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Dear shareholder,

Directors' Remuneration Report for 2021

Ongoing shareholder engagement

I am writing to you in my role as the Chair of the Remuneration Committee of Coca-Cola HBC to provide some important context in relation to our approach to executive remuneration, as already outlined in our Integrated Annual Report for 2021 and prior to our AGM on 21 June 2022. I felt it was timely and appropriate to reiterate some key messages, in the spirit of ongoing shareholder dialogue, but also as a potential response to any reports from shareholder advisory bodies.

Remuneration in context

Our business performance
We achieved strong performance in 2021 as well as in the first quarter of 2022. In a volatile market environment, where in many of our countries we had customers who remained closed for several months in 2021, the business achieved an acceleration of revenues and profitability as well as a faster pace of market share gains, with all key metrics above pre-pandemic levels. We have continued to invest in long-term opportunities including the acquisition of Coca-Cola Bottling Company of Egypt and the stake in Caffè Vergnano which expands our coffee strategy; and we have announced targets and funds to achieve net zero carbon emissions by 2040.

In 2022, our people continue to execute our growth strategy, delivering strong top line growth, which was well balanced between volume and revenue per case. Other highlights include:

- Focused execution of our strategy and continued reopening drove broad based growth in Q1 2022, with organic growth of 24.2%
  - Q1 organic revenue growth excluding Russia and Ukraine +25.9%
  - Ongoing strength in the Emerging segment despite tough comparatives
  - Value share gains accelerated, with Sparkling +240 bps and NARTD +190 bps. Volume share also continued to expand
- Organic volume grew by 11.3%
- Egypt added nearly 12 percentage points to reported volume growth and 7 percentage points to reported net sales revenue in Q1, with integration of the business progressing ahead of expectations

Stakeholder experience – our shareholders
Our investors have benefited from recent and historical strong financial performance. We have returned €4.1 billion to shareholders over the last two decades with a progressive dividend policy complemented by extraordinary returns through special dividends. In 2021, we paid a dividend of €0.64, a 3.2% increase despite the decline in EPS. This represented a payout ratio of 54%, ahead of our then medium-term target of 35-45%, and was proposed to ensure we rewarded shareholders and maintained our commitment to a progressive dividend. At our FY 2021 results we increased the medium term dividend pay out ratio target to 40-50%. While the conflict between Ukraine and

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Russia, the inflationary environment and COVID-19 pandemic is a continuing source of uncertainty globally, based on our business's resilience and future opportunities, the Board has proposed a dividend of €0.71, a 10.9% increase compared with last year. We are committed to continue to make progressive dividend payments in the future.

Stakeholder experience – our employees
As a continuation to the improvements made in 2020 to enable our workforce to operate effectively, in 2021 we maintained our ongoing dialogue with our employees to listen and understand their needs. The discussions and outcomes are shared in the Remuneration Committee meetings as input for taking wider decisions related to remuneration for the workforce and executives. Annual increases were awarded to the wider population in 2021 as were incentives, and they are planned again for 2022. We adjusted our Wellbeing framework to take into account the new ways of working and needs of our employees. Furthermore, we ensured that there were no redundancies made as a result of the COVID-19 pandemic.

In 2022 we saw the conflict unfold with Ukraine and Russia. We are providing urgent support and financial relief to our people and their families impacted by conflict and the human tragedy in Ukraine. In addition, together with The Coca-Cola Company, The Coca-Cola Foundation and other bottlers, we have committed $15 million to support humanitarian relief efforts in the region.

This is the overall context within which the Remuneration Committee deliberated executive pay and determined appropriate remuneration outcomes.

Key executive remuneration outcomes for 2021

- CEO salary increased by 3.2% (in line with wider workforce) to €815,000
- Annual bonus of 91% of maximum (following downward discretion from 100%)
- 2019-2021 PSP vesting of 75% of maximum (following downward discretion from 90%)

Following our 2021 AGM and the extensive shareholder consultation we conducted in December 2021 and April 2022, we understand that the area likely to draw the most external review ahead of our upcoming AGM is the changing of targets for in-flight awards, for the 2019-2021 PSP awards. Therefore, there are a number of points we would like to emphasise in this respect:

- **We believe we have done the right thing for the company, its shareholders and its employees** –After careful review, the Committee concluded that the specific levels of stretch built into the target ranges for the 2019-2021 PSP had become inappropriate after the outbreak of the COVID-19 pandemic which had a profound, and non-controllable impact on the short-term performance of the business. We wished to recognise our wider management team's efforts in achieving exceptional business outcomes and ensure their continued drive and commitment. The Committee therefore determined to adjust the targets to maintain relevance.

- **The stretch of the targets remained the same as originally envisaged** – Prior to the impact of the pandemic, targets were calibrated such that awards were expected to vest at around 50%

of maximum for strong performance. The same stretch was applied to revised targets, namely that these awards were expected to vest at around 50% of maximum for strong performance. Similarly, maximum represented exceptional performance both for the original and revised targets.

- **The impact of government aid was stripped out for the purpose of determining incentive outcomes** – Performance was assessed as if no government monies were received (as was also the case in 2020), noting that there is no practical way to return these monies in some locations. For the avoidance of doubt, there was no government aid taken in the UK.

- **As with all incentive outcomes, we apply a sense-check overlay to ensure they are appropriate in the round and for the 2019 PSP awards we applied downward discretion to the formulaic outcomes** – The formulaic outcome against the adjusted targets was vesting of 90% of the maximum with the exclusion of the benefit of the Cyprus property sale. Furthermore, the Committee took a step back and considered all factors in the round, including both the shareholder experience and employee experience, and determined that it was appropriate to apply downward discretion and reduce the outcome to 75% of maximum.

- **As a result, all PSP participants shared in the success of the previous 3-year performance cycle** – The changes applied to all PSP participants equally, which represents approximately 50 individuals (including the Executive Leadership Team and CEO) allowing them to be appropriately recognized and incentivised, sharing in the success of our strong performance.

Concluding comments

As a result of our strong business performance, formulaic outcomes under the bonus and PSP were 100% and 90% of maximum respectively. The Committee then considered these outcomes in the round, **applied downward discretion** as described in the DRR and determined that 91% and 75% of maximum should apply instead, reductions of c.10% and 15% of maximum respectively.

In doing so, the Committee has demonstrated that it is committed to ensuring that final pay outcomes are stretching enough take into account the wider employee and shareholder experience whilst also ensuring the CEO is rewarded for excellent performance. Therefore, overall, we considered his total remuneration (reflected in the single figure disclosure) to be justified.

If you would like to discuss this or any other remuneration-related topics you would like to raise, please do not hesitate to contact me. In the meantime, we hope we can look forward to your support at the upcoming AGM.

Your sincerely

Charlotte J. Boyle
Chair of the Remuneration Committee