
1886
Аптекарь
Джон Пембертон
изобрел Coca-Cola
1895
1923
Coca-Cola изобрела
картонную упаковку
на шесть бутылок
DRINK
Coca-Cola
SIX BOTTLES
in this new handy container

Corporate Governance

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Letter from the Chairman of the Board

Dear Shareholder

As Chairman, I am pleased to introduce our Corporate Governance Report for 2019, with details about the strong and effective governance system throughout the Group which supports the long-term success of our business. Our Board's independence and diverse range of skills helps keep us focused on long-term competitiveness. I believe the Board has proved that it is working well together, and the results of our work this year on our Growth Story 2025 strategy and the reinforcement of corporate governance and sustainability commitments is testament to the effectiveness of the Board.

Delivering more

The long-term success of our business is intertwined with the success of our customers and partners, and our ability to delight consumers with the beverages and brands they love. The theme of this year's report, "What It Takes To Deliver 24/7" highlights our focus on providing better, faster service through more channels with more products. This means delivering faster growth for our Company and our customers, more opportunities for our people, more environmental leadership spurred by more ambitious objectives and more value created for other stakeholders, including consumers and the communities in which we operate.

As a Board, we aim to ensure the highest standards of corporate governance as we oversee the implementation of these plans. See "Governance in Action" and "How the Board was involved in the development of our Growth Story 2025" on page 93.

Importance of good governance

Our internal policies and procedures, which have been consistently effective since the Group was formed, are properly documented and communicated against the framework applicable to premium listed companies in the UK. As a Board, our aim is to ensure the highest standards of corporate governance, accountability and risk management.

The Board and its committees conducted an annual review of the effectiveness of our risk management system and internal controls, further details of which are set out in the Audit and Risk Committee Report on page 98. The Board confirms that it has concluded that our risk management and internal control systems are effective.

This year we are subject to the UK Corporate Governance Code 2018. It sets out the principles of good practice in relation to: board leadership and company purpose; division of responsibilities; composition, success and evaluation; audit, risk and internal controls; and remuneration.

Further information on our application of the UK Corporate Governance Code 2018 for the year ended 31 December 2019 can be found in this report on page 78.

Strategy and oversight

Our focus during the year was on the approval and introduction of our Growth Story 2025 strategy. The Board was also particularly focused on aligning strategically with our network of partners and The Coca-Cola Company in all of our markets and managing the risks related to the external environment. For further information see "How the Board was involved in the development of our Growth Story 2025" on page 93.

The Board's meetings are split between guiding the longer-term vision and strategy of the Group, and assessing operational and financial updates on the markets where we operate. These updates provide links and context for the strategic discussions, as well as governance oversight.

Meetings take place in Zug, Switzerland, but also in selected markets across our footprint, to facilitate Board interaction with local management and to enable Director to learn more about their challenges and opportunities, and the way they are operating at a local level. In that context, our June 2019 meeting was held in Athens, Greece to celebrate 50 years of the Company's presence in Greece.

Culture and values

Our strong corporate culture is fundamental to our business continuity and success, and the Board plays a critical role in shaping the culture of the Company by promoting growth-focused and values-based conduct. As our business evolves in response to an evolving business environment, in 2019 the Board approved and endorsed an update to our core values. We retained our enduring core values of excellence and customer service while increasing focus on continual learning and smart risk taking. Our six Growth Mindset Values are: winning with customers; nurturing our people; excellence; integrity; learning; and performing as one. These values make for a culture where our people are clear on our purpose, our growth pillars and the elements of how we grow as well as on our targets.

We monitor our progress in integrating our values through various indicators, including our Employee Engagement Index, diversity indicators, and health and safety indicators in order to ensure that these remain relevant and in line with our strategy pillars, especially around cultivating the potential of our people and earning our licence to operate. We understand the importance of the Board's role in establishing the Company's 'tone from the top' in terms of its culture and values, and our Directors lead by example as ambassadors of our values in order to cascade good behaviour through the organisation. By focusing on continuous improvement, we model the values of excellence and learning. Equally importantly and as illustrated in other sections of the report, the Board reviewed during 2019 the feedback of the employee and customer satisfaction surveys and as a result the Board approved additional investments in coolers and technology to support evolving consumer needs.

Charlotte Boyle has been appointed as non-Executive Director responsible for engaging with our people to provide feedback to the Board to ensure Board discussions and decisions take into account our people's concerns.

Board evaluation

In line with our commitment to adhere to best corporate governance practices, an externally facilitated Board effectiveness evaluation was conducted in the second half of 2019. In line with past practice, we will do this once again in 2020 to build upon the learnings of the 2019 evaluation. Further details are set out in the Nomination Committee Report on page 104.

Board composition and diversity

The composition and size of the Board will continue to be under review. We believe that our Board is well-balanced and diverse, with the right mix of international skills, experience, background, independence and knowledge in order to discharge its duties and responsibilities effectively.

Our Nomination Committee has developed strong succession plans for the Board and senior management and these plans are reviewed at least annually. The Board is mindful of the overall length of service of the Board as a whole and is committed to recruiting Directors with diverse backgrounds, personalities, skills and experience. We continue to attach great importance to all aspects of diversity in our nomination processes at Board and senior management levels, while appointing candidates with the credentials that are necessary for the continuing growth of our operations within a highly competitive and specialised industry.

Alfredo Rivera was appointed to the Board, at the 2019 Annual General Meeting, as non-Executive Director and Ahmet Bozer retired on the same date.

ANASTASSIS G. DAVID
CHAIRMAN OF THE BOARD

How the Board was involved in the development of our 24/7 vision

To ensure that our vision to become the leading 24/7 beverage partner is successful, the Board has the important responsibility of ensuring that our Company culture and values are aligned with our business model and strategy. Our talented people are being asked to be even more agile and more entrepreneurial, focusing efforts on the highest-return opportunities. As a Board, we have to foster an environment that empowers our people and supports the informed risk-taking, collaboration and inclusion which is necessary for innovation.

To achieve alignment between the Company's culture and values and our new growth mindset, in 2019 the Board oversaw changes to the Group's ERM system as well as evolution in employee development and remuneration programmes. For more information about our evolving culture, see the sections of this report on risk, people and remuneration, on pages 58, 38, 108 respectively.

See page 93 for more information.

The UK Corporate Governance Code 2018

As a Swiss corporation listed on the London Stock Exchange (LSE) with a secondary listing on the Athens Exchange, we aim to ensure that our corporate governance systems remain in line with international best practices. Our corporate governance standards and procedures are continuously reviewed in light of current developments and rulemaking processes in the UK, Switzerland and also the EU. Further details are available on our website.

In respect of the year ended 31 December 2019, the Company was subject to the UK Corporate Governance Code 2018 (a copy is available from: frc.org.uk).

Our Board believes that the Company applied the principles and complied with, except as set out in this report, the provisions of the UK Corporate Governance Code throughout 2019. The Chairman was not independent on appointment. In addition, the Chairman has been a Board member for more than nine years, see page 84 for further details. Pursuant to our obligations under the Listing Rules, we intend to apply the principles and continually comply with the provisions of the UK Corporate Governance Code or to explain any instances of non-compliance in our Annual Report. The Company has applied the principles insofar as possible and in accordance with and permitted by Swiss law. Further information on appointment of Directors and compliance with the UK Corporate Governance Code can be found as follows:

Section 1: Board leadership and company purpose	**See page**
A. Effective and entrepreneurial board to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society B. Purpose, values and strategy with alignment to culture C. Resources for the company to meet its objectives and measure performance. Controls framework for management and assessment of risks D. Effective engagement with shareholders and stakeholders E. Consistency of workforce policies and practices to support long-term sustainable success	
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Section 2: Division of responsibilities	**See page**
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Section 3: Composition, succession and evaluation	**See page**
J. Board appointments and succession plans for board and senior management and promotion of diversity K. Skills, experience and knowledge of Board and length of service of board as a whole L. Annual evaluation of board and directors and demonstration of whether each director continues to contribute effectively	
• Board composition	84
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Section 4: Audit, risk and internal controls	**See page**
M. Independence and effectiveness of internal and external audit functions and integrity of financial and narrative statements N. Fair, balanced and understandable assessment of the company's position and prospects O. Risk management and internal control framework and principal risks company is willing to take to achieve its long-term objectives	
• Audit and Risk Committee report	98
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Section 5: Remuneration	**See page**
P. Remuneration policies and practices to support strategy and promote long-term sustainable success with executive remuneration aligned to company purpose and value Q. Procedure for executive remuneration, director and senior management remuneration R. Authorisation of remuneration outcomes	
• Remuneration committee report	108-128

Certain differences between the Company's corporate governance practices and the UK Corporate Governance Code

The Swiss Ordinance against Excessive Compensation in Listed Companies further limits the authority of the Remuneration Committee and the Board to determine compensation. The effective limitations include requiring that the Annual General Meeting approve the maximum total compensation of each of the Board and the Operating Committee, requiring that certain compensation elements be authorised in the Articles of Association and prohibiting certain forms of compensation, such as severance payments and financial or monetary incentives for the acquisition or disposal of firms. We are in compliance with the requirements of the Swiss Ordinance against Excessive Compensation in Listed Companies and have amended our Articles of Association to that effect.

Anastassis G. David was originally appointed at the request of Kar-Tess Holding and was not, at the time of his appointment as Chairman, independent as defined by the UK Corporate Governance Code. In view of Anastassis David's strong identification with the Company and its shareholder interests, combined with his deep knowledge and experience of the Coca-Cola System, the Board deemed it to be in the best interests of the Group and its shareholders for him to be appointed as Chairman, to continue to promote an effective and appropriately balanced leadership of the Group. In accordance with the established policy of appointing all Directors for one year at a time, the Board intends to continue to keep all positions under regular review and subject to annual election by shareholders at the Annual General Meeting.

Application of governance codes

Other corporate governance codes

There is no mandatory corporate governance code under Swiss law applicable to us. The main source of law for Swiss governance rules is the company law contained in article 620 ff. of the Swiss Code of Obligations, as well as the Ordinance against Excessive Compensation in Listed Companies.

In addition, the UK's City Code on Takeovers and Mergers (the 'City Code') does not apply to the Company by operation of law, as the Company is not incorporated under English law. The Articles of Association include specific provisions designed to prevent any person acquiring shares carrying 30% or more of the voting rights (taken together with any interest in shares held or acquired by the acquirer or persons acting in concert with the acquirer) except if (subject to certain exceptions) such acquisition would not have been prohibited by the City Code or if such acquisition is made through an offer conducted in accordance with the City Code. For further details, please refer to the Company's Articles of Association, which are available on our website.

Amending the articles of association

The Articles of Association may only be amended by a resolution of the shareholders passed by a majority of at least two-thirds of the voting rights represented and an absolute majority of the nominal value of the shares represented.

Share capital structure

The Company has ordinary shares in issue with a nominal value of CHF 6.7 each. Rights attaching to each share are identical and each share carries one vote. The Company's Articles of Association also allow, subject to shareholder approval, for the conversion of registered shares into bearer shares and bearer shares into registered shares. Details in the movement in ordinary share capital during the year can be found on page 192. There are no persons holding shares that carry special rights with regard to the control of the Company.

Powers of directors to issue and buy back shares

Subject to the provisions of the relevant laws and the Articles of Association, the Board acting collectively has the ultimate responsibility for running the Company and the supervision and control of its executive management. The Directors may take decisions on all matters which are not expressly reserved to the shareholders or by the Articles of Association. Pursuant to the provisions of the Articles of Association, the Directors require shareholder authority to issue and repurchase shares. At the Annual General Meeting on 11 June 2018, the shareholders authorised the Directors to repurchase ordinary shares of CHF 6.70 each in the capital of the Company up to a maximum aggregate number of 7,500,000 representing approximately 2% of the Company's issued share capital as at 30 April 2018. The authority expired at the conclusion of the 2019 Annual General Meeting on 18 June 2019. The Company commenced a share buy-back programme on 3 December 2018 and reported on the shares repurchased as at 13 March 2019 in the 2018 integrated annual report. The programme continued after 13 March 2019 and concluded on 29 May 2019. Between 14 March and 29 May 2019, 2,921,668 shares were purchased at an average of 2,575.74 pence per share. Following the completion of the buy-back programme 3.249.803 shares have been cancelled. Total shares held in treasury being 6,658,233 of which 3,228,098 shares are held by Coca-Cola HBC AG and 3,430,135 shares are held by its subsidiary, Coca-Cola HBC Services MEPE. There is no outstanding authority for the Directors to repurchase or issue shares, since no authority of the shareholders was sought or approved at the Annual General Meeting on 18 June 2019.

Board of directors

From left to right: Alfredo Rivera, Reto Francioni, José Octavio Reyes, Olusola (Sola) David-Borha, Zoran Bogdanovic, Charlotte J. Boyle

Anastassis G. David
Non-Executive Chairman

Appointment: Anastassis David was appointed Chairman of the Board of Directors of Coca-Cola HBC on 27 January 2016. He joined the Board of Coca-Cola HBC as a non-Executive Director in 2006 and was appointed Vice Chairman in 2014.

Skills and experience: Anastassis brings to his role more than 20 years' experience as an investor and non-executive director in the beverage industry. Anastassis is also a former Chairman of Navios Corporation. He holds a BA in History from Tufts University.

External appointments: Anastassis is active in the international community and serves on the International Board of Advisors of Tufts University. He serves as vice-chairman of Aegean Airlines S.A. and vice-chairman of the Cyprus Union of Shipowners. He is also a member of the Board of Trustees of College Year in Athens.

Nationality: British

Zoran Bogdanovic
Chief Executive Officer,
Executive Director

Appointment: Zoran Bogdanovic was appointed to the Board of Directors of Coca-Cola HBC in 2018.

Skills and experience: Zoran was previously the Company's Region Director responsible for operations in 12 countries, and has been a member of the Operating Committee since 2013. He joined the Company in 1996 and has held a number of senior leadership positions, including as General Manager of the Company's operations in Croatia, Switzerland and Greece. Zoran has a track record of delivering results across our territories and demonstrating the values that are the foundation of our Company culture.

External appointments: None

Nationality: Croatian

Charlotte J. Boyle
Independent non-Executive Director

Appointment: Charlotte Boyle was appointed to the Board of Directors of Coca-Cola HBC on 20 June 2017.

Skills and experience: Charlotte joined The Zygos Partnership, an international executive search and board advisory firm, as a consultant in 2003 and was subsequently appointed associate partner in 2006 and partner in 2008. After 14 years with the firm, she retired from her position in July 2017. Prior to that, Charlotte worked at Goldman Sachs International between 2000 and 2003. Between 1996 and 1999 she was a consultant at Egon Zehnder International, an international executive search and management assessment firm. Charlotte obtained an MBA from the London Business School and an MA from Oxford University, and was a Bahrain British Foundation Scholar.

External appointments: Charlotte serves as an independent non-executive director and chair of the Remuneration Committee of Capco plc, a non-executive adviser to the Global Board of Knight Frank LLP and as a member of the board and chair of the Finance Committee of Alfanar, the venture philanthropy organisation.

Nationality: British

Olusola (Sola) David-Borha
Independent non-Executive Director

Appointment: Sola David-Borha was appointed to the Board of Directors of Coca-Cola HBC in 2015.

Skills and experience: Sola was Chief Executive Officer of Stanbic IBTC Holdings plc, a full service financial services group with subsidiaries in commercial banking, investment banking, pension and non-pension asset management and stockbroking. Stanbic IBTC Holdings is listed on the Nigerian Stock Exchange and is a member of Standard Bank group.

Sola has more than 30 years' experience in financial services and held several senior roles within the Stanbic Group, including the position of Chief Executive of Stanbic IBTC Bank from May 2011 to November 2012. She also served as Deputy Chief Executive Officer of Stanbic IBTC Bank and Head of Investment Banking Coverage Africa (excluding South Africa).

Sola holds a first degree in Economics, and obtained an MBA degree from Manchester Business School. Her executive education experience includes the Advanced Management Programme of the Harvard Business School and the Global CEO Programme of CEIBS, Wharton and IESE.

External appointments: Since January 2017, Sola is the Chief Executive of the Africa Regions (excluding South Africa) for Standard Bank Group, Africa's largest bank by assets with operations in 20 countries across the continent. Sola is an Honorary Fellow of the Chartered Institute of Bankers of Nigeria (CIBN) and a former Vice Chairman of the Nigerian Economic Summit Group.

Nationality: Nigerian

William W. (Bill) Douglas III
Independent non-Executive Director

Appointment: Bill Douglas was appointed to the Board of Directors of Coca-Cola HBC on 21 June 2016.

Skills and experience: Bill is a former Vice President of Coca-Cola Enterprises, a position in which he served from July 2004 until his retirement in June 2016. Bill has held various positions within the Coca-Cola System since 1985. In 1991, he was appointed Division Finance Manager for the Nordic & Northern Eurasia Division of The Coca-Cola Company. Bill moved to Atlanta in 1994 as Executive Assistant to the President of The Coca-Cola Company's Greater Europe Group. In 1996, he became Nordic Region Manager. In 1998, he was appointed Controller of Coca-Cola Beverages plc.

From 2000 until 2004, Bill served as Chief Financial Officer of Coca-Cola HBC. He joined Coca-Cola Enterprises in 2004 when he was appointed Vice President, Controller and Principal Accounting Officer. He was appointed Senior Vice President and Chief Financial Officer in 2005 and Executive Vice President and Chief Financial Officer of Coca-Cola Enterprises in 2008. From 2013 to 2015, Bill was the Executive Vice President, Supply Chain. Before joining the Coca-Cola System, Bill was associated with Ernst & Whinney, an international accounting firm. He received his undergraduate degree from the J.M. Tull School of Accounting at the University of Georgia.

From left to right: Anastassis G. David, William W. (Bill) Douglas III, Alexandra Papalexopoulou, John P. Sechi, Christo Leventis, Anastasios I. Leventis, Ryan Rudolph

External appointments: Bill is the Lead Director and Chairman of the Audit Committee of SiteOne Landscape Supply, Inc. He is also a member of the Board of Directors and Chair of the Audit Committee for The North Highland company. Finally, he is on the Board and past Chair of the University of Georgia Trustees.

Nationality: American

Reto Francioni

Senior Independent non-Executive Director

Appointment: Reto Francioni was appointed to the Board of Directors of Coca-Cola HBC on 21 June 2016.

Skills and experience: Reto has been Professor of Applied Capital Markets Theory at the University of Basel since 2006 and is the author of several highly respected books on capital market issues. From 2005 until 2015, Reto was Chief Executive Officer of Deutsche Börse AG and from 2002 until 2005, he served as Chairman of the Supervisory Board and President of the SWX Group, which owns the Swiss Stock Exchange and has holdings in other exchanges. Between 2000 and 2002, Reto was Co-Chief Executive Officer and Spokesman for the Board of Directors of Consors AG. Between 1993 and 2000, he held various management positions at Deutsche Börse AG, including that of Deputy Chief Executive Officer. From 2003 until 2005, Reto was an Adjunct Professor of Economics and Finance at Zicklin School of Business, part of the City University of New York. He earned his Doctorate of Law at the University of Zurich.

External appointments: Reto serves as a member of the Board of Directors of UBS Group and also as the Chairman of the Supervisory Board of Swiss International Airlines. Reto is also a Vice Chairman at the Board of Directors of Medtech Innovation Partners AG, Basel.

Nationality: Swiss

Anastasios I. Leventis

Non-Executive Director

Appointment: Anastasios Leventis was appointed to the Board of Directors of Coca-Cola HBC in 2014.

Skills and experience: Anastasios previously worked as a banking analyst at Credit Suisse and American Express Bank. He holds a BA in Classics from the University of Exeter and an MBA from New York University's Leonard Stern School of Business.

External appointments: Anastasios currently works for Leventis Overseas Limited, a company that provides goods and services to companies in West Africa, and is a board member of A.G. Leventis (Nigeria) Plc. Anastasios is also a director of Alpheus Administration, a private company that administers assets for private clients and charitable foundations. In addition, he serves as a trustee of the A.G. Leventis Foundation, a member of the board of overseers of the Gennadius Library in Athens and a member of the Campaign board of the University of Exeter.

Nationality: British

Christo Leventis

Non-Executive Director

Appointment: Christo Leventis was appointed to the Board of Directors of Coca-Cola HBC in 2014.

Skills and experience: Christo worked as an Investment Analyst with Credit Suisse Asset Management from 1994 to 1999. In 2001, he joined J.P. Morgan Securities as an Equity Research Analyst focusing on European beverage companies. From 2003 until March 2014, Christo was a member of the Board of Directors of Frigoglass S.A.I.C., a leading global manufacturer of commercial refrigeration products for the beverage industry. Christo holds a BA in Classics from University College London and an MBA from the Kellogg School of Management in Chicago.

External appointments: In 2003, Christo started the private equity investment arm of Alpheus, a private asset management company, and he continues to serve as a member of its investment advisory committee.

Nationality: British

Alexandra Papalexopoulou

Independent non-Executive Director

Appointment: Alexandra Papalexopoulou was appointed to the Board of Directors of Coca-Cola HBC in 2015.

Skills and experience: Alexandra worked previously for the OECD and the consultancy firm Booz, Allen & Hamilton, in Paris. From 2003 until February 2015, she served as a member of the board of directors of Frigoglass S.A.I.C. From 2010 to 2015, she served as a member of the board of directors of National Bank of Greece and from 2007 to 2009, she served as a member of the board of directors of Emporiki Bank. Alexandra holds a BA in Economics and Mathematics from Swarthmore College, USA, and an MBA from INSEAD, France.

External appointments: Alexandra is the Strategic Planning Director at Titan Cement Company S.A., where she has been employed since 1992 and has served as Executive Director since 1995. Alexandra is treasurer and a member of the board of directors of the Paul and Alexandra Canellopoulos Foundation, a member of the board of directors of the INSEAD business school and a member of the board of trustees of the American College of Greece.

Nationality: Greek

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Board of directors continued

José Octavio Reyes
Non-Executive Director

Appointment: José Octavio Reyes was appointed to the Board of Directors of Coca-Cola HBC in 2014.

Skills and experience: José is the former Vice Chairman of The Coca-Cola Export Corporation, a position in which he served from January 2013 until his retirement in March 2014. He was president of the Latin America Group of The Coca-Cola Company from December 2002 to December 2012. Following various managerial positions in Mexico, Brazil and in The Coca-Cola Company headquarters in Atlanta, José was named President of the North Latin America Division of Coca-Cola in 2002. Prior to joining Coca-Cola, José spent five years with Grupo IRSA, a Monsanto Company joint venture. José holds a BSc in Chemical Engineering from the Universidad Nacional Autónoma de México and an MBA from the Instituto Tecnológico de Estudios Superiores de Monterrey.

External appointments: José has been a member of the board of directors of MasterCard WorldWide since January 2008. He has been a Director of Coca-Cola FEMSA S.A.B. de C.V. since 2016.

Nationality: Mexican

Alfredo Rivera
Non-Executive Director

Appointment: Alfredo Rivera was appointed to the Board of Directors of Coca-Cola HBC on 18 June 2019.

Skills and experience: From 2013 to 2016, Alfredo was President of the Latin Center Business Unit for The Coca-Cola Company. Before joining the Latin Center, from September 2006 to December 2012, Alfredo was Sparkling Beverages General Manager for the Mexico Business Unit, where he was responsible for leading the Franchise and Customer & Commercial Leadership functions in the second largest business unit of The Coca-Cola Company. Alfredo joined The Coca-Cola Company in the Central America and Caribbean Division in 1997 as District Manager for Guatemala and El Salvador. From 1999 to 2003 he was appointed Southeast Region Manager in the Brazil Division and from 2004 to 2006, he served as General Manager of the Ecuador business, leading the turnaround of the business under challenging circumstances. Prior to joining The Coca-Cola Company, Alfredo worked for two independent Coca-Cola bottlers in Honduras and El Salvador over a 13 year period. Alfredo holds a Bachelor's degree in History and an MBA from the University of Mississippi.

External appointments: Alfredo is President of the Latin American Group for The Coca-Cola Company. He oversees the Coca-Cola business across four business units in Latin America: South Latin, Brazil, Latin Center and Mexico. A long-time veteran of The Coca-Cola System, Alfredo is also contributing to crafting the short- and long-term growth strategies of The Coca-Cola Company.

Nationality: Honduran

Ryan Rudolph
Non-Executive Director

Appointment: Ryan Rudolph was appointed to the Board of Directors of Coca-Cola HBC on 21 June 2016.

Skills and experience: From 1993 until 2006, Ryan worked as an attorney at the business law firm Lenz & Staehelin in Zurich. Prior to that, he worked as a public relations consultant at the public relations agency Huber & Partner in Zurich, as marketing assistant and subsequently as manager at Winterthur Life Insurance as well as part-time with D&S, the Institute for Marketing and Communications Research in Zurich. Ryan obtained an LLM from the University of Zurich and is admitted to the Zurich bar. Ryan also studied at the Faculté des Lettres of the University of Geneva, as well as the Ecole Polytechnique in Lausanne.

External appointments: Ryan is an attorney and partner at the Zurich-based law firm Oesch & Rudolph. In addition, he serves as a member of the Foundation Board of the A.G. Leventis Foundation and as a member of the board of various privately-held companies.

Nationality: Swiss

John P. Sechi
Independent non-Executive Director

Appointment: John Sechi was appointed to the Board of Directors of Coca-Cola HBC in 2014.

Skills and experience: John started his career as a financial analyst and audit manager. In 1985, he joined The Coca-Cola Company as an internal auditor. In 1987, John became the Finance Director for Coca-Cola Great Britain Limited based in London. The following year, he was appointed General Manager of the European Supply Point Group and in 1990 he moved to Madrid to join the Iberian Division as Chief Financial Officer. In 1993, John was promoted to President of the Central Mediterranean Division of The Coca-Cola Company, based in Milan, where he was responsible for operations in Greece, Cyprus, Malta, Bulgaria, Former Yugoslavia (Croatia, Serbia, Bosnia, Montenegro, Kosovo and North Macedonia), Albania and Italy. In 1998, he was promoted to President of the German Division, based in Düsseldorf. John was Chairman of Globalpraxis, a commercial consulting firm, from 2001 to 2008. From 2007 until 2013, he was President, Greater Europe of The Campbell Soup Company, and from 2006 to 2011, a non-executive Board member and Chairman of the Audit Committee of Coca-Cola Içecek. John has a BA in Business Management from Ryerson University in Toronto and is a Chartered Accountant (Canada) and a Chartered Professional Accountant.

External appointments: John is a non-executive director and advisor to various privately-held companies, and serves as Executive Chairman of Sechi & Sechi Properties Limited.

Nationality: Canadian

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- Committee Chair

GOVERNANCE IN ACTION

Board meetings

The Board met six times during 2019. Board meetings took place over two days to allow the Board sufficient time for deep-dives, reflection and candid discussion, and to take stock of the business environment and geographies in which we operate. The structure and nature of these meetings also allows time for Directors to socialise, which facilitates cordial relations and supports forthright discussion during Board meetings. Two of the meetings were held by conference call.

The Directors have and are encouraged to have free and open contact with management at all levels, and have full access to all relevant information. Board meetings are normally held over almost two days in Zug, Switzerland, with one of the Board meetings every year being held in one of our countries so that the Board will have the opportunity to visit the facilities and the respective markets in one of the 28 countries that make up our geographic footprint. In June 2019, our Board meeting was held in Athens, Greece.

This allows Directors to gain a better understanding of regional differences in our business and the specifics of various markets. At each Board meeting, the Board receives reports and in-depth presentations from line and functional executives. The chairperson of each committee also reports to the Board on matters considered or decided in meetings of the respective Board committees. The Board also frequently reviews the actual performance of the Group versus its long-term strategy. In particular, the Board scrutinises the performance of the Chief Executive Officer, holding him and his management team to account when reviewing the performance of the Group against the agreed business plan.

Director	Board[1] Attended/ Total meetings	Audit and Risk[2] Attended/ Total meetings	Remuneration Attended/ Total meetings	Nomination[7] Attended/ Total meetings	Social Responsibility Attended/ Total meetings
Anastassis G. David	6/6				
Zoran Bogdanovic	6/6				
Charlotte J. Boyle	6/6		4/4	5/5	
Ahmet C. Bozer[3]	3/3		–	–	
Olusola (Sola) David-Borha	6/6	8/8	–	–	
William W. (Bill) Douglas III	6/6	8/8	–	–	
Reto Francioni[6]	6/6		3/4	4/5	
Anastasios I. Leventis	6/6				4/4
Christo Leventis	6/6		–	–	
Alexandra Papalexopoulou	6/6		4/4	5/5	4/4
José Octavio Reyes	6/6				4/4
Alfredo Rivera[4]	2/3				
Ryan Rudolph	6/6		–	–	
John P. Sechi[5]	5/6	7/8			

1. Includes two conference calls.
2. Includes four conference calls.
3. Ahmet Bozer retired from the Board at the Annual General Meeting on 18 June 2019.
4. Alfredo Rivera was appointed to the Board at the Annual General Meeting on 18 June 2019. He did not attend the August 2019 Board Conference Call due to a long-standing prior commitment.
5. John Sechi did not attend the June 2019 Audit and Risk Committee and Board meetings due to long-standing other commitments.
6. Reto Francioni did not attend the September 2019 Renumeration and Nomination Committee meetings due to long-standing other commitments.
7. Includes one conference call.

Corporate governance report

Board composition

Membership of the Board

On 31 December 2019, our Board comprised 13 Directors: the Chairman, one Senior Independent Director, 10 non-Executive Directors and one Executive Director. The biographies of each member of the Board are set out on pages 80 to 82.

The Operating Committee, described on pages 94-96, supports Zoran Bogdanovic in his role as Chief Executive Officer.

The non-Executive Directors, of whom six (representing half of the members excluding the Chairman) are determined by the Board to be independent, are experienced individuals from a range of backgrounds, countries and industries. The composition of the Board complies with the UK Corporate Governance Code's recommendation that at least half of the Board, excluding the Chairman, comprise independent Directors. At the Annual General Meeting held on 18 June 2019 Alfredo Rivera was appointed as a non-Executive Director and Ahmet Bozer retired as a non-Executive Director. There were no other changes to the Board or committee membership during 2019.

Outside appointments

The Articles of Association of the Company (article 36) set out limits on the maximum number of external appointments that members of our Board and executive management may hold. In addition, if a Board member wishes to take up an external appointment he or she must obtain prior Board approval. The Board will assess all requests on a case-by-case basis, including whether the appointment in question could negatively impact the Company or the performance of the Director's duties to the Group.

The nature of the appointment and the expected time commitment are also assessed to ensure that the effectiveness of the Board would not be compromised.

Details of the external appointments of our non-Executive Directors are contained in their respective biographies set out on pages 80-82.

Our Chairman serves on the International Board of Advisors of Tufts University. He serves as vice-chairman of Aegean Airlines S.A. and vice-chairman of the Cyprus Union of Shipowners. He is also a member of the Board of Trustees of College Year in Athens. In this context, the Board considers that fewer than four of the positions held by the Chairman are considered to be significant.

Having considered the scope of the external appointments of all Directors, including the Chairman, our Board is satisfied that they do not compromise the effectiveness of the Board as each Director has sufficient time to devote to his or her role on the Board as the Board requires.

Independence

Our Board has concluded that Charlotte J. Boyle, Olusola (Sola) David-Borha, William W. (Bill) Douglas III, Reto Francioni, Alexandra Papalexopoulou and John P. Sechi are deemed to be independent in accordance with the criteria set out in the UK Corporate Governance Code, with such individuals being independent in both character and judgement.

The other non-Executive Directors, Anastassis G. David (Chairman), Anastasios I. Leventis, Christo Leventis, José Octavio Reyes, Alfredo Rivera and Ryan Rudolph, were appointed at the request of shareholders of the Company: Kar-Tess Holding and The Coca-Cola Company. They are therefore not considered, by the Board, to be independent as defined by the UK Corporate Governance Code.

Anastassis G. David was appointed as Chairman on 27 January 2016. The Board firmly believes that Anastassis David embodies the Company's core values, heritage and culture and that these attributes, together with his strong identification with the Company and its shareholders' interests, and his deep knowledge and experience of the Coca-Cola System, ensure an effective and appropriately balanced leadership of the Board and the Company. Anastassis David was first appointed as a member of the Board in 2006 before being appointed Chairman in 2016. Prior to his appointment as Chairman, major shareholders were consulted and an external search consultancy engaged to find suitable candidates. The consensus and recommendation was that Anastassis David was the appropriate candidate to become Chairman and that he continues to be effective in his leadership of the Board. Anastassis David has the continuing support of the Board and major shareholders to remain as Chairman.

Shareholders' nominees

As described under the heading 'Major shareholders' on page 233, since the main listing of the Company on the Official List of the London Stock Exchange in 2013, Kar-Tess Holding, The Coca-Cola Company and their respective affiliates have no special rights in relation to the appointment or re-election of nominee Directors, and those Directors of the Company who were originally nominated at the request of The Coca-Cola Company or Kar-Tess Holding will be required to stand for re-election on an annual basis in the same way as the other Directors. The Nomination Committee is responsible for identifying and recommending persons for subsequent nomination by the Board for election as Directors by the shareholders on an annual basis.

As our Board currently comprises 13 Directors, neither Kar-Tess Holding nor The Coca-Cola Company is in a position to control (positively or negatively) decisions of the Board that are subject to simple majority approval. However, decisions of the Board that are subject to the special quorum provisions and supermajority requirements contained in the Articles of Association, in practice, require the support of Directors nominated at the request of at least one of either The Coca-Cola Company or Kar-Tess Holding in order to be approved. In addition, based on their current shareholdings, neither Kar-Tess Holding nor The Coca-Cola Company is in a position to control a decision of the shareholders (positively or negatively), except to block a resolution to wind up or dissolve the Company or to amend the supermajority voting requirements. The latter requires the approval of 80% of shareholders where all shareholders are represented and voting. Depending on the attendance levels at Annual General Meetings, Kar-Tess Holding or The Coca-Cola Company may also be in a position to control other matters requiring supermajority shareholder approval.

Anastassis G. David, Anastasios I. Leventis, Christo Leventis and Ryan Rudolph were all originally appointed at the request of Kar-Tess Holding. José Octavio Reyes and Alfredo Rivera have been appointed at the request of The Coca-Cola Company.

Separation of roles

There is a clear separation of the roles of the Chairman and the Chief Executive Officer. The Chairman is responsible for the operation of the Board and for ensuring that all Directors are properly informed and consulted on all relevant matters. The Chairman, in the context of the Board meetings and as a matter of practice, meets also separately with the non-Executive Directors without the presence of the Chief Executive Officer and promotes the culture of openness and debate within the Board sessions as well as outside.

The Chairman is also actively involved in the work of the Nomination Committee concerning succession planning and the selection of key people. The Chief Executive Officer, Zoran Bogdanovic, is responsible for the day-to-day management and performance of the Company and for the implementation of the strategy approved by the Board.

Key roles and responsibilities

Board of Directors

Our Board has ultimate responsibility for our long-term success and for delivering sustainable shareholder value as well as contributing to wider society. The Board is responsible for setting the Company's purpose, values and strategy and ensures the alignment with its culture; this includes ensuring that workforce policies and practices are consistent with the Company's values and support its long-term sustainable vision. Further details are set out on page 86. This is achieved by approving the corporate strategy, monitoring performance toward strategic objectives, overseeing implementation of the strategy by the Operating Committee and approving matters reserved by the Articles of Association for decision by the Board. Specific tasks are delegated by the Board to its committees for audit and risk, nomination, remuneration and social responsibility.

The governance process of the Board is set out in our Articles of Association and the Organisational Regulations. These regulations define the role and responsibilities of the Board and its committees, and can be found at https://coca-colahellenic.com/en/about-us/corporate-governance/corporate-governance-overview/. In addition, the Swiss Ordinance against Excessive Compensation in Listed Companies imposes certain obligations on the Board, including a requirement to prepare and make available a remuneration report pursuant to Swiss law.

Chairman

- leads the Board, sets the agenda and promotes a culture of openness and debate;
- is responsible for overall effectiveness in leading the Company and setting the culture;
- ensures the highest standards of corporate governance;
- is the main point of contact between the Board and management; and
- ensures effective communication with shareholders and stakeholders.

Chief Executive Officer

- leads the business, implements strategy and chairs the Operating Committee; and
- communicates with the Board, shareholders, employees, government authorities, other stakeholders and the public.

Senior Independent Director

- acts as a sounding board for the Chairman and appraises his performance;
- leads the independent non-Executive Directors on matters that benefit from an independent review; and
- is available to shareholders if they have concerns which have not been resolved through the normal channels of communication.

Non-Executive Directors

- contribute to developing Group strategy;
- scrutinise and constructively challenge the performance of management in the execution of the Group's strategy; and
- oversee succession planning, including the appointment of Executive Directors.

Company Secretary

- ensures that correct Board procedures are followed and ensures the Board has full and timely access to all relevant information;
- facilitates induction and training programmes, and assists with the Board's professional development requirements; and
- advises the Board on governance matters.

Board committees

Our Board has delegated specific tasks to its committees as set out in the Organisational Regulations and reports from these committees are set out in this Corporate Governance Report. Biographies of the Chairs of the Board committees and the other members of the Board, the Audit and Risk Committee, the Nomination Committee, the Remuneration Committee and the Social Responsibility Committee are set out on pages 80-82.

Audit and Risk Committee

Responsibilities

- Oversight of the accounting policies, financial reporting and disclosure controls; the Group's approach to internal controls and risk management; and the quality, adequacy and scope of internal and external audit functions.
- Oversight of the Company's compliance with legal, regulatory and financial reporting requirements, and the work programme of the internal audit function.
- External auditor reports directly to the Committee.

Remuneration Committee

Responsibilities

- Establishment of the remuneration strategy for the Group; determines and agrees with the Board the remuneration of Group Executives and approves remuneration for the Chairman and the Chief Executive Officer.
- Makes recommendations to the Board regarding remuneration matters to be approved at the Annual General Meeting.
- Implementation or modification of any employee benefit plan resulting in an increased annual cost of €5 million or more.

Nomination Committee

Responsibilities

- Identification and nomination of new Board members, including recommending Directors to be members of each Board Committee
- Ensuring adequate Board training; supporting the Board and each committee in conducting a self-assessment;
- Oversight of the establishment of a talent development framework for the Group.
- Oversees effective succession planning for the Chief Executive Officer, in consultation with the Chairman, and for the Operating Committee, in consultation with the Chief Executive Officer.

Social Responsibility Committee

Responsibilities

- Supports the Board in its responsibilities to safeguard the Group's reputation for responsible and sustainable operations.
- Oversight of the Group's engagement with stakeholders to assess their expectations, and the possible consequences of these expectations for the Group.
- Establishes principles governing social and environmental management, and oversees development of performance management to achieve social and environmental goals.

Operating Committee

The Operating Committee, led by the Chief Executive Officer, meets 12 times each year and provides the Group with executive leadership. The Committee has responsibility for: the development of long-term strategies and the implementation of strategies approved by the Board; providing adequate head-office support for each of the Group's countries; working closely with the country General Managers, as set out in our operating framework; and the setting of annual targets and approval of annual business plans which form the basis of the Group's performance management.

Corporate governance report continued

Summary of key Board activities for 2019 and priorities for 2020

Topic	2019 activity	2020 priority
Strategy	• Working towards the 2025 sustainability targets Close collaboration and alignment with The Coca-Cola Company • Monitoring of potential acquisition opportunities • Approving the Group's 2025 Growth Story and strategy • Continuous support of new product and package launches	• Monitoring progress towards our 2025 Growth Story • Ongoing support on product innovation and new product and package launches • Continued close alignment with The Coca-Cola Company • Monitoring progress towards our 2025 sustainability commitments
Performance	• Regular business overviews and monitoring progress towards the Group's long-term growth targets • Periodic reviews of specific markets, regions and functions • Reviewing the macroeconomic outlook, commodities hedging and currency trends	• Regular performance reviews with focus on Group's key business indicators • Deep dive reviews of regions and key functions • Review of the performance of the Company's innovation initiatives
Risk management and internal control	• Ongoing overview of the principal and emerging risks with focus on cyber-security • Ongoing reviews of mitigation plans for commodities and currency volatility	• Continued review of emerging principal risks and mitigation programmes • Reviewing mitigation plans for currency and commodities volatility • Reviewing information technology plans, including cyber-security
Operational	• Detailed review and approval of capex investments • Review of the Company's cost optimisation plans • Consolidation of new acquisitions (Bambi) • Contingency plans for hard Brexit	• Ongoing review of the Group's cost optimisation and investment programmes • Consolidation of new acquisitions • Review of material capital expenditure projects
Culture and values	• Reviewing the results of the Company's engagement actions • Discussing talent and people capability plans • Appointment of designated non-Executive Director for employee engagement	• Monitoring the engagement surveys and people plans • Continuing working with the designated non-Executive Director on issues that are identified through the employee engagement
Succession planning and diversity	• Ongoing succession planning work and preparing succession planning and bench strength initiatives for senior management and Board vacancies • Discussed Board effectiveness	• Reviewing the succession planning work for Board and senior management • Reviewing the Company's talent development plans

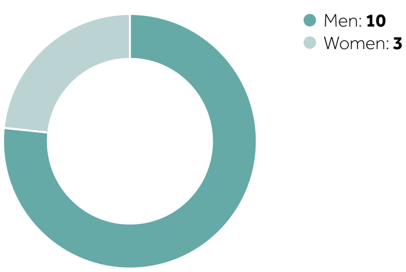
General qualifications required of all Directors

Coca-Cola HBC's Board Nomination Policy requires that each Director is recognised as a person of the highest integrity and standing, both personally and professionally. Each Director must be ready to devote the time necessary to fulfil his or her responsibilities to the Company according to the terms and conditions of his or her letter of appointment. Each Director should have demonstrable experience, skills and knowledge which enhance Board effectiveness and will complement those of the other members of the Board to ensure an overall balance of experience, skills and knowledge on the Board. In addition, each Director must demonstrate familiarity with and respect for good corporate governance practices, sustainability and responsible approaches to social issues.

Business characteristics	Qualifications, skills and experience	Directors
Our business is extensive and involves complex financial transactions in the various jurisdictions where we operate	Experience in finance, investments and accounting	12
Our business is truly international with operations in 28 countries, at different stages of development, on three continents	Broad international exposure, and emerging and developing markets experience	12
Our business involves the preparation, packaging, sale and distribution of the world's leading non-alcoholic beverage brands	Extensive knowledge of our business and the fast-moving consumer goods industry, as well as experience with manufacturing, route to market and customer relationships	6
Our Board's responsibilities include the understanding and oversight of the key risks we are facing, establishing our risk appetite and ensuring that appropriate policies and procedures are in place to effectively manage and mitigate risks	Risk oversight and management expertise	12
Building community trust through the responsible and sustainable management of our business is an indispensable part of our culture	Expertise in sustainability and experience in community engagement	7
Our business involves compliance with many different regulatory and corporate governance requirements across a number of countries, as well as relationships with national governments and local authorities	Expertise in corporate governance and/or government relations	6

Diversity, tenure and experience of the Board

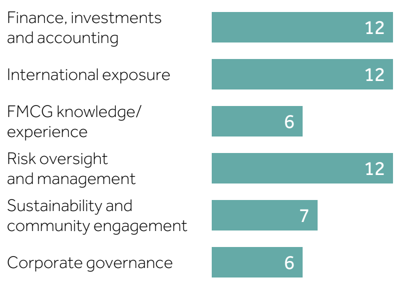
Board gender diversity



Board tenure

0-1 years	1
1-2 years	1
2-3 years	1
3-4 years	3
4-5 years	2
5-6 years	4
12-13 years	1

Board experience



Corporate governance report continued

Board, committee and Director performance evaluation

At least annually, on the basis of an assessment conducted by the Nomination Committee, the Board reviews its own performance as well as the performance of each of the Board committees. This review seeks to determine whether the Board and its committees function effectively and efficiently. During the year, the Chairman meets with the Directors to receive feedback on the functioning of the Board and its committees, the boardroom dynamics, and the Group's strategy.

Particular focus is given to areas where a Director believes the performance of the Board and its committees could be improved. A report is prepared for the Board on its effectiveness and that of its committees.

For the past four years, the evaluation of the Board's effectiveness has been facilitated by Lintstock, and details of the 2019 Lintstock Report are set out below. A summary of the Board evaluation findings for 2018, the actions taken in response to improve Board effectiveness in 2019, the Board evaluation findings for 2019, and the resulting priorities for 2020 is as follows:

2018 Board evaluation findings	2019 actions
• Focus on strategy • Continue to engage with key stakeholders • Keep abreast of relevant technological developments	• Continued development of our 24/7 Total Beverage Company strategy • Maintaining relationships with key stakeholders • Focusing on digital and technological developments that will support the business
2019 Board evaluation findings	**2020 priorities**
• Focus on strategy • Broaden exposure to colleagues throughout the Company • Continued focus on risk oversight	• Monitoring the development of our 2025 Growth Strategy • Continued alignment with key stakeholders • Enhance exposure to colleagues throughout the organisation

The independent Directors meet separately at every regular Board meeting to discuss a variety of issues, including the effectiveness of the Board. An evaluation of each Director, other than the Chairman, is conducted by the Chairman and the Senior Independent Director. The Senior Independent Director leads the evaluation of the Chairman in conjunction with the non-Executive Directors, taking into account the views of the Chief Executive Officer, and, as a matter of practice, meets with the other independent non-Executive Directors when each Board meeting is held to discuss issues together, without the Chief Executive Officer or other non-Executive Directors present.

Lintstock report

In 2019, we once again engaged advisory firm Lintstock to facilitate an evaluation of the performance of the Board. Lintstock specialises in Board performance reviews and has no other connection with Coca-Cola HBC.

Process

The first stage of the review involved Lintstock engaging with the Company Secretary to set the context for the evaluation, and to tailor survey content to the specific circumstances of Coca-Cola HBC. The surveys were designed to follow up on, and further explore, key themes identified in last year's evaluation, so that year-on-year progress can be tracked. The anonymous online surveys permitted detailed narrative feedback.

The surveys addressed core aspects of the Board's performance, and had a particular focus on the following areas:

- The appropriateness of the Board's composition, including the skills represented and the level of diversity among members.
- The Board's understanding of the views of key stakeholders (including shareholders, customers, employees and suppliers) and monitoring of the Company's culture and values.
- The dynamics between Board members, and between the Board and the Operating Committee, as well as the atmosphere in the boardroom.
- The management and focus of meetings, including the extent to which the Board's agendas manage to strike the correct balance between strategic and operational issues.
- The flow of information to the Board with regard to potential acquisition opportunities, and the Board's performance in reviewing the effectiveness of past decisions.
- The Board's oversight of the implementation of the Company's strategy, as well as the capacity of the organisation to deliver the strategy.
- The Board's understanding of the competitive landscape and relevant technological developments, in terms of the opportunities and threats they represent for the business.
- The appropriateness of the structure of the Company at senior levels, in terms of delivering the strategic plan, and the Board's oversight of talent and succession.

All Board members were requested to complete online surveys on the performance of the Board, its committees and the Chairman. The performance of the committees of the Board was also evaluated, as was the performance of the Chairman. The anonymity of all responses was guaranteed throughout the process to promote open, detailed and honest feedback.

Lintstock subsequently analysed the results and delivered reports on the performance of the Board, the committees and the Chairman, which were considered at a subsequent Board meeting.

The results of the review were positive overall, and there was consensus among members that the Board's performance continues to improve. A continued focus on strategy was prioritised, as was gaining exposure to colleagues throughout the organisation, as part of the Board's oversight of talent and succession.

Information and training

The practices and procedures adopted by our Board ensure that the Directors are supplied on a timely basis with comprehensive information on the business development and financial position of the Company, the form and content of which is expected to enable the Directors to discharge their duties and carry out their responsibilities. All Directors have access to our General Counsel, as well as independent professional advice at the expense of the Company. All Directors have full access to the Chief Executive Officer and senior management, as well as the external auditor and internal audit team.

The Board has in place an induction programme for new Directors. Generally, it involves meeting with the Chairman, members of the Operating Committee and other senior executives, as well as receiving orientation training in relation to the Group and its corporate governance practices. The induction programme also includes meetings with representatives of our sales force, customers and major shareholders, and visits to our production plants. Alfredo Rivera participated in the induction programme during 2019 as part of his onboarding process.

All Directors are given the opportunity to attend training to ensure that they are kept up to date on relevant legal, accounting and corporate governance developments. The Directors individually attend seminars, forums, conferences and working groups on relevant topics. The Nomination Committee reviews our Director training activities regularly. Finally, as part of the continuing development of the Directors, the Company Secretary ensures that our Board is kept up to date with key corporate governance developments. The Board appoints the Company Secretary, who acts as secretary to the Board.

Board appointments and succession planning

Our Board has in place plans to ensure the progressive renewal of the Board and appropriate succession planning for senior management. Appointments and succession plans are based on merit and objective criteria to ensure the Company is promoting diversity (including gender), social and ethnic backgrounds, cognitive and personal strengths.

Pursuant to our Articles of Association, the Board consists of a minimum of seven and a maximum of 15 members, and the Directors are elected annually for a term of one year by the Company's shareholders. All Directors are subject to annual re-election by shareholders, in accordance with the UK Corporate Governance Code. In case of resignation or death of any member of the Board, the Board may elect a permanent guest, whom the Board will propose for election by the shareholders at the next Annual General Meeting. In accordance with the Organisational Regulations, the Board proposes for election at the shareholders' meeting new Directors who have been recommended by the Nomination Committee after consultation with the Chairman.

In making such recommendations, the Nomination Committee and the Board must consider objective criteria including the overall balance of skills, experience, independence and knowledge of the Board member, as well as diversity considerations including gender but also social and ethnic backgrounds. Consideration is also given to the overall length of service of the Board as a whole when refreshing its membership. See the Nomination Committee report on page 104 for further information on the role and work of the Nomination Committee, including the Board Diversity Policy. Through this process, the Board is satisfied that the Board and its committees have the appropriate balance of experience and skills, diversity, independence and knowledge of the Company to enable them to discharge their duties and responsibilities effectively, including sufficient time commitment.

Conflicts of interest

In accordance with the Organisational Regulations, Directors are required to arrange their personal and business affairs so as to avoid a conflict of interest with the Group.

Each Director must disclose to the Chairman the nature and extent of any conflict of interest arising generally or in relation to any matter to be discussed at a Board meeting, as soon as the Director becomes aware of its existence. In the event that the Chairman becomes aware of a Director's conflict of interest, the Chairman is required to contact that Director promptly and discuss with him or her the nature and extent of such a conflict of interest. Subject to exceptional circumstances in which the best interests of the Company dictate otherwise, the Director affected by a conflict of interest is not permitted to participate in discussions and decision-making involving the interest at stake.

STAKEHOLDER ENGAGEMENT

Board engagement with key stakeholders

Engagement with key stakeholder groups strengthens our relationships and is an ongoing part of the operational management of the Group. This includes employee surveys, assessments of customer satisfaction and ongoing conversations with regulators and non-governmental organisations. The Board receives regular updates from senior management on insights and feedback from stakeholders, which allows the Board to understand and consider the perspectives of key stakeholders in decision-making.

Our employees are one of our most important stakeholder groups and the Board therefore understands the importance of engaging with its workforce.

The Board closely monitors and reviews the results of the Company's annual Employee Engagement, Values and Ambassadorship surveys. In 2019, to assist the Board in its communications between the Board and the workforce, Charlotte Boyle (non-Executive Director) was appointed to help with the engagement to enable employees to share ideas and concerns with senior management and the Board.

The Board likewise closely monitors the Company's annual customer survey, which we commission to assess the satisfaction of more than 15,000 customers. For more information about these surveys, see the People and Customer sections on pages 38 and 30, respectively.

We also work with our customers, consumers, suppliers, local community representatives and other business partners across the value chain every day. The infographic below sets out the different stakeholders with whom we engage, which in turn is reported on to the Board. Examples of governance in action are on page 91.

Description	How the Board is kept informed	Read more
Our people	Reviewing and developing plans that promote an inclusive growth culture and investing in building the best teams in the industry. Designated non-Executive Director for engagement with our people.	Pages 38
Our communities	Plant visits, community meetings, partnerships on common issues, sponsorship activities, lectures at universities, training opportunities and support to young people currently not in education, training or employment.	Pages 42
Our consumers	Consumer hotlines, local websites, plant tours, research, surveys, focus groups.	Pages 26
Our customers	Regular visits, dedicated account teams, joint business planning, joint value-creation initiatives, customer care centres, customer satisfaction surveys.	Pages 30
Partners in efficiency	Engagement with our suppliers, consultants and counterparts in related industries.	Pages 34
NGOs	Dialogue, policy work, partnerships on common issues, membership of business and industry associations.	Pages 54
Shareholders	Annual General Meetings, investor roadshows and results briefings, webcasts, ongoing dialogue with analysts and investors.	Pages 92
Governments	Recycling and recovery initiatives, EU Platform for Action on Diet, Physical Activity and Health, foreign investment advisory councils, chambers of commerce.	Pages 42
The Coca-Cola Company	Day-to-day interaction as business partners, joint projects, joint business planning, functional groups on strategic issues, 'top-to-top' senior management meetings.	Pages 16

Workforce engagement statement

The Company's success largely depends on the passion of our people and our ability to attract, retain and develop the best talent. The Board therefore closely monitors and reviews the results of the Company's annual Employee Engagement survey. We engage with our workforce to ensure that we are supporting a healthy working environment and making appropriate business decisions. In addition, the Board reviews talent development initiatives designed to support long-term success. For further details please see below and growth pillar 4.

GOVERNANCE IN ACTION

Employee engagement

How the Board was involved in new employee initiatives

During 2019, several Directors were involved in the introduction of the Group's new Performance for Growth programme. Based on continual feedback, this performance management approach is designed to accelerate growth, drive business impact and simplify processes. The Board also endorsed the employer branding strategy and employee value proposition for 2020. These initiatives have been communicated to employees through social media, our corporate websites and a series of webinars, and build on ongoing employer branding efforts that were recognised in 2019 with 60 awards.

Wider stakeholder engagement statement

Effective engagement with key stakeholder groups strengthens our relationships and ensures the right operational management of the Group. This engagement includes surveys of employees and customers and ongoing conversations with regulators and non-governmental organisations. As part of day-to-day operations, we also work on a regular basis with our customers, consumers, suppliers, local community representatives and other business partners across the value chain. Their input, cooperation and trust factors in to Board decision-making and the success of the business.

GOVERNANCE IN ACTION

Considering stakeholders in decision-making

Issues the Board considered – Acquisition of Bambi

During the Board's consideration of the acquisition of Bambi in Serbia, important factors included Bambi's reputation, its iconic complementary consumer brands and its distribution strengths. The Bambi acquisition fits perfectly also within the Group's strategy as it is a supplementary category which helps us in leveraging our unique 24/7 portfolio. Apart from financial benefits and revenue synergies, the Board's decision weighed the relevance with customers, our aim to win in the marketplace, the potential for an increased presence in key consumption occasions and expanding our opportunities to delight consumers.

Workforce engagement mechanism

During the year, the Board appointed Charlotte Boyle as the designated non-Executive Director for workforce engagement, in line with UK Corporate Governance Code recommendations. The two-day annual meeting of our European Works Council in September 2019 gave Charlotte an opportunity to meet with elected employee representatives from our businesses in EU countries. This meeting allows employee representatives to hear from senior leaders – including the CEO – about significant matters affecting the workforce, and to ask questions and give feedback. Charlotte was able to hear from employee representatives about topics raised by employees and their experience of the Company's approach to the workforce.

Charlotte also met with our Group Employee Relations Director, who has responsibility for diversity and inclusion, to better understand the steps that the Company is taking to become more diverse and inclusive (see page 39) for activities in this area). To embed these attributes within the Company's culture, a communications campaign and training have been launched to increase awareness and understanding. The Company is also promoting employee affinity groups, such as women's networks. The Board takes the lead by recognising good practices and driving accountability.

Charlotte reported back to the Board on her observations and matters raised by employees, ensuring Board deliberations and decision-making are fully informed.

Corporate governance report continued

Shareholder engagement

The Chairman, the Senior Independent Director and the Chair of the Audit and Risk Committee will be available at the Annual General Meeting of the Company to answer questions from shareholders. The Board encourages shareholders to attend as it provides an opportunity to engage with the Board.

Pursuant to Swiss law and the Articles of Association, shareholders annually elect an independent proxy and we have adopted an electronic proxy voting system for our Annual General Meetings.

The Company has a dedicated investor relations function which reports to the Chief Financial Officer. Through the investor relations team, the Company and Board maintain a dialogue with institutional investors and financial analysts on operational financial performance and strategic direction items. We engaged with the investment community and our shareholders throughout the year, as outlined in the diagram below, demonstrating our commitment to being accessible and transparent. The feedback from shareholders has been regularly considered by the Board and, where necessary, appropriate action to further engage with shareholders was taken.

Key investor relations activities in 2019

February
- IR roadshows in Edinburgh and London
- IR roadshow in Paris

March
- Credit Suisse Consumer/ Retail Conference in London
- Societe Generale Consumer Staples Conference in London
- IR roadshow in London

April
- IR roadshow in the US

June
- Capital Markets Day in London
- Annual General Meeting in Zug
- Deutsche Bank Access Global Consumer conference in Paris
- Exane BNP Paribas 21st European CEO Conference in Paris

September
- Barclays Global Consumer Staples Conference in Boston
- Greek institutional investor breakfast in Athens
- IR roadshow in Paris
- IR roadshow in Frankfurt
- IR roadshow in Zurich
- Exane BNP – IR Insight Day Milan

November
- Roadshows in Edinburgh, London and New York
- Roadshow in the US
- IR Berenberg West Coast Consumer & E-Commerce Conference in San Francisco
- IR roadshow in London

December
- Citi's Global Consumer Conference in London

GOVERNANCE IN ACTION

Board oversight of Growth Story 2025

How the Board was involved in the development of Growth Story 2025

1 LEVERAGE OUR UNIQUE 24/7 PORTFOLIO

The Board reviewed the Group's performance in the different beverage categories as well as the strategy behind categories with specific focus. Beyond the core sparkling category, this includes new and fast-growing categories such as energy, plant-based beverages and coffee.

2 WIN IN THE MARKETPLACE

Management presented to the Board the Group's plans to create joint value with customers. This includes projects to further develop commercial capabilities and initiatives for in-store execution, as well as findings from customer satisfaction surveys. To address evolving consumer needs, the Board also approved continued investments in coolers and technology to support online shopping experiences.

3 FUEL GROWTH THROUGH COMPETITIVENESS AND INVESTMENT

The Board approved plans to increase the Group's production capacity and investments in technology to enhance productivity. In line with the Company's sustainability objectives, the Board endorsed the Group's elimination of plastic film from can multi-packs and continued light-weighting of plastic packaging. These efforts reduce the Company's resin costs while supporting achievement of sustainability targets.

4 CULTIVATE THE POTENTIAL OF OUR PEOPLE

In 2019 the Board discussed, reviewed or approved the most important people development initiatives of the Group. This included a deep dive into the employee engagement score, the launch of the new people-powered performance evaluation system and updated Growth Mindset Values to support Growth Story 2025.

5 EARN OUR LICENCE TO OPERATE

The Board approved a plan to introduce 100% recycled PET packaging for four water brands. The Board also reviewed the plans to source 100% of our electricity needs from renewable and clean sources in the EU and Switzerland by 2025. In many of these markets, including Austria, Italy and Romania, the Group has already achieved this target, using only renewable and clean electricity sourced from the grid in our plants.

Corporate governance report continued

The Operating Committee represents the executive leadership of the Company

The Operating Committee is chaired by Zoran Bogdanovic, Chief Executive Officer, and his biography is set out on page 80.

Other members of the Operating Committee:

Michalis Imellos

(51) Group Chief Financial Officer

Senior management tenure: Appointed April 2012 (7 years)

Previous Group roles: Region Finance Director responsible for Nigeria, Romania, Moldova, Bulgaria, Greece, Cyprus, Serbia and Montenegro; General Manager, Romania and Moldova.

Previous relevant experience: Michalis held a number of finance positions in the UK-based European headquarters of Xerox, including those of European Mergers & Acquisitions Director and Finance Director of the Office Europe Division. He managed the financial, tax and legal aspects of Xerox's sponsorship of the Athens 2004 Olympic Games, as well as the finance function of the company's operations in Greece. He is a Fellow of the Institute of Chartered Accountants in England and Wales, and started his career at Ernst & Young.

Nationality: Greek

Naya Kalogeraki

(50) Group Chief Customer and Commercial Officer

Senior management tenure: Appointed July 2016 (3 years)

Previous Group roles: Director of Strategy, CEO office. From 1998, when Naya joined the Company, she built her career assuming roles of increased scale and scope, including Marketing Director, Trade Marketing Director, Sales Director and Country Commercial Director, Greece. She has been heavily involved in Group strategic projects and task forces addressing mission-critical business imperatives. In September 2013, Naya was appointed to the role of General Manager, Greece and Cyprus.

Previous relevant experience: Naya joined the Company in 1998 from The Coca-Cola Company where she held a number of marketing positions up to Marketing Manager.

Nationality: Greek






Minas Angelidis

(50) Region Director: Austria, Belarus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Island of Ireland, Slovakia and Switzerland

Senior management tenure: Appointed April 2019

Previous Group roles: Minas joined the Group in 1999 holding positions with increasing responsibility in the commercial function in Greece (National Account Manager, Athens Region Sales Manager, National Wholesale Manager, Country Sales Director). Since 2008, Minas has held general management assignments in a number of our markets, including those of Country General Manager Cyprus, Country General Manager Bulgaria and Country General Manager Hungary.

Previous relevant experience: Prior to joining the Group, Minas spent seven years in Unilever Greece in managerial positions in sales and marketing including those of Brand Manager, Trade Marketing Manager and National Account Manager.

Nationality: Greek

Marcel Martin

(61) Group Supply Chain Director

Senior management tenure: Appointed January 2015 (5 years)

Previous Group roles: Marcel joined the Group in 1993, holding positions with increasing responsibility in the supply chain and commercial functions. Since 1995, he has held general management assignments in several of our markets, including as General Manager for Eastern Romania, Regional Manager Russia, Country General Manager Ukraine and General Manager Nigeria. He became General Manager of our Irish operations in 2010 and is now our Group Supply Chain Director.

Nationality: Romanian

From left to right

Row one

Michalis Imellos, Zoran Bogdanovic, Naya Kalogeraki, Jan Gustavsson, Sanda Parezanovic, Mourad Ajarti

Row two

Marcel Martin, Minas Angelidis, Sean O'Neill, Nikos Kalaitzidakis

Corporate governance report continued

Jan Gustavsson

(54) General Counsel, Company Secretary and Director of Strategic Development

Senior management tenure: Appointed August 2001 (18 years)

Previous Group roles: Jan served as Deputy General Counsel for Coca-Cola Beverages plc from 1999-2001.

Previous relevant experience: Jan started his career in 1993 with the law firm White & Case in Stockholm, Sweden. In 1995, he joined The Coca-Cola Company as Assistant Division Counsel in the Nordic and Northern Eurasia Division. From 1997 to 1999, Jan was Senior Associate in White & Case's New York office, practicing securities law and M&A.

Nationality: Swedish

Sanda Parezanovic

(55) Group Human Resources Director

Senior management tenure: Appointed June 2015 (4 years)

Previous Group roles: Sanda's previous roles in the Group include: Public Affairs & Communications Manager, Serbia and Montenegro from 2003 to 2006; Country Human Resources and Public Affairs & Communications Manager, Serbia and Montenegro from 2006 to 2010; and Region Human Resources Director Bosnia & Herzegovina, Bulgaria, Croatia, Cyprus, Greece, Northern Ireland, the Republic of Ireland, North Macedonia, Moldova, Montenegro, Nigeria, Romania, Serbia and Slovenia from 2010 to 2015.

Previous relevant experience: Sanda started in 1989 as Market Researcher and later Strategic Planner working for various local research and marketing agencies in SFR Yugoslavia. She joined Saatchi & Saatchi Balkans in 1994, holding various senior management positions in several Balkan countries, including Managing Director of two start-up agencies, first in North Macedonia and later in Serbia. In 1999 she relocated to London, where she worked for Saatchi & Saatchi and Marketing Drive on a number of pan-European and business development projects, before she joined our Group in 2003.

Nationality: Serbian

Nikos Kalaitzidakis

(50) Region Director: Armenia, Bosnia & Herzegovina, Moldova, Croatia, Slovenia & Ukraine, Bulgaria, Greece, Cyprus, Republic of North Macedonia, Romania and Serbia & Montenegro

Senior management tenure: Appointed May 2018 (2 years)

Previous Group roles: Nikos joined the Group in 2006 as Regional Manager for Northwest Russia and then moved to general manager roles in Croatia (2008), Bulgaria (2010), Hungary (2013) and Poland (2014).

Previous relevant experience: Prior to joining the Group, Nikos spent five years in technology and telecommunications and seven years with Phillip Morris International in various roles and geographies across Europe and Central Asia.

Nationality: Greek

Mourad Ajarti

(43) Chief Information Officer

Senior management tenure: Appointed October 2019

Previous Group roles: None.

Previous relevant experience: Mourad holds an MSc in Computer Systems Networking & Tele-communications from L'École Mohammadia d'Ingénieurs. He has 20 years' experience with two fast moving consumer goods industry leaders, Procter & Gamble and L'Oréal. Mourad started with Procter & Gamble leading SAP implementation in Morocco, Saudi Arabia and Europe, and later was CIO for different lines of business. From 2014 to 2019, Mourad was CIO for the Asia and Pacific region for L'Oréal, leading consumer and customer journey transformation and enabling the use of big data and advanced analytics.

Nationality: British

Sean O'Neill

(55) Group Public Affairs and Communication Director

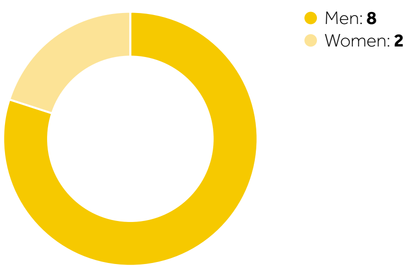
Senior management tenure: Appointed January 2019 (1 year)

Previous Group roles: None.

Previous relevant experience: Sean joined Coca-Cola HBC in January 2019 as Group Public Affairs and Communication Director. His previous roles include 12 years as Chief Corporate Relations Officer for Heineken NV in the Netherlands, where he was a member of the company's global executive committee with responsibility for public and government affairs, sustainability, communication and consumer public relations. Prior to that, Sean held senior international corporate affairs leadership roles with Diageo and Guinness. This followed a variety of international management roles in the UK, Russia, Egypt and Australia with the communication and corporate affairs consultancy, Burson-Marsteller. Sean is an ex-Chairman of ICAP, the drinks industry's main international organisation, a former adviser to the Russian and Egyptian governments and a board member of Try for Change, the charity of the England Rugby Football Union.

Nationality: British

OpCo gender diversity



OpCo tenure

0-1 years	3
2-3 years	2
4-5 years	2
6-7 years	1
17-18 years	1

Key responsibilities of the Operating Committee

The key responsibilities and elements of the Operating Committee's role are:

- the day-to-day executive management of the Group and its businesses, including all matters not reserved for the Board or other bodies;
- the development of Group strategies and implementation of the strategies approved by the Board;
- providing adequate head-office support for each of the Group's countries;
- the setting of annual targets and approval of annual business plans which form the basis of the Group's performance management, including a comprehensive programme of strategies and targets agreed between the Country General Managers and the Region Directors;
- working closely with the Country General Managers, as set out in the Group's operating framework, in order to capture benefits of scale, ensuring appropriate governance and compliance, and managing the performance of the Group; and
- leading the Group's talent and capability development programmes.

Key activities and decisions in 2019

Long-term direction setting

- Deployment and cascading our 2025 organisational strategy, targets and growth pillars.
- Articulating during the Capital Markets Day in June 2019 our 2025 organisational strategy, targets and growth pillars.
- Optimising the Group's organisational and reporting structure, both geographically as well as functionally.
- Reviewing and updating our revenue growth management strategies and implementing these in our local commercialisation plans.
- Rebooting our route-to-market approach in selected markets.
- Assessing our sustainability priorities and initiatives on the way to deliver 2025 commitments.
- Setting long-term capability building priorities and programmes.
- Evaluating and evolving our 24/7 portfolio strategy together with our brand partners.

Business planning

- Evaluating and updating the Group's long-range business plan.
- Reviewing and approving annual business plans for 2019 for all operations and central functions.
- Approving Group and country talent, capabilities development and succession plans.

Risk, safety and business resilience

- Evaluating the Group's business resilience strategies.
- Evaluating the Group's Risk Register of major business risks as well as associated risk response plans.
- Reviewing the Group's health & safety policies and material incidents.

Business case reviews and approvals

- Assessing the strategic acquisitions of Bambi in Serbia, Lurisia in Italy and Toma in Czech Republic.
- Assessing strategic revenue-generating initiatives and product / packaging innovation business cases.
- Overseeing the strategic evolution of Supply Chain, Human Resources, Commercial, Finance and BSS departments.
- The optimisation and expansion of our logistics and manufacturing infrastructure.
- Capital expenditure proposals review and approval.

Policy formulation, reviews

- Sustainability commitments.
- Updates on our Commercial policy.

Priority projects

- 2025 strategy deployment
- Redesign of business planning process
- Revenue Growth Management
- Route-to-Market Reboot
- Renewing Category Growth
- Right Execution Daily
- Innovation for Growth
- Digital and Big Data and Advanced Analytics (BDAA)
- Capabilities for Growth
- Engagement

2019

Raising the bar for risk management

Letter from the Chair of the Audit and Risk Committee

Highlights this year

- Updating our Code of Business Conduct and Anti-Bribery policies.
- Adoption of IFRS 16 on leases.

Priorities for 2020

- monitoring the developments in accounting and regulatory matters, including potential changes to IFRS accounting standards;
- monitoring compliance with the EU Data Protection Regulation;
- ongoing monitoring of risks as well as impairment testing of goodwill and intangible assets;
- ongoing monitoring of internal financial controls, anti-fraud systems and Code of Business Conduct compliance; and
- ongoing monitoring of the Group's Enterprise Risk Management and Quality assurance, and information system security processes.

Dear Shareholder

The Audit and Risk Committee focused its work during 2019 on enhancing and strengthening the Group's existing financial controls, risk management and compliance systems, which the Board recognises as essential components of effective corporate governance.

During 2019, the Audit and Risk Committee worked closely with the internal audit and finance teams in implementing the Group's internal control framework. The Committee also reviewed developments in accounting and regulatory matters, including changes to IFRS, initiatives around human rights and gender diversity, and the EU Data Protection Regulation.

The Audit and Risk Committee Report describes in more detail the work of the Audit and Risk Committee during 2019. In performing its work, the Committee balances independent oversight with support and guidance to management. I am confident to report that the Committee supported by senior management and the external auditor consistently carried out its duties to a high standard during the reporting year.

WILLIAM W. (BILL) DOUGLAS III
COMMITTEE CHAIR

Role and responsibilities

The Audit and Risk Committee monitors the effectiveness of our financial reporting, internal control and risk management systems, and processes. The role of the Audit and Risk Committee is set out in the charter for the committees of the Board of Directors in Annex C to the Company's Organisational Regulations. This is available at http://coca-colahellenic.com/en/about-us/corporate-governance/corporate-governance-overview/.The key responsibilities and elements of the Audit and Risk Committee's role are:

- providing advice to the Board on whether the Annual Report including the consolidated Financial Statements, taken as a whole, is a fair, balanced and understandable assessment of the Company's position and prospects and provides the information necessary for shareholders to assess the Group's position and performance, including whether there is consistency through out the report including the financial reporting, whether the report will form a good basis of information for the shareholders, and that important messages are highlighted appropriately throughout the report;
- monitoring the quality, fairness and integrity of the consolidated Financial Statements of the Group, and reviewing significant financial reporting issues and judgements contained in them;

- reviewing the Group's internal financial control and anti-fraud systems as well as the Group's broader enterprise risk management and legal and ethical compliance programmes (including computerised information system controls and security) with the input of the external auditor and the internal audit department;
- reviewing and evaluating the Group's major areas of financial risk and the steps taken to monitor and control such risk, as well as guidelines and policies governing risk assessment; and
- monitoring and reviewing the external auditor's independence, quality, adequacy and effectiveness, taking into consideration the requirements of all applicable laws in Switzerland and the UK, the listing requirements of the London Stock Exchange and Athens Stock Exchange, and applicable professional standards.

Members	Membership status
William W. (Bill) Douglas III (Chair)	Member since 2016 Chair since 2016
John P. Sechi	Member since 2014
Olusola (Sola) David-Borha	Member since 2015

The Audit and Risk Committee comprises three independent non-Executive Directors: Bill Douglas (Chair), Olusola (Sola) David-Borha and John P. Sechi, who were each re-elected for a one-year term by the shareholders at the Annual General Meeting on 18 June 2019.

The Board remains satisfied that Bill Douglas, Sola David-Borha and John Sechi possess recent and relevant financial and sector experience in compliance with the UK Corporate Governance Code. Bill Douglas was formerly Executive Vice President and Chief Financial Officer of Coca-Cola Enterprises, and Sola David-Borha and John Sechi have held a number of senior financial positions.

Further details on their experience are set out in their respective biographies on pages 80 to 82.

The Group Chief Financial Officer, as well as the General Counsel, external auditor, the Director of Corporate Audit, and the Group Financial Controller, normally attend all meetings of the Audit and Risk Committee. Other officers and employees are invited to attend meetings when appropriate. The Director of Corporate Audit, and, separately, the external auditor, meet regularly with the Audit and Risk Committee without the presence of management to discuss the adequacy of internal controls over financial reporting and any other matters deemed relevant to the Audit and Risk Committee.

Work and activities

The Audit and Risk Committee met eight (including four conference calls) times during 2019 and discharged the responsibilities defined under Annex C of the Organisational Regulations. The work of the Audit and Risk Committee during the accounting year included evaluation of:

- the Annual Report including the consolidated Financial Statements and the full year results announcement for the year ended 31 December 2018 prior to their submission to the Board for approval, including consideration of the Group on a going concern basis, and compliance with Group policies;
- the interim consolidated Financial Statements and interim results announcement for the six-month period ending 28 June 2019, prior to their submission to the Board for approval;
- the trading updates for the three-month period ended 29 March 2019 and the nine-month period ended 27 September 2019;
- areas of significance in the preparation of the consolidated Financial Statements;
- the internal control environment, principal risks and risk management systems (including the nature and extent of the principal risks the Company is willing to take in order to achieve its long-term strategic objectives), and the Group's statement on the effectiveness of its internal controls prior to endorsement by the Board;
- review of the Viability Statement scenarios and underlying assumptions and recommendations to the Board that the Viability Statement be approved;
- review and approval of the internal audit plan, quarterly reports on the results of internal audit work and an internal quality assessment of the internal audit function in accordance with the Institute of Internal Auditors Attribute Standards 1311;

Corporate governance report continued

- assessment of the overall financial risk management of the Group's operations and review of internal financial control procedures;
- discussion of tax developments, including OECD initiatives to combat aggressive tax planning and tax abuse; EU's Anti-Tax Avoidance Directive, consequential development of tax governance and risk management framework for the Group;
- review of tax issues in Romania, Italy and Austria;
- discussion of location of direct procurement activities;
- matters arising under the Group's Code of Business Conduct and the actions taken to address any identified issues;
- revisions to and compliance with treasury policies, including risk limits, hedging programmes and counterparty limits;
- discussion of various accounting requirements taking effect from 1 January 2019 primarily related to IFRS 16 (Leases);
- regular reports on quality assurance, health and safety, environmental protection, asset protection, treasury and financial risks, fraud control, insurance, security, enterprise risk management processes and internal control framework;
- reports from the external auditor on the annual and interim Financial Statements, review of the external audit plan and pre-approval of audit fees for 2020;
- review of the external auditor's independence, quality, adequacy and effectiveness;
- the results of the Audit and Risk Committee self-assessment process; and
- reports on regulatory review of audit sector in the UK.

Areas of key significance in the preparation of the Financial Statements

The Audit and Risk Committee considered a number of areas of key significance in the preparation of the Financial Statements in 2019, including the following:

- critical accounting judgements and estimates that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in the consolidated Financial Statements, including income taxes (detailed in Notes 5, 10, 13, 15 and 21 to the consolidated Financial Statements);
- contingencies, legal proceedings, competition law and regulatory procedures, including cases involving the national competition authorities of Greece and Switzerland and litigation matters in Nigeria, Russia, Italy and Greece, and the impact of these on the consolidated Financial Statements and accompanying notes;
- the impairment testing of goodwill and indefinite-lived intangible assets with a particular emphasis on reviewing and challenging the key assumptions used in the value-in-use calculation, and the sensitivity analysis performed for the material operations with reduced financial headroom. These assumptions, and a discussion of how they are established as well as the sensitivity analysis, are described in Note 13 to the consolidated Financial Statements;
- reviewed the management's work in conducting a robust assessment of the risks that impact the Viability and Going Concern Statements; and
- recommended to the Board to approve the Viability Statement.

External auditor

PricewaterhouseCoopers AG, Birchstrasse 160, CH 8050 Zurich, Switzerland ('PwC AG') has been elected by the shareholders as the statutory auditor for the Group's statutory consolidated and standalone Financial Statements. Signing partner for the statutory Financial Statements on behalf of PwC AG is Michael Foley, who has held this role since the year ended 31 December 2016.

The Board, at the recommendation of the Audit and Risk Committee, has retained PricewaterhouseCoopers S.A., 268 Kifissias Avenue – 15232 Halandri, Greece ('PwC S.A.'), an affiliate of PwC AG, to act as the Group's independent registered public accounting firm for the purposes of reporting under the UK rules for the year ended 31 December 2019. Signing partner for the Financial Statements on behalf of PwC S.A. is Konstantinos Michalatos, who has held this role since the year ended 31 December 2018.

The appointment of PwC has been approved by the shareholders until the next Annual General Meeting by way of advisory vote. 'PwC' refers to PwC AG or PwC S.A., as applicable, in this Annual Report.

During the accounting period, the members of the Audit and Risk Committee met separately with PwC on a regular basis, and the Audit and Risk Committee took an active role in reviewing the scope of the audit, the independence, objectivity and effectiveness of PwC, and the negotiations relating to audit fees. The Audit and Risk Committee also met with the management team, which led the discussions with PwC, including the Director of Corporate Audit, to review the performance of PwC without PwC being present. Following this review process, the Audit and Risk Committee has recommended to the Board that a proposal to reappoint PwC be put to a shareholders' vote at the next Annual General Meeting.

PwC has acted as the Group's sole external auditor since 2003. The Company ran a competitive tender for the external auditor services in 2015 which was overseen by the Audit and Risk Committee. Following the evaluation of the proposals, the Audit and Risk Committee concluded in 2015 that the best interests of the Group and its shareholders would be served by retaining PwC as external auditor and made such recommendation to the Board. PwC was reappointed by the Board as the Group's external auditor with effect from 11 December 2015. Currently, the Audit and Risk Committee anticipates that the audit contract will be put out to tender again in 2025. There are no contractual or other obligations restricting the Group's choice of external auditor.

Non-audit services provided by the external auditor

The Audit and Risk Committee considers the independence, in both fact and appearance, of the external auditor as critical and has long had an auditor independence policy providing definitions of the services that the external auditor may and may not provide. In line with the relevant FRC Guidance, the policy requires the Audit and Risk Committee's pre-approval of all audit and permissible non-audit services provided by the external auditor. Such services include audit, work directly related to audit, and certain tax and other services as further explained below. In practice, the Audit and Risk Committee applies the policy restrictively, and approval for work other than audit and audit-related services is rarely granted.

Under the policy, pre-approval may be provided for work associated with: statutory or other financial audit work under IFRS or according to local statutory requirements; attestation services not required by statute or regulation; accounting and financial reporting consultation and research work necessary to comply with generally accepted accounting and auditing standards; internal control reviews and assistance with internal control reporting requirements; review of information systems security and controls; tax compliance and related tax services, excluding any tax services prohibited by regulatory or other oversight authorities; expatriates' and other individual tax services; and assistance and consultation on questions raised by regulatory agencies.

For each proposed service, the external auditor is required to provide detailed back-up documentation at the time of approval to permit the Audit and Risk Committee to make a determination whether the provision of such services would impair the external auditor's independence.

PwC has complied with the policy for the financial year ended on 31 December 2019, and there have been no changes to the policy during the year.

Audit fees and all other fees

Audit fees

The total fees for audit services paid to PwC and affiliates were approximately €4.9 million for the year ended 31 December 2019, compared to approximately €4.3 million for the year ended 31 December 2018. The total fees for 2019 include fees associated with the annual audit and review of the Group's half-year reports, prepared in accordance with IFRS and local statutory audits.

Audit-related fees

Fees for audit-related services paid to PwC and affiliates for the year ended 31 December 2019 were €0.4 million, compared to €0.4 million for the year ended 31 December 2018.

Tax-related fees

No fees were paid to PwC and affiliates for tax services for the year ended 31 December 2019 or for the year ended 31 December 2018.

All other fees

Fees for non-audit services paid to PwC or affiliates for the year ended 31 December 2019 were €nil million. There were €0.1 million in fees for non-audit services paid to PwC or affiliates during the year ended 31 December 2018.

Risk management

During 2019, the Company continued to revise and strengthen its approach to risk management as described in detail on pages 54-64. The primary aim of this framework is to minimise our exposure and ensure that the nature and significance of all risks we are facing are properly identified, reviewed, managed and, where necessary, escalated. A quarterly risk assessment is undertaken by the countries and corporate office support functions, and significant risks are then reported to the Chief Risk Officer for review by the CEO and Region Directors. The Company's Group Risk Forum reviews the emerging as well as the identified risks biannually and presents issues of critical exposure to the Operating Committee. The latter, after careful review, reports to the Audit and Risk Committee emerging and material risks as well as mitigating actions. This process is both top-down and bottom-up and is designed to ensure that risks arising from business activities are appropriately managed.

Finally, we have in place third-party insurance to cover residual insurable risk exposure such as property damage, business interruption and liability protection, including Directors' and officers' insurance for our Directors and officers, as well as for the officers and directors of certain subsidiaries.

Corporate governance report continued

Internal control

The Board has ultimate responsibility for ensuring that the Company has adequate systems of financial reporting control. Systems of financial reporting control can provide only reasonable and not absolute assurance against material misstatements or loss. In certain of the countries in which we operate, our businesses are exposed to a heightened risk of loss due to fraud and criminal activity. We review our systems of financial control regularly in order to minimise such losses.

Internal audit

Our internal audit function reports directly to the Audit and Risk Committee, which reviews and approves the internal audit plan for each year. The internal audit function consists of approximately 40 full-time professional audit staff based in Athens, Budapest, Sofia, Moscow and Lagos, covering a range of disciplines and business expertise. One of the responsibilities of the internal audit function is to provide risk-based and objective assurance to the Board as to whether the Group's framework of risk management, including internal control framework, is operating effectively. For this purpose, the Director of Corporate Audit makes quarterly presentations to the Audit and Risk Committee and meets regularly with the Audit and Risk Committee without the presence of our management.

In addition, the internal audit function reviews the internal financial, operational and compliance control systems across all the jurisdictions in which we operate and reports its findings to management and the Audit and Risk Committee on a regular basis. The internal audit function focuses its work on the areas of greatest risk to us, as determined by a risk-based approach to audit planning. As part of our commitment to maintaining and strengthening best practice in corporate governance matters, we also consistently seek to enhance our internal control environment and risk management capability.

The internal audit function carries out work across the Group, providing independent assurance, advice and insight to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. In December 2019, the Audit and Risk Committee agreed the FY20 audit plan to be undertaken by the internal audit team. The audit plan coverage is based on risk, strategic priorities and consideration of the strength of the control environment. The internal audit function prepares audit reports and recommendations following each audit, and appropriate measures are then taken to ensure that all recommendations are implemented. Significant issues, if any, are raised at once. There were no such issues in 2019.

The Board has adopted a chart of authority, defining financial and other authorisation limits and setting procedures for approving capital and investment expenditure. The Board also approves detailed annual budgets. It subsequently reviews quarterly performance against targets set forth in these plans and budgets. A key focus of the financial management strategy is the protection of our earnings stream and management of our cash flow.

We have conducted an annual review of the effectiveness of our risk management system and internal control systems in accordance with the UK Corporate Governance Code. Part of this review involves regular review of our financial, operational and compliance controls, following which we report back to the Board on our work and findings as described above. This allowed us to provide positive assurance to the Board to assist it in making the statements that our risk management and internal control systems are effective, as required by the UK Corporate Governance Code. Further information is set out on pages 56-61.

The key features of the Group's internal control systems that ensure the accuracy and reliability of financial reporting include: clearly defined lines of accountability and delegation of authority; policies and procedures that cover financial planning and reporting; preparation of monthly management accounts; and review of the disclosures within the Annual Report, from function heads to ensure that the disclosures made appropriately reflect the developments within the Group in the year and meet the requirement of being fair, balanced and understandable.

The Audit and Risk Committee reviews the results of the internal audit reports during each meeting, focusing on the key observations of any reports where processes and controls require improvement. The Audit and Risk Committee was also provided with updates on the remediation status of management actions of internal audit findings and on the internal audit quality assurance and improvement programme at each meeting.

The Group Chief Financial Officer and the Regional Finance Directors, Country General Managers and Country Chief Financial Officers have access to the implementation status of the recommendations at all times.

Where internal or external circumstances give rise to an increased level of risk, the audit plan is modified accordingly. Nevertheless, no such cases occurred this year. Any changes to the agreed audit plan are presented to and agreed by the Audit and Risk Committee. Detailed updates on specific areas were provided at the request of the Audit and Risk Committee, such as, for example, the progress on audit issues relating to a Health and Safety audit.

Whistleblowing measures

Business ethics and anti-corruption

We seek to grow our business by serving customers and consumers, and conduct all business activities with integrity and respect. The Board is responsible for ensuring appropriate procedures and processes are in place to enable our workforce to raise any issues of concern. The Board maintains zero-tolerance regarding breaches of our Code of Business Conduct and anti-bribery policies, as well as any attempts to retaliate against our people who report potential violations.

We have online and classroom training for all our people so that everyone understands our Code of Business Conduct, and we hold targeted anti-bribery training for employees working in areas we assess as high risk. During the year, 98.9% of our employees across the Group were trained on our Code of Business Conduct and 98.9% on our anti-bribery policies, in line with our target to train a minimum of 95% of our total workforce. We have also established an anti-bribery due diligence process for third parties who have contact with government authorities. We have established grievance mechanisms, including an independently operated whistleblower 'Speak Up Hotline', available in all Coca-Cola HBC countries in local languages to ensure any concerns can be raised.

In 2019, we investigated 311 allegations (2018: 296) of which 166 (2018: 141) were received through the 'Speak Up Hotline'. All allegations involving potential Code of Business Conduct violations were investigated in accordance with the Group Code of Business Conduct Handling Guidelines. Of those investigated, 98 (2018: 113) matters were substantiated as code violations of which 20 (2018: 20) involved an employee in a managerial position or involved a loss greater than €10,000. For details concerning the handling of allegations received in 2019, see our website.

You can find more on allegations investigated and violations uncovered in our GRI index: https://coca-colahellenic.com/Campaigns/AnnualReport2019/assets/pdf/Coca-Cola-HBC-2019-GRI-Content-Index.pdf.

Through the 'Speak Up Hotline' we receive, retain, investigate and act on employee complaints or concerns regarding accounting, internal control or ethical matters. This includes any matters regarding the circumvention or attempted circumvention of internal controls, including matters that would constitute a violation of our Code of Business Conduct or matters involving fraudulent behaviour by officers or employees of the Group. All such allegations, complaints or concerns may be communicated in a variety of ways, in local languages and on an anonymous basis, to our Director of Corporate Audit. Communications received by the Director of Corporate Audit, or directly through the 'Speak Up Hotline' are kept confidential and, where requested, anonymous. The Director of Corporate Audit liaises regularly with the General Counsel and communicates all significant allegations to the Chair of the Audit and Risk Committee.

All matters received via the 'Speak Up Hotline' or any other reporting mechanism are thoroughly investigated. The Audit and Risk Committee receives summary reports of escalated incidents and instances of whistleblowing together with the status of investigations and, where appropriate, management actions to remedy issues identified. The Committee reports to the Board on such matters.

Disclosure Committee

A Disclosure Committee has been established, and disclosure controls and procedures have been adopted to ensure the accuracy and completeness of our public disclosures. The Disclosure Committee is composed of the Group Chief Financial Officer, the General Counsel, the Director of Investor Relations and the Group Financial Controller.

Performance reporting

Reports on our annual performance and prospects are presented in the Annual Report following recommendation by the Audit and Risk Committee. In line with UK practice, we have adopted half-year and full-year reports, and Q1 and Q3 trading updates. Internally, our financial results and key performance indicators are reviewed by the Operating Committee on a monthly basis. This information includes comparisons against business plans, forecasts and prior-year performance. The Board of Directors receives updates on performance at each Board meeting, as well as a monthly report on our business and financial performance.

Ensuring the right team for the future

Letter from the Chair of the Nomination Committee

Highlights this year

- The successful onboarding of our new non-Executive Director, Alfredo Rivera.

Priorities for 2020

- continuous work on succession plans for Board and senior management positions;
- externally facilitated Board and committee assessments; and
- follow up actions on outcome of 2019 evaluation assessment.

Dear Shareholder

The work of the Nomination Committee has continued to focus on the composition of the Board and the important task of Board and senior management succession planning.

In 2019, the Committee continued to review the balance of skills, experience and diversity of the Board and focused on the talent development, employee engagement and gender diversity initiatives necessary to ensure that the Group has the people and skills to deliver on its strategy. The Committee also considers the overall length of service of the Board as a whole as part of its succession planning and keeps under review the need to refresh Board membership. In addition, the Committee oversaw an externally facilitated self-assessment process.

A summary of the Group's Nomination Policy for the recruitment of Board members is available online at: https://coca-colahellenic.com/media/1549/summary-of-nomination-policy-for-recruitment-of-board-members.pdf. The Board Diversity Policy is described on page 105.

RETO FRANCIONI
COMMITTEE CHAIR

Role and responsibilities

The function of the Nomination Committee is to establish and maintain a process for appointing new Board members, to manage, in consultation with the Chairman, the succession of the Chief Executive Officer and to support the Board in fulfilling its duty to conduct a Board self-assessment. The formal role of the Nomination Committee is set out in the charter for the committees of the Board of Directors in Annex C of the Company's Organisational Regulations. This is available online at https://coca-colahellenic.com/en/about-us/corporate-governance/corporate-governance-overview/.

Key elements of the Nomination Committee's role are:

- reviewing the size and composition of the Board;
- identifying candidates and nominating new members to the Board;
- planning and managing, in consultation with the Chairman, a Board membership succession plan;
- ensuring, together with the Chairman, the operation of a satisfactory induction programme for new members of the Board and a satisfactory ongoing training and education programme for existing members of the Board and its committees as necessary to deliver on our strategy;
- setting the criteria for, and overseeing, the annual assessment of the performance and effectiveness of each member of the Board and each Board committee;
- conducting an annual assessment of the performance and effectiveness of the Board, and reporting conclusions and recommendations based on the assessment to the Board; and
- overseeing the employee and management talent development and succession plans of the Group.

Committee at work

Succession planning → Board composition → Recruitment → Shortlisting

Members	Membership status
Reto Francioni (Chair)	Member since 2016 Chair since 2016
Charlotte J. Boyle	Member since 2017
Alexandra Papalexopoulou	Member since 2015

The members of the Nomination Committee are Reto Francioni, Charlotte Boyle and Alexandra Papalexopoulou. All members of the Nomination Committee are independent non-Executive Directors. At the Annual General Meeting on 18 June 2019, Reto Francioni, Charlotte Boyle and Alexandra Papalexopoulou were re-elected for a one-year term by the shareholders.

Work and activities

The Nomination Committee met four times during 2019 and discharged the responsibilities defined under Annex C of the Company's Organisational Regulations. The Chief Executive Officer and the Group Human Resources Director regularly attend meetings of the Nomination Committee. In addition, the Chairman is actively involved in the work of the Nomination Committee concerning succession planning and the selection of key people. In 2019, the General Counsel also met with the Nomination Committee on several occasions. During 2019, the work of the Nomination Committee included consideration of:

- succession planning and development of plans for the recruitment of new Board members;
- composition of the Board, including the appropriate balance of skills, knowledge, experience and diversity;
- review of the talent management framework;
- the performance evaluation and annual assessments of the committees and the Board;
- follow up actions arising from Board and committee evaluations;
- review of the Director induction process and training programmes; and
- review of the Group's Inclusion and Diversity Policy.

Performance evaluation of the Board

The Nomination Committee led the annual assessment of the performance of the Board and its committees during the year with the support of Lintstock, an external advisory firm.The key areas included in the assessment were Board structure and diversity, timeliness and quality of information, Board discussions, and effective contributions of each Director, the performance of the Board, committees, succession planning, risk appetite and risk management, and remuneration and performance. The scores were high overall and the results of the evaluation were presented at the December 2019 Board meeting. Further details on the internal Board evaluation are set out on page 88.

As with all employees, the Group offers training opportunities to the Board and senior management in order to improve their skills, and encourages all Board members and senior management to gain relevant experience and knowledge to fulfil their position's duties.

Diversity

The Group continues to have a firm commitment to policies promoting diversity, equal opportunity and talent development at every level throughout the Group, including at Board and management level, and is constantly seeking to attract and recruit highly qualified candidates for all positions in its business. The Group's Inclusion and Diversity Policy applies to all people who work for us. Further details on the Group's Inclusion and Diversity Policy are set out on pages 40-41 in the Strategic Report.

The Group believes that diversity at the Board level acts as a key driver of Board effectiveness, helps to ensure that the Group can achieve its overall business goals, especially in light of our geographical footprint, and is critical in promoting a diverse and inclusive culture across the whole Group. The Board has adopted a formal Board Diversity Policy.

The Group's Board Diversity Policy guides the Nomination Committee and the Board in relation to their approach to diversity in respect of succession planning and the selection process for the appointment of new Board members. The Nomination Committee is responsible for implementing this policy and for monitoring progress towards the achievement of its objectives.

Under the Board Diversity Policy, the Nomination Committee is required to take into account all aspects of diversity, including age, ethnicity, gender, educational and professional background and social background when considering succession planning and new Board appointments. Board appointments are evaluated on merit against objective criteria with due regard for diversity to ensure that candidates contribute to the balance of skills, experience, knowledge and diversity of the Board. The Board also considers the overall length of service of the Board as a whole when considering refreshment of the membership.

The Board recognises the importance of diversity in its business. It is the Board's responsibility to oversee senior management succession planning for a diverse pipeline of managers and talent identified from the management talent development programme. This links to our strategy to develop our people and ensure we attract and retain a diverse talent pool, and is one of the five pillars of our growth strategy. Further information on Growth Pillar 4 is set out on pages 38-41.

The Board understands the benefits of diversity of gender, ethnicity, knowledge and experience. Both the Board and Nomination Committee remain mindful of the targets set for FTSE 100 companies by the Hampton-Alexander Review (minimum of 33% of women on the board and 33% of women on the executive committee and direct reports by the end of 2020) and the Parker Review to increase ethnic diversity (at least 'one person of colour' on the board by 2021). The Board currently has 23% female representation and also meets the target set by the Parker Review. The Board is committed to improving the Board gender balance. The Board is committed to improving the Board gender balance. The Operating Committee has 20% female representation while 35% of our senior leaders are women. Figures showing Board and senior management gender diversity are shown on pages 87 and 96. The Board is committed to appointing the best people with the right skills set, regardless of gender, ethnicity, age, religion or disability and as such does not think it is appropriate to set specific targets for Board appointments.

The Nomination Committee, in conjunction with the Operating Committee, will continue to monitor the proportion of women at all levels of the Group and ensure that all appointments are made with a view to having a high level of diversity within the workplace and in leadership positions.

Interview → Balance of skills assessment → Appointment → Induction

Corporate governance report continued

Raising the level of ambition with 2025 sustainability commitments

Letter from the Chair of the Social Responsibility Committee

Highlights this year

- Good progress demonstrated during 2019 towards our Mission 2025 sustainability commitments
- Solid plans on packaging, plastic packaging and waste.
- Monitoring the licence to operate pillar as part of our Growth Story 2025.
- Participating in annual Stakeholder Forum on Water stewardship and the broader water strategy.

Priorities for 2020

- overseeing progress towards the 2025 sustainability commitments;
- monitoring progress of the World Without Waste strategy and related plans;
- reviewing and endorsing the Group's sustainability reporting according to the GRI and IIRC frameworks;
- developing/setting next-level science-based carbon reduction targets;
- monitoring the implementation of recommendations from the TCFD; and
- addressing potential sparkling soft drinks and plastic packaging taxation.

Dear Stakeholder

In 2019 as in previous years the Social Responsibility Committee continued to focus on the implementation of our sustainability strategy as well as on external social and environmental trends and their impact on the business.

Growth Story 2025 defines our vision and targets for the period up to 2025, and one of its pillars, Earn our license to operate, is closely linked with Mission 2025, our sustainability commitments. These sustainability commitments were embraced in 2018 and focus on six key areas: Climate and Renewable Energy; Water Reduction and Stewardship; World Without Waste; Ingredient Sourcing; Nutrition; and People and Communities (for details, please see pages 48-49).

The Committee also carefully monitored sustainability-related regulatory developments such as circular economy directives, single use plastics and waste, evolved nutrition labelling and product tax developments.

During 2019, we achieved outstanding scores for our sustainability efforts from the Dow Jones Sustainability Index Europe, the MSCI ESG rating, FTSE4Good and CDP Climate Change and Water. We are particularly proud that Standard & Poor's have recognised us as an industry mover in 2019 due to our achieving the largest proportional improvement demonstrated within the top 15% companies of our industry.

Going forward in 2020, it is the Committee's responsibility to ensure that sustainability objectives are fully integrated in the business strategy of the Company and that responsible, sustainable business practices continue to engender the trust of stakeholders while supporting the sustainable growth of our business. In 2018, two years ahead of schedule, we achieved our first science-based carbon reduction targets (reaching 25% carbon intensity reduction in the whole value chain vs. 2010). In 2020 we will monitor the development of the new set of science-based carbon reduction targets. We will also devote our efforts to fully understanding the new European Union Green Deal endorsed by the European Commission and its impact on us.

ANASTASIOS I. LEVENTIS
COMMITTEE CHAIR

Role and responsibilities

The Social Responsibility Committee is responsible for the development and supervision of procedures and systems to ensure the pursuit of the Group's social and environmental goals. The formal role of the Social Responsibility Committee is set out in the charter for the committees of the Board of Directors in Annex C of the Company's Organisational Regulations. This is available online at https://coca-colahellenic.com/en/about-us/corporate-governance/corporate-governance-overview/. The key elements of the Social Responsibility Committee's role and responsibilities are:

- establishing the principles governing the Group's policies on social responsibility, and the environment to guide management's decisions and actions;
- overseeing the development and supervision of procedures and systems to ensure the achievement of the Group's social responsibility and environmental goals;
- establishing and operating a council responsible for developing and implementing policies and strategies to achieve the Company's social responsibility and environmental goals, and ensuring Group-wide capabilities to execute such policies and strategies;
- ensuring the necessary and appropriate transparency and openness in the Group's business conduct in pursuit of its social responsibility and environmental goals;
- ensuring and overseeing the Group's interactions with stakeholders in relation to its social responsibility and environmental policies, goals and achievements, including the level of compliance with internationally accepted standards; and
- reviewing Group policies on environmental issues, human rights, and other topics as they relate to social responsibility.

Members	Membership status
Anastasios I. Leventis (Chair)	Member since 2016 Chair since 2016
Alexandra Papalexopoulou	Member since 2016
José Octavio Reyes	Member since 2014

Work and activities

The Social Responsibility Committee met four times during 2019 and discharged its responsibilities as defined under Annex C of the Company's Organisational Regulations. In addition to the Committee members, meetings were attended by two other members of the Board, Charlotte J. Boyle and Ryan Rudolph, by the Group Director of Public Affairs and Communication and by different senior leaders based on the discussion topics. The CEO, Zoran Bogdanovic, attended all four of the meetings.

During 2019, the Social Responsibility Committee reviewed and provided guidance and insights to advance the Group's sustainability approach in the following areas:

- rate of implementation and progress made against Mission 2025, our 17 publicly communicated 2025 sustainability commitments and their six pillars;
- progress and annual plans of the global Coca-Cola World Without Waste strategy, in all three pillars: packaging design, packaging collection and partnering;
- specific market initiatives addressing sustainability, such as 100% rPET in four of the mineral water brands and 50% rPET in 0.5l in Trade Mark Coke family in two countries, zero waste cities and youth empowered programmes;
- plans for calorie and sugar reduction in our portfolio;
- materiality process review and endorsement of stakeholder engagement plan, in particular the feedback from the Annual Stakeholder Forum;
- assessment of the Group's progress regarding the level of disclosure and reporting across all three dimensions of ESG investments (environmental, social and governance), with particular focus on the Dow Jones Sustainability Indices, GRI Standards and Task Force on Climate-related Financial Disclosures (TCFD) recommendations;
- assessment of emerging trends in sustainability and potential implications for Coca-Cola HBC, particularly in the areas of relevant UN SDGs.

Directors' remuneration report

Driving long-term performance

Letter from the Chair of the Remuneration Committee

Highlights this year

- Changes to our remuneration policy to align with governance developments and to take into account feedback received as part of our ongoing engagement with shareholders and proxy advisers.

Dear Shareholder

2019 was another year of very good performance. In light of our evolving business strategy, changes to the UK Corporate Governance Code and investor feedback, we have made changes to the remuneration policy to incentivise the balance between growth and profitability as appropriate.

As the Chair of the Remuneration Committee, I am pleased to present our Directors' Remuneration Report for the year ended 31 December 2019. Our primary listing is on the London Stock Exchange, and our Company is domiciled in Switzerland. We therefore ensure that we comply fully with UK regulations, except where these conflict with Swiss law. The format of this year's Remuneration Report is consistent with the format of last year's as there were no significant changes in relevant regulations or internal policies, except for changes driven by the UK Corporate Governance Code and by evolving business realities. As always, I welcome your feedback and suggestions regarding anything we can do to improve the report further.

The Group's remuneration philosophy and policies are designed to attract, motivate and retain the talented people we need to meet the Company's strategic objectives, and to give them due recognition.

To this end, the Remuneration Committee has worked to ensure that the remuneration policy of the Group remains fair, transparent and competitive in comparison with our peers, and that remuneration helps drive our growth strategy and sustainable performance.

2019 performance outcomes

In 2019, we delivered another year of strong growth, with the business recording its highest ever volume and comparable EBIT. We are delighted to announce strong results for the 2019 financial year, delivering net sales revenue growth of 4.4% on a currency-neutral basis, volume growth of 3.3% with positive performance in all segments and our comparable EBIT margin improved this year to 10.8%. We have continued to improve our cost efficiency with operating expenditure (as a % of revenue) reaching 26.9%. We also saw an improvement in our overall ROIC performance, to 14.2% this year (up from 13.7% in 2018). This performance demonstrates considerable momentum as we enter 2020.

The table below illustrates Company performance achieved against key performance indicators, and highlights the key business indicators that are used in our Management Incentive Plan (MIP) and Performance Share Plan (PSP) variable pay schemes.

COMPARABLE GROSS PROFIT MARGIN (%) 37.7% (2018: 37.9%)	**NET SALES REVENUE** (€m) 7,026 (2018: 6,657)	**COMPARABLE EPS** (€) 1.436 (2018: 1.306)	**FREE CASH FLOW** (€m) 443 (2018: 370)
COMPARABLE EBIT (€m) 759 (2018: 681)	**COMPARABLE OPERATING EXPENSE AS % OF NSR** (excl. DME) 24.7% (2018: 25.0%)	**ROIC** 14.2% (2018: 13.7%)	**VOLUME** (m unit cases) 2,265 (2018: 2,192)

● Included in MIP ● Included in PSP ● Other key performance indicators

Applying the remuneration policy for Directors in 2019

In accordance with our remuneration policy, the base salary of the Chief Executive Officer is reviewed annually. In 2019, the Committee approved a base salary increase of 5.3% to €790,000, effective 1 May 2019.

Our sustained business performance in 2019 has resulted in a payout of 72% of base salary under the Management Incentive Plan (MIP) for the CEO, equivalent to an award of 56% of maximum MIP opportunity. This reflects solid Company performance, with gross profit margin, comparable EBIT and net sales revenue between target and maximum, and operating expenses ratio between threshold and target levels.

We continue to be committed to disclosing MIP targets retrospectively and you will find the 2019 performance targets and outcomes reported on page 122.

Three-year EPS and ROIC performance to the end of 2019 resulted in a vesting level of 75% of the maximum PSP award granted in 2017. Details of the targets and outcomes are explained on page 124.

Changes in 2019

The Remuneration Committee performed its regular annual review of the Group's remuneration policy in 2019. To ensure that the policy remains fit for purpose and ensures the alignment of management with our business strategy and shareholders' interests, changes to the remuneration policy were formulated. The proposed changes take into account feedback received as part of our ongoing engagement with our shareholders and proxy advisers. The amended remuneration policy will be put to shareholders' vote at our 2020 Annual General Meeting. The key changes to the policy (detailed on pages 112 to 114) include:

- The timing of annual salary review determination which is brought forward so that disclosure can be included on a forward-looking basis in each year's remuneration report.
- For any new Executive Director, employee contributions in the pension scheme will be required, to align the scheme with that of the wider Swiss workforce. Pension contribution levels for the CEO are already aligned with those for our Swiss workforce, as defined by Swiss legislation.
- The use of straight-line vesting between threshold and maximum performance levels for PSP awards to be introduced from 2020.
- In the case of retirement, time pro-rating of PSP awards to be applied (in line with the requirements of Swiss law). Post-vesting holding periods to continue to apply to unvested awards at the time of retirement.
- Expanded explanation of the potential scenarios in which malus / clawback provisions might be applied for incentive arrangements.
- The Remuneration Committee will have discretion to reduce or negate PSP award vesting, in case of significant adverse Environmental, Social or Governance impacts regarding the Company's activities.
- An increase in the required shareholding level for the CEO to 300% of base salary.

Looking ahead

The Remuneration Committee will continue to keep policies under review so as to ensure that plans and programmes relating to remuneration support the Company's strategy and are closely linked to shareholders' interests. We value the dialogue with shareholders and welcome views on this Remuneration Report. We were pleased with the positive vote for the Company's remuneration policy and the Annual Report on Remuneration at the 2019 Annual General Meeting, and hope we will have your support again in 2020.

The Committee is mindful of the evolution in corporate governance requirements and will continue to review the application of this as it relates to aspects of remuneration.

The role of the Remuneration Committee

The main responsibilities of the Remuneration Committee are to establish the remuneration strategy for the Group and to approve compensation packages for Directors and senior management. Further, the Committee reviews wider workforce remuneration policies at Coca-Cola HBC and the alignment of incentives and rewards with strategy and culture, taking these into account when setting the remuneration policy. The Remuneration Committee operates under the Charter for the Committees of the Board of the Company set forth in Annex C to the Organisational Regulations of the Company, available on the Group's website at: https://coca-colahellenic.com/en/about-us/corporate-governance/board-committees/

Members	Membership status
Alexandra Papalexopoulou (Chair)	Member since 2015 Chair since June 2016
Reto Francioni	Appointed June 2016
Charlotte J. Boyle	Appointed June 2017

In accordance with the UK Corporate Governance Code, the Remuneration Committee consists of three independent non-Executive Directors: Alexandra Papalexopoulou (Chair), Charlotte Boyle and Reto Francioni, who were each elected by the shareholders for a one-year term on 18 June 2019. The Remuneration Committee met four times in 2019; in March, June, September and December. Please refer to the 'Governance in action' section of the Corporate Governance Report on page 83 for details on the Remuneration Committee meetings.

ALEXANDRA PAPALEXOPOULOU
CHAIR OF THE REMUNERATION COMMITTEE

Directors' remuneration report continued

Remuneration throughout the organisation – a snapshot

Attracting
Finding the people we want and need

Recognising
Adopting behaviours that produce exceptional performance

Retaining
Continuing to attract the best talent

Motivating
Achieving financial, business and non-financial targets

Reward strategy and objective

The objective of the Group's remuneration philosophy is to attract, retain and motivate employees who are curious, agile and committed to perform. Our reward strategy seeks to promote a growth mindset and reinforce desirable behaviours, ensuring that employees are fairly rewarded and that their individual contributions are linked to the success of the Company.

Variable pay is an important element of our reward philosophy. A significant proportion of total remuneration for top managers (including the Chief Executive Officer and the members of the Operating Committee) is tied to the achievement of our business objectives. These objectives are defined by key business metrics that are consistent with our growth strategy and will deliver long-term shareholder value. The variable pay element increases or decreases, based on the achieved business performance. Through equity-related long-term compensation, we seek to ensure that the financial interests of the Chief Executive Officer, the members of the Operating Committee and top managers are aligned with those of shareholders.

All of our remuneration plans, both fixed and variable, are designed to be cost-effective, taking into account market practice, business performance, and individual performance and experience where relevant. We pay close attention to our shareholders' views in reviewing our remuneration policy and programmes.

In line with the UK Corporate Governance Code, the following factors, which align well with our objectives, were also considered:

- clarity and simplicity: we believe that our policy provides transparency for executives and shareholders about what performance we are looking for across our portfolio;
- risk: we note the reputational and other risks that can result from excessive rewards and believe that our robust target-setting and long history of applying discretion to performance outcome addresses this;
- predictability and proportionality: we believe that the link between individual awards, the delivery of strategy and the long-term performance of the Company is clearly explained in this report and that our approach ensures proportionate pay outcomes that do not reward poor performance; and
- alignment to culture: we want our executives to make decisions for the long-term performance and health of the business.

How we implement our reward strategy

The chart below illustrates how we put our reward strategy into practice, with the different remuneration arrangements that apply to different employee groups.

Chief Executive Officer and Operating Committee

Shareholding guidelines
Support the alignment with shareholder interests ensuring sustainable performance:
Chief Executive Officer – required to hold shares in the Company equal in value to 300% of annual base salary within a five-year period.
Operating Committee – required to hold shares in the Company equal in value to 100% of annual base salary within a five-year period.

Chief Executive Officer, Operating Committee and selected senior management

Performance Share Plan
Performance share awards vest over three years. PSP awards are cascaded down to select senior managers, promoting a focus on long-term performance and aligning them to shareholders' interests.

Selected middle and senior management

Long-Term Incentive Plan
Cash long-term incentive awards vest over three years. LTIP awards are cascaded down to select middle and senior management to promote a high-performance culture.

All management

Management Incentive Plan
Management employees may be eligible to receive an award under the annual bonus scheme. Performance conditions are bespoke to the role and business unit.

All employees

Employee Share Purchase Plan (dependent on country practice)
The Employee Share Purchase Plan encourages share ownership and aligns the interests of our employees with those of shareholders.

Fixed pay and benefits (base salary, retirement and other benefits – dependent on country practice)
Base salaries may reflect the market value of each role as well as the individual's performance and potential. Retirement and other benefits are subject to local market practice.

Note: Participants in the Performance Share Plan are not eligible to participate in the Long-Term Incentive Plan.

Remuneration arrangements for the Chief Executive Officer – at a glance

The table below summarises the remuneration arrangements in place for our Chief Executive Officer. See page 121 for total compensation figures.

Base salary	Retirement benefits	Other benefits	ESPP	+	MIP	PSP	=	Total compensation
Fixed pay					Variable pay subject to performance			

Pay element	Detail
Base salary	The base salary of the Chief Executive Officer is €790,000. The salary is reviewed annually and any increase is typically effective 1 May each year.
Retirement benefits	The Chief Executive Officer participates in a defined benefit pension plan under Swiss law. Employer contributions are 15% of annual base salary.
Other benefits	Other benefits include (but are not limited to) medical insurance, housing allowance, company car/allowance, cost of living adjustment, trip allowance, partner allowance, exchange rate protection, tax equalisation and tax filing support and advice. Benefit levels vary each year depending on need.
ESPP (Employee Share Purchase Plan)	The Chief Executive Officer may participate in the Company's Employee Share Purchase Plan. As a scheme participant, the Chief Executive Officer has the opportunity to invest a portion of his base salary and/or MIP payments in shares. The Company matches employee contributions on a one-to-one basis up to 3% of base salary and/or MIP payout. Awards are subject to potential application of malus and clawback provisions.
MIP (Management Incentive Plan)	The MIP consists of a maximum annual bonus opportunity of up to 130% of base salary. Payout is based on business performance targets (up to 120% of base salary) and individual performance (up to 10% of base salary). No bonus will be paid out if the Chief Executive Officer has achieved less than 50% of his individual objectives. 50% of any MIP payout will be deferred into shares for a further three-year period. Payments are subject to potential application of malus and clawback provisions.
PSP (Performance Share Plan)	The PSP is an annual share award which vests after three years and is subject to two equally weighted performance conditions: (i) comparable earnings per share (EPS); and (ii) return on invested capital (ROIC), each measured over a three-year period. An additional two-year holding period will apply following vesting. Awards are subject to potential application of malus and clawback provisions.

Directors' remuneration report continued

Remuneration policy

Introduction

The following section (pages 112 to 114) sets out our Directors' remuneration policy. To ensure that remuneration is structured in a way that attracts, motivates and retains the talented people we need to achieve the Company's strategic objectives and gives them due recognition, whilst driving sustainable performance and also being in line with corporate governance requirements, we have proposed some changes to the remuneration policy for 2020. The proposed changes take into account feedback received as part of our ongoing engagement with our shareholders and proxy advisers. The amended remuneration policy will be put to shareholder approval at our 2020 Annual General Meeting.

As a Swiss-incorporated Company, we are not required to put forward our remuneration policy for a shareholder vote, but we intend to do so voluntarily at least every three years, or when there are changes. We continue to endeavour to make sure that our disclosure complies fully with UK regulations, except when these conflict with Swiss law.

Policy table – Chief Executive Officer

The Company currently has a single Executive Director, being the Chief Executive Officer. Therefore, for simplicity, this section refers only to the Chief Executive Officer. This remuneration policy would, however, apply for any new Executive Director role, in the event that one were created during the term of this remuneration policy. In that case, references in this section to the Chief Executive Officer should be read as being to each Executive Director.

Fixed

Base salary

Purpose and link to strategy

To provide a fixed level of compensation appropriate to the requirements of the role of Chief Executive Officer and to support the attraction and retention of the talent able to deliver the Group's strategy.

Operation

Salary is reviewed annually, with salary changes normally effective on 1 May each year.

The following parameters are considered when reviewing base salary level:

- the Chief Executive Officer's performance, skills and responsibilities;
- economic conditions and performance trends;
- experience of the Chief Executive Officer;
- pay increases for other employees; and
- external comparisons based on factors such as: the industry of the business, revenue, market capitalisation, headcount, geographical footprint, stock exchange listing (FTSE) and other European companies.

Malus and clawback provisions do not apply to base salary.

Maximum opportunity

Whilst there is no maximum salary level, any increases awarded to the Chief Executive Officer will normally be broadly aligned with the broader employee population.

The salary increase made to the Chief Executive Officer may exceed the average salary increase under certain circumstances at the Remuneration Committee's discretion. For example, this may include: business and individual performance; material changes to the business; internal promotions; accrual of experience; changes to the role; or other material factors.

Performance metrics

Individual and business performance are key factors when determining any base salary changes.

The annual base salary for the Chief Executive Officer is set out on page 111.

Retirement benefits

Purpose and link to strategy

To provide competitive, cost-effective post-retirement benefits.

Operation

The Chief Executive Officer participates in a defined benefit pension plan under Swiss law. Until 2019, there was no obligation for employee contributions. However, we will adapt the pension scheme to be co-contributory, in line with the pension scheme for the wider Swiss workforce, for new Executive Directors' appointments from 2020 onwards.

Normal retirement age for the Chief Executive Officer's plan is 65 years. In case of early retirement, which is possible from the age of 58, the Chief Executive Officer is entitled to receive the amount accrued under the plan as a lump sum.

Malus and clawback provisions do not apply to retirement benefits.

Maximum opportunity

The contributions to the pension plan are calculated as a percentage of annual base salary (excluding any incentive payments or other allowance/benefits provided) based on age brackets as defined by Federal Swiss legislation.

This percentage is currently 15% of base salary and increases to 18% for age above 55.

Performance metrics

None.

Other benefits

Purpose and link to strategy
To provide benefits to the Chief Executive Officer which are consistent with market practice.

Operation
Benefit provisions are reviewed by the Remuneration Committee which has the discretion to recommend the introduction of additional benefits where appropriate.

Typical provisions for the Chief Executive Officer include benefits related to relocation such as housing allowance, company car/allowance, cost of living adjustment, trip allowance, partner allowance, exchange rate protection, tax equalisation and tax filing support and advice. For all benefits, the Company will bear any income tax and social security contributions arising from such payments.

Malus and clawback provisions do not apply to benefits.

Maximum opportunity
There is no defined maximum as the cost to the Company of providing such benefits will vary from year to year.

Performance metrics
None.

ESPP (Employee Share Purchase Plan)

Purpose and link to strategy
The ESPP is an Employee Share Purchase Plan, encouraging broader share ownership, and is intended to align the interests of employees and the Chief Executive Officer with those of the shareholders.

Operation
This is a voluntary share purchase scheme across many of the Group's countries. The Chief Executive Officer as a scheme participant has the opportunity to invest from 1% to 15% of his base salary and/or MIP payout to purchase Company's shares by contributing to the plan on a monthly basis.

The Company matches the Chief Executive Officer's contributions on a one-to-one basis up to 3% of the employee's base salary and/or MIP payout. Matching contributions are used to purchase shares one year after the matching. Matching shares are immediately vested.

Dividends received in respect of shares held under the ESPP are used to purchase additional shares and are immediately vested. The Chief Executive Officer is eligible to participate in the ESPP operated by the Company on the same basis as other employees. Malus and clawback provisions apply. Further details may be found in the Additional notes to the remuneration policy table section on page 116.

Maximum opportunity
Maximum investment is 15% of gross base salary and MIP payout. The Company matches contributions up to 3% of gross base salary and MIP payout. Matching contributions are used to purchase shares after one year from the matching. Matching shares are immediately vested.

Performance metrics
The value is directly linked to the share price performance. It is therefore not affected by other performance criteria.

Variable pay

MIP (Management Incentive Plan)

Purpose and link to strategy
To support profitable growth and reward annually for contribution to business performance. The plan aims to promote a high-performance culture with stretching individual and business targets linked to our key strategies.

Operation
Annual cash bonus awarded under the MIP is subject to business and individual performance metrics and is non-pensionable.

The Chief Executive Officer's individual objectives are regularly reviewed to ensure relevance to business strategy and are set and approved annually by the Chair of the Remuneration Committee and Chairman of the Board of Directors.

Stretching targets for business performance are set annually, based on the business plan of the Group as approved by the Board of Directors.

Performance against these targets and bonus outcomes is assessed by the Remuneration Committee, which may recommend an adjustment to the payout level where it considers the overall performance of the Company or the individual's contribution warrants a higher or lower outcome.

Malus and clawback provisions apply. Further details may be found in the Additional notes to the remuneration policy table section on page 116.

PSP (Performance Share Plan)

Purpose and link to strategy
To align the Chief Executive Officer's interests with the interests of shareholders, and increase the ability of the Group to attract and reward individuals with exceptional skills.

Operation
The Chief Executive Officer is granted conditional awards of shares which vest after three years, subject to the achievement of performance metrics and continued service. Grants take place annually, normally every March.

Performance metrics and the associated targets are reviewed and determined around the beginning of each performance period to ensure that they support the long-term strategies and objectives of the Group and are aligned with shareholders' interests.

Dividends may be paid on vested shares where the performance metrics are achieved at the end of the three-year period.

Malus and clawback provisions apply. Further details may be found in the Additional notes to the remuneration policy table section on page 116.

Directors' remuneration report continued

Variable pay continued

MIP (Management Incentive Plan)

Maximum opportunity

The Chief Executive Officer's maximum MIP opportunity is set at 130% of annual base salary.

Threshold, target and maximum bonus opportunity levels are as follows:

- Threshold: 5% of base salary
- Target: 70% of base salary
- Maximum: 130% of base salary
- Maximum payout is based on business performance targets (up to 120% of salary) and individual performance (up to 10% of salary)

Performance metrics

The MIP awards are based on business metrics linked to our business strategy. These may include but are not limited to measures of revenue, profit, profit margins and operating efficiencies. The weighting of individual performance metrics shall be determined by the Remuneration Committee around the beginning of the MIP performance period.

Details related to the key performance indicators and individual objectives can be found in the Annual Report on Remuneration on page 123.

Deferral of MIP

50% of any MIP award is to be deferred into shares which will be made available after a three-year deferral period which commences on the first day on the fiscal year in which the deferred share award is made.

Deferred shares may be subject to malus and clawback (for a period of two years following this incentive award) to the extent deemed appropriate by the Remuneration Committee, in line with best practice.

PSP (Performance Share Plan)

Maximum opportunity

Awards (normally) have a face value up to 330% of base salary.

In exceptional circumstances only, the Remuneration Committee has the discretion to grant awards up to 450% of base salary.

Performance metrics

Vesting of awards is subject to the three-year Group performance metrics based on two equally-weighted measures which have been selected as they are aligned to long-term growth and also measure the efficient use of capital, both of which are aligned to our strategic plan: comparable earnings per share (comparable EPS); and the percentage of comparable net profit excluding net finance costs divided by the capital employed (ROIC). Capital employed is calculated as the average of net debt and shareholders' equity attributable to the owners of the parent through the year.

Following the end of the three-year period, the Remuneration Committee will determine the extent to which performance metrics have been met and, in turn, the level of vesting. Participants may receive vested awards in the form of shares or a cash equivalent.

For both performance metrics, achieving threshold performance results in vesting of 25% of the award and maximum performance results in vesting of 100% of the award. There will be a straight-line vesting between these performance levels for awards made from 2020.

Performance share awards will lapse if the Remuneration Committee determines that the performance metrics have not been met. The Remuneration Committee will have discretion to reduce or negate PSP award vesting, in case of significant adverse Environmental, Social or Governance impacts regarding the Company's activities.

Holding period

Any vested award (net of shares sold to cover tax liability) is subject to a further two-year holding period following the end of the three-year performance period. During this two-year period, these beneficially owned shares are subject to a no sale commitment. Any shares subject to the holding period count towards the shareholding requirement.

Adjustments

In the event of an equity restructuring, the Remuneration Committee may make an equitable adjustment to the terms of the performance share award by adjusting the number and kind of shares which have been granted or may be granted and/or making provision for payment of cash in respect of any outstanding performance share award.

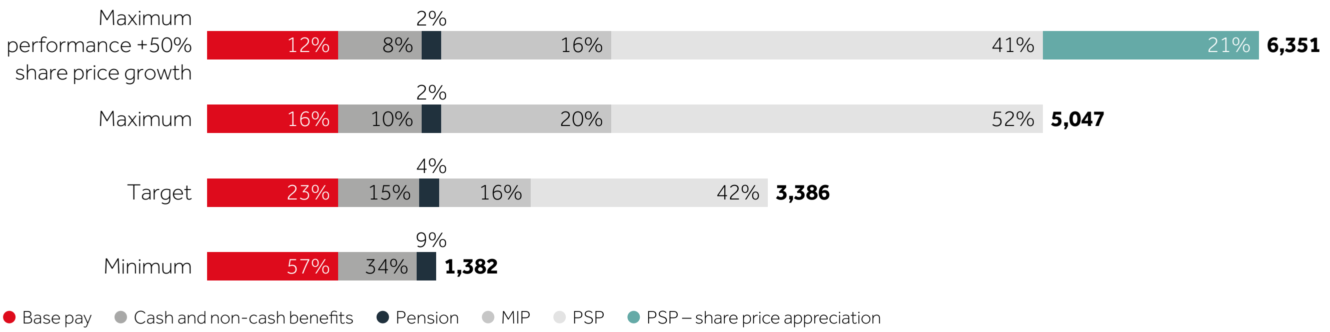
Change of control

In the event of change of control, unvested performance share awards held by participants vest immediately on a pro-rated basis if the Remuneration Committee determines that the performance metrics have been satisfied or would have been likely to be satisfied at the end of the performance period, unless the Remuneration Committee determines that substitute performance share awards may be used in place of the previous awards. For vested shares subject to the additional holding period, the holding period will lapse and the participants are no longer subject to the no sale commitment.

Additional notes to the Executive Director's remuneration policy table

Chief Executive Officer's remuneration policy illustration

The graph below provides estimates of the potential reward opportunity for the Chief Executive Officer and the split between the three different elements of remuneration under three different performance scenarios: 'Minimum', 'Target' and 'Maximum'. In line with the reporting regulations, a scenario assuming 50% share price growth over the three-year PSP performance period is also shown below. The assumptions used for these charts are set out in the table below (€ 000s).



Minimum performance	Fixed remuneration only, i.e. base salary, pension and other benefits (including ESPP participation). No payout under the MIP or PSP.
Target performance	Fixed remuneration. MIP payout of 70% of base salary. PSP vesting at 181.5% of base salary.
Maximum performance	Fixed remuneration. MIP payout of 130% of base salary. PSP vesting at 330% of base salary.
Maximum performance + 50% share price growth	Fixed remuneration. MIP payout of 130% of base salary. PSP vesting at 330% of base salary. 50% assumed share price growth over three-year PSP performance period.

Other than the 'Maximum scenario + 50% share price growth', no share price growth or dividend assumptions have been included in the charts above.

	Component	Minimum (€ 000s)	Target (€ 000s)	Maximum (€ 000s)	Maximum performance + 50% share price growth (€ 000's)
Fixed	Base salary[1]	€790	€790	€790	€790
	Pension	€119	€119	€119	€119
	Cash and non-cash benefits[2]	€473	€490	€504	€504
Variable	MIP	–	€553	€1,027	€1,027
	PSP	–	€1,434	€2,607	€2,607
	PSP – 50% share price appreciation	–	–	–	€1,304
Total		**€1,382**	**€3,386**	**€5,047**	**€6,351**

1. Represents the annual base salary as at 1 May 2019.
2. ESPP employer contributions may vary depending on the MIP payout provided that the Chief Executive Officer decides to contribute a portion of the MIP towards the ESPP. The figures provided have been calculated on the basis of the applicable MIP payout and the Chief Executive Officer deciding to contribute 3% to the ESPP.

Directors' remuneration report continued

ESOP (Employee Stock Option Plan)

The ESOP was replaced by the PSP in 2015 and the last grant under the ESOP took place in December 2014. Although the Remuneration Committee does not intend to award under the ESOP going forward, there are still outstanding stock option awards which may be exercised in future years. Awards vest in one-third increments each year for three years and can be exercised for up to 10 years from the date of the award.

Malus and clawback provision for variable pay plans

The Committee has reviewed the malus and clawback provisions as part of the policy review. The MIP, PSP, ESOP and ESPP plans include malus provisions which give the Remuneration Committee and/or the Board discretion to judge that an award should lapse wholly or partly in event of material misstatement of financial results and/or misconduct, significant reputational risk and corporate failure.

The Remuneration Committee and/or Board also has the discretion to determine that clawback should be applied to awards under the MIP, PSP, ESOP and ESPP plans for the Chief Executive Officer and members of the Operating Committee. Clawback can potentially be applied to payments or vested awards for up to a two-year period following the payment or vesting.

Shareholding guidelines

In order to strengthen the link with shareholders' interests, the Chief Executive Officer is required to hold shares in the Company equal in value to 300% of annual base salary. Members of the Operating Committee are required to hold 100% of annual base salary. The Chief Executive Officer has five years from appointment to accumulate shares equal to 300% of annual base salary (with shares acquired from PSP awards and shares resulting from the deferral of the 50% of the MIP counting towards fulfillment of the shareholding requirement). The current Chief Executive Officer will have an additional two years to meet the increased requirement, from 200% previously. The Committee continues to review the need for stronger shareholding requirements in the long term and this is subject to further review in the future.

Remuneration arrangements across the Group

The remuneration approach for the Chief Executive Officer, the members of the Operating Committee and senior management is similar. The Chief Executive Officer's total remuneration has a significantly higher proportion of variable pay in comparison with the rest of our employees. The Chief Executive Officer's remuneration will increase or decrease in line with business performance, aligning it with shareholders' interests.

The structure of the remuneration package for the wider employee population takes into account local market practice and is intended to attract and retain the right talent, be competitive and remunerate employees for promoting a growth mindset while contributing to the Group's performance. As part of the Performance for Growth framework introduced in 2019, we have revised and updated the remuneration framework with features such as each business unit having more flexibility on target positioning, managers having the flexibility to retain key talents and guidance provided for increased award for high-potential and/or exceptional performance.

Policy table – non-Executive Directors

Base fees

Purpose and link to strategy

To provide a fixed level of compensation appropriate to the requirements of the role of non-Executive Director and to attract and retain high-quality non-Executive Directors with the right talent, values and skills necessary to provide oversight and support to management to grow the business, support the Company's strategic framework and maximise shareholder value.

Operation

Non-Executive Directors' pay is set at a level that will not call into question the objectivity of the Board. When considering market levels, comparable companies typically include those in the FTSE index with similar positioning as the Company, other Swiss companies with similar market capitalisation and/or revenues, and other relevant European listed companies.

Maximum opportunity

Fee levels for non-Executive Directors include an annual fixed fee plus additional fees for membership of Board committees when applicable, as summarised below:

- Base non-Executive Director's fee: €73,500
- Senior Independent Director's fee: €15,800
- Audit and Risk Committee Chair fee: €28,900
- Audit and Risk Committee member fee: €14,500
- Remuneration, Nomination and Social Responsibility Chair fees: €11,600
- Remuneration, Nomination and Social Responsibility member fees: €5,800

Fee levels are subject to periodic review and approval by the Chairman of the Board and the Chief Executive Officer.

Other benefits

Non-Executive Directors do not receive any benefits in cash or in kind. They are not entitled to severance payments in the event of termination of their appointment. They are entitled to reimbursement of all reasonable expenses incurred in the interests of the Group.

Variable remuneration

Non-Executive Directors do not receive any form of variable compensation.

Legacy arrangements

For the avoidance of doubt, it is noted that the Company will honour any commitments entered into that have previously been disclosed to shareholders.

Policy on recruitment/appointment

Executive Directors

Annual base salary arrangements for the appointment of an Executive Director will be set considering market relevance, skills, experience, internal comparisons and cost. The Remuneration Committee may recommend an appropriate initial annual base salary below relevant market levels. In such situations, the Remuneration Committee may make a recommendation to realign the level of base salary in the forthcoming years. As highlighted above, annual base salary 'gaps' may result in higher rates of salary increase in the short term, subject to an individual's performance. The discretion is retained to offer an annual base salary necessary to meet the individual circumstances of the recruited Executive Director and to enable the hiring of an individual with the necessary skills and expertise.

The maximum level of variable pay that may be offered will follow the rules of the MIP and is capped at 130% of the relevant individual's annual base salary. The maximum level of equity-related pay that may be offered will follow the PSP rules and is capped at 450% of the relevant individual's annual base salary. The typical award is not expected to surpass 330% of base salary. Different performance measures may be set initially for the annual bonus taking into consideration the point in the financial year that a new Executive Director joins. The above limits do not include the value of any buyout arrangements.

Benefits will be provided in line with those offered according to the Group's policy for other employees. If an Executive Director is required to relocate, benefits may be provided as per the Group's international transfer policy which may include transfer allowance, tax equalisation, tax advice and support, housing, cost of living, schooling, travel and relocation costs.

The Remuneration Committee may consider recommending the buying out of incentive awards that an individual would forfeit by accepting the appointment up to an equivalent value in shares or in cash. In the case of a share award, the Remuneration Committee may approve a grant of shares under the PSP. When deciding on a potential incentive award buyout and in particular the level and value thereof, the Remuneration Committee will be informed of the time and performance pro-rated level of any forfeited award.

It is expected that Executive Directors appointed during the remuneration policy period will be appointed on similar notice provisions to the Chief Executive Officer, allowing for termination of office by either party on six months' notice.

Non-Executive Directors

It is expected that non-Executive Directors appointed during the remuneration policy period will receive the same basic fee and, as appropriate, committee fee or fees as existing non-Executive Directors and will be entitled to reimbursement of all reasonable expenses incurred in the interests of the Group.

It is expected that non-Executive Directors appointed during the remuneration policy period will be appointed on a one-year term of appointment, in the same manner as existing non-Executive Directors.

The Company does not compensate new non-Executive Directors for any forfeited share awards in previous employment.

Termination payments

The Swiss Ordinance against Excessive Compensation in Listed Companies limits the authority of the Remuneration Committee and the Board to determine compensation. Limitations include the prohibition of certain types of severance compensation.

Our governance framework ensures that the Group uses the right channels to support reward decisions. In the case of early termination, the non-Executive Directors would be entitled to their fees accrued as of the date of termination, but are not entitled to any additional compensation. The Chief Executive Officer's employment contract does not contain any provisions for payments on termination. Notice periods are set for up to six months and non-compete clauses are 12 months, effective in 2019. The notice period anticipates that up to six months' paid garden leave may be provided. Similarly, up to 12 months of base salary may be paid out in relation to the non-compete period.

In case of future terminations, payments will be made in accordance with the termination policy on page 118.

Directors' remuneration report continued

Pay element	Good leaver (retirement at 55 or later/at least 10 years' continued service)	Good leaver (injury, disability)	Bad leaver (resignation, dismissal)	Death in service
Base salary and other benefits / non-Executive Directors' fees	Payment in lieu of notice is not permissible. The Company could ask the Chief Executive Officer to be on paid garden leave for up to six months.			
ESPP	Unvested cash allocations held in the ESPP will vest upon termination.		Unvested cash allocations under the ESPP are forfeited.	Available ESPP shares will be transferred to heirs.
MIP	A pro-rated payout as of the date of retirement will be applied. Deferred shares will continue to vest as normal.	A pro-rated payout as of the date of leaving will be applied. Deferred shares will continue to vest as normal.	In the event of resignation or dismissal, as per Swiss Law, the Chief Executive Officer is entitled to a pro-rated MIP payout. Any outstanding deferred shares will lapse.	A pro-rated payout will be applied and will be paid immediately to heirs, based on the latest rolling estimate. Deferred shares will continue to vest as normal.
PSP/ESOP	All unvested options and performance share awards continue to vest as normal subject to time pro-rating and are subject to the additional holding period[1]. For vested shares that are subject to the additional holding period, they will continue to be subject to the no-sale commitment until the end of the relevant two-year period. Under Swiss law, share awards are considered annual compensation and as such when time pro-rating is required, the year of grant (12 months) and not the vesting period (36 months) for time pro-rating calculations is considered.	All unvested options and performance share awards immediately vest to the extent that the Remuneration Committee determines that the performance conditions have been met, or are likely to be met at the end of the three-year performance period and are subject to the additional holding period. Any options that vest are exercisable within 12 months from the date of termination. For vested shares that are subject to the additional holding period, they will continue to be subject to the no-sale commitment until the end of the relevant two-year period.	All unvested options and performance share awards immediately lapse without any compensation. In the event of resignation, all vested options must be exercised within six months from the date of termination. Upon dismissal, all vested options must be exercised within 30 days from the date of termination. For vested shares that are subject to the additional holding period, they will continue to be subject to the no-sale commitment until the end of the relevant two-year period.	All unvested options and performance share awards immediately vest subject to time and performance pro-rating. Any options that vest are exercisable within 12 months from the date of termination. For vested shares that are subject to the additional holding period, the no-sale commitment will cease immediately. Under Swiss law, share awards are considered annual compensation and as such when time pro-rating is required, the year of grant (12 months) and not the vesting period (36 months) for time pro-rating calculations is considered.

1. Applicable to any retirement of an Executive Director which takes place after 2020.

Corporate events

In the event of an equity restructuring, the Remuneration Committee may make an equitable adjustment to the terms of the performance share award by adjusting the number and kind of shares that have been granted or may be granted and/or making provision for payment of cash in respect of any outstanding performance share award.

In the event of a change of control, unvested performance share awards held by participants vest immediately on a pro-rated basis if the Remuneration Committee determines that the performance condition(s) have been satisfied or would have been likely to be satisfied at the end of the performance period, unless the Remuneration Committee determines that substitute performance share awards may be used in place of the previous awards.

Service contracts

Zoran Bogdanovic, the Chief Executive Officer, has a service contract with the Company with a six-month notice period. As noted under Termination payments on page 117, the Chief Executive Officer's employment contract does not include any termination benefits, other than as mandated by Swiss law. The Swiss Code of Obligations requires employers to pay severance when an employment relationship ends with an employee of at least 50 years of age after 20 years or more of service.

The Chief Executive Officer is also entitled to reimbursement of all reasonable expenses incurred in the interests of the Company. In accordance with the Swiss Ordinance against Excessive Compensation in Listed Companies, there are no sign-on policies/provisions for the appointment of the Chief Executive Officer.

The table below provides details of the current service contracts and terms of appointment for the Chief Executive Officer and other Directors.

Name	Title	Date originally appointed to the Board of the Company	Date appointed to the Board of the Company	Unexpired term of service contract or appointment as non-Executive Director
Anastassis G. David	Chairman and non-Executive Director	27 July 2006	18 June 2019	One year
Zoran Bogdanovic	Chief Executive Officer	11 June 2018	18 June 2019	Indefinite, terminable on six months' notice
Charlotte J. Boyle	Non-Executive Director	20 June 2017	18 June 2019	One year
Olusola (Sola) David-Borha	Non-Executive Director	24 June 2015	18 June 2019	One year
William W. (Bill) Douglas III	Non-Executive Director	21 June 2016	18 June 2019	One year
Reto Francioni	Senior Independent non-Executive Director	21 June 2016	18 June 2019	One year
Anastasios I. Leventis	Non-Executive Director	25 June 2014	18 June 2019	One year
Christo Leventis	Non-Executive Director	25 June 2014	18 June 2019	One year
Alexandra Papalexopoulou	Non-Executive Director	24 June 2015	18 June 2019	One year
José Octavio Reyes	Non-Executive Director	25 June 2014	18 June 2019	One year
Alfredo Rivera	Non-Executive Director	18 June 2019	18 June 2019	One year
Ryan Rudolph	Non-Executive Director	21 June 2016	18 June 2019	One year
John P. Sechi	Non-Executive Director	25 June 2014	18 June 2019	One year

The Chief Executive Officer's service contract and the terms and conditions of appointment of the non-Executive Directors are open for inspection by the public at the registered office of the Group.

Consideration of employee views

The Remuneration Committee does not currently consult specifically with employees on policy for the remuneration of the Chief Executive Officer. Pay movement for the wider employment group is considered when making pay decisions for the Chief Executive Officer.

Consideration of shareholder views

Shareholder views and the achievement of the Group's overall business strategies have been taken into account in formulating the remuneration policy. Following shareholder feedback before and after the Annual General Meeting, the Remuneration Committee and the Board consult with shareholders and meet with the largest institutional investors to gather feedback on the Company's remuneration strategy and corporate governance. The Company would be happy to engage with shareholders in the future to discuss the outcomes of the remuneration policy.

In reviewing and determining remuneration, the Remuneration Committee takes into account the following:

- the business strategies and needs of the Company;
- the views of shareholders on Group policies and programmes of remuneration;
- the alignment of remuneration policy with principles of clarity, simplicity, risk, predictability, proportionality and alignment with culture;
- market comparisons and the positioning of the Group's remuneration relative to other comparable companies;
- input from employees regarding our remuneration programmes;
- the need for similar, performance-related principles for the determination of executive remuneration and the remuneration of other employees; and
- the need for objectivity. Board members, the Chief Executive Officer and Operating Committee members play no part in determining their own remuneration. The Chair of the Remuneration Committee and the Chief Executive Officer are not present when the Remuneration Committee and the Board discuss matters that pertain to their remuneration.

This ensures that the same performance-setting principles are applied for executive remuneration and other employees in the organisation.

Directors' remuneration report continued

Annual Report on Remuneration

Introduction

This section of the report provides detail on how we have implemented our remuneration policy in 2019 which, in accordance with the UK remuneration reporting regulations, will be subject to an advisory shareholder vote at our 2020 Annual General Meeting.

Activities of the Remuneration Committee during 2019

During 2019, the key Remuneration Committee activities were to:

- Review and sign off the 2018 Directors' Remuneration Report;
- Review the 2019 base salary for the Chief Executive Officer;
- Review and approve the 2019 base salaries for the Operating Committee members and general managers;
- Review and approve the 2018 MIP payout for the Chief Executive Officer;
- Review and approve payout levels for the 2018 MIP in relation to Operating Committee members and general managers;
- Review and approve the performance achievement of the 2015 and 2016 PSP awards, number of shares vesting and dividend equivalents of the respective plans;
- Set and approve 2019 PSP targets;
- Review award levels for 2019 PSP awards;
- Review the Company's Irish pension plans;
- Review and approve changes to the Executive Director's remuneration policy; and
- Review the new leadership and performance framework – Performance for Growth.

Advisers to the Remuneration Committee

The Chairman of the Board, the Chief Executive Officer, the Group Human Resources Director, the Group Rewards Director and the General Counsel regularly attend meetings of the Remuneration Committee.

While the Remuneration Committee does not have external advisers, in 2019 it authorised management to work with external consultancy firm Willis Towers Watson, to provide independent advice on ad hoc remuneration issues during the year. These services are considered to have been independent, objective and relevant to the market. Other than employee engagement benchmarking services, Willis Towers Watson does not provide any other services to the Company. The total cost in connection with this work was €36,123, invoiced on a time spent basis. Willis Towers Watson is a member of the Remuneration Consultants Group and provides advice in line with its Code of Business Conduct. Considering this, and the level and nature of the service received, the Committee remains satisfied that the advice is objective and independent.

Non-Executive Directors' remuneration for the year ended 31 December 2019 and 2018

	Financial year	Base fee[1] (€)	Audit and Risk Committee (€)	Remuneration Committee (€)	Nomination Committee (€)	Social Responsibility Committee (€)	Senior Independent Director (€)	Social security contributions[2] (€)	Total (€)
Anastassis G. David	**FY2019**	**73,500**	–	–	–	–	–	–	**73,500**
	FY2018	73,500	–	–	–	–	–	–	73,500
Ahmet C. Bozer[3]	**FY2019**	**36,750**	–	–	–	–	–	–	**36,750**
	FY2018	73,500	–	–	–	–	–	–	73,500
Charlotte J. Boyle	**FY2019**	**73,500**	–	5,800	5,800	–	–	–	**85,100**
	FY2018	73,500	–	5,800	5,800	–	–	–	85,100
Olusola (Sola) David-Borha	**FY2019**	**73,500**	14,500	–	–	–	–	7,001	**95,001**
	FY2018	73,500	14,500	–	–	–	–	7,001	95,001
William W. (Bill) Douglas III	**FY2019**	**73,500**	28,900	–	–	–	–	–	**102,400**
	FY2018	73,500	28,900	–	–	–	–	–	102,400
Reto Francioni	**FY2019**	**73,500**	–	5,800	11,600	–	15,800	8,489	**115,189**
	FY2018	73,500	–	5,800	11,600	–	15,800	8,489	115,189
Anastasios I. Leventis	**FY2019**	**73,500**	–	–	–	11,600	–	–	**85,100**
	FY2018	73,500	–	–	–	11,600	–	–	85,100
Christo Leventis	**FY2019**	**73,500**	–	–	–	–	–	–	**73,500**
	FY2018	73,500	–	–	–	–	–	–	73,500
Alexandra Papalexopoulou	**FY2019**	**73,500**	–	11,600	5,800	5,800	–	–	**96,700**
	FY2018	73,500	–	11,600	5,800	5,800	–	–	96,700
José Octavio Reyes	**FY2019**	**73,500**	–	–	–	5,800	–	4,400	**83,700**
	FY2018	73,500	–	–	–	5,800	–	4,434	83,734
Alfredo Rivera[4]	**FY2019**	**36,750**	–	–	–	–	–	–	**36,750**
	FY2018	–	–	–	–	–	–	–	–
Ryan Rudolph	**FY2019**	**73,500**	–	–	–	–	–	5,848	**79,348**
	FY2018	73,500	–	–	–	–	–	5,848	79,348
John P. Sechi	**FY2019**	**73,500**	14,500	–	–	–	–	–	**88,000**
	FY2018	73,500	14,500	–	–	–	–	–	88,000

1. Non-Executive Director fees for 2019 are in line with the fees that were revised in 2018.
2. Social security employer contributions as required by Swiss legislation.
3. Ahmet C. Bozer retired from the Board of Directors on 18 June 2019. The Group has applied a half-year period base fee.
4. Alfredo Rivera was appointed to the Board of Directors on 18 June 2019. The Group has applied a half-year period base fee.

Non-Executive Directors do not participate in any of the Group's incentive plans, nor do they receive any retirement or other taxable benefits. Fee levels were reviewed in 2018 to ensure that they remained competitive in relation to comparable companies and an adjustment of 5% was made. Before this, Non-Executive Director fees were last adjusted in 2016.

Single figure table

Single total figure of remuneration for the Chief Executive Officer for the years ended 31 December 2019 and 2018

	Base pay[1] €000s		Cash and non-cash benefits[2] €000s		Annual bonus[3] €000s		Employee Share Purchase Plan[4] €000s		Long-term incentives[5] €000s		Retirement benefits[6] €000s		Total single figure €000s	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Zoran Bogdanovic	**777**	750	**450**	420	**572**	465	**30**	32	**621**	1,919	**127**	124	**2,577**	3,710

1. 'Base pay' includes the monthly instalments linked to the base salary for 2019.
2. 'Cash and non-cash benefits' includes the value of all benefits paid during 2019. These are outlined in the 'Cash and non-cash benefits' section below and include any gross-ups for the tax benefit.
3. Annual bonus for 2019 includes the MIP payout, receivable early in 2020 for the 2019 performance year, including the amount deferred in shares.
4. 'Employee Share Purchase Plan' reflects the value of Company matching share contributions under the ESPP.
5. 'Long-term incentives' for 2019 reflects the 2017 awards made under the Performance Share Plan and the dividend equivalent shares paid on PSP shares that will vest in early 2020. The number of shares due to vest to the Chief Executive Officer for the 2017 award is 20,288. The Chief Executive Officer will also get 1,088 shares representing the dividend equivalents for the awarded shares for 2017, 2018 and 2019. The value reflects the number of shares multiplied by the average market price over the last three months of the financial year. The figure will be restated in next year's report based on the share price at vesting (as has been done for the 2015 and 2016 awards in the 2018 figure above). €188,713 of the €620,508 total vested value of the 2017 award was due to increase in share price since date of grant.
6. 'Retirement benefits' includes the pension plan under Swiss law. Employer contributions are 15% of annual base salary. The disclosed figure includes also risk and administration costs of €10,735.

Directors' remuneration report continued

Fixed pay for 2019

Base salary

In 2019 the Remuneration Committee approved a base salary of €790,000, effective 1 May 2019. When determining the base salary level, the Remuneration Committee considered alignment and competitiveness versus peers in the FTSE, and the experience of the individual.

Retirement benefits

Zoran Bogdanovic is to receive an annual retirement benefit of 15% of base salary, aligning to the retirement benefit provided under Swiss law and based on the age brackets defined by federal Swiss legislation. During the year, €127,235 of retirement benefit was received inclusive of €10,735 for risk and administration costs.

Cash and non-cash benefits

Zoran Bogdanovic received additional benefits during 2019. These included cost of living and foreign exchange rate adjustment (€233,632), private medical insurance (€11,420), partner allowance (€1,000), home trip allowance (€2,224), tax support (€2,504), company car (€18,153), housing allowance (€105,952), Company matching contribution related to the ESPP (€30,275 – reflecting the maximum match of 3% under the plan), tax equalisation (€-30,349), and the value of social security contributions (€105,236).

Variable pay for 2019

MIP performance outcomes – 2019

As outlined above, the annual bonus award in respect of the 2019 financial year for the Chief Executive Officer was €571,960, 72% of base salary. In accordance with the terms of the MIP, 50% of this will be paid out in March 2020 and the remaining 50% will be deferred into shares for a period of three years. This bonus reflects the financial and individual performance achieved during the period 1 January 2019 to 31 December 2019. The financial metrics, the associated targets and level of achievement are set below.

MIP payouts are not driven by share price appreciation.

Achievement against the Chief Executive Officer's individual performance metrics and the respective payout is outlined below.

Objectives			Assessment	
Description	Measure of success	Weighting %	Actual results	Payout % of CEO's annual base salary (maximum 10%)
Revenue	Grow revenue faster than volume and transactions faster than volume	20%	Revenue growth (NARTD FX neutral) +4.4% > Transactions growth +3.4% > Volume growth +3.3%	2.0%
Volume	Grow volume in all three segments, Established, Developing and Emerging	20%	We grew volume in all three segments: Established markets +0.8%, Developing markets +0.5%, Emerging markets +5.7%	2.0%
Engagement	Maintain the High-Performing Norm Status as per Willis Tower Watson	20%	2019 engagement score: 90 (+2ppts vs. 2018, +1 vs. High Performing Norm, +9ppts vs. FTSE100)	2.0%
EBIT Margin	Further improve comparable EBIT margin compared to 2018 by 50 basis points or more	20%	EBIT margin improved by 60 basis points	2.0%
Sustainability	Regain Beverage Industry Leadership on DJSI either World or Europe	20%	Coca-Cola HBC ranked first in Europe and second on a Global level. This makes nine consecutive years in Top 3 in Europe and globally	2.0%
			Total	**10.0%**

Achievement against the Group's business metrics and the respective payout is outlined below.

	Threshold (0%)	**Target** (15%)	Actual	**Maximum** (30%)	**Payout** (% of base salary)
Gross profit margin (%)	36.7	37.4	37.7	39.4	**13.7%**
Comparable EBIT (€ m)	689	749	759	809	**21.0%**
OpEx % of NSR	25.5	24.2	24.7	21.7	**7.8%**
NSR (€ m)	6,434	6,994	7,026	7,343	**19.7%**
				Total financial performance measures payout	**62.2%**

Threshold Target Maximum Actual

Employee Stock Option Plan (ESOP) outcomes – 2019

The Remuneration Committee will no longer make awards under this plan. All stock options are fully vested.

Performance Share Plan (PSP) awards – 2019

The PSP is the primary long-term incentive vehicle. In March 2019, the Chief Executive Officer was granted a performance share award over 82,156 shares under the PSP, representing 330% of base salary at date of grant.

The award is subject to a three-year performance period, aligned to the Company's financial year, with performance measured to the end of financial year 2021, and vesting anticipated in March 2022.These vested shares will then be subject to a further two-year holding period, whereby the Chief Executive Officer agrees to a no-sale commitment during this time.

The following table sets out the details of the performance share award made to the Chief Executive Officer under the PSP for 2019.

Type of award made	Performance share award over 82,156 [1] shares, receivable for nil cost
Share price at date of grant	€30,13 (£26.17)
Date of grant	13 March 2019
Performance period	1 January 2019 to 31 December 2021
Face value of the award (The maximum number of shares that would vest if all performance measures and targets are met, multiplied by the share price at the date of grant)	€2,475,000
Face value of the award as a % of annual base salary	330%
Percentage that would be distributed if threshold performance was achieved in both PSP key performance indicators	25% of maximum award
Percentage that would be distributed if threshold performance was achieved only in one PSP key performance indicator	12.5% of maximum award

1. The number of shares was adjusted as of 5 July 2019 to 87,247 as a result of the 2019 extraordinary dividend. This adjustment was mechanistic in nature to keep PSP participants neutral as to the effect of the extraordinary dividend of €2.00 per share.

Similar to the award made in March 2018, the 2019 award was subject to comparable earnings per share (EPS) and return on invested capital (ROIC), as outlined below.

			Threshold		Maximum	
Measure	Description	Weighting	Target	Vesting (% of max)	Target	Vesting (% of max)
Comparable EPS	Calculated by dividing the comparable net profit attributable to the owners of the parent by the weighted average number of outstanding shares during the period.	50%	1.62	25%	1.80	100%
Return on invested capital (ROIC)	ROIC is the percentage return that a company makes over its invested capital. More specifically, we define ROIC as the percentage of comparable net profit excluding net finance costs divided by the capital employed. Capital employed is calculated as the average of net debt and shareholders' equity attributable to the owners of the parent through the year.	50%	13.8%	25%	15.8%	100%

The vesting schedule for PSP performance conditions is not a straight line between the threshold and maximum performance levels. At the date of grant of this award, the Remuneration Committee considered it was appropriate to place greater emphasis on achieving the target performance level than the outperformance of this level. As described earlier in the report, responding to feedback received, awards from 2020 will vest on a straight-line basis between threshold and maximum performance levels.

Directors' remuneration report continued

Performance Share Plan (PSP) outcomes – 2019

The table below summarises performance against the applicable targets for PSP awards made in 2017, which are due to vest in early 2020.

			Threshold		Maximum		Actual to the year ending 2019		
	Measure	Weighting	Target	Vesting (% of max)	Three-year target	Vesting (% of max)	Achievement	Vesting (% of max)	Total (% of max)
2017 award	Comparable EPS	50%	1.24	25%	1.50	100%	1.426	74%	75%
	ROIC	50%	13.0%	25%	15.8%	100%	15.0%	76%	

Note that the figures for achieved EPS and ROIC in the table above reflect adjusted performance and the unadjusted, reported figures are EPS: €1.436, ROIC: 14.2%.

The Committee determined that it was appropriate to make a number of adjustments to the performance outcome to take account of (i) the acquisition of Bambi during the year, (ii) a change in accounting under the IFRS 16 standard, and (iii) the special dividend paid in July 2019. In making these adjustments, the Committee's intention was to maintain the original degree of stretch by adjusting for these items which were not anticipated at the time the targets were calibrated.

The impact of the Bambi acquisition and change in IFRS 16 accounting was a €0.01 increase in EPS and so an equivalent negative adjustment was applied for PSP performance assessment purposes.

The impact of the Bambi acquisition and change in IFRS 16 accounting was a reduction of ROIC of 1.3% so an equivalent positive adjustment was applied for PSP performance assessment purposes. As ROIC is calculated using a five-quarter average rather than a year-end snapshot, the special dividend increased reported ROIC by 0.5% and an equivalent negative adjustment was applied. The overall impact of all adjustments was an increase in ROIC of 0.8% compared to reported figures.

The overall impact of the above positive and negative adjustments was a vesting level of 75%. Without the adjustments, the vesting level would have been 65%.

Dilution limit

Usage of shares under all share plans and executive share plans adhere to the dilution limits set by the Investment Association Principles of Remuneration (10% for all share plans and 5% for all executive share plans, in any 10-year period).

Implementation of policy in 2020

For 2020, subject to shareholder approval, we will apply the amended remuneration policy outlined on pages 112 to 114.

Base salary and fees

The Chief Executive Officer's base salary was reviewed in March 2020. The base salary has been increased by 3.2% to €815,000 effective 1 May 2020. Although 2020 salary increase levels for employees have not been confirmed at the date of this report, it is anticipated that the Chief Executive Officer's increase will be in line with the increases provided for the wider workforce.

The fee levels for the Chairman and other non-Executive Directors were last reviewed in 2018, as outlined on page 116. Fee levels have not been reviewed in 2019.

Management Incentive Plan (MIP)

The annual bonus award levels for 2020 are expected to be in line with those for 2019. 50% of any award will be awarded as deferred bonus shares which will vest three years from their date of grant. The performance measures have been set by the Remuneration Committee to align to our KPIs and are summarised below.

Performance measure	Weighting at maximum opportunity levels (% of base salary)
Business measures	120%
Gross profit margin. Incentivises profitability, measuring percentage remaining after excluding cost of goods from sales.	24%
Net sales revenue (NSR). Incentivises the Group's revenue growth objectives.	36%
Comparable earnings before interest and tax (comparable EBIT). Defined as comparable operating profit.	36%
Operating expenditures (OpEx) excluding DME as a percentage of NSR. This key performance indicator, which excludes direct marketing expenses (DME), incentivises effective cost management.	24%
Individual measures	10%

The Remuneration Committee is unable to provide the 2020 bonus award performance targets on a forward-looking basis as they are deemed commercially sensitive. However, the targets will be disclosed in next year's remuneration report once the actual performance against these targets has been realised.

Performance Share Plan (PSP)

The levels of PSP awards for 2020 are anticipated to be in line with those awarded in 2019. The performance measures will be consistent with those detailed for the 2019 award outlined in this report and these are summarised below.

			Threshold		Maximum	
Measure	Description	Weighting	Target	Vesting (% of max)	Target	Vesting (% of max)
Comparable EPS	Calculated by dividing the comparable net profit attributable to the owners of the parent by the weighted average number of outstanding shares during the period.	50%	1.79	25%	1.98	100%
Return on invested capital (ROIC)	ROIC is the percentage return that a company makes over its invested capital. More specifically, we define ROIC as the percentage of comparable net profit excluding net finance costs divided by the capital employed. Capital employed is calculated as the average of net debt and shareholders' equity attributable to the owners of the parent through the year.	50%	13.9%	25%	15.9%	100%

The Remuneration Committee expects to recommend an award of 330% of base salary to the Chief Executive Officer in March 2020, with performance running to the end of December 2022 and vesting occurring in March 2023. These vested shares will then be subject to a further two-year holding period, whereby the Chief Executive Officer agrees to a no sale commitment during this time. In light of the feedback received from our shareholders and typical market practice, the Remuneration Committee has changed the vesting schedule to a straight line between the threshold and maximum performance levels for PSP grants from 2020 onwards.

Changes to Chief Executive Officer and employee pay

The table below sets out the percentage change in base salary, taxable benefits and annual bonus for the Chief Executive Officer and the average pay for Swiss-based employees. We have chosen to make a comparison with employees in Switzerland as this is the market in which our Chief Executive Officer is based. MIP payouts for the Swiss workforce are primarily based on Swiss business unit results.

	Annual base salary	Benefits	Annual bonus
Chief Executive Officer % change from 2018 to 2019	3.6%	6.3%	23.0%
Average employee % change for the Swiss workforce from 2018 to 2019	1.2%	65.6%	23.2%

CEO pay ratio

Coca-Cola HBC is domiciled in Switzerland. We are therefore not required to report a CEO pay ratio under UK regulations; however, we are voluntarily disclosing ratios below. Similar to the section 'Changes to Chief Executive Officer and employee pay' above, we have chosen to make a comparison with employees in Switzerland as this is the market in which our CEO is based. The international nature of our business means that we operate in countries with a significant range in terms of market practice for levels of remuneration and cost of living – for example, Switzerland has a substantially higher cost of living and employment remuneration compared to other countries. For this reason, comparisons with our Swiss workforce are likely to be more informative about the pay distribution of our workforce.

The table below compares the 2019 single figure of remuneration for the CEO with that of the employees who are paid at the 25th percentile (lower quartile), 50th percentile (median) and 75th percentile (upper quartile) of the Company's workforce based in Switzerland ranked based on total remuneration.

Year	Method	25th Percentile pay ratio (P1)	Median pay ratio (P2)	75th Percentile pay ratio (P3)
2019	Option A	33:1	29:1	23:1

The methodology used to identify the lower quartile, median and upper quartile employees was by ranking all employees of the Swiss workforce on total remuneration (for employees who were in employment for the full calendar year). Two employees around each percentile were identified to ensure they accurately represent the relevant percentile ranking. The total remuneration for each of these employees was then calculated consistent with the methodology applied for deriving the CEO's single figure remuneration.

The table below sets out the total pay and benefits for the lower quartile, median and upper quartile:

	25th Percentile in €	Median in €	75th Percentile in €
Annual base salary	68,146	78,450	92,618
Total remuneration	78,504	90,375	113,097

Directors' remuneration report continued

Total remuneration of Swiss employees includes the base salary, annual bonuses, other cash compensation (e.g. overtime), other cash and non-cash benefits (e.g. company car, tax support, relocation etc.), pension employer contributions and employer social security contributions during 2019.

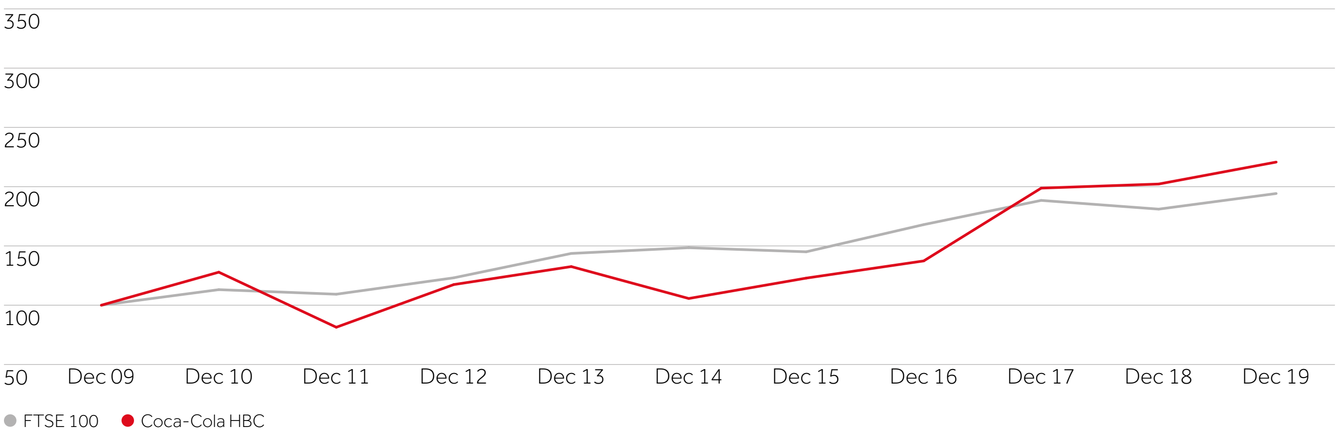
We are satisfied that the pay ratios reported this year are consistent with our wider pay, reward and progression policies for employees. As described on page 110, we have an overall remuneration philosophy that operates throughout the Group, ensuring that employees are fairly rewarded and that their individual contributions are linked to the success of the Company.

Variable pay is an important element of our reward philosophy and a significant proportion of total remuneration for top managers (including the CEO) is tied to the achievement of our business objectives. As employees advance through the Company there will be the opportunity to receive higher rewards commensurate with increased accountability and market practice. The CEO's total remuneration has a significantly higher proportion of variable pay in comparison with the rest of our employees. The CEO's remuneration will therefore increase or decrease in line with business performance, aligning it with shareholders' interests.

Chief Executive Officer pay and performance comparison

The graph below shows the Total Shareholder Return (TSR) of the Company compared with the FTSE 100 index over a 10-year period to 31 December 2019. The Remuneration Committee believes that the FTSE 100 Index is the most appropriate index to compare historic performance due to the size of the Company and our listing location.

Total shareholder return versus FTSE 100



	2010	2011		2012	2013	2014	2015	2016	2017		2018	2019
	Doros Constantinou	Doros Constantinou	Dimitris Lois	Dimitris Lois	Dimitris Lois	Dimitris Lois	Dimitris Lois	Dimitris Lois	Dimitris Lois	Zoran Bogdanovic	Zoran Bogdanovic	Zoran Bogdanovic
Total remuneration – single figure (€ 000s)	3,752	4,708	711	1,524	1,928	1,918	3,012	2,923	15,378	410	3,710	2,577
MIP (% of maximum)	65%	9%	24%	68%	49%	45%	75%	55%	53%	5%	48%	56%
PSP (% of maximum)	–	–	–	–	–	–	–	–	90%	–	100%	75%

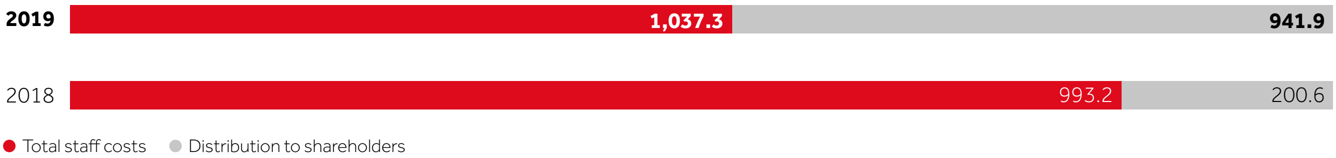
On 4 July 2011, Doros Constantinou retired from service, and Dimitris Lois succeeded him. The amounts for 2011 include the remuneration of Doros Constantinou up to the retirement date and the remuneration of Dimitris Lois for the remainder of the year. For 2011, the remuneration of Doros Constantinou includes termination benefits due to retirement.

Dimitris Lois sadly passed away on 2 October 2017. The 2017 total remuneration values above reflect the period 1 January 2017 to 2 October 2017. The total remuneration value for Zoran Bogdanovic reflects the period from his appointment as Chief Executive Officer to the end of the financial year, 7 December 2017 to 31 December 2017.

As the Company listed on the London Stock Exchange in April 2013, the amounts included in respect of the period before that date relate to the remuneration the previous Chief Executive Officers received in their capacity as Chief Executive Officer of Coca-Cola Hellenic Bottling Company S.A.

Relative importance of spend on pay (€m)

The graphic below presents the year-on-year change in total expenditure for all employees across the Group and distributions made to shareholders in the form of dividend share buy-backs and/or capital returns.



Compared to the prior year, the total staff costs have increased by 4%, while dividends distributed to shareholders have increased by 370% mainly driven by the extraordinary dividend of €2.00 per share, on top of the ordinary dividend of €0.57 per share.

Shareholder voting outcomes

The table below sets out the result of the vote on the remuneration-related resolutions at the Annual General Meeting held in June 2019.

Resolution	Votes for	Votes against	Abstentions	Total votes cast	Voting rights represented
Advisory vote on the UK Remuneration Report	232,487,763	1,747,581	10,897	234,246,241	64.55%
	99.24%	0.75%	0.01%		
Advisory vote on the Swiss Remuneration Report	232,323,962	1,911,392	10,887	234,246,241	64.55%
	99.17%	0.82%	0.01%		
Advisory vote on the remuneration policy	224,790,736	9,445,934	9,571	234,246,241	64.55%
	95.96%	4.03%	0.01%		
Approval of the maximum aggregate amount of remuneration	232,930,428	1,304,801	11,012	234,235,229	64.55%
for the Board until the next Annual General Meeting	99.44%	0.56%	n.a.		
Approval of the maximum aggregate amount of remuneration	231,596,412	2,385,368	264,461	233,981,780	64.55%
for the Operating Committee for the next financial year	98.98%	1.02%	n.a.		

The Remuneration Committee was pleased that shareholders supported our remuneration-related resolutions so strongly. We value our ongoing dialogue with shareholders and welcome any views on this report.

Payments to past Directors and payment for loss of office

There were no payments made to past Directors of the Group or loss of office payments made during the year.

Payments to appointed Directors

There were no payments made to appointed Directors during the year.

Outside appointments for the Chief Executive Officer

Zoran Bogdanovic does not hold any appointments outside the Company.

Total Directors' and Operating Committee members' remuneration

The table below outlines the aggregated total remuneration figures for Directors and Operating Committee members in the year.

	2019 € million	2018 € million
Total remuneration paid to or accrued for Directors, the Operating Committee and the Chief Executive Officer	**21.3**	18.8
Salaries and other short-term benefits	**14.9**	11.7
Amount accrued for performance share awards	**5.5**	6.3
Pension and post-employment benefits for Directors, the Operating Committee and the Chief Executive Officer	**0.9**	0.8

Credits and loans granted to governing bodies

In 2019, no credits or loans were granted to active or former members of the Company's Board, members of the Operating Committee or to any related persons.

Directors' remuneration report continued

Share ownership

The table below summarises the total shareholding as at 31 December 2019, including any outstanding shares awarded through our incentive plans, for the Chief Executive Officer and other Directors. There have been no changes in the interests of any Directors in shares in the period to 17 March 2020.

		With performance measures			Without performance measures						
		PSP			ESOP			ESPP			
Name	Share interests	Performance shares granted in 2019	Unvested and subject to performance conditions	Vested	Number of stock options outstanding	Fully vested	Vesting at the end of 2019	Number of outstanding shares held as at 31 December 2019	Beneficially owned	Current shareholding as % of base salary[1]	Shareholding guideline met[1]
Zoran Bogdanovic[2]	Yes	87,247	206,056	62,860	206,015	206,015	–	33,202	67,027	381%	Yes
Anastassis G. David[3]		–	–	–	–	–	–	–	–	–	–
Ahmet C. Bozer		–	–	–	–	–	–	–	–	–	–
Charlotte J. Boyle	Yes	–	–	–	–	–	–	–	1,017	–	–
Olusola (Sola) David-Borha		–	–	–	–	–	–	–	–	–	–
William W. (Bill) Douglas III	Yes	–	–	–	–	–	–	–	10,000	–	–
Reto Francioni		–	–	–	–	–	–	–	–	–	–
Anastasios I. Leventis[4]		–	–	–	–	–	–	–	–	–	–
Christo Leventis[5]		–	–	–	–	–	–	–	–	–	–
Alexandra Papalexopoulou		–	–	–	–	–	–	–	–	–	–
José Octavio Reyes		–	–	–	–	–	–	–	–	–	–
Alfredo Rivera		–	–	–	–	–	–	–	–	–	–
Ryan Rudolph		–	–	–	–	–	–	–	–	–	–
John P. Sechi		–	–	–	–	–	–	–	–	–	–

1. The shareholding requirement was introduced from the date of the 2015 PSP award, 10 December 2015 and has been updated to 300% in 2020. The Chief Executive Officer has a period of five years from his appointment to December 2022 to build up a 200% of base salary shareholding and then another two years to meet the additional requirement.
2. During 2019, Zoran Bogdanovic exercised 16,000 options under the ESOP due to upcoming expiration.
3. Anastassis David is a beneficiary of:
   (a) a private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Truad Verwaltungs AG is the Trustee, whereby he has an indirect interest with respect to the 85,355,019 shares held by Kar-Tess Holding S.A.
   (b) a further private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Sentry Management (PTC) Ltd. is the Trustee, whereby he has an indirect interest with respect to 823,008 shares held by Sentry Management (PTC) Ltd.
4. Anastasios I. Leventis is a beneficiary of:
   (a) a private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Truad Verwaltungs AG is the Trustee, whereby he has an indirect interest with respect to the 85,355,019 shares held by Kar-Tess Holding S.A.
   (b) a further private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Selene Treuhand AG is the Trustee, whereby he has an indirect interest with respect to 286,879 shares held by Selene Treuhand AG.
   (c) a further private discretionary trust for the primary benefit of present and future members of the family of the late Christodoulos Papaneokleus Leventis, of which Mervail Company (PTC) Limited is the Trustee, whereby he has an indirect interest with respect to 757,307 shares held by Carlcan Holding Limited.
5. Christo Leventis is a beneficiary of:
   (a) a private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Truad Verwaltungs AG is the Trustee, whereby he has an indirect interest with respect to the 85,355,019 shares held by Kar-Tess Holding S.A.
   (b) a further private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Selene Treuhand AG is the Trustee, whereby he has an indirect interest with respect to 458,545 shares held by Selene Treuhand AG.
   (c) a further private discretionary trust for the primary benefit of present and future members of the family of the late Christodoulos Papaneokleus Leventis, of which Mervail Company (PTC) Limited is the Trustee, whereby he has an indirect interest with respect to 623,664 shares held by Carlcan Holding Limited.

Approval of the Directors' Remuneration Report

The Directors' Remuneration Report set out on pages 108 to 128 was approved by the Board of Directors on 17 March 2020 and signed on its behalf by Alexandra Papalexopoulou, Chair of the Remuneration Committee.

ALEXANDRA PAPALEXOPOULOU
CHAIR OF THE REMUNERATION COMMITTEE
17 March 2020

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, including the consolidated Financial Statements, and the Corporate Governance Report including the Remuneration Report and the Strategic Report, in accordance with applicable law and regulations.

The Directors, whose names and functions are set out on pages 80-82, confirm to the best of their knowledge that:

(a) The Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

(b) The consolidated Financial Statements, which have been prepared in accordance with International Financial Reporting Standards, as issued by the IASB, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation of the Group taken as a whole.

(c) The Annual Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidated Coca-Cola HBC Group taken as a whole, together with a description of the principal risks and uncertainties that they face.

The activities of the Group, together with the factors likely to affect its future development, performance, financial position, cash flows, liquidity position and borrowing facilities are described in the Strategic Report (pages 12 to 73). In addition, Notes 24 'Financial risk management and financial instruments', 25 'Net debt', and 26 'Equity' include: the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Group has considerable financial resources, together with long-term contracts with a number of customers and suppliers across different countries. The Directors have also assessed the principal risks and the other matters discussed in connection with the Viability Statement on page 64. The Directors considered it appropriate to adopt the going concern basis of accounting in preparing the annual Financial Statements and have not identified any material uncertainties to the Group's ability to continue to do so over a period of at least 12 months from the date of approval of these financial statements.

By order of the Board

ANASTASSIS G. DAVID
CHAIRMAN OF THE BOARD
18 March 2020

Disclosure of information required under Listing Rule 9.8.4R

For the purposes of Listing Rule 9.8.4C, the information required to be disclosed by premium listed companies in the United Kingdom is as follows:

Listing Rule	Information to be included	Reference in report
9.8.4(1)	Interest capitalised by the Group and an indication of the amount and treatment of any associated tax relief	Not applicable
9.8.4(2)	Details of any unaudited financial information required by LR 9.2.18	Not applicable
9.8.4(4)	Details of any long-term incentive scheme described in LR 9.4.3	Not applicable
9.8.4(5)	Details of any arrangement under which a Director has waived any emoluments	Not applicable
9.8.4(6)	Details of any arrangement under which a Director has agreed to waive future emoluments	Not applicable
9.8.4(7)	Details of any allotments of shares by the Company for cash not previously authorised by shareholders	Not applicable
9.8.4(8)	Details of any allotments of shares for cash by a major subsidiary of the Company	Not applicable
9.8.4(9)	Details of the participation by the Company in any placing made by its parent company	Not applicable
9.8.4(10)	Details of any contracts of significance involving a Director	Not applicable
9.8.4(11)	Details of any contract for the provision of services to the Company by a controlling shareholder	Not applicable
9.8.4(12)	Details of any arrangement under which a shareholder has waived or agreed to waive any dividends	Not applicable
9.8.4(13)	Details of any arrangement under which a shareholder has agreed to waive future dividends	Not applicable
9.8.4(14)	Agreements with a controlling shareholder	Not applicable