does not close, it could have a material adverse effect on our reputation and there is a risk that we suffer a negative reaction from financial markets.

There is no assurance that the Proposed Acquisition will proceed, that it will be approved by the shareholders of CCL or, if it takes place, that the combination of both companies will support the growth of CCEP, achieve the intended return or be beneficial to our shareholders. There is no assurance that, further to the Proposed Acquisition, CCL will be integrated successfully. The integration may not proceed as anticipated. It may be more difficult, time consuming or costly than expected, which could result in additional demands on CCEP's resources, systems, procedures and controls, disruption of its ongoing business and diversion of management's attention from other business concerns. There is also the risk of loss of time spent on an unsuccessful business combination. It is also possible that certain assumptions with respect to CCL or the Proposed Acquisition could prove to be inaccurate.

Any failure to receive, delays in the receipt of, or unacceptable or burdensome conditions imposed in connection with the Proposed Acquisition and failure to receive or delays in the receipt of all required regulatory approvals, shareholder approvals and the satisfaction of closing conditions to the Proposed Acquisition could lead to higher than expected acquisition costs or could mean that the Proposed Acquisition does not proceed. Further, the Proposed Acquisition may involve unexpected liabilities for which there is no indemnity.

Any failure to retain key employees of CCEP and CCL as a result of the Proposed Acquisition or during integration of the businesses and disruptions resulting from the Proposed Acquisition could potentially adversely affect our business and make it more difficult to maintain business relationships.

Further, there is the risk of litigation arising out of the Proposed Acquisition.

CCEP may not identify sufficient initiatives to realise its cost saving goals to stay competitive.

Following the completion of our integration plan and delivery of the committed synergy savings, we continue to assess potential opportunities for improvements as part of the ongoing business strategy. The strategic objective is to ensure our competitiveness in the future and encompasses three areas: technology transformation, supply chain and commercial improvements, and working efficiently with our partners and franchisors. The focus of these initiatives is to offset potential future increases in costs, such as material or headcount, and to allow investment in potential growth areas.

The initiatives are complex due to their multi functional and multi country nature, which cover many parts of our business. Ineffective coordination and control over single initiatives and interdependent initiatives could result in us failing to realise the expected benefits. Continual change might trigger change fatigue among our people or social unrest in the event that such changes result in industrial action.

Restructuring could cause labour and union unrest.

We have implemented restructuring across all countries and functions since CCEP was established, resulting in a combination of redeployment and redundancies. While we continue to look at potential opportunities to enable CCEP to maintain and improve its position within the market, this might have a negative impact on our relationship with our employee representatives and social partners, and could cause labour and union unrest. In the past, we have aimed to keep union unrest to a minimum through constructive social dialogue which has not impacted our ability to meet our objectives. We would look to ensure that any subsequent industrial unrest was mitigated through the same process and, where appropriate, subject to resource planning for the future.

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

To support revenue growth we are investing in our infrastructure, including CDE, fleet, technology, sales force, digital capability and production equipment.

There is a risk that these investments do not generate the projected returns, either because of market or technological changes, ineffective adoption of capabilities, or because the projected requirements of these investments may differ from actual levels if product demands do not develop as anticipated.

Our infrastructure investments are anticipated to be long term in nature, and it is possible that they may not generate the expected return due to future changes in the marketplace. This could adversely affect CCEP's financial results.

Technology failures could disrupt our operations and negatively impact our business.

CCEP relies extensively on IT systems to process, transmit, store and protect electronic information. For example, our production and distribution facilities and inventory management all use IT to maximise efficiencies and minimise costs. Communication between our employees, customers, and suppliers also depends, to a large extent, on IT.

Our IT systems may be vulnerable to interruptions due to events that may be beyond our control or in connection with our proposed acquisition of CCL. These include, but are not limited to, natural disasters, telecommunications failures, power outages, hardware failures, human error and security issues. We have IT security processes and disaster recovery plans in place, but they may not be adequate or implemented effectively enough to ensure that our operations are not disrupted.

We continually invest in IT to ensure our technology solutions are current and up to date. If we miscalculate the level of investment needed, our software, hardware and maintenance practices could become out of date, and this could result in disruptions to our business.

In addition, when we implement new systems or system upgrades (such as SAP and its modules), there is a risk that our business may be temporarily disrupted during the implementation period. Centralisation of IT systems might increase the impact of a failure of information technology or applications.

When investments in or acquisitions of companies are undertaken, the integration of IT systems and applications for those entities will increase the complexity and, therefore, the risk level of our IT infrastructure.

We may not be able to execute our strategy to pursue suitable acquisitions or may have difficulty integrating acquired businesses.

Our strategy involves, in part, pursuing disciplined and attractive investments, which are intended to create a positive net present value for total shareholder return. Our efforts to execute this strategy may be affected by our ability to identify suitable acquisition targets and negotiate and close acquisition and development transactions. Further, to the extent that we are able to identify suitable investments, there are risks that integration of those investments does not proceed as anticipated or that management attention is diverted by such opportunities, and there is no guarantee that these investments will support the growth of CCEP or achieve the intended return.

People and wellbeing

Increases in the cost of wages and employee benefits, including pension retirement benefits, could impact our financial results and cash flow.

The 2020 collective bargaining agreements were negotiated and concluded within budget. Wage increases and other employee benefit costs above what has been budgeted for would be detrimental to our operating income.

Relationship with TCCC and other franchisors

Our business success, including our financial results, depends on our relationship with TCCC and other franchisors.

Around 90% of our revenue for the year ended 31 December 2020 was derived from the distribution of beverages under agreements with TCCC. We make, sell and distribute products of TCCC through fixed term bottling agreements with TCCC, which typically include the following terms:

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

Disagreements with TCCC concerning business issues may lead TCCC to act adversely to our interests with respect to these relationships.

Product quality

Our business could be adversely affected if CCEP, TCCC or other franchisors and manufacturers of the products we distribute are unable to maintain a positive brand image as a result of product quality issues.

Our success depends on our products, and those of TCCC and other franchisors, having a positive brand image among customers and consumers. Product quality issues, whether real or perceived, or allegations of product contamination, even if false or unfounded, could tarnish the image of our products and result in customers and consumers choosing other products.

Product liability claims or product recalls could also negatively impact our brand image and business results. We could be liable if the consumption of our products causes injury or illness. We could also be required to recall products if they become unsafe to consume through contamination, storage or because of labelling errors such as the failure to declare an allergen.

Adverse publicity around health and wellness concerns, water usage, customer disputes, labour relations, product ingredients, packaging recovery, and the environmental impact of products could negatively affect our overall reputation and our products' acceptance by our customers and consumers. This could happen even when the publicity results from actions occurring outside our territory or control. Similarly, if product quality issues arise from products not manufactured by us but imported into one of our territories, our reputation and consumer goodwill could be damaged.

Opinions about our business, including opinions about the health and safety of our products, can spread quickly through social media. If we fail to respond to any negative opinions effectively and in a timely manner, this could harm the perception of our brands and damage our reputation, regardless of the validity of the statements, and negatively impact our financial results.

Other risks

Our business is vulnerable to products being imported from outside our territories, which adversely affects our sales.

The territories in which we operate are susceptible to the import of products manufactured by bottlers from countries outside our territories. When these imports come from members of the EEA, we are generally prohibited from taking action to stop such imports.

Adverse weather conditions could limit the demand for our products.

Our sales are significantly influenced by weather conditions in the countries in which we operate. In particular, due to the seasonality of our business, cold or wet weather during the summer months may have a negative impact on the demand for our products and contribute to lower sales. This could have an adverse effect on our financial results.

Legal claims against our vendors could affect their ability to provide us with products and services, which could negatively impact our financial results.

Many of our vendors supply us with products and services that rely on certain intellectual property rights or other proprietary information, and are subject to other third party rights, laws and regulations. If these vendors face legal claims brought by third parties or regulatory authorities, they could be required to pay large settlements or even cease providing us with products and services as well as exposing CCEP to risk.

These outcomes could require us to change vendors or develop replacement solutions or be subject to third party claims. This could result in business inefficiencies or higher costs, which could negatively impact CCEP's financial results.

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

CCEP is a party to various litigation claims and legal proceedings. We evaluate these claims and proceedings to assess the likelihood of unfavourable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves or disclose the relevant claims or proceedings, as appropriate.

These assessments and estimates are based on the information available to management at the time and involve a significant amount of management judgement. As a result, actual outcomes or losses may differ materially from those in the current assessments and estimates.

We have bottling and other business operations in markets with strong legal compliance environments. Our policies and procedures require strict compliance with all laws and regulations that apply to our business operations, including those prohibiting improper payments to government officials. Those policies are supported by leadership and are ingrained in our business through our compliance culture and training. Nonetheless, we cannot guarantee that our employees will always ensure full compliance with all applicable legal requirements.

Improper conduct by our employees could damage our reputation or lead to litigation or legal proceedings that could result in civil or criminal penalties, including substantial monetary fines as well as disgorgement of profits.

TCCC and Olive Partners, S.A. (Olive Partners) hold significant shareholdings in CCEP and their views may differ from those of our public shareholders.

Around 19% and 36% of CCEP's Shares are owned by European Refreshments (ER, a wholly owned subsidiary of TCCC) and Olive Partners respectively. As a result of their shareholdings, TCCC and Olive Partners can influence (or, potentially, control the outcome of) matters requiring shareholder approval, subject to our Articles of Association and the Shareholders' Agreement. The views of TCCC and Olive Partners may not always align with each other or our other shareholders.

Other Group information

Shareholder information

The Company was incorporated in England and Wales on 4 August 2015, as a private company under the Companies Act 2006 (the Companies Act). On 4 May 2016, the Company was reregistered as a public company limited by shares and changed its name from Coca-Cola European Partners Limited to Coca-Cola European Partners plc. It is registered at Companies House, Cardiff, under company number 9717350. The business address for Directors and senior management is Pemberton House, Bakers Road, Uxbridge, UB8 1EZ, England.

The Company is resident in the UK for tax purposes. Its primary objective is to make, sell and distribute ready to drink beverages.

Annual General Meeting

It is intended that the Company's 2021 Annual General Meeting (AGM) will be held at Pemberton House, Bakers Road, Uxbridge, UB8 1EZ in May 2021. However, at the date of this report, there is continued uncertainty regarding COVID-19 and the Company may be required to make alternative arrangements.

Registered shareholders will be sent a Notice of AGM, or notice of availability of the Notice of AGM, closer to the time of the AGM, and will be notified of any change affecting the AGM through an appropriate channel.

Investor calendar

Ex-dividend date for interim H1 dividend(A)	13 May 2021
Record date for interim H1 dividend(A)	14 May 2021
Interim H1 dividend payment date(A)	27 May 2021
AGM	27 May 2021
Ex-dividend date for H2 interim dividend(A)	18 November 2021
Record date for interim H2 dividend(A)	19 November 2021
Interim H2 dividend payment date(A)	6 December 2021

(A) Subject to Board approval.

Directors and senior management

Biographies of the Board of Directors and senior management are set out on pages 66 to 70. Sol Daurella and Alfonso Líbano Daurella are first cousins.

Service contracts and loss of office arrangements

It is the Remuneration Committee's policy that there should be no element of reward for failure. When considering payments in the event of a loss of office, it takes 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 share and pension plan rules.

Service contracts for Executive Directors provide for a notice period of not more than 12 months from CCEP and not more than 12 months from the individual. The standard Executive Director service contract does not confer any right to additional payments in the event of termination. However, it does reserve the right for the Group to impose garden leave (i.e. leave with pay) on the Executive Director during any notice period. In the event of redundancy, benefits would be paid according to CCEP's redundancy guidelines for GB prevailing at that time. Executive Directors may be eligible for a pro rata bonus for the period served, subject to performance, but no bonus will be paid in the event of gross misconduct. The treatment of unvested long-term incentive awards is governed by the rules of the relevant plan and depends on the reasons for leaving. 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.

The Non-executive Directors (NEDs), including the Chairman of the Board, do not have service contracts but have letters of appointment. NEDs are not entitled to compensation on leaving the Board.

Directors and senior management interest in shares

Other than Sol Daurella, Alfonso Líbano Daurella and José Ignacio Comenge Sánchez-Real, who indirectly owned 7.2% (32,743,624 Shares), 1.4% (6,572,771 Shares), and 1.7% (7,833,662 Shares) of the Shares outstanding as of 26 February 2021, respectively, no Director or member of senior management individually owned more than 1% of the Company's Shares as of 26 February 2021.

Table 1 shows the number of share options held by Directors and other members of senior management as at 26 February 2021, including the applicable exercise price and the date when the applicable exercise period ends.

Other employee related matters

Note 17 to the consolidated financial statements provides a breakdown of employees by main category of activity. As at 31 December 2020, we had around 22,000 employees, of whom none were located in the US. A number of our employees in Europe are covered by collectively bargained labour agreements, most of which do not expire. However, wage rates must be renegotiated at various dates throughout 2021. We believe we will be able to renegotiate these wage rates with satisfactory terms.

Table 1

Share options held by Directors and other members of senior management as at 26 February 2021

Name	Grant date	Expiry date	Exercise price	Total number of Shares subject to outstanding options including exercisable and unvested options
Damian Gammell	5 November 2015	5 November 2025	$39.00	324,643
Stephen Moorhouse	3 November 2011	3 November 2021	$19.68	17,155
Stephen Moorhouse	31 October 2013	31 October 2023	$31.46	11,446
Stephen Moorhouse	30 October 2014	30 October 2024	$32.51	1,476
Stephen Moorhouse	30 October 2014	30 October 2024	$32.51	9,598
Lauren Sayeski	31 October 2013	31 October 2023	$31.46	1,517
Lauren Sayeski	31 October 2013	31 October 2023	$31.46	1,661
Veronique Vuillod	5 November 2012	5 November 2022	$23.21	2,069
Veronique Vuillod	31 October 2013	31 October 2023	$31.46	1,777
Veronique Vuillod	30 October 2014	30 October 2024	$32.51	3,200

Nature of trading market

The Company has one class of ordinary shares. These shares are traded on the New York Stock Exchange (NYSE), London Stock Exchange (LSE), Euronext Amsterdam (AEX) and the Spanish Stock Exchanges (of which the lead exchange is Madrid (MADX)).

Listing information	
Ticker symbol (all exchanges)	CCEP
ISIN code	GB00BDCPN049
Legal entity identifier	549300LTH67W4GWMRF57
CUSIP	G25839104
SEDOL number (NYSE)	BYQQ3P5
SEDOL number (LSE)	BDCPN04
SEDOL number (AEX)	BD4D942
SEDOL number (MADX)	BYSXXS7

Share capital

The Articles of Association of the Company (the Articles) contain no upper limit on the authorised share capital of the Company. Subject to certain limitations under the Shareholders' Agreement, the Board has the authority to offer, allot, grant options over or otherwise deal with or dispose of shares to such persons, at such times, for such consideration and upon such terms as the Board may decide, only if approved by ordinary resolution of our shareholders.

As of 31 December 2020 the Company had 454,645,510 Shares issued and fully paid. As of 26 February 2021, the Company had 454,973,601 Shares issued and fully paid.

Under the Shareholders' Agreement and the Articles, the Company is permitted to issue, or grant to any person rights to be issued, securities, in one or a series of related transactions, in each case representing 20% or more of our issued share capital, only if approved in advance by special resolution of our shareholders.

Pursuant to this authority, our shareholders have passed resolutions allowing a maximum of a further 312,634,782 Shares (as of 26 February 2021) to be allotted and issued, subject to the restrictions set out below:

1. pursuant to a shareholder resolution passed on 26 May 2016, the Board is authorised to grant rights to subscribe for or to convert any security into, and/or allot and issue, shares up to an aggregate maximum of 18,000,000 Shares in connection with the assumption or replacement by the Company of equity awards granted under certain CCE share plans, of which 8,136,004 have been issued as of 26 February 2021;
2. pursuant to a shareholder resolution passed on 27 May 2020 regarding the authority to allot new shares, the Board is authorised to allot shares and to grant rights to subscribe for or convert any security into shares:
   a. up to a nominal amount of €1,513,853.93 (representing 151,385,393 Shares; such amount to be reduced by any allotments or grants made under paragraph 2(b) below in excess of such sum); and
   b. comprising equity securities (as defined in the Companies Act) up to a nominal amount of €3,027,707.86 (representing 302,770,786 Shares; such amount to be reduced by any allotments or grants made under paragraph 2(a) above) in connection with an offer by way of a rights issue:
      i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
      ii. to holders of other equity securities as required by the rights of those securities or as the Board otherwise considers necessary,

   and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

3. pursuant to a shareholder resolution passed on 27 May 2020 regarding authority to disapply pre-emption rights, the Board is authorised to allot equity securities (as defined in the Companies Act) for cash under the authority given by the shareholder resolution described in paragraph 2 above and/or to sell shares held by the Company as treasury shares for cash as if section 561 of the Companies Act did not apply to any such allotment or sale, such power to be limited:
   a. to the allotment of equity securities and sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph 2(b) above, by way of a rights issue only):
      i. to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
      ii. to holders of other equity securities, as required by the rights of those securities, or as the Board otherwise considers necessary,

   and so that the Board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
   b. in the case of the authority granted under paragraph 2(a) above and/or in the case of any sale of treasury shares, to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph 3(a) above) up to a nominal amount of €227,078.08 (representing 22,707,808 Shares).

Shares not representing capital

None.

Shares held by CCEP

We are not permitted under English law to hold our own Shares unless they are repurchased by us and held in treasury. At our 2020 AGM, our shareholders passed a special resolution that allows us to buy back our own Shares in the market as permitted by the Companies Act. On 13 February 2020, the Board announced a share buyback programme of up to €1 billion. All Shares repurchased as part of the buyback programme have been cancelled. Details of the Shares bought back are provided under Share buyback programme below.

In light of macroeconomic uncertainty brought about by the outbreak of COVID-19, on 23 March 2020, the Company announced the suspension of the buyback programme until further notice.

Share-based payment awards

Table 2 on page 201 shows the share-based payment awards outstanding under each of the CCE 2010 Incentive Award Plan (2010 Plan) and the Long-Term Incentive Plan 2016 (CCEP LTIP) as at 31 December 2020 and 26 February 2021. For more details about the share plans and awards granted, see Note 21 to the consolidated financial statements on pages 165 to 166 .

History of share capital

Table 3 on page 202 sets out the history of our share capital for the period from 1 January 2018 until 26 February 2021.

Share buyback programme

Table 4 on page 202 sets out details of our share buyback programme from 1 January 2020 until 26 February 2021.

US shareholders

To the knowledge of the Company, 213 holders of record with an address in the US held a total of 454,899,767 Shares (or 99% of the total number of issued Shares outstanding) as at 26 February 2021. However, some Shares are registered in the names of nominees, meaning that the number of shareholders with registered addresses in the US may not be representative of the number of beneficial owners of Shares resident in the US.

Table 2

Outstanding share-based payment awards

Plan	Date of award (dd/mm/yy)	Type of award[A]	Total number of Shares awarded to employees outstanding as at 31 December 2020	Total number of Shares awarded to employees outstanding as at 26 February 2021[B]	Price per Share payable on exercise/ transfer ($)	Expiration date (dd/mm/yy)
2010 Plan	03/11/11	Option	79,051	64,092	19.68	03/11/21
	14/11/11	Option	9,240	5,093	19.82	14/05/21
	05/11/12	Option	842,390	590,321	23.21	05/11/22
	31/10/13	Option	6,835	—	31.46	15/01/21
	31/10/13	Option	382	—	31.46	30/06/21
	31/10/13	Option	910,879	882,911	31.46	31/10/23
	30/10/14	Option	6,920	—	32.51	15/01/21
	30/10/14	Option	769	—	32.51	30/06/21
	30/10/14	Option	1,184,461	1,170,419	32.51	30/10/24
	05/11/15	Option	1,009,881	1,009,881	39.00	05/11/25
CCEP LTIP	12/03/18	PSU	284,949	208,089	—	13/03/21
	12/03/18	RSU	74,727	74,703	—	13/03/21
	15/06/18	PSU	2,614	1,911	—	13/03/21
	15/06/18	RSU	2,614	2,614	—	13/03/21
	01/03/19	PSU	393,914	393,795	—	01/03/22
	01/03/19	RSU	37,182	37,063	—	01/03/22
	11/12/19	PSU	13,654	13,482	—	01/03/22
	11/12/19	RSU	10,538	10,538	—	12/03/21
	11/12/19	RSU	6,125	5,953	—	01/03/22
	17/03/20	PSU	415,401	414,951	—	17/03/23
	17/03/20	RSU	42,190	41,740	—	17/03/23
	30/06/20	RSU	655	655	—	12/03/21
	30/06/20	RSU	1,334	1,334	—	01/03/22
	14/12/20	PSU	15,440	15,440	—	17/03/23
	14/12/20	RSU	4,680	4,680	—	17/03/23

(A) PSU is performance share unit. RSU is restricted stock unit.
(B) When an employee leaves CCEP, the expiration date of their options is shortened so options with a new expiration date may appear between the year end and the later reporting date. These are not new options but options that have been moved from another row in the table.

Table 3

Share capital history

Period	Nature of Share issuance	Number of Shares	Consideration	Cumulative balance of issued Shares at end of period
1 January 2018	Opening balance	484,586,428	N/A	484,586,428
1 January to 31 December 2018	Shares issued in connection with the exercise of stock options	2,022,729	Exercise price per Share ranging from $5.09 to $39.00	486,609,157
1 January to 31 December 2018	Shares issued in connection with the fulfilment of RSU and PSU share-based payment awards	740,509	Nil	487,349,666
1 January to 31 December 2018	Shares cancelled as part of buyback programme	(12,429,600)	€500 million	474,920,066
1 January to 31 December 2019	Shares issued in connection with the exercise of stock options	1,741,820	Exercise price per Share ranging from $9.89 to $39.00	476,661,886
1 January to 31 December 2019	Shares issued in connection with the fulfilment of RSU and PSU share-based payment awards	350,584	Nil	477,012,470
1 January to 31 December 2019	Shares cancelled as part of buyback programme	(20,612,593)	€1 billion	456,399,877
1 January to 31 December 2020	Shares issued in connection with the exercise of stock options	763,103	Exercise price per Share ranging from $18.40 to $32.51	457,162,980
1 January to 31 December 2020	Shares issued in connection with the fulfilment of RSU and PSU share-based payment awards	547,730	Nil	457,710,710
1 January to 31 December 2020	Shares cancelled as part of buyback programme	(3,065,200)	€128 million	454,645,510
1 January to 26 February 2021	Shares issued in connection with the exercise of stock options	328,091	Exercise price per Share ranging from $19.68 to $32.51	454,973,601
1 January to 26 February 2021	Shares issued in connection with the fulfilment of RSU and PSU share-based payment awards	—	—	454,973,601
1 January to 26 February 2021	Shares cancelled as part of buyback programme	—	—	454,973,601

Table 4

Share buyback programmes

Period	(a) Total number of Shares purchased	(b) Average price paid per Share (€)	(c) Total number of Shares purchased as part of publicly announced plans or programmes(A)	(d) Approximate value of Shares that may yet be purchased under the plans or programmes(A) (€ million)
1 to 31 January 2020	—	—	33,042,193	—
1 to 28 February 2020	976,900	50.224742	34,019,093	951
1 to 20 March 2020	2,088,300	37.741472	36,107,393	872

(A) On 13 February 2020, the Company announced a share buyback programme of up to €1 billion to reduce the Company's share capital. The total number of Shares purchased under this buyback programme in 2020 was 3,065,200. The share buyback programme was carried out in accordance with the authorities granted by shareholders at the 2019 AGM. The maximum number of Shares authorised for purchase at the 2020 AGM was 45,415,617 Shares, representing 10% of the issued Shares at 14 April 2020, reduced by the number of Shares purchased, or agreed to be purchased, between 14 April and 27 May 2020. No Shares have been purchased under the 2020 shareholder authority as at the date of this report. The existing authority to buy back Shares will expire at the 2021 AGM. We intend to seek shareholder approval to renew the authority to buy back Shares.

Marketing

CCEP relies extensively on advertising and sales promotions to market its products. TCCC and other franchisors advertise in all major media to promote sales in the local areas we serve. We also benefit from regional, local and global advertising programmes conducted by TCCC and other franchisors. Certain advertising expenditures by TCCC and other franchisors are made pursuant to annual arrangements.

CCEP and TCCC engage in a variety of marketing programmes to promote the sale of TCCC's products in territories in which we operate. The amounts to be paid to us by TCCC under the programmes are determined annually and are periodically reassessed as the programmes progress. Marketing support funding programmes entered into with TCCC provide financial support, principally based on our product sales or on the completion of stated requirements, to offset a portion of the cost of our marketing programmes. Except in certain limited circumstances, TCCC has no specified contractual obligation to participate in expenditures for advertising, marketing and other support in our territories. The terms of similar programmes TCCC may have with other licensees and the amounts paid by TCCC under them could differ from CCEP's arrangements.

We take part in various programmes and arrangements with customers to increase the sale of products. These include arrangements under which allowances can be earned by customers for attaining agreed sales levels or for participating in specific marketing programmes.

Dependence on franchisors

As a franchise business, CCEP's business success, including its financial results, depends upon its relationships with TCCC and its other franchisors. For more about our relationships with franchisors, see the Risk factors on page 196.

Competition

CCEP competes mainly in the manufacturing, sale and distribution of non-alcoholic ready to drink (NARTD) beverages industry and adjacencies, including squashes/cordials, hot beverages and premium spirits. CCEP competes in the Western Europe segment, and primarily manufactures, sells and distributes the products of TCCC, as well as those of other franchisors such as Monster Energy and Capri Sun AG.

CCEP competes mainly with:

- NARTD and non-alcoholic, non-ready to drink (for example squashes/cordials and hot beverages) brand and private label manufacturers, sellers and distributors
- Alcoholic beverage manufacturers, sellers and distributors – in the sense that some of their products may be considered to be substitutes to CCEP's own products for certain consumer occasions

A small number of such companies may also be contracted by CCEP as manufacturers (e.g. co-packers) or commercial partners (e.g. on behalf of which CCEP sells and/or distributes, or which sells and/or distributes on CCEP's behalf).

CCEP sells and distributes to a wide range of customers, including both physical and online food and beverage retailers, wholesalers and out of retail customers. The market is highly competitive and all CCEP customers and consumers may choose freely between products of CCEP and its competitors. Many of CCEP's customers are under increasing competitive pressure, including with the increasing market share of discounters, the growth of e-commerce food and beverage players, and customer consolidation.

CCEP competes with respect to a wide range of commercial factors, including brand awareness, product and packaging innovations, supply chain efficacy, customer service, sales strategy, marketing, and pricing and promotions.

The level of competition faced by CCEP may be affected by, for example, changing customer and consumer product, brand, and packaging preferences; shifts in customers' industries; competitor strategy shifts; new competitor entrants; supplier dynamics; the weather; and social, economic, political or other external landscape shifts.

Key factors affecting CCEP's competitive strength include, for example, CCEP's strategic choices; investments; partnerships (e.g. with customers, franchisors and suppliers); people management; asset base (e.g. property, plant, fleet, and equipment); technological sophistication; and processes and systems.

Impact of governmental regulation

Our business is sensitive to the economic and political action and conditions in our countries of operation. The risks this can pose to our business are set out in our Principal risks on pages 44 to 50 and in our Risk factors on pages 188 to 197. By responding to these challenges positively we can gain a competitive advantage.

Material contracts

There have been no material contracts outside the ordinary course of business to which the Company or any of its subsidiaries is a party in the last two years other than as set out below.

The Company and certain of its subsidiaries have entered into certain material agreements in relation to the acquisition of CCL as set out below.

The Scheme Implementation Deed

The Scheme Implementation Deed, dated 4 November 2020, and amended on 14 February 2021, by and among the Company, CCL and CCEP Australia Pty Ltd (CCEP Australia), provides for the implementation of the scheme of arrangement for the acquisition by CCEP Australia of all of the issued shares of CCL (other than shares of CCL held by TCCC) held by certain independent shareholders (CCL Scheme Shareholders), on the terms and conditions set forth in Attachment 2 to the Scheme Implementation Deed (Scheme), including the provisions relating to the consideration to be provided by CCEP Australia for the transfer of the shares of CCL held by the CCL Scheme Shareholders equal to AUD $13.50 per share, subject to the adjustments set out therein. The Scheme is subject to approval by CCL Scheme Shareholders, the Australian courts, regulatory approvals and other customary conditions as set out in exhibit 4.7 to this Annual Report on Form 20-F.

The Co-operation and Sale Deed

The Co-operation and Sale Deed dated 4 November 2020, by and among the Company, CCEP Australia, TCCC, and Coca-Cola Holdings Overseas Limited, provides for the acquisition by CCEP Australia of the shares of CCL indirectly held by TCCC. The sale and purchase obligations set out under the Co-operation and Sale Deed are conditional, and will become binding, on the Scheme becoming effective. The Co-operation and Sale Deed provides for customary terms and conditions as set out in exhibit 4.8 to this Annual Report on Form 20-F.

Copies of material contracts

For further details regarding the Scheme Implementation Deed and the Co-operation and Sale Deed, please refer to the Company's exhibits to the 2020 Annual Report on Form 20-F filed with the SEC.

Articles of Association

For a summary of certain principal provisions of the Company's Articles of Association (the Articles), see Other Information – Other Group information – Articles of Association of the 2018 Annual Report on Form 20-F, filed on 14 March 2019. A copy of the Company's Articles has been filed as Exhibit 1 to this Form 20-F.

Documents on display

CCEP is subject to the information requirements of the US Securities Exchange Act of 1934, as amended (the Exchange Act), applicable to FPIs. In accordance with these requirements, we file our Annual Report on Form 20-F and other related documents with the US Securities and Exchange Commission (SEC). It is possible to read and copy documents that we have filed with the SEC at the SEC's office. Filings with the SEC are also available to the public from commercial document retrieval services, and from the website maintained by the SEC at www.sec.gov.

Our Annual Report on Form 20-F is also available on our website at www.cocacolaep.com/about-us/governance. Shareholders may also order a hard copy, free of charge – see Useful addresses on page 223.

Exchange controls

Other than those individuals and entities subject to economic sanctions that may be in force from time to time, we are not aware of any other legislative or legal provision currently in force in the UK, the US, the Netherlands or Spain restricting remittances to non-resident holders of CCEP's Shares or affecting the import or export of capital for the Company's use.

Taxation information for shareholders

US federal income taxation

US federal income tax consequences to US holders of the ownership and disposition of CCEP Shares

This section summarises the material US federal income tax consequences of owning Shares as capital assets for tax purposes. It is not, however, a comprehensive analysis of all the potential US tax consequences for such holders, and it does not discuss the tax consequences of members of special classes of holders which may be subject to other rules, including, but not limited to: tax exempt entities, life insurance companies, dealers in securities, traders in securities that elect a mark-to-market method of accounting for securities holdings, holders liable for alternative minimum tax, holders that, directly or indirectly, hold 10% or more (by vote or by value) of the Company's stock, holders that hold Shares as part of a straddle or a hedging or conversion transaction, holders that purchase or sell Shares as part of a wash sale for US federal income tax purposes, or holders whose functional currency is not the US dollar. In addition, if a partnership holds Shares, the US federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership and may not be described fully below. This summary does not address any aspect of US taxation other than US federal taxation (such as the estate and gift tax, the Medicare tax on net investment income or US state or local tax).

Investors should consult their tax advisors regarding the US federal, state, local and other tax consequences of owning and disposing of Shares in their particular circumstances.

This section is based on the IRC, its legislative history, existing and proposed regulations, published rulings and court decisions, and on the United Kingdom-United States Tax Treaty (the Treaty), all of which are subject to change, possibly on a retroactive basis.

A US holder is a beneficial owner of Shares that is, for US federal income tax purposes, (i) a citizen or individual resident of the US, (ii) a US domestic corporation, (iii) an estate whose income is subject to US federal income taxation regardless of its source, or (iv) a trust if a US court can exercise primary supervision over the trust's administration and one or more US persons are authorised to control all substantial decisions of the trust. A non-US holder is a beneficial owner of Shares that is neither a US holder nor a partnership for US federal income tax purposes.

Taxation of dividends

Subject to the passive foreign investment company (PFIC) rules discussed below, a US holder is subject to US federal income taxation on the gross amount of any dividend paid by CCEP out of the Company's current or accumulated earnings and profits (as determined for US federal income tax purposes). Dividends paid to a non-corporate US holder will generally constitute "qualified dividend income" and be taxable to the holder at a preferential rate, provided that (i) CCEP is eligible for the benefits of the Treaty, (ii) CCEP is not a PFIC (as discussed below) for either its taxable year in which the dividend is paid or the preceding taxable year and (iii) certain minimum holding period and other requirements are met. CCEP currently believes that dividends paid with respect to its Shares should constitute qualified dividend income for US federal income tax purposes if CCEP was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a PFIC for US federal income tax purposes and provided that the certain minimum holding period is met. US holders should consult their own tax advisors regarding the availability of the preferential dividend tax rate on dividends paid by CCEP.

For US federal income tax purposes, a dividend must be included in income when the US holder actually or constructively receives the dividend. Dividends paid by CCEP to corporate US holders will generally not be eligible for the dividends received deduction. For foreign tax credit purposes, dividends will generally be income from sources outside the US and will generally, be "passive" or "general" income for purposes of computing the foreign tax credit allowable to a US holder.

The amount of a dividend distribution (including any UK withholding tax) on Shares that is paid in a currency other than the US dollar will generally be included in ordinary income in an amount equal to the US dollar value of the currency received on the date such dividend distribution is includible in income, regardless of whether the payment is, in fact, converted into US dollars on such date. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is includible in income to the date the payment is converted into US dollars will be treated as ordinary income or loss and will not be eligible for the preferential tax rate on qualified dividend income. Generally, the gain or loss will be income or loss from sources within the US for foreign tax credit purposes.

Distributions in excess of CCEP's earnings and profits, as determined for US federal income tax purposes, will be treated as a return of capital to the extent of the US holder's basis in its Shares and thereafter as capital gain, subject to taxation as described below.

Taxation of capital gains

Subject to the PFIC rules discussed below, a US holder will generally recognise gain or loss on any sale, exchange, redemption or other taxable disposition of Shares in an amount equal to the difference between the US dollar value of the amount realised on the disposition and the US holder's tax basis, determined in US dollars, in the Shares. Any such capital gain or loss will generally be a long-term gain or loss, subject to tax at a preferential rate for a non-corporate US holder, if the US holder's holding period for such Shares exceeds one year. Any gain or loss recognised by a US holder on the sale or exchange of Shares will generally be treated as income or loss from sources within the US for foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations.

PFIC status

A non-US corporation is a PFIC in any taxable year in which, after taking into account the income and assets of certain subsidiaries, either (i) at least 75% of its gross income is passive income or (ii) at least 50% of the quarterly average of its assets is attributable to assets that produce or are held to produce passive income. Currently, we do not believe that CCEP Shares will be treated as stock of a PFIC for US federal income tax purposes. However, we review this annually, and therefore this conclusion is subject to change. If CCEP was to be treated as a PFIC, unless a US holder elects to be taxed annually on a mark-to-market basis with respect to its Shares, any gain realised on the sale or exchange of such Shares would in general not be treated as a capital gain. Instead, a US holder would be treated as if he or she had realised such gain rateably over the holding period for Shares and generally would be taxed at the highest tax rate in effect for each such year to which the gain was allocated. In this case, an interest charge in respect of the tax attributable to each such year would apply. Certain distributions would be similarly treated if CCEP were treated as a PFIC. In addition, each US person that is a shareholder of a PFIC may be required to file an annual report disclosing its ownership of shares in a PFIC and certain other information.

Information reporting and backup withholding

In general, information reporting requirements will apply to dividends received by US holders of Shares, and the proceeds received on the disposition of Shares effected within the US (and, in certain cases, outside the US), in each case, other than US holders that are exempt recipients (such as corporations).

Backup withholding may apply to such amounts if the US holder fails to provide an accurate taxpayer identification number (generally on an IRS Form W-9 provided to the paying agent or the US holder's broker) or is otherwise subject to backup withholding.

Dividends with respect to Shares and proceeds from the sale or other disposition of Shares received in the US or through certain US related financial intermediaries by a non-US holder, may be subject to information reporting and backup withholding unless such non-US holder provides to the applicable withholding agent the required certification showing its non-US status, such as a valid IRS Form W-8BEN, IRS Form W-8BEN-E or IRS Form W-8ECI, or otherwise establishes an exemption, and otherwise complies with the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or credit against a holder's US federal income tax liability, if any, provided the required information is given to the IRS on a timely basis.

US federal income tax consequences to non-US holders of the ownership and disposition of CCEP Shares

In general, a non-US holder of Shares will not be subject to US federal income tax or, subject to the discussion above under Information reporting and backup withholding, US federal withholding tax on any dividends received on Shares or any gain recognised on a sale or other disposition of Shares including any distribution to the extent it exceeds the adjusted basis in the non-US holder's Shares unless:

- the dividend or gain is effectively connected with such non-US holder's conduct of a trade or business in the US (and, if required by an applicable tax treaty, is attributable to a permanent establishment maintained by the non-US holder in the US); or
- in the case of gain only, such non-US holder is a non-resident alien individual present in the US for 183 days or more during the taxable year of the sale or disposition, and certain other requirements are met.

Special rules may apply to a non-US holder who was previously a US holder and who again becomes a US holder in a later year.

A non-US holder that is a corporation may also be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable tax treaty) on its effectively connected earnings and profits for the taxable year, as adjusted for certain items.

Certain US holders may be required to report to the IRS on Form 8938 information relating to their ownership of foreign financial assets, such as the Shares, subject to certain exceptions (including an exception for Shares held in accounts maintained by certain financial institutions). US holders should consult their tax advisors regarding the effect, if any, of these rules on their obligations to file information reports with respect to the Shares.

UK taxation consequences for US holders

The following summarises certain UK tax consequences of the ownership and disposition of Shares for US holders who are not resident in the UK for tax purposes and to whom split year treatment does not apply, who do not carry on a trade, profession or vocation through a permanent establishment or branch or agency in the UK, and who are the absolute beneficial owners of their Shares and hold such Shares as a capital investment.

This information is a general discussion based on UK tax law and what is understood to be the practice of HMRC, all as in effect on the date of publication, and all of which are subject to differing interpretations and change at any time, possibly with retroactive effect. It is not a complete analysis of all potential UK tax considerations that may apply to a US holder. In addition, this discussion neither addresses all aspects of UK tax law that may be relevant to particular US holders nor takes into account the individual facts and circumstances of any particular US holder. Accordingly, it is not intended to be, and should not be construed as, tax advice.

Distributions on Shares

No UK tax is required to be withheld from cash distributions on Shares paid to US holders. In addition, US holders will not be subject to UK tax in respect of their receipt of cash distributions on their Shares.

Sale, exchange, redemption or other dispositions of Shares

US holders will not be subject to UK tax on capital gains in respect of any gain realised by such US holders on a sale, exchange, redemption or other disposition of their Shares. Special rules may apply to individual US holders who have ceased to be resident in the UK for tax purposes and who make a disposition of their Shares before becoming once again resident in the UK for tax purposes.

While Shares are held within the DTC clearance system, and provided that DTC satisfies various conditions specified in UK legislation, electronic book entry transfers of such Shares should not be subject to UK stamp duty, and agreements to transfer such Shares should not be subject to Stamp Duty Reserve Tax (SDRT). Confirmation of this position was obtained by way of formal clearance by HMRC. Likewise, transfers of, or agreements to transfer, such Shares from the DTC clearance system into another clearance system (or into a depositary receipt system) should not, provided that the other clearance system or depositary receipt system satisfies various conditions specified in UK legislation, be subject to UK stamp duty or SDRT.

In the event that Shares have left the DTC clearance system, other than into another clearance system or depositary receipt system, any subsequent transfer of, or agreement to transfer, such Shares may, subject to any available exemption or relief, be subject to UK stamp duty or SDRT at a rate of 0.5% of the consideration for such transfer or agreement (in the case of UK stamp duty, rounded up to the next multiple of £5). Any such UK stamp duty or SDRT will generally be payable by the transferee and must be paid (and any relevant transfer document duly stamped by HMRC) before the transfer can be registered in the books of the Company. In the event that Shares that have left the DTC clearance system, other than into another clearance system or depositary receipt system, are subsequently transferred back into a clearance system or depositary receipt system, such transfer or agreement may, subject to any available exemption or relief, be subject to UK stamp duty or SDRT at a rate of 1.5% of the consideration for such transfer (or, where there is no such consideration, 1.5% of the value of such Shares). Notwithstanding the foregoing provisions of this paragraph, a transfer of securities may in certain circumstances be subject to UK stamp duty or SDRT based on the value of the relevant securities if this is higher than the amount of the consideration for the relevant transfer.

THIS SUMMARY IS NOT EXHAUSTIVE OF ALL POSSIBLE TAX CONSEQUENCES. IT IS NOT INTENDED AS LEGAL OR TAX ADVICE TO ANY PARTICULAR HOLDER OF SHARES AND SHOULD NOT BE SO CONSTRUED. HOLDERS OF SHARES SHOULD CONSULT THEIR OWN TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES APPLICABLE TO THEM IN THEIR OWN PARTICULAR CIRCUMSTANCES.

Selected financial data

The following selected financial data has been extracted from, and should be read in conjunction with, the consolidated financial statements of the Group and their accompanying notes.

Coca-Cola European Partners plc was created through the Merger on 28 May 2016 of the businesses of CCE, CCIP and CCEG. As part of the Merger, in July 2016, the Company completed the acquisition of Vifilfell hf., the Coca-Cola bottler in Iceland. Upon the consummation of the Merger, the historical consolidated financial statements of CCE became CCEP's historical financial statements as CCE was deemed to be the predecessor to CCEP. Therefore, the financial results presented here for the period from 1 January 2016 to 27 May 2016 refer to CCE and its consolidated subsidiaries, and the periods subsequent to 28 May 2016 refer to the combined financial results of CCEP.

The financial information presented here has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), IFRS as adopted pursuant to Regulation (EC) No 1606/2002 as it applies within the European Union (EU) and in accordance with international accounting standards in conformity with the provisions of the UK Companies Act 2006 (the Companies Act). There are no differences between IFRS as adopted pursuant to Regulation (EC) No 1606/2002 as it applies within the EU and IFRS as issued by the IASB that have an impact for the years presented.

	2020	2019	2018	2017	2016
Income statement	**€ million**	€ million	€ million	€ million	€ million
Revenue	10,606	12,017	11,518	11,062	9,133
Cost of sales	(6,871)	(7,424)	(7,060)	(6,772)	(5,584)
Gross profit	**3,735**	**4,593**	**4,458**	**4,290**	**3,549**
Selling and distribution expenses	(1,939)	(2,258)	(2,178)	(2,124)	(1,615)
Administrative expenses	(983)	(787)	(980)	(906)	(1,083)
Operating profit	**813**	**1,548**	**1,300**	**1,260**	**851**
Finance income	33	49	47	48	31
Finance costs	(144)	(145)	(140)	(148)	(154)
Total finance costs, net	(111)	(96)	(93)	(100)	(123)
Non-operating items	(7)	2	(2)	(1)	(9)
Profit before taxes	**695**	**1,454**	**1,205**	**1,159**	**719**
Taxes	(197)	(364)	(296)	(471)	(170)
Profit after taxes	**498**	**1,090**	**909**	**688**	**549**

	2020	2019	2018	2017	2016
Statement of financial position	**€ million**	€ million	€ million	€ million	€ million
Non-current assets	15,161	15,582	15,225	14,880	15,143
Current assets	4,076	3,103	2,991	3,314	3,425
Total assets	**19,237**	**18,685**	**18,216**	**18,194**	**18,568**
Non-current liabilities	9,072	8,414	7,860	8,222	8,355
Current liabilities	4,140	4,115	3,792	3,287	3,752
Total liabilities	**13,212**	**12,529**	**11,652**	**11,509**	**12,107**
Total equity	**6,025**	**6,156**	**6,564**	**6,685**	**6,461**
Total equity and liabilities	**19,237**	**18,685**	**18,216**	**18,194**	**18,568**
Capital stock data					
Number of shares (in millions)	455	456	475	485	483
Share capital (in € million)	5	5	5	5	5
Share premium (in € million)	192	178	152	127	114
Per share data					
Basic earnings per share (€)	1.09	2.34	1.88	1.42	1.45
Diluted earnings per share (€)	1.09	2.32	1.86	1.41	1.42
Dividends declared per share (€)[A]	0.85	1.24	1.06	0.84	0.86
Dividends declared per share ($)[A]	n/a	n/a	n/a	n/a	0.97

(A) As a result of the Merger, dividends declared in 2016 may be viewed in two separate categories: dividends declared by CCEP in euros and dividends declared by CCE in US dollars. Dividends declared by CCE in 2016 in US dollars have been converted to euros from US dollars to provide an annualised dividend amount for 2016 using the average exchange rate for the respective period. Similarly, dividends declared by CCEP in euros in 2016 have been converted to US dollars to provide an annualised dividend amount for 2016 using the average exchange rate for the respective period.

Operations review

Revenue

Revenue decreased by €1.4 billion, or 11.5%, from €12.0 billion in 2019 to €10.6 billion in 2020. Refer to the Business and financial review for a discussion of significant factors that impacted revenue in 2020, as compared to 2019.

2019 vs 2018

Refer to Other Information – Other Group information – Operations review of the 2019 Annual Report on Form 20-F, filed on 16 March 2020.

Volume

Refer to the Business and financial review for a discussion of significant factors that impacted volume in 2020, as compared to 2019.

2019 vs 2018

Refer to Other Information – Other Group information – Operations review of the 2019 Annual Report on Form 20-F, filed on 16 March 2020.

Cost of sales

On a reported basis, cost of sales decreased 7.5%, from €7.4 billion in 2019 to €6.9 billion in 2020. Refer to the Business and financial review for a discussion of significant factors that impacted cost of sales in 2020, as compared to 2019.

2019 vs 2018

Refer to Other Information – Other Group information – Operations review of the 2019 Annual Report on Form 20-F, filed on 16 March 2020.

Selling and distribution expenses and administrative expenses

The following table presents selling and distribution expenses and administrative expenses for the periods presented:

	2020	2019
	€ million	€ million
Selling and distribution expenses	1,939	2,258
Administrative expenses	983	787
Total	**2,922**	**3,045**

On a reported basis, total operating expenses decreased by 4.0% from €3.0 billion in 2019 to €2.9 billion in 2020, including restructuring costs.

Selling and distribution expenses decreased by €319 million, or 14.0%, versus 2019, primarily driven by a reduction in variable expenses such as logistic costs due to COVID-19 and reduction in trade marketing expenses and seasonal labour.

Administrative expenses increased by €196 million, or 25.0%, versus 2019 mainly reflecting the higher restructuring activity in 2020 primarily related to the Accelerate Competitiveness programme and site rationalisation in Germany.

2019 vs 2018

Refer to Other Information – Other Group information – Operations review of the 2019 Annual Report on Form 20-F, filed on 16 March 2020.

Finance costs, net

Finance costs, net totalled €111 million and €96 million in 2020 and 2019, respectively. The following table summarises the primary items impacting our interest expense during the periods presented:

	2020	2019
Average outstanding debt balance (€ million)	6,978	6,399
Weighted average cost of debt during the year	1.4%	1.5%
Fixed rate debt (% of portfolio)	95%	91%
Floating rate debt (% of portfolio)	5%	9%

Other non-operating items

Other non-operating items represented an expense of €7 million in 2020 and an income of €2 million in 2019. Our other non-operating expense is primarily made up of remeasurement gains and losses related to currency exchange rate fluctuations on financing transactions denominated in a currency other than the subsidiary's functional currency. Non-operating items are shown on a net basis and reflect the impact of any derivative instruments utilised to hedge the foreign currency movements of the underlying financing transactions.

Tax expense

In 2020, our reported effective tax rate was 28.3%. This includes a €43 million deferred tax expense due to the enactment of corporate income tax rate increases in the UK and the Netherlands. These increases reverse previously enacted rate reductions.

In 2019, our reported effective tax rate was 25.0%. This includes the impact of a €3 million deferred tax expense due to the enactment of deceleration of corporate tax rate reductions in France and the Netherlands.

Cash flow and liquidity review

Liquidity and capital resources

Our sources of capital include, but are not limited to, cash flows from operating activities, public and private issuances of debt and equity securities and bank borrowings. Based on information currently available, we do not believe we are at significant risk of default by our counterparties.

The Group satisfies seasonal working capital needs and other financing requirements with operating cash flow, cash on hand, short-term borrowings and a line of credit. During the year, the Group has accessed the capital markets, issuing €1.6 billion of long-term borrowings to finance maturing debt and to ensure the Group had sufficient liquidity. At 31 December 2020, the Group had €709 million in third party debt maturities in the next 12 months, €350 million of which was in the form of euro denominated notes and €359 million of US dollar denominated notes. In addition to using operating cash flow and cash in hand, the Group may repay its short-term obligations by issuing more debt, which may take the form of commercial paper and/or longer-term debt. Further details regarding the level of borrowings at the year end are provided in Note 13 of the consolidated financial statements.

In line with our commitments to deliver long-term value to shareholders, in October 2020 the Board declared a full year dividend of €0.85 per Share, maintaining a dividend payout ratio of c.50%. For the year ended 31 December 2020, dividend payments totalled €386 million (2019: €574 million).

On 23 March 2020, in response to COVID-19, the Board took the decision to suspend the share buyback programme. During the first quarter of 2020, 3,065,200 Shares were repurchased by the Company and cancelled under this programme. The total cost of the repurchased Shares of €129 million, including €1 million of directly attributable tax costs, was deducted from retained earnings. No further Shares have been purchased under this programme in the period through to 31 December 2020. For further details of the share buyback programme refer to Note 16 of the consolidated financial statements.

Credit ratings and covenants

The Group's credit ratings are periodically reviewed by rating agencies. The ratings outlook from Moody's is on review for downgrade and for S&P on credit watch negative, which follows the Group's intention to acquire CCL. Changes in the operating results, cash flows or financial position could impact the ratings assigned by the various rating agencies. The credit rating can be materially influenced by a number of factors including, but not limited to, acquisitions, investment decisions, and capital management activities of TCCC, and/or changes in the credit rating of TCCC. Should the credit ratings be adjusted downward, the Group may incur higher costs to borrow, which could have a material impact on the financial condition and results of operations.

Summary of cash flow activities

2020

During 2020, our primary sources of cash included: (1) €1,490 million from operating activities, net of cash payments related to restructuring programmes of €205 million and contributions to our defined benefit pension plans of €52 million; and (2) proceeds of €1.6 billion from the issuance of €600 million 1.75% notes due in 2026, €250 million 1.5% notes due in 2027 and €750 million 0.2% notes due in 2028.

Our primary uses of cash were: (1) repayments on borrowings of €790 million, repayments of principal on lease obligations of €116 million (refer to Financing activities below) and net interest payments of €91 million; (2) dividend payments of €386 million; (3) purchases of Shares under our share buyback programme of €129 million; and (4) spend on property, plant and equipment of €348 million and software of €60 million.

2019

During 2019, our primary sources of cash included: (1) €1,904 million from operating activities, net of cash payments related to restructuring programmes of €147 million and contributions to our defined benefit pension plans of €61 million and cash receipts of €126 million relating to the ongoing VAT dispute with the Spanish tax authorities and the regional tax authorities of Bizkaia (Basque Region); and (2) proceeds of €1,089 million from the issuance of €493 million 1.125% notes due in 2029, €495 million 0.7% notes due in 2031 and €101 million net issuances of short-term borrowings.

Our primary uses of cash were: (1) repayments on borrowings of €753 million (refer to Financing activities below) and net interest payments of €86 million; (2) dividend payments of €574 million; (3) purchases of Shares under our share buyback programme of €1,005 million; and (4) spend on property, plant and equipment of €506 million and software of €96 million.

The discussion of our 2018 cash flow activities has not been included as this can be found under Other Information – Other Group information – Cash flow and liquidity review of the 2018 Annual Report on Form 20-F, filed on 14 March 2019.

Operating activities

2020 vs 2019

Our cash derived from operating activities totalled €1,490 million in 2020 versus €1,904 million in 2019. This decrease was primarily due to the impact of COVID-19, and an increase in restructuring charges of €238 million relative to 2019.

2019 vs 2018

Refer to Other Information – Other Group information – Cash flow and liquidity review of the 2019 Annual Report on Form 20-F, filed on 16 March 2020.

Investing activities

2020 vs 2019

Capital asset investments represent a primary use of cash for our investing activities.

The following table summarises the capital investments for the periods presented:

	2020 € million	2019 € million
Supply chain infrastructure	283	382
Cold drink equipment	57	120
Fleet and other	8	4
Total capital asset investments	**348**	**506**

Investments in supply chain infrastructure relate to investments in our manufacturing and distribution facilities.

In addition, during 2020 the Group spent €60 million (2019: €96 million) on capitalised development activity, primarily in relation to the business capability programme. No significant other investing activities took place during the years ended 31 December 2020 and 2019.

During 2021, we expect our capital expenditures to be invested in similar categories as those listed in the table above. Whilst the level of capital expenditure is uncertain, we expect our operating cash flow, cash in hand and available short-term capital resources will be sufficient to fund future capital expenditures.

2019 vs 2018

Refer to Other Information – Other Group information – Cash flow and liquidity review of the 2019 Annual Report on Form 20-F, filed on 16 March 2020.

Financing activities

2020 vs 2019

Our net cash used in financing activities totalled €100 million in 2020, versus €1,302 million in 2019.

The following table summarises our financing activities related to the issuances of and payments on debt for the periods presented (in € millions):

Issuances of debt	Maturity date	Rate	2020	2019
€600 million notes	March 2026	1.75%	600	—
€250 million notes	November 2027	1.50%	250	—
€750 million notes	December 2028	0.20%	750	—
€500 million notes	April 2029	1.13%	—	493
€500 million notes	September 2031	0.70%	—	495
Net issuances of short-term borrowings	—	(A)	—	101
Total issuances of debt, net of issuance costs			**1,600**	**1,089**

Payments on debt	Maturity date	Rate	2020	2019
$525 million	September 2020	3.5%	(470)	—
$250 million	August 2021	3.3%	(52)	—
$300 million	September 2021	4.5%	(47)	—
Term loan	May 2018-2021	floating	—	(275)
€350 million notes	December 2019	2.0%	—	(350)
Lease obligations	—	—	(116)	(128)
Repayments on third-part borrowings, less short-term borrowings			**(685)**	**(753)**
Net payments of short-term borrowings	—	(A)	(221)	—
Total payments on debt			**(906)**	**(753)**

(A) These amounts represent short-term euro commercial paper with varying interest rates.

Our financing activities during 2020 included dividend payments totalling €386 million, based on a dividend rate of €0.85 per Share. In 2019, dividend payments totalled €574 million.

The total payments under the share buyback programme in 2020 were €129 million (including €1 million of directly attributable tax costs). This compares to total payments of €1,005 million relating to Shares that were repurchased in 2019.

During March 2020, €400 million was drawn against our credit facility, of which €300 million was repaid during March 2020 and €100 million was repaid during April 2020. No other amounts were drawn under this facility during 2020 and the facility was undrawn at 31 December 2020. During 2019, €60 million was drawn against the credit facility and subsequently repaid prior to 31 December 2019.

Lease obligations

During the year ended 31 December 2020 and 31 December 2019, total cash outflows from payments of principal on lease obligations were €116 million and €128 million, respectively.

2019 vs 2018

Refer to Other Information – Other Group information – Cash flow and liquidity review of the 2019 Annual Report on Form 20-F, filed on 16 March 2020.

Raw materials

CCEP purchases concentrates and syrups from TCCC and other franchisors to manufacture products. In addition, the Group purchases sweeteners, juices, coffee, mineral waters, finished product, carbon dioxide, fuel, PET (plastic) preforms, glass, aluminium and plastic bottles, aluminium and steel cans, pouches, closures, post-mix and packaging materials. The Group generally purchases raw materials, other than concentrates, syrups and mineral waters, from multiple suppliers. The product licensing and bottling agreements with TCCC and agreements with some of our other franchisors provide that all authorised containers, closures, cases, cartons and other packages, and labels for their products must be purchased from manufacturers approved by the respective franchisor. The principal sweetener we use is sugar derived from sugar beets. Our sugar purchases are made from multiple suppliers. The Group does not separately purchase low-calorie sweeteners because sweeteners for low-calorie beverage products are contained in the concentrates or syrups we purchase.

The Group produces most of its plastic bottle requirements within the production facilities using preforms purchased from multiple suppliers. The Group believes the self manufacture of certain packages serves to ensure supply and to reduce or manage costs. The Group does not use any materials or supplies that are currently in short supply, although the supply and price of specific materials or supplies are, at times, adversely affected by strikes, weather conditions, speculation, abnormally high demand, governmental controls, new taxes, national emergencies, natural disasters, price or supply fluctuations of their raw material components, and currency fluctuations.

Off-balance sheet arrangements

The Group does not have any off-balance sheet arrangements, as defined by the SEC in Item 5.E of Form 20-F, that have or are reasonably likely to have a current or future effect on the Group's financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Contractual obligations

The following table reflects the Group's contractual obligations as at 31 December 2020:

	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
	€ million	€ million	€ million	€ million	€ million
Borrowings[(A)]	6,822	709	1,048	844	4,221
Lease obligations[(B)]	402	121	136	58	87
Interest obligations[(C)]	503	90	159	126	128
Purchase agreements[(D)]	175	67	93	3	12
	7,902	**987**	**1,436**	**1,031**	**4,448**

(A) These amounts represent the Group's scheduled debt maturities, excluding lease obligations. Refer to Note 13 of the consolidated financial statements for further details about the borrowings of CCEP.
(B) These amounts represent the Group's minimum lease payments (including amounts representing interest), obligations related to lease agreements committed to but not yet commenced and lease payments due under non-cancellable short-term or low value lease agreements.
(C) These amounts represent estimated interest payments related to the Group's long-term debt obligations, excluding leases. Interest on fixed rate debt has been calculated based on applicable rates and payment dates. Interest on variable rate debt has been calculated using the forward interest rate curve. Refer to Note 24 of the consolidated financial statements for further details about financial risk management within CCEP.
(D) These amounts represent non-cancellable purchase agreements with various suppliers that are enforceable and legally binding and that specify a fixed or minimum quantity that we must purchase. All purchases made under these agreements have standard quality and performance criteria. In addition to these amounts, the Group has outstanding capital expenditure purchase orders of approximately €50 million as at 31 December 2020. The Group also has other purchase orders raised in the ordinary course of business which are settled in a reasonably short period of time. These are excluded from the table above. The Group expects that the net cash flows generated from operating activities will be able to meet these liabilities as they fall due.

The above table does not reflect the impact of derivatives and hedging instruments, other than for long-term debt, which are discussed in Note 24 of the consolidated financial statements. Furthermore, the exact timing of our tax provisions is not certain and these have been excluded from the above table. Refer to Note 20 of the consolidated financial statements for further information.

The above table also does not reflect employee benefit liabilities of €296 million, which include current liabilities of €13 million and non-current liabilities of €283 million as at 31 December 2020. Refer to Note 15 of the consolidated financial statements for further information.

Properties

The Group's principal properties include production facilities, distribution and logistics centres, shared service centres, business unit headquarter offices and corporate offices.

The table below summarises the main properties which the Group uses as at 31 December 2020:

	Great Britain	France	Belgium/ Luxembourg	Netherlands	Norway	Sweden	Germany	Iberia	Iceland	Total
Production facilities[(A)]										
Leased	—	—	—	—	—	—	2	1	—	**3**
Owned	5	5	3	1	1	1	16	10	2	**44**
Total	**5**	**5**	**3**	**1**	**1**	**1**	**18**	**11**	**2**	**47**
Distribution and logistics facilities										
Leased	1	—	3	—	—	—	21	5	—	**30**
Owned	—	—	—	—	—	—	8	4	—	**12**
Total	**1**	**—**	**3**	**—**	**—**	**—**	**29**	**9**	**—**	**42**
Corporate offices and business unit headquarters										
Leased	2	1	1	1	—	—	1	3	—	**9**
Owned	—	—	—	—	—	—	—	—	—	**—**
Total	**2**	**1**	**1**	**1**	**—**	**—**	**1**	**3**	**—**	**9**

(A) All production facilities are a combination of production and warehouse facilities.

The Group uses two shared service centres, both located in Bulgaria.

The Group's principal properties cover approximately 4.6 million square metres in the aggregate of which 0.5 million square metres is leased and 4.1 million square metres is owned. The Group believes that its facilities are adequately utilised and sufficient to meet its present operating needs.

At 31 December 2020, the Group operated approximately 12 thousand vehicles of various types, the majority of which are leased. The Group also owned approximately 1.1 million pieces of cold drink equipment, principally coolers and vending machines.

Disclosure controls and procedures

Evaluation of disclosure controls and procedures

The Group maintains "disclosure controls and procedures", as defined in Rule 13a-15(e) under the Exchange Act, which are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarised and reported within the time periods specified in the US SEC's rules and forms, and that such information is accumulated and communicated to the Group's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate to allow timely decisions regarding required disclosure. The Group's management, with the participation of the CEO and CFO, has evaluated the effectiveness of the Group's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as at 31 December 2020. Based on that evaluation, the Group's CEO and CFO have concluded that the Group's disclosure controls and procedures were effective.

Management's report on internal control over financial reporting

The Group's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Group, as defined in Rule 13a-15(f) under the Exchange Act. Internal control over financial reporting is a process designed under the supervision of the principal executive and financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's consolidated financial statements for external reporting purposes in accordance with IFRS issued by the IASB. The Group's internal control over financial reporting includes policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the Group's transactions and dispositions of assets; (2) are designed to provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the Group's consolidated financial statements in accordance with IFRS, and that receipts and expenditures are being made only in accordance with authorisations of management and the Directors of the Group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Group's assets that could have a material effect on the Group's consolidated financial statements. Internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that internal controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, with the participation of the Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Group's internal control over financial reporting as at 31 December 2020, using the criteria set forth in the Internal Control-Integrated Framework issued by The Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that the Group's internal control over financial reporting as at 31 December 2020 was effective. Ernst & Young LLP (EY), the Group's independent registered public accounting firm, has issued an attestation report on the Group's internal control over financial reporting as at 31 December 2020, which is set out on page 127.

Changes in internal control over financial reporting

There has been no change in the Group's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during 2020 that has materially affected, or is reasonably likely to materially affect, the Group's internal control over financial reporting.

Principal accountants' fees and services

The Audit Committee has established policies and procedures for the engagement of the independent registered public accounting firm, EY, to render audit and certain assurance and tax services. The policies provide for pre-approval by the Audit Committee of specifically defined audit, audit-related, tax and other services that are not prohibited by regulatory or other professional requirements. EY is engaged for these services when its expertise and experience of CCEP are important. Most of this work is of an audit nature.

Under the policy, pre-approval is given for specific services within the following categories: advice on accounting, auditing and financial reporting matters; internal accounting and risk management control reviews (excluding any services relating to information systems design and implementation); non-statutory audit; project assurance and advice on business and accounting process improvement (excluding any services relating to information systems design and implementation relating to CCEP's financial statements or accounting records); due diligence in connection with acquisitions, disposals and arrangements in which two or more parties have joint control (excluding valuation or involvement in prospective financial information); income tax and indirect tax compliance and advisory services; employee tax services (excluding tax services that could impair independence); provision of, or access to, EY publications, workshops, seminars and other training materials; provision of reports from data gathered on non-financial policies and information; and assistance with understanding non-financial regulatory requirements. The Audit Committee has delegated authority to the Chairman of the Audit Committee to approve permitted services provided that the Chairman reports any decisions to the Committee at its next scheduled meeting. Any proposed service not included in the approved service list must be approved in advance by the Audit Committee Chairman and reported to the Committee, or approved by the full Audit Committee in advance of commencement of the engagement.

The Audit Committee evaluates the performance of the auditor each year. The Committee keeps under review the scope and results of audit work and the independence and objectivity of the auditor. The audit fees payable to EY are reviewed by the Committee for cost effectiveness each year. External regulation and CCEP policy requires the auditor to rotate its lead audit partner every five years. (See Note 17 of the consolidated financial statements for details of fees for services provided by the auditor.)

Form 20-F table of cross references

Exhibits

The following documents, which form a part of this Annual Report on Form 20-F, have been filed with the US Securities and Exchange Commission (SEC) via its EDGAR system and can be viewed on the SEC's website at www.sec.gov.

Exhibit 1	Articles of Association of CCEP (incorporated by reference to Exhibit 99.1 to CCEP's Form 6-K filed with the SEC on May 30, 2019).
Exhibit 2	Description of rights attached to each class of CCEP securities registered under Section 12 of the Exchange Act as at 31 December 2020.
Exhibit 3	Shareholders' Agreement by and among the Company, Olive Partners, S.A., European Refreshments, Coca-Cola GmbH and Vivaqa Beteiligungs GmbH & Co. KG (incorporated by reference to Annex C to the proxy statement/prospectus contained in CCEP's Form F-4/A registration statement filed with the SEC on April 11, 2016).
Exhibit 4.1	Form of Bottler's Agreement entered into between The Coca-Cola Company and the bottling subsidiaries of CCEP (incorporated by reference to Exhibit 10.7 to the Company's Form F-4/A registration statement filed with the SEC on April 7, 2016).
Exhibit 4.2	Coca-Cola European Partners plc Long-Term Incentive Plan 2016 (incorporated by reference to Exhibit 4.1 to CCEP's Form S-8 registration statement filed with the SEC on June 1, 2016).
Exhibit 4.3	Rules of the Coca-Cola Enterprises Belgium/Coca-Cola Enterprises Services Belgian and Luxembourg Share Savings Plan (incorporated by reference to Exhibit 4.3 to CCEP's Form S-8 registration statement filed with the SEC on June 1, 2016).
Exhibit 4.4	Trust Deed and Rules of Coca-Cola Enterprises UK Share Plan (incorporated by reference to Exhibit 4.2 to the Company's Form S-8 registration statement filed with the SEC on June 1, 2016).
Exhibit 4.5	The Coca-Cola Enterprises, Inc. 2010 Incentive Award Plan (As Amended Effective February 7, 2012) (incorporated by reference to Exhibit 99.1 to Coca-Cola Enterprises, Inc.'s Current Report on Form 8-K filed on February 9, 2012).
Exhibit 4.6	Deed of Assumption and Replacement relating to Equity Awards of Coca-Cola Enterprises, Inc. (incorporated by reference to Exhibit 4.3 to the Company's Post-Effective Amendment No. 1 on Form S-8 to Form F-4 registration statement filed with the SEC on June 1, 2016).
Exhibit 4.7	The Scheme Implementation Deed by and among the Company, Coca-Cola Amatil Limited and CCEP Australia Pty Ltd, dated 4 November 2020.
Exhibit 4.8	The Co-operation and Sale Deed by and between the Company, The Coca-Cola Company, CCEP Australia Pty Ltd and Coca-Cola Holdings Overseas Limited, dated 4 November 2020
Exhibit 8	List of Subsidiaries of the Company (included in Note 27 of the consolidated financial statements in this Annual Report on Form 20-F).
Exhibit 12.1	Rule 13a-14(a) Certification of Damian Gammell
Exhibit 12.2	Rule 13a-14(a) Certification of Nik Jhangiani
Exhibit 13	Rule 13a-14(b) Certifications
Exhibit 15.1	Consent of Ernst & Young LLP, UK
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

The total amount of long-term debt securities of the Company and its subsidiaries authorised under any one instrument does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish copies of any or all such instruments to the SEC on request.

Signatures

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorised the undersigned to sign the Annual Report on Form 20-F on its behalf.

Coca-Cola European Partners plc

/s/ Damian Gammell
Damian Gammell
Chief Executive Officer
12 March 2021

Glossary

Unless the context otherwise requires, the following terms have the meanings shown below.

2010 Plan	CCE 2010 Incentive Award Plan
Accelerate Competitiveness	proposals announced in October 2020 aimed at reshaping CCEP using technology enabled solutions to improve productivity and include the closure of certain production sites in Germany and Iberia
Admission	the date of the Company's admission to the UK market (28 May 2016)
AGM	Annual General Meeting
APPP	Accelerate Profit Performance Plan
ARR	Annual report on remuneration
Articles	Articles of Association of Coca-Cola European Partners plc
ATC	Affiliated Transaction Committee
B2B	business to business
BCP	business continuity planning
BCR	business continuity and resilience
BEIS	UK Department for Business, Environment and Industrial Strategy
BIA	business impact analysis
Board	Board of Directors of Coca-Cola European Partners plc
BPF	Business Performance Factor
Brexit	the departure of the UK from the EU
BU	a business unit of the Group
capex	capital expenditure
CCE or Coca-Cola Enterprises	Coca-Cola Enterprises, Inc.
CCEG or Coca-Cola Erfrischungsgetränke	Coca-Cola Erfrischungsgetränke GmbH (which changed its name to Coca-Cola European Partners Deutschland GmbH from 22 August 2016)
CCEP or the Group	Coca-Cola European Partners plc (registered in England and Wales number 9717350) and its subsidiaries and subsidiary undertakings from time to time
CCEP LTIP	CCEP Long-Term Incentive Plan 2016
CCIP or Coca-Cola Iberian Partners	Coca-Cola Iberian Partners, S.A. (which changed its name to Coca-Cola European Partners Iberia S.L.U. from 1 January 2017)
CCL	Coca-Cola Amatil Limited
CDE	cold drink equipment
CDP	Climate Disclosure Project, formerly known as the Carbon Disclosure Project
CEO	Chief Executive Officer (of Coca-Cola European Partners plc)
CFO	Chief Financial Officer (of Coca-Cola European Partners plc)
CIO	Chief Information Officer (of Coca-Cola European Partners plc)
CGU	cash generating unit
Chairman	the Chairman of Coca-Cola European Partners plc
Cobega	Cobega, S.A.
Coca-Cola system	comprises The Coca-Cola Company and around 225 bottling partners worldwide
CoC	Code of Conduct
CODM	chief operating decision maker
Committee(s)	the five committees with delegated authority from the Board: the Audit, Remuneration, Nomination, Corporate Social Responsibility and Affiliated Transaction Committees
Committee Chairman/Chairmen	the Chairman/Chairmen of the Committee(s)
Committee member(s)	member(s) of the Committees
Companies Act	the UK Companies Act 2006, as amended
Company or Parent Company	Coca-Cola European Partners plc
Company Secretary	Company Secretary (of Coca-Cola European Partners plc)
COVID-19 or coronavirus	the coronavirus pandemic 2020-2021
CSR	Corporate Social Responsibility
Deloitte	Deloitte LLP
Director(s)	a (the) director(s) of Coca-Cola European Partners plc
DNV GL	international accredited registrar and classification society
DRS	deposit return scheme(s)
DTC	Depository Trust Company
DTRs	the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority
EBITDA	earnings before interest, tax, depreciation and amortisation

EEA	European Economic Area
EAP	Employee Assistance Programme
EIR	effective interest rate
EPS	earnings per share
ERA	enterprise risk assessment
ERM	enterprise risk management
EY	Ernst & Young LLP
ESP	GB Employee Share Plan
EU	European Union
European Refreshments or ER	European Refreshments, a wholly-owned subsidiary of TCCC
Exchange Act	the US Securities Exchange Act of 1934
Executive Leadership Team or ELT	the CEO and his direct senior leadership reports
E&C	ethics and compliance
FAWVA	facility water vulnerability assessment
FCPA	US Foreign Corrupt Practices Act of 1977
FIFO	first-in, first-out method
FMCG	fast moving consumer goods
FPI	foreign private issuer, a term that applies to a company under the rules of the New York Stock Exchange that is not a domestic US company
FRC	the Financial Reporting Council
FRS	Financial Reporting Standards
FTSE4Good	a series of ethical investment stock market indices launched in 2001 by the FTSE Group
GAAP	Generally Accepted Accounting Principles
GB Scheme	the Great Britain defined benefit pension plan
GHG	greenhouse gas
GHG Protocol or WRI/WBCSD GHG Protocol	the GHG Protocol is the internationally recognised, standard framework for measuring greenhouse gas (GHG) emissions from private and public sector operations and their value chains
Group or CCEP	Cola-Cola European Partners plc and its subsidiaries and subsidiary undertakings from time to time
HMRC	Her Majesty's Revenue and Customs, the UK's tax authority
HoReCa	hotels, restaurant and cafes
HR	human resources
I&D	inclusion and diversity
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IAS Regulations	International Accounting Standards (IAS) Regulations relate to the harmonisation of the financial information presented by issuers of securities in the European Union
IBR	incremental borrowing rate
IEA	International Energy Agency
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
INEDs	Independent Non-executive Directors of Coca-Cola European Partners plc
IPF	Individual Performance Factor
IRC	the US Internal Revenue Code of 1986, as amended
IRS	US Internal Revenue Service
ISAE 3000	International Standard on Assurance Engagements 3000
ISO	International Organization for Standardisation
IT	information technology
KPI	key performance indicator
LGBT+	pertaining collectively to people who identify as lesbian, gay, bisexual, or transgender, and to people with gender expressions outside traditional norms, including nonbinary, intersex, and other queer people (and those questioning their gender identity or sexual orientation), along with their allies
Listing Rules or LRs	the Listing Rules of the UK Financial Conduct Authority
LSE	London Stock Exchange
LTI	long-term incentive
LTIP	Long-Term Incentive Plan
M&A	merger and acquisition(s)
Merger	the formation of Coca-Cola European Partners plc on 28 May 2016 through the combination of the businesses of Coca-Cola Enterprises, Inc., Coca-Cola Iberian Partners, S.A. and Coca-Cola Erfrischungsgetränke GmbH
NARTD	non-alcoholic ready to drink
NEDs	Non-executive Directors of Coca-Cola European Partners plc
NGO	non-governmental organisation

NYSE	New York Stock Exchange
NYSE Rules	the corporate governance rules of the NYSE
OCI	other comprehensive income
OFAC	Office of Foreign Assets Control of the US Department of the Treasury
Official List	the Official List is the list maintained by the Financial Conduct Authority of securities issued by companies for the purpose of those securities being traded on a UK regulated market such as London Stock Exchange
Olive Partners	Olive Partners, S.A.
opex	operating expenditure
Parent Company or Company	Coca-Cola European Partners plc
Paris Agreement	the agreement on climate change resulting from UN COP21, the UN Climate Change Conference, also known as the 2015 Paris Climate Conference
Partnership	the partnership agreement entered into between the Group, the GB Scheme and CCEP Scottish Limited Partnership to support a long-term funding arrangement
Pension Plan 1 and Pension Plan 2	the Germany defined benefit pension plans
PET	polyethylene terephthalate
PFIC	passive foreign investment company
PR	public relations
PRN	Packaging Recovery Notes
PSU	performance share unit
Remuneration policy	the remuneration policy as approved by shareholders at the Company's AGM held on 22 June 2017
rPET	recycled PET
RTD	ready to drink
ROIC	return on invested capital
ROU	right of use
RSU	restricted stock unit
SAGP	Sustainable Agriculture Guiding Principles
SBTi	Science Based Targets initiative
SDRT	stamp duty reserve tax
SDG	UN Sustainable Development Goals
SEC	Securities Exchange Commission of the US
SGP	Supplier Guiding Principles
Shareholders' Agreement	the shareholders' agreement dated 28 May 2016 between Coca-Cola European Partners plc and Olive Partners, S.A., European Refreshments, Coca-Cola GmbH and Vivaqa Beteiligungs Gmbh & Co. KG
Shares	ordinary shares of €0.01 each of Coca-Cola European Partners plc
SID	Senior Independent Director
SOX or the Sarbanes-Oxley Act	the US Sarbanes-Oxley Act of 2002
S&P	Standard & Poor's
the Spanish Stock Exchanges	the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges
SPO	Sustainable Packaging Office
SVA	source water vulnerability assessment
TCA	EU-UK Trade and Cooperation Agreement
TCCC	The Coca-Cola Company
TCFD	Task Force on Climate-related Financial Disclosures
the Proposed Acquisition	the binding offer made in November 2020, and revised in February 2021, to acquire the entire existing issued share capital of Coca-Cola Amatil Limited from The Coca-Cola Company, under the terms of a Co-operation and Sale Deed, and from shareholders other than The Coca-Cola Company, to be effected by means of a scheme of arrangement
TSR	total shareholder return
UK Accounting Standards	Financial Reporting Standards issued by the Accounting Standards Board
UKBA	UK Bribery Act 2010
UKCGC	UK Corporate Governance Code 2018
UNESDA	Union of European Soft Drinks Associations
UN OHCHR	United Nations Office of the High Commission on Human Rights
unit case	approximately 5.678 litres or 24 eight ounce servings, a typical volume measurement unit
VAT	value added tax
WEEE	EU Directive on Waste Electrical and Electronic Equipment
WMP	water management plan
WRI/WBCSD GHG Protocol or GHG Protocol	the GHG Protocol is the internationally recognised, standard framework for measuring greenhouse gas (GHG) emissions from private and public sector operations and their value chains

Useful addresses

Registered office

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Registered in England and Wales
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Share registration

US shareholders:

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1-800-418-4223

Shareholders in Europe and outside the US:

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Bridgwater Road
Bristol
BS99 6ZZ

+44 (0)370 702 0003

Report ordering

Shareholders who would like a paper copy of the Integrated Report, which will be despatched from around 15 April 2021, can make their request by post to the Company Secretary, Pemberton House, Bakers Road, Uxbridge UB8 1EZ, United Kingdom or by making a request via www.cocacolaep.com/financial-reports-and-results/integrated-reports or by sending an email to sendmaterial@proxyvote.com or by making a request via www.proxyvote.com or by phoning (in the US) 1-800-579-1639 or (outside the US) +1-800-579-1639.

Agent for service of process in the US

The Corporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington, DE 19801

Forward-looking statements

This document contains statements, estimates or projections that constitute "forward-looking statements" concerning the financial condition, performance, results, strategy and objectives of Coca-Cola European Partners plc and its subsidiaries (together "CCEP" or the "Group"), CCEP's proposed acquisition (the "Acquisition") of Coca-Cola Amatil Limited and its subsidiaries (together "CCL") and the integration of CCL into CCEP. Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "plan," "seek," "may," "could," "would," "should," "might," "will," "forecast," "outlook," "guidance," "possible," "potential," "predict," "objective" and similar expressions identify forward-looking statements, which generally are not historical in nature.

Forward-looking statements are subject to certain risks that could cause actual results to differ materially from CCEP's and CCL's historical experience and present expectations or projections, including with respect to the Acquisition. As a result, undue reliance should not be placed on forward-looking statements, which speak only as of the date on which they are made. These risks include but are not limited to:

1. those set forth in the "Risk Factors" section of this 2020 Annual Report on Form 20-F, including the statements under the following headings: Business continuity and resilience (such as the adverse impact that the COVID-19 pandemic and related government restrictions and social distancing measures implemented in many of our markets, and any associated economic downturn, may have on our financial results, operations, workforce and demand for our products); Packaging (such as refillables and recycled plastics); Cyber and social engineering attacks and IT infrastructure; Economic and political conditions (such as the UK's exit from the EU, the EU-UK Trade and Cooperation Agreement, and uncertainty about the future relationship between the UK and EU); Market (such as disruption due to customer negotiations, customer consolidation and route to market); Legal, regulatory and tax (such as the development of regulations regarding packaging, taxes and deposit return schemes); Climate change and water (such as net zero emission legislation and regulation, and resource scarcity); Perceived health impact of our beverages and ingredients, and changing consumer buying trends (such as sugar alternatives and other ingredients); Competitiveness, business transformation and integration; People and wellbeing; Relationship with TCCC and other franchisors; Product quality; and Other risks; and

2. risks and uncertainties relating to the Acquisition, including the risk that the businesses will not be integrated successfully or such integration may be more difficult, time consuming or costly than expected, which could result in additional demands on CCEP's resources, systems, procedures and controls, disruption of its ongoing business and diversion of management's attention from other business concerns; the possibility that certain assumptions with respect to CCL or the Acquisition could prove to be inaccurate; the failure to receive, delays in the receipt of, or unacceptable or burdensome conditions imposed in connection with, all required regulatory approvals, shareholder approvals and the satisfaction of closing conditions to the Acquisition; ability to raise financing; the potential that the Acquisition may involve unexpected liabilities for which there is no indemnity; the potential failure to retain key employees of CCEP and CCL as a result of the proposed Acquisition or during integration of the businesses and disruptions resulting from the proposed Acquisition, making it more difficult to maintain business relationships; the potential if the Acquisition is not completed in a timely manner or at all for (i) negative reaction from financial markets, customers, regulators, employees and other stakeholders, (ii) loss of time spent on an unsuccessful Acquisition, and (iii) litigation related to the Acquisition.

The full extent to which the COVID-19 pandemic will negatively affect CCEP and/or CCL and the results of their operations, financial condition and cash flows will depend on future developments that are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities and other third parties in response to the pandemic.

Due to these risks, CCEP's actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, expectations and guidance set out in forward-looking statements (including those issued by CCL prior to the Acquisition). These risks may also adversely affect CCEP's share price. Additional risks that may impact CCEP's future financial condition and performance are identified in filings with the SEC which are available on the SEC's website at www.sec.gov. CCEP does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required under applicable rules, laws and regulations. Furthermore, CCEP assumes no responsibility for the accuracy and completeness of any forward-looking statements. Any or all of the forward-looking statements contained in this filing and in any other of CCEP's public statements (whether prior or subsequent to the Acquisition) may prove to be incorrect.

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