

Chairman's introduction



OUR GOVERNANCE FRAMEWORK AIMS TO EMBED GOOD CORPORATE GOVERNANCE THROUGHOUT CCEP."

Dear Shareholder

I am pleased to introduce our Governance and Directors' Report for 2019. At Coca-Cola European Partners (CCEP), we place corporate governance at the top of our agenda. I believe this is the foundation to delivering sustainable growth as we continue our journey to become one of the world's leading consumer goods companies, while creating a better future for our business and the planet.

There is a brief summary of the Board's activities during 2019 in table 1 on page 71, with some more details on specific activities elsewhere in this report. This year, as well as our normal agenda we focused on:

- Accelerating our progress on our This is Forward sustainability commitments, particularly in relation to packaging and climate
- Developing our stakeholder engagement to give the Board a clearer understanding of our stakeholders and all our interactions with them
- The transfer of our listing on Euronext London to London Stock Exchange
- Implementing our people agenda with a focus on inclusion and diversity
- Refining our corporate governance

Our governance framework

The 2018 UK Corporate Governance Code (the UKCGC) applies to accounting periods beginning on or after 1 January 2019.

During 2018, we took steps to apply the requirements of the new UKCGC early. We amended the terms of reference for our Audit, Nomination and Remuneration Committees to meet and support the requirements of the UKCGC. We also included certain disclosures regarding the UKCGC early in our 2018 Integrated Report and Form 20-F. We voluntarily applied the UKCGC on a comply or explain basis during 2019.

Our governance framework on page 69 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 2020:

Culture

Culture is the most powerful driver of good corporate governance. Among other things, an inclusive environment fosters cohesion and belonging and drives success. Through the Nomination Committee we will continue to oversee the embedding of our strong, positive and inclusive culture.

Succession planning and diversity

At CCEP we value diversity and remain committed to building a leadership that is diverse in gender, background and cognitive skills.

We are constantly reviewing and assessing whether the Board has the required skills and experience needed to support CCEP's future success. During 2019, we refreshed the Board with three new Directors bringing digital, retail and finance expertise.

Through our Inclusion and Diversity Policy, we will continue to ensure our commitment to diversity at the top is mirrored in nurturing and developing diverse talent through the Group.

Sustainability

In our Directors' remuneration report from page 87 you can read how our proposed remuneration framework for 2020 will align management's long-term incentives to sustainability metrics. I am proud to be Chairman of a company committed to sustainable growth.

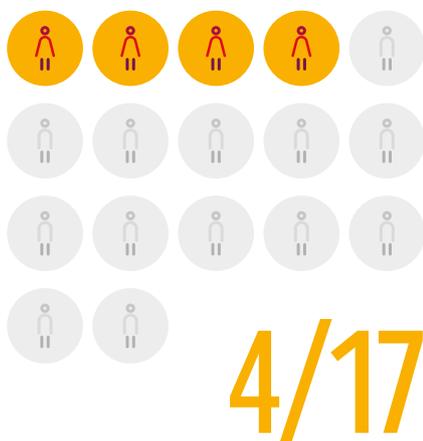
Sol Daurella
Chairman

16 March 2020

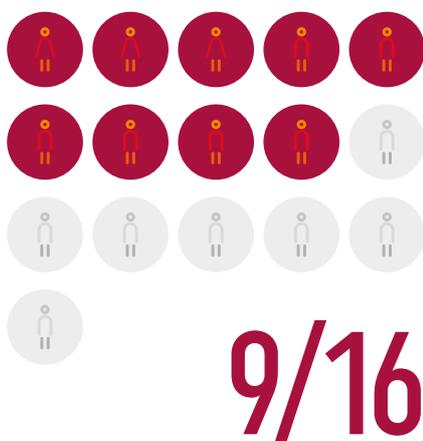
Board of Directors

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.

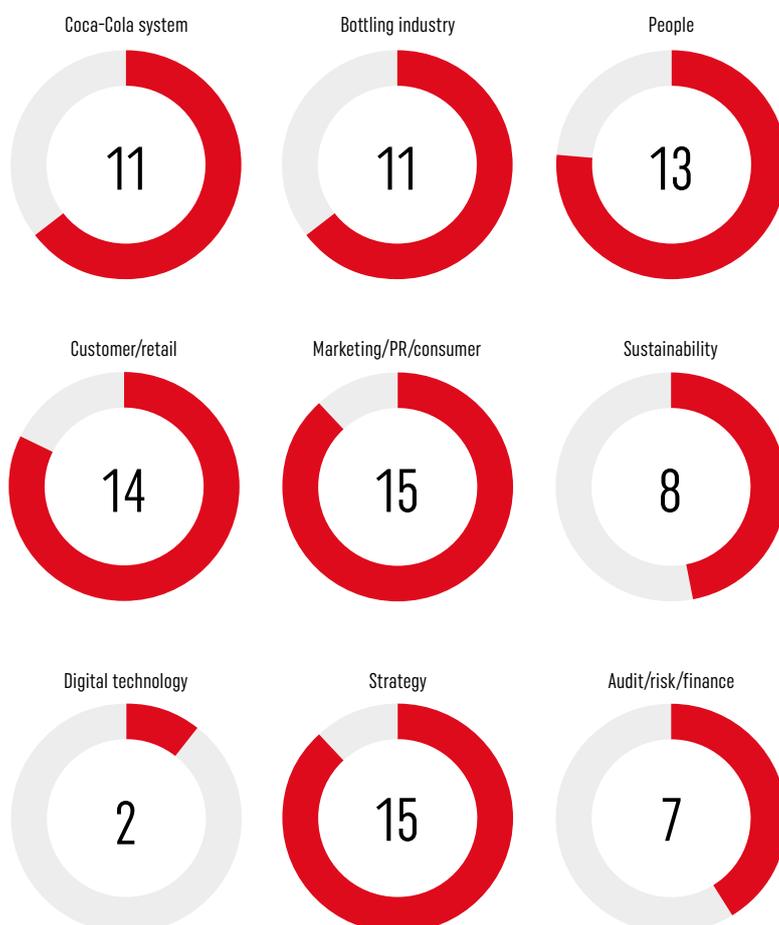
Women on the Board^(A)



Independent Directors on the Board^(A) (excluding the Chairman)



Directors' skills and experience^(A)



(A) Number shown is 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 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

Date appointed to the Board: December 2016
Independent: No

Key strengths/experience:

- Strategy development and execution experience
- Vision, customer focus and transformational leadership
- Developing people and teams
- Over 25 years of leadership experience and in depth understanding of the 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, also Managing Director and Group President of Efes Soft Drinks, and President and CEO of Anadolu Efes S.K.

Key

- | | |
|--|---------------------------------|
| AT Affiliated Transaction Committee | N Nomination Committee |
| A Audit Committee | R Remuneration Committee |
| C Corporate Social Responsibility 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:
N/A

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



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 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



Francisco Crespo Benítez
Non-executive Director

Date appointed to the Board: March 2018
Independent: No

Key strengths/experience:

- Extensive experience of working in the Coca-Cola system
- Deep understanding of integrated global marketing and corporate strategy
- Proven track record of leading customer and commercial teams
- Possesses a strong network at The Coca-Cola Company (TCCC)
- Seasoned operator in charge of profit and loss

Key external commitments:

Senior Strategic Advisor at TCCC

Previous roles:

Senior Vice President and Chief Growth Officer of TCCC, President of TCCC's Mexico and South Latin business units, President of the Coca-Cola Foundation in Chile, director and Vice President respectively of the American Chambers in Chile and Argentina, and also served on the boards of Zurich and Zurich Compañía de Seguros, S.A. in Mexico



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 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 and Pollen Estate and member of the Supervisory Board of Zooplus AG

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



Javier Ferrán Non-executive Director

Date appointed to the Board: May 2016
Independent: Yes

Key strengths/experience:

- Extensive experience in consumer brands and sales and marketing within the beverage industry
- Broad strategic understanding of the sector
- Deep experience of international commercial matters
- Financial and operational background

Key external commitments:

Chairman of Diageo plc, director of International Consolidated Airlines Group and Senior Advisor to BlackRock Long Term Private Capital

Previous roles:

Partner at Lion Capital LLP, President and CEO of Bacardi Limited, Senior Independent Director and director of Associated British Foods plc and director of SABMiller plc and William Grant & Sons Ltd



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 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
- International consumer goods experience

Key external commitments:

Partner and Managing Director BCG Digital Ventures, Non-executive director of Calida Group and HEC Paris

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



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 Garçon Vallvé & Contreras



Orrin H. Ingram II
Non-executive Director

Date appointed to the Board: May 2016
Independent: Yes

Key strengths/experience:

- Executive experience in the wholesale, distribution, consumer goods and transportation services industries
- A broad perspective on CCEP's operations
- Former director of a global distributor
- Strong strategic understanding

Key external commitments:

President and Chief Executive Officer of Ingram Industries Inc., Chairman and Chief Executive Officer of Ingram Marine Group and director of FirstBank

Previous roles:

Various positions with Ingram Materials Company, Ingram Barge Company and Co-President of Ingram Industries, a director of Ingram Micro Inc. and Coca-Cola Enterprises, Inc.



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

Date appointed to the Board: May 2016
Independent: Yes

Key strengths/experience:

- Chair and CEO of international public companies
- Manufacturing and distribution expertise
- Extensive international management experience in Europe
- Investment experience

Key external commitments:

Chief Executive Officer 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, 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 Libano 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 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.

Directors' biographies continued



Lord 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
- Strong strategic and development skills

Key external commitments:

Member of the House of Lords, Founder of Engaging Works, Member of Council at Lancaster University, Chair of Trustees of the Fairtrade Foundation UK and President Elect 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. and Copesco Seffrisa, S.A.

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.



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 were:

- L. Phillip Humann, who resigned effective 29 May 2019
- Curtis Welling, who resigned effective 29 May 2019

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 18 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.

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 Coca-Cola European Partners.

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 12 years in roles across the spectrum of public affairs and communications. She has served on transaction teams for the 2010 sale of Coca-Cola Enterprises' North American operations to TCCC and, most recently, on the Merger to create CCEP.

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 non-executive chairman of Basketball England, non-executive director of The City of London Investment Trust plc and senior independent director of Modern Pentathlon GB.

Peter Brickley Chief Information Officer

Appointed November 2016

Peter leads the 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.

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.

Senior management continued

Nick Wall Chief People and Culture Officer

Appointed September 2016

Nick heads CCEP's people and culture function and has been working within the Coca-Cola system for over 30 years. He started his career in his native Ireland, before progressing through international positions, based in Austria, Turkey, USA, Zimbabwe and Swaziland. Before joining CCEP, Nick was Senior Vice-President HR for TCCC's Bottling Investment Group – with more than 80,000 employees in 25 countries around the world. Prior to that, he was Group Head of HR for Europe, Eurasia and Middle East for TCCC. He worked for a Pfizer Inc. company before joining Coca-Cola.

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.

Ben Lambrecht General Manager, France Business Unit

Appointed May 2016

Ben is responsible for CCEP's business unit in France, having worked in the Coca-Cola system in various leadership positions for more than 20 years, latterly as Vice President and General Manager France of Coca-Cola Enterprises, Inc.. Ben's career began at KPMG, followed by several years in other companies including Biscuits Delacre. Ben is a director of the French Soft Drinks Association (Boissons Rafraîchissantes de France) and of the French Food Association (Association Nationale de l'Industrie Alimentaire).

Leendert den Hollander General Manager, Great Britain Business Unit

Appointed May 2016

Leendert is responsible for CCEP's business unit in Great Britain, having been Vice President and General Manager of Coca-Cola Enterprises Great Britain. Previously, he 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. Leendert is President of the British Soft Drinks Association and a member of the Leadership Council of IGD (the Institute of Grocery Distribution).

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..

Stephen Moorhouse General Manager, Northern Europe Business Unit

Appointed May 2016

Stephen is responsible for CCEP's business unit in Northern Europe and has 17 years' experience in the Coca-Cola system, leading operations and supply chain in Belgium, Luxembourg, the Netherlands, Sweden, Norway and Iceland. Stephen has held a number of other senior executive roles throughout Europe. Prior to joining, he worked overseas for the Swire Group in the US and Asia Pacific region.

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 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 2019.

We took steps in 2018 to ensure we were well positioned to follow the new UKCGC from 1 January 2019.

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 FRC's 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. At this AGM, three INEDs were put up for election and three additional INEDs will be put up for election at the AGMs in 2020 and 2021. Therefore, in total six INEDs will be put up for election or re-election at the 2020 AGM (Jan Bennink, Nathalie Gaveau, Thomas H. Johnson, Dagmar Kollmann, Lord Mark Price and Dessi Temperley). From the point of their first election at an AGM, an INED will be subject to annual re-election. This arrangement is 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.

Corporate governance report continued

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 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) 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 Garry Watts possesses such expertise and is 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 WWW.CCEPCOKE.ONLINE/CODE-OF-CONDUCT-POLICY](http://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 2019.

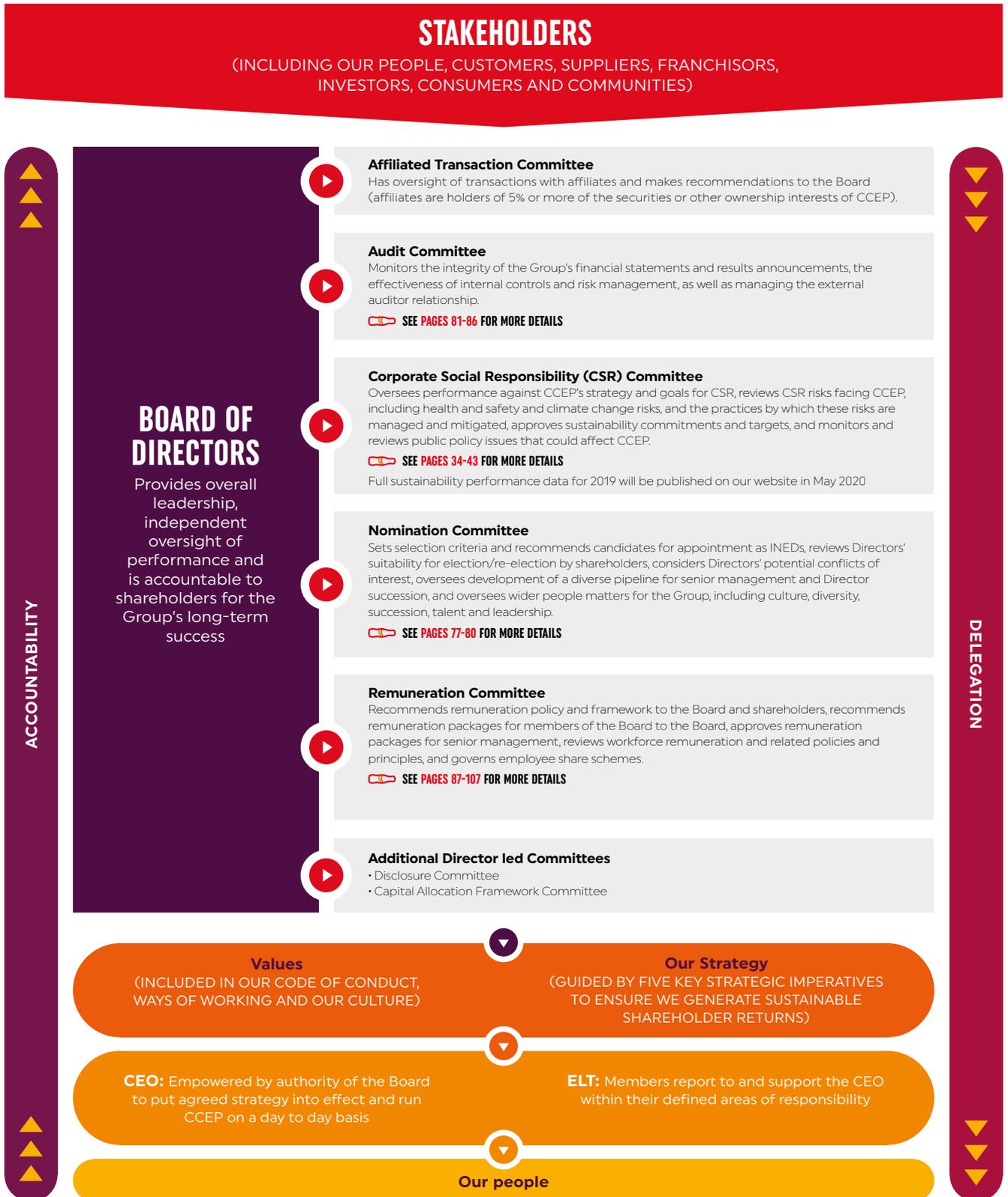
 [SEE DETAILS OF COC REPORTING ON PAGE 25](#)

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.

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

Governance framework



Values

(INCLUDED IN OUR CODE OF CONDUCT, WAYS OF WORKING AND OUR CULTURE)

Our Strategy

(GUIDED BY FIVE KEY STRATEGIC IMPERATIVES 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

Corporate governance report continued

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 16-17](#)

 [SEE OUR NOMINATION COMMITTEE'S REPORT ON PAGES 78-80](#)

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 to help ensure Directors have the right engagement and information to enable them to consider stakeholders' interests in their 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. The Board receives regular updates on the views of shareholders and the investor relations programme.

The Board expanded the terms of reference and remit of the Remuneration Committee to include remuneration policy and strategy at all levels across the Group. Likewise, the Nomination Committee's terms of reference were expanded to include other key people issues such as culture, succession planning and diversity. The Chairmen of these two Committees are responsible for championing and reporting back 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 PAGE 78](#)

Our people are able to raise any concerns they have in confidence through Speak Up, the Group's whistleblowing hotline. The Board amended the Audit Committee terms of reference so that it reports to the Board on whistleblowing arrangements, reports and investigations.

 [READ MORE IN THE AUDIT COMMITTEE REPORT ON PAGE 82](#)

 [SEE A SUMMARY OF OUR STAKEHOLDER ENGAGEMENT ON PAGES 52-55](#)

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 71.

Strategy remained a key focus for the Board throughout the course of the year. It held a separate strategy session in September 2019, which was attended by members of the ELT. At the event the Directors and members of the ELT considered progress since our 2018 strategy session and debated our future strategy, focusing on our portfolio, customers, competitors and our operating model and culture.

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. The programme for 2019 is set out in table 2 on page 71.

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.

Table 1**Board activities in 2019**

Strategic imperative (SI)/ area of focus	Discussion topics
Top line revenue growth (SI)	<ul style="list-style-type: none"> Increasing consumer choice by innovating on flavours and growing our portfolio of products and monitoring performance of innovations Assessing acquisitions opportunities Progress of the digital transformation programme Long-term industry trends and opportunities Enterprise risk management, including introduction of one risk operating model and risk assessment
Customer and execution centric business (SI)	<ul style="list-style-type: none"> Route to market development Front line sales strategy CCEP Ventures, our innovation investment fund Retail environments and customer challenges Strategic review of cold drink equipment Customer capabilities and world class key account management
Competitiveness (SI)	<ul style="list-style-type: none"> Cybersecurity and risk mitigation The 2019 and 2020 annual business plans, including strategic priorities Long-range planning Progress of transformation initiatives Capital allocation and expenditure Operating framework Debt structure including bond programme and revolving credit facility with sustainability linked measures Share buyback programme Treasury matters including delegations of authority to management Competitor review and analysis External landscape review
Sustainability and stakeholder equity (SI)	<ul style="list-style-type: none"> Sustainable packaging strategy Deposit return schemes Demand for low and no calorie products and product reformulation Climate change risk and carbon reduction commitments Engagement with CCEP's key and other stakeholders The move from Euronext London to London Stock Exchange Brexit planning Approval of 2018 Modern Slavery Statement, published in May 2019 Approval of tax strategy Our investor engagement plan
Culture and capability (SI)	<ul style="list-style-type: none"> People strategy including performance acceleration, employee engagement, talent, diversity and inclusion, learning and development Group culture and its role in supporting the strategy Wider workforce remuneration Attendance at Group wide workforce town hall with the whole Board
Corporate governance	<ul style="list-style-type: none"> Approval of financial results and associated viability and going concern statements Approval of trading updates Approval of interim dividend payments Approval of Integrated Report and Form 20-F for 2018, 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 Approval of amended Articles of Association, subject to approval by shareholders Reviewing and updating the governance guidelines for our Directors Consideration of new reporting requirements affecting CCEP Succession planning for the Board Approval of policies and of policy governance and framework Approval of new Director appointments: Dagmar Kollmann and Lord Mark Price

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: <ul style="list-style-type: none"> Business process and technology and digital Northern Europe and Belgian operations Finance Legal Customer service and supply chain
Development sessions	To address requests from Directors	<ul style="list-style-type: none"> Category and consumer outlook, portfolio performance and plans Competitive strategy Customer growth perspectives TCCC Innovation Lab Tour, Atlanta, USA
Site visits	Visits to Group businesses, factories and commercial outlets to enhance knowledge of CCEP operations and meet employees, suppliers and customers	<ul style="list-style-type: none"> Digital Market Tour Brussels, Belgium London, GB 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	<ul style="list-style-type: none"> Jim Dinkins, President of Coca-Cola North America Tim Brett, President of TCCC's Western Europe business unit Aedamar Howlett, Marketing Director of TCCC's Western Europe business unit Bjorn Jensen, Strategy and Insights Director of TCCC's Western Europe business unit Jon Wright, Head of Insights – EMEA, IGD Jon Cummings, Senior Partner, McKinsey Pavlos Exarchos, Senior Partner, McKinsey Simon Land, Partner, McKinsey

Corporate governance report continued

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 69.

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 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 Nathalie Gaveau, Dagmar Kollmann and Lord Mark Price. The Board is satisfied that the other commitments of all Directors do not interfere with their ability to perform their duties effectively.

 SEE THE COMMITMENTS OF OUR DIRECTORS IN THEIR BIOGRAPHIES ON PAGES 60-64

Board and Committee meetings

The Board held six formal meetings during 2019, with additional ad hoc meetings with Board and Committee members held in line with business needs. 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.

Under the previous Articles, for a Board meeting to be quorate there had to be, among other things, a sufficient number of INEDs present to constitute a majority of the Directors present at the meeting. As a result, given the current Board composition whereby all INEDs constitute a simple majority, if an INED was unable to attend a Board meeting where all other Directors were in attendance, that meeting would not have been quorate.

While we expect each Director to devote appropriate time and attention to fulfil their duties as a Director, there may be occasions where a Director is unable to attend a meeting. At the 2019 AGM, the Articles were therefore amended to give Directors the ability to appoint another Director (provided that an INED may only appoint another INED) as their alternate in a situation where they are unable to attend a meeting.

Attendance during 2019 is set out in table 4. 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.

Table 3

Roles on the Board

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

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.

Board support

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

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, Christine Cross, Javier Ferrán, Nathalie Gaveau, L. Phillip Humann (until his resignation), Orrin H. Ingram II, Thomas H. Johnson, Dagmar Kollmann (from her appointment), Lord Mark Price (from his appointment), Garry Watts and Curtis R. Welling (until his resignation) 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 74. This includes details of appointments and resignations during 2019.

As their biographies on pages 60-64 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 59](#)

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 is taking steps to ensure women make 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 78](#)

 [SEE THE BOARD'S DIVERSITY POLICY IN THE CRITERIA FOR SELECTION OF INEDS AT \[WWW.COCACOLAEP.COM/ABOUT-US/GOVERNANCE\]\(http://WWW.COCACOLAEP.COM/ABOUT-US/GOVERNANCE\)](#)

 [READ MORE ABOUT THE GROUP'S APPROACH TO DIVERSITY ON PAGES 20-23](#)

Board evaluation

In line with best practice, we conduct an external Board evaluation at least once every three years. The last time we did this was in 2018.

Given the depth and breadth of the 2018 evaluation exercise, the Board determined that a more concise evaluation process was appropriate in 2019. 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. Overall, the Board confirmed that it continued to work effectively. Board composition, expertise and dynamics were highly rated but some areas for further improvement were identified. These are set out in table 5 on page 75.

Corporate governance report continued

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)			5 (5)	
Executive Director							
Damian Gammell	CEO	6 (6)					
Non-executive Directors							
Jan Bennink	Independent	6 (6)	4 (5) ^{(E)(I)}		2 (2) ^(K)	2 (2) ^(K)	
José Ignacio Comenge	Nominated by Olive Partners	6 (6)	5 (5)				
Francisco Crespo Benítez	Nominated by ER	6 (6)			4 (4)		
Christine Cross	Independent	6 (6)		4 (4) ^(K)		3 (3) ^(K)	6 (6) ^(E)
Javier Ferrán	Independent	5 (6) ^(G)	5 (5)	5 (6) ^(G)			
Irial Finan	Nominated by ER	5 (6) ^(J)				4 (5) ^(J)	5 (6) ^(J)
Nathalie Gaveau	Independent	6 (6)			4 (4)		
Álvaro Gómez-Trénor Aguilar	Nominated by Olive Partners	6 (6)					
L. Phillip Humann ^(D)	Independent	2 (2)				2 (2) ^(F)	
Orrin H. Ingram II	Independent	6 (6)		6 (6)		2 (2) ^(K)	
Thomas H. Johnson	SID	6 (6)				2 (2) ^(K)	3 (3) ^(F)
Dagmar Kollmann ^(C)	Independent	4 (4)	3 (3) ^(K)	2 (2) ^(K)			
Alfonso Líbano Daurella	Nominated by Olive Partners	6 (6)			4 (4) ^(E)		
Lord Mark Price ^(C)	Independent	4 (4)			2 (2) ^(K)	3 (3) ^(K)	
Mario Rotllant Solà	Nominated by Olive Partners	6 (6)					6 (6)
Garry Watts	Independent	5 (6) ^(H)		6 (6) ^(E)			5 (6) ^(H)
Curtis R. Welling ^(D)	Independent	2 (2)	2 (2) ^(K)		2 (2) ^(K)		

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

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

(C) Dagmar Kollmann and Lord Mark Price were appointed as INEDs on 29 May 2019.

(D) L. Phillip Humann and Curtis R. Welling stepped down on 29 May 2019.

(E) Chairman of the Committee.

(F) L. Phillip Humann was chairman of the Nomination Committee until he stepped down on 29 May 2019, when Thomas H. Johnson became chairman of the Nomination Committee.

(G) Javier Ferrán missed one day of the December 2019 Board meeting and one meeting of the Audit Committee in April 2019 due to prior engagements. Javier appointed Garry Watts as his alternate for the December 2019 Board meeting.

(H) Garry Watts missed the October 2019 Board and Remuneration Committee meetings due to a prior engagement. Garry appointed Javier Ferrán as his alternate for the October 2019 Board meeting.

(I) Jan Bennink missed the October 2019 Affiliated Transaction Committee meeting due to unforeseen illness and appointed Thomas H. Johnson as his alternate. Javier Ferrán chaired the Affiliated Transaction Committee in Jan's absence.

(J) Irial Finan missed the July 2019 Board, Nomination Committee and Remuneration Committee meetings due to unforeseen family circumstances.

(K) When refreshing the Board during 2019, we took the opportunity to make changes so Committee membership best reflected the Directors' skills and experience. On 29 May 2019, Dagmar Kollmann replaced Curtis R. Welling as a member of the Affiliated Transaction Committee and Christine Cross as a member of the Audit Committee. On 29 May 2019, Thomas H. Johnson and Curtis R. Welling were replaced as members of the CSR Committee by Jan Bennink and Lord Mark Price. On 29 May 2019, Jan Bennink and Orrin H. Ingram were replaced as members of the Nomination Committee by Christine Cross and Lord Mark Price.

Election and re-election of Directors

The Board has determined that all Directors, subject to continued satisfactory performance, shall stand for re-election at each AGM with the exception of the Chairman and some of the INEDs, as explained on page 75. All Directors appointed by Olive Partners (other than the Chairman) and ER plus Nathalie Gaveau, Dagmar Kollmann and Lord Mark Price will submit themselves for re-election at the 2020 AGM. Jan Bennink, Thomas H. Johnson and Dessi Temperley will stand for election at the 2020 AGM. 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

2019 Board evaluation findings and actions

	Board focus	Governance	Induction
2019 findings	Improve time management and prioritisation at meetings, focusing more on strategy and outcomes for stakeholders	Board and Committee governance to be reviewed to support UKCGC compliance and reflect changed Board membership	Enhance the existing induction for new Directors to ensure they are able to contribute effectively as quickly as possible
Actions undertaken in 2019	<ul style="list-style-type: none">• Further improved the format for Board papers to ensure the required information is available to facilitate discussion• Board agendas reviewed to ensure appropriate time allocation for strategic matters• Held a separate Board strategy day• Enhanced the stakeholder engagement matrix to ensure appropriate consideration of stakeholder interests	<ul style="list-style-type: none">• Reviewed and updated Committee membership to reflect revised Board composition, skills and experience• Nomination Committee Chairman to sit on Remuneration Committee and vice versa to ensure seamless coverage of all people matters	<ul style="list-style-type: none">• Established Directors to mentor new Directors to enhance understanding of CCEP and, where appropriate, provide guidance on being a director of a UK listed company• New NEDs during the year to provide feedback on their induction processes and suggestions for improvement

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 2019 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	44-48
Viability statement	50
Risk management and internal control systems and the Board's review of their effectiveness	49
Audit Committee report	82-86
Directors' remuneration report	87-107

Corporate governance report continued

Annual General Meeting

The AGM continues to be a key date in our annual shareholder engagement programme. In 2019, members of the Board and the ELT attended the AGM to discuss the resolutions in the Notice of AGM, the business, and to answer shareholders' questions. We were pleased that all resolutions were passed by more than 80% of those voting.

The 2020 AGM of the Company will be held in May at Pemberton House, Bakers Road, Uxbridge, UB8 1EZ, United Kingdom. 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 2020.

As with last year, the Chairman, SID and Committee Chairmen plan to attend the AGM to give shareholders an opportunity to ask them questions about the Group and its business, either during the AGM or informally afterwards. They are also 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 IN OUR S172\(1\) STATEMENT ON PAGES 52-53](#)

Sol Daurella
Chairman

16 March 2020

Nomination Committee Chairman's letter



WE WILL CONTINUE TO DEDICATE TIME TO PROMOTE DIVERSITY, SUCCESSION AND TALENT POLICIES AND PRACTICES THAT ARE IN LINE WITH OUR PURPOSE AND VALUES AND SUPPORT OUR DESIRED CULTURE."

Dear Shareholder

Having taken over as Nomination Committee Chairman from L. Phillip Humann, I am pleased to report on the work of the Nomination Committee during 2019. This year, our activities have focused on INED and senior management succession; embedding our culture; and our people, including developing a people reporting dashboard. A brief summary of these activities is provided in table 1 on page 78. We give more details about some of these activities throughout the rest of the Nomination Committee report.

I would like to thank my predecessor, L. Phillip Humann, for his valuable contribution in chairing the Nomination Committee until he stood down as a Director at the AGM in May 2019.

Expanding our people remit

As our Chairman explains in her introduction to the Governance and Directors' Report, the 2018 UK Corporate Governance Code applies to accounting periods beginning on or after 1 January 2019. The Committee's terms of reference were widened to include specific responsibilities regarding culture and our people on a formal basis to ensure compliance with the new UKCGC.

In 2019, we changed our Committee composition so that the Remuneration Committee Chairman, Christine Cross, now sits on the Nomination Committee and I sit on the Remuneration Committee. This allows us to keep informed and ensure, between us, that we champion and report back to the Board on all people matters. We are considered to be CCEP's designated NEDs for engagement with our people.

Looking forward to 2020

We will continue to dedicate time to:

- Promote 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
- Provide input to the leadership talent development programmes
- Assess and monitor the Group's culture on behalf of the Board
- Support the rollout of the capability development programme to all employees
- Monitor the implementation of our people reporting framework
- Ensure the voice of our people is heard, understood and considered by the Board in its decision making
- Safeguarding governance

Availability to shareholders

I will be available at our 2020 Annual General Meeting to answer any questions about the work of the Committee.

Thomas H. Johnson
Chairman of the Nomination Committee
16 March 2020

Nomination Committee report

Nomination Committee role

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

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 sets out the matters considered by the Committee during 2019. More detail about some of these matters is provided in the rest of this report.

The Committee met five times during the year.

 SEE DETAILS OF ATTENDANCE AT MEETINGS ON PAGE 74

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, which we keep under review. 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](http://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.

We engaged MWM Consulting, a firm of external recruitment consultants, to identify a potential INED candidate. 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.

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.

Table 1

Matters considered by the Nomination Committee during 2019

Meeting date	Key agenda items
March 2019	<ul style="list-style-type: none"> • Talent management • Bringing the voice of our people to the Board • Director succession, particularly INEDs • Committee evaluation
May 2019	<ul style="list-style-type: none"> • Succession planning for ELT and senior management • People strategy • Committee governance and people agenda • Review of the Board's governance guidelines
July 2019	<ul style="list-style-type: none"> • Culture development • Employee wellbeing • Succession planning for ELT and senior management • Director succession, particularly INEDs
October 2019	<ul style="list-style-type: none"> • Culture development • Employee wellbeing • Succession planning for ELT and senior management • Director succession, particularly INEDs
December 2019	<ul style="list-style-type: none"> • Inclusion and diversity • Director succession, particularly INEDs • Board evaluation process • Bringing the voice of our people to the Board

We announced on 11 March 2020 that Dessi Temperley would, subject to her election at the AGM in May 2020, succeed Orrin H. Ingram. Dessi brings deep financial expertise, commercial insight and knowledge of European markets. She will also undertake a detailed induction programme.

Appointments during the year

Nathalie Gaveau was appointed to succeed Véronique Morali with effect from 1 January 2019. She brings valuable digital and international experience to the Board, along with broad business experience.

Dagmar Kollmann and Lord Mark Price were appointed to succeed L. Phillip Humann and Curtis R. Welling with effect from 29 May 2019. In addition to their wide business expertise Dagmar brings a wealth of experience in finance and international listed groups to the Board, while Mark brings his substantial experience in retail.

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.

Nathalie, Dagmar and Mark 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 2019 we considered succession plans for the Group's ELT. Ron Lewis departed as Chief Supply Chain Officer at the end of August 2019. José Antonio Echeverría was appointed to succeed him as Chief Customer and Supply Chain Officer, with an expanded brief including driving great service for our customers. This reflects our goal of delivering world class customer service, every day.

Evaluation

At the end of each year, we recommend the process to be used to evaluate the performance of the Board and its Committees at the start of the following year.

We recommended to the Board that a concise evaluation process be undertaken in early 2020 similar to that undertaken in 2019. The Board accepted our recommendation and appointed Lintstock to support a questionnaire based exercise, alongside interviews of all Directors by the SID.

 [READ MORE ABOUT THE 2019 EVALUATION EXERCISE ON PAGE 73](#)

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 supports the Board's stated target to ensure that 33% of its Directors are women by 2020 and take into account the recommendations of the Parker Review. Diversity is a key consideration in considering potential INED candidates.

During 2019, one female INED replaced another female INED who stood down, one female INED was appointed in place of a male INED who stepped down and one male INED who stepped down was replaced by another male INED. As a result, female representation on the Board increased to 23.5% in 2019 compared to 17.6% in 2018. It will increase to 29.4%, subject to Dessi Temperley's election at the AGM.

 [READ MORE ABOUT OUR APPROACH TO DIVERSITY ON PAGES 58-59](#)

Inclusion, diversity and talent

We are committed to fostering an inclusive environment and building diverse talent within the Group embedded through our Inclusion and Diversity Policy. We received updates on the progress of inclusion and diversity initiatives, in particular the target to have 40% of our management positions held by women by 2025.

In 2018, we launched a new inclusive approach to talent and succession. In 2019, we have operationalised that approach, to review employee potential, agree critical roles, update succession plans and identify early in career emerging leaders.

 [READ MORE ABOUT OUR APPROACH TO DIVERSITY ON PAGES 20-21](#)

Nomination Committee report continued

Our people

We oversee the approach to culture, succession planning and talent management, including diversity, for the whole Group.

In 2019, we scrutinised the Group's new people reporting dashboard to ensure we receive accurate data and actionable insights about our people. Metrics include female leadership headcount, annual voluntary turnover, engagement score, safety performance and promotion rate. These were chosen based on external benchmarks, best practice, business relevance and availability of accurate data.

Engagement

In 2019, we conducted the Group's second engagement survey, built around our agreed ways of working. We considered the results and action plans with management. We were pleased that the results showed engagement overall had increased since the 2018 engagement survey. Our people continue to feel safe at work, empowered to make decisions and that personal growth and inclusion and diversity have improved.

Response rates were up by 9% and we received almost 21,000 written comments, showing a real appetite to participate in the survey.

As in 2018, our people identified some areas for improvement. We are reassured that management remains committed to take action on and improve scores in decision making, leadership and communications, personal growth and customer focus.

 [READ MORE ABOUT HOW WE ENGAGE WITH OUR PEOPLE ON PAGE 19](#)

Capability

We believe that building our leadership capability is a key differentiator for performance. In 2017, our top 500 leaders took part in our leadership development programme, Accelerate Performance. Since then Accelerate Performance has evolved and training was rolled out to reach all employees across CCEP. In 2019, Accelerate Performance 2 was launched, the next phase to continue accelerating performance among our top 500 leaders.

Independence

 [SEE THE LIST OF NON-EXECUTIVE DIRECTORS DETERMINED TO BE INDEPENDENT ON PAGE 74](#)

Thomas H. Johnson
Chairman of the Nomination Committee
16 March 2020

Audit Committee Chairman's letter



"WE REMAIN COMMITTED TO A THOROUGH AND ROBUST APPROACH TO RISK MANAGEMENT, GOVERNANCE AND INTERNAL CONTROL."

Dear Shareholder

I am pleased to present the report of the Audit Committee for 2019. During the year we have carried out our responsibilities in accordance with the UKCGC and have 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 is set out on page 82.

The Committee's remit was amended in 2018 to reflect the UKCGC, which took effect from 1 January 2019. The Board now has overall responsibility for whistleblowing matters. However, the Committee continues to receive and consider reports related to whistleblowing and provides the Board with key information for its consideration as appropriate.

The Committee's extended remit includes responsibility for enabling relevant effective stakeholder engagement. Our agenda this year included the review and approval of policies affecting, among others, our people, our suppliers and our external auditors. A key milestone for the Group this year was the move of CCEP's UK listing from Euronext London to London Stock Exchange to improve visibility and market access for investors. The Committee supported the Board in its oversight of this move.

We remain committed to a thorough and robust approach to risk management, governance and internal control. Our 2019 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 data privacy and cybersecurity.

We continue to oversee the Group's internal control and risk management framework to ensure that all material control processes, including the audits of those processes, are robust and fit for purpose. Further information about the Committee's involvement in respect of our internal control systems is available in the Audit Committee report.

This year, we dedicated significant time to overseeing the implementation of the new accounting standard, IFRS 16, "Leases". We asked management for regular reports to assess the effectiveness of the newly implemented systems and controls and we have spent time reviewing management's statements and assumptions in this area. We are confident that the transitional impacts of IFRS 16 have been effectively evaluated and reported during the year.

Continuing data privacy considerations, including the General Data Protection Regulation, and the inherent risks that come with advances in technological processes, have ensured that IT and cybersecurity were high on the Committee's agenda this year. We received regular and detailed reports from management on their continued assessment of the risks associated with our use of technology. The Committee took these risks into consideration as part of its oversight of the Group's wider ERM strategy and business continuity planning.

Availability to shareholders

I will be available at our 2020 AGM to answer any questions on the work of the Committee.

Garry Watts
Chairman of the Audit Committee
16 March 2020

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 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 2019, 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 the Committee Chairman, Garry Watts, may 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 60-64](#)

Matters considered by the Audit Committee during 2019

The Committee met six 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 2019, in addition to standing items, is set out in table 1 on page 83.

 [SEE DETAILS OF ATTENDANCE AT MEETINGS ON PAGE 74](#)

Financial reporting, significant financial issues and material judgements

As mentioned in the 2018 Integrated Report, the Group adopted a significant new accounting standard, IFRS 16, "Leases", with effect from 1 January 2019. This standard has a significant impact on the Group's reporting of its assets and liabilities, as well as on the classification of cash flows relating to lease contracts. To govern its implementation, the Group established a steering committee in 2018, which presented its progress reports to the Committee during 2019. The Committee monitored the Group's approach to IFRS 16 disclosures during the year, ensuring consistency with the new accounting model.

 [READ MORE ABOUT THE TRANSITIONAL IMPACT OF IFRS 16 IN NOTE 2 TO THE FINANCIAL STATEMENTS ON PAGE 132](#)

In line with the practice of many of CCEP's peers in Europe, we moved away from announcing our full financial results every quarter in 2019. Instead, we published full financial results half yearly, and at the end of quarters one and three we published higher level trading updates. The Committee undertook a formal review of each of the Group's financial results, associated earnings announcements and trading updates. For each statement, the Committee considered the significant accounting principles, policies and practices applied along with their appropriateness and the significant judgements made. Details regarding the significant reporting matters identified and the related Committee considerations are set out in table 2 on page 84.

 [SEE OUR VIABILITY STATEMENT ON PAGE 50](#)

Table 1**Matters considered by the Audit Committee during 2019**

Meeting date ^(A)	Key matters considered in addition to standing agenda items ^(B)
February 2019	<ul style="list-style-type: none"> • 2018 preliminary Q4 and full year results, including significant estimates and judgements • IAS 36, "Impairment" • Tax matters
March 2019	<ul style="list-style-type: none"> • 2018 Integrated Report, including the viability and going concern statements, accounting policies and related significant judgements and estimates • IFRS 16, "Leases" update • Sarbanes-Oxley Act (SOX) section 404 (s404) compliance • 2019 internal audit plan • 2019 ethics and compliance plan and objectives • Move of London standard listing from Euronext London to London Stock Exchange, including the summary prospectus • Treasury matters • Audit Committee evaluation
April 2019	<ul style="list-style-type: none"> • 2019 Q1 trading update • 2019 Q2 interim dividend
May 2019	<ul style="list-style-type: none"> • IFRS 16, "Leases" reporting • Spain VAT reimbursement • Accounting policy manual update • IT/cybersecurity update • Treasury matters • Synergy audit and certification update • Anti-bribery and corruption policy • Regulatory and audit reform matters
July 2019	<ul style="list-style-type: none"> • 2019 half year results, including significant estimates and judgements • FPI status • Revolving credit facility • Cold drink equipment optimisation • SOX s404 compliance
December 2019	<ul style="list-style-type: none"> • Pay for performance • IAS 36, "Impairment" • SOX s404 compliance

(A) In lieu of an Audit Committee meeting in October 2019, standing agenda matters (including the review of the 2019 Q3 trading update and proposed interim dividend) were considered by the Board. Further information on the matters considered by the Board at this meeting and during the year can be found on page 71.

(B) During February and March 2020, the Committee discussed matters regarding the year ended 31 December 2019, which included:

- Reviewing the 2019 preliminary Q4 and full year results and the 2019 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 2019 Integrated Report is fair, balanced and understandable
- Independent auditor's report on the full year results
- Approval of this Audit Committee report

Audit Committee assessment of the 2019 Integrated Report

The Committee undertook a review of a developed draft of the 2019 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 2019 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 84. 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 2019 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.

Audit Committee report continued

Table 2

Significant reporting matters in relation to financial statements considered by the Audit Committee during 2019

Accounting area	Key financial impacts	Audit Committee considerations
Deductions from revenue and sales incentives	<p>Cost of customer marketing programmes in 2019: €3.2 billion</p> <p>Accrual at 31 December 2019: €701 million</p>	<p>The Group participates in various programmes and arrangements with customers designed to increase the sale of products. Among the programmes are arrangements under which allowances can be earned by customers for attaining agreed upon sales levels or for participating in specific marketing programmes. 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 and any relevant information on significant or abnormal movements in accrual balances, if applicable.</p>
Tax accounting and reporting	<p>2019 book tax expense: €364 million</p> <p>2019 cash taxes: €270 million</p> <p>2019 effective tax rate: 25.0%</p>	<p>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 and the implementation of IFRIC 23. 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.</p> <p>Additionally, the Committee continued to receive updates on the Group's outstanding VAT receivable in Spain, of which €126 million was refunded during 2019. The Committee agreed with management's conclusion that, in light of the continued delay in the meeting of the Arbitration Committee, it remained appropriate to treat the amount subject to arbitration, €201 million, as a non-current asset.</p> <p>The Committee also considered and provided input on the Group's disclosures regarding these and other tax matters.</p> <p> SEE FURTHER INFORMATION IN NOTE 20 TO THE FINANCIAL STATEMENTS ON PAGE 161</p>
Asset impairment analysis	<p>Franchise intangible assets with indefinite lives: €8.2 billion</p> <p>Goodwill: €2.5 billion</p>	<p>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. The Group did not record any impairment charges as a result of the tests conducted in 2019.</p> <p>The Committee received information from management on the impairment analysis performed, focusing on the most critical assumptions such as the terminal growth rate and the discount rate, as well as changes from the prior year, including the impact of IFRS 16. The Committee reviewed and challenged a sensitivity analysis provided by management to understand the impact of changes in key assumptions, primarily the discount rate.</p> <p>The Committee was satisfied with the assumptions used by the Group and also considered and reviewed the Group's disclosures about its impairment testing.</p>
Restructuring accounting	<p>Restructuring cost recorded in 2019: €130 million</p> <p>Restructuring provision at 31 December 2019: €168 million</p>	<p>During 2019 the Group commenced new restructuring initiatives, including a transformation project relating to our cold drink equipment operations. The Committee has been regularly updated by management on the nature of such initiatives and key assumptions underpinning the related provision in the financial statements.</p> <p>The integration and synergy programme was completed in the first half of 2019, on which the Committee continued to receive regular updates from management on the status, including cost incurred and synergy tracking. The Committee received programme assurance from a third party audit regarding the validation of synergies captured.</p> <p>The Committee also reviewed the Group's restructuring provision balance as at 31 December 2019 and was in agreement that it does not contain significant estimation uncertainty.</p> <p>The Committee was satisfied with the appropriateness of the restructuring accounting during the year and the disclosures included in the financial statements.</p>

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. 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 2019, 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 ACCOUNTS ON PAGE 158

The audit of CCEP's Integrated Report for the year ended 31 December 2018, performed by EY, was chosen by the FRC for an audit quality review as part of its routine quality monitoring process. The Audit Committee received a full copy of the findings and discussed these with EY to consider the point raised by the review. The Audit Committee is satisfied that the matter raised does not give it concerns over the quality, objectivity or independence of the audit.

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. 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, 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.

The Committee received a statement of independence from EY in March 2020 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 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 2020 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 and approved the internal audit plan for 2019 and agreed its budget and resource requirements. A significant proportion of internal audit's resources were allocated to extensive testing of the Group's internal control systems, particularly the design and operating effectiveness of financial reporting controls in accordance with SOX requirements. The effectiveness of the internal audit function was continually monitored against the approved plan through reports received by the Committee during the year. These provided key internal audit observations and described proposed improvement measures and related timeframes given to management. The Chief Audit Executive attended the scheduled meetings of the Committee during 2019 to present the function's reports and raise any key matters with the Directors. Senior management 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 2019.

Management undertook a post-audit completion survey of internal stakeholders for the prior year to gauge satisfaction with the internal audit function. Senior management, and others involved directly in the internal audit process, were asked to rate the quality of the audit team and the audit process and the results were presented to the Committee.

As per CCEP's Internal Audit Charter, the Committee plans to engage an independent third party in 2020, to review the effectiveness of the internal audit function against the Institute of Internal Auditors' standards.

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 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

The Committee continued to have responsibility for monitoring the effectiveness of the Group's material internal controls during 2019. Reports were presented to the Committee on the continued harmonisation of the internal control framework and the remediation of any identified control deficiencies. The Committee was asked to consider proposed risk mitigation actions and the implications of the Group's business capability programme.

In 2019, management undertook a top down assessment of business unit (BU) and functional risk systems, in conjunction with an independent assessor. The results of this assessment were presented to the Committee at the end of the year. The Committee reviewed the findings and confirmed that the subsequent approach proposed by management to further enhance the Group's ERM systems was satisfactory.

The Group's internal control of financial reporting was deemed to be designed and operating effectively as at 31 December 2019.

 FURTHER INFORMATION ABOUT THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES IS SET OUT ON [PAGE 49](#)

Whistleblowing

In each of our territories, we have established ways for employees to raise concerns. These include channels for employees to contact a line manager or people and culture representative, or to share information through our dedicated, independent and confidential Speak Up channels. In accordance with the CoC, retaliation against anyone for making a genuine report, or for cooperation in an investigation, is prohibited.

The Committee reviews the adequacy and security of the Group's Speak Up channels and other arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, which may include breaches of the CoC. An overview of all reported incidents is presented to the Committee. The Committee reports on these matters, as appropriate, to the Board, which has overall responsibility for oversight of whistleblowing matters.

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 cases 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.

The Committee reviewed all whistleblowing matters brought to its attention in 2019 and determined that there were no matters that required Board attention during the year.

 SEE DETAILS OF COC REPORTS ON [PAGE 25](#)

Garry Watts
Chairman of the Audit Committee
16 March 2020