Coca-Cola Hellenic Bottling Company

11 April 2023

Dear shareholder,

I am writing to you in my role as the Chair of the Remuneration Committee of Coca-Cola HBC to highlight some of the key remuneration decisions the Remuneration Committee has made during the year, further information is set out in the 2022 Directors' Remuneration Report that has just been published and is also attached alongside this letter.

We are committed to aligning shareholder and company interests, maintaining an open and transparent dialogue with our shareholders on executive pay, and listening to your views. I have asked the Investor Relations team to reach out and see if a further conversation in the next few weeks would be helpful.

Remuneration in context

As shown in our full year results, successful execution on our Growth Story 2025 strategy in the year delivered strong performance, with organic revenue excluding Russia and Ukraine up 22.7%. We implemented price increases and mix initiatives across our markets, expanding revenue per case and mitigating inflation. These results were achieved alongside continued market share gains, and we remain the number one contributor to revenue growth within fast moving consumer goods across our retail customers.

Our key financial highlights include:

- Organic revenue up 14.2%. and reported revenue up 28.3%. Excluding Russia and Ukraine, organic revenue up 22.7%;
- Organic volume growth was 8.1% excluding Russia and Ukraine;
- Organic revenue per case up 15.9%, benefiting from pricing and targeted actions to improve mix throughout the year;
- Comparable EBIT up 11.9% to €929.7 million with organic EBIT up 1.3% as pricing, mix and cost discipline drove profits despite the challenging inflationary backdrop.
- Another year delivering record free cash flow and an increased dividend with: i) Comparable EPS up 7.7%; ii) free cash flow increased by €43.8 million to €645.1 million, due to improved profit generation and effective working capital management; and iii) proposed ordinary dividend of €0.78 per share, up 9.9% year on year and representing a 46% pay-out.

Other highlights include how we have supported our people. With inflationary pressure high in 2022, our intention was to protect our frontline workers who were most impacted. In reviewing our wider workforce remuneration practices and to reward performance and recognise the challenging circumstances faced by our employees, we provided salary increases across the majority of our markets above the original plan. We did this by providing disproportionately higher increases to our business developers and line operators and by providing a second pay increase during the year in the majority of our markets to the frontline. In addition to these increases, we paid a special one-off bonus to assist our non-managerial population (approximately

30,000 employees) across the Group to manage the rising energy costs, with an exceptional higher one-off payment for our employees in Ukraine.

Further details of other financial and non-financial highlights are included in the Remuneration Committee's Chair letter in the Directors' Remuneration Report, as well as in our full year results announcement and in our Annual Report.

Incentive outcomes

The formulaic MIP (management incentive plan) outcome for the CEO was 77.5% of the maximum opportunity. The outcome reflects record levels of revenue, comparable EBIT and free cash flow, which the 2022 MIP was based on, against a challenging backdrop when set. When determining performance, the Committee took into account the strong results and business context highlighted above and in the Annual Report, including: the handling of the Ukraine conflict, overall exceptional business performance, the successful integration of Egypt, engagement of our employees and overall progress towards our sustainability goals.

Performance against the stretching EPS and ROIC targets over the period 2020 to 2022 resulted in a formulaic vesting level of 48% of the maximum PSP award granted to the CEO in 2020. When determining the outcome of the 2020-2022 PSP award, the Committee considered whether an exercise of positive discretion would be appropriate and raised this with shareholders before making any final decisions. Following the 2022 AGM, we met with shareholders and proxy advisers to discuss their concerns on the decisions made in relation to the 2019-21 PSP. Reflecting on the feedback received, the Committee agreed that whilst the underlying performance of the Group in a challenging environment may support an exercise of discretion in relation to the 2020 PSP, this would not be appropriate for the CEO.

The Committee also assessed whether there had been any perceived 'windfall gains' for this award as part of the wider performance in the round assessment. The Committee noted that recent PSP awards have been made at varying share prices and this has resulted in a level of variation in the number of shares granted (in some cases more shares are granted and other cases fewer shares are granted). The Committee also factored in share price performance and noted that the share price has not followed a typical V-shape or U-shape recovery that other companies have experienced, with our share price performance impacted by a series of external events over the past three years, including but not limited to COVID-19 and the Ukraine-Russia conflict. In addition to share price performance between grant and the end of the performance period (equivalent to CAGR of 9.5%), the Committee reflected on the trend in long-term performance from the management team over the course of the performance period.

Given this and the consistent delivery of exceptional business performance over the performance period set out above, including delivering on our ambitious environmental objectives; the Committee did not consider the share price increase to be excessive, but commensurate with underlying business performance. As such, the Committee determined not to apply an adjustment to the level of vesting.

Implementation of policy in 2023

Base salary and fees

While the increases of the wider workforce have not been finalized at this time, the base salary increase for CEO is expected to be below the wider workforce's. Any increase will be effective from 1 May 2023 and will be communicated in the following Directors' Remuneration Report.

2023 Management Incentive Plan (MIP)

The CEO will have a maximum opportunity level of 140% of base salary which is unchanged from 2022. The outcome will continue to be determined by Business Performance (based on revenue, comparable EBIT and free cash flow) multiplied by Individual Performance. Further details can be found in the Directors' remuneration report.

2023 Performance Share Plan

To achieve our growth ambitions and to deliver continued financial performance that creates the desired returns, the Committee believes strongly that we must continue to retain and incentivise the management team in a fair manner. Alongside this, to recognise the CEO's exceptional performance over 2022 and since his appointment, leadership and commitment, in spite of the challenging external environment, the Committee felt it was appropriate to review the overall remuneration opportunity for the CEO for 2023.

Key highlights for our CEO since his appointment in 2017 include: (i) strong operational performance evidenced through Net Sales Revenue (NSR) growth of 28.3% (YoY), with NSR having grown by over 40% and comparable EPS having grown by c.40%; and (ii) strong returns to our shareholders with an average of c.46% dividend pay-out since his appointment (excluding the extraordinary dividend in 2019). The total dividend paid to shareholders since his appointment amounts to approx. €2.1bn.

The Committee considered a number of options available to it within the remuneration policy agreed with shareholders. It concluded that an increase in the PSP award in 2023 was the optimal solution in part for its simplicity but importantly as it creates direct shareholder alignment. The Remuneration Committee is proposing a PSP award for the CEO of 450% of base salary for 2023 (in line with the award limit in the Directors' Remuneration Policy, as approved by shareholders) which will be subject to stretching long-term performance targets as set out in the Directors' Remuneration Report. Whilst not a primary reference point, even once the increased award level is factored in, the overall remuneration opportunity for the CEO will be positioned around median vs the FTSE 100.

The awards will be delivered in shares and will only vest where stretch long-term performance against EPS, ROIC and Reduction in Co2 emissions targets are delivered. These targets are aligned to the delivery of our 2025 Growth Story Commitments and have been calibrated against market practice in listed peers, and external expectations of performance (adjusted to remove the impact of Russia and Ukraine), over the next three years. Meeting these commitments will require, amongst other things, an acceleration in the Group's business performance in our largest markets, a rebalancing of the business priorities of the Group following the conflict between Russia and Ukraine, a very successful outcome from the integration of Egypt within the Group as well as developing further growth opportunities in the region. Should the shares vest, they will be subject to a further holding period and malus & clawback in the normal way.

The Committee strongly believes that the decisions set out above, and as detailed in the Directors' Remuneration Report are in keeping with the performance of the company over the year and ensures that the management team are both motivated and aligned to the delivery of our 2025 Growth Story ambitions. If you would like to discuss the contents of this letter, the Directors' Remuneration Report or any other topics you would like to raise, please do respond either over email to virginia.phillips@cchellenic.com or, alternatively, I would welcome the opportunity to have a call / meeting with you.

Your sincerely

Charlotte Boyle

Chair of the Remuneration Committee