Board of Directors

Unrivalled experience in our leadership team

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1. Anastassis G. David
Non-Executive Chairman

2. Robert Ryan Rudolph
Non-Executive Director

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

4. Reto Francioni
Senior Independent non-Executive Director

5. John P. Sechi
Independent non-Executive Director

6. Dimitris Lois
Chief Executive Officer

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

8. Ahmet C. Bozer
Non-Executive Director

9. Anastasios I. Leventis
Non-Executive Director

10. Alexandra Papalexopoulou
Independent non-Executive Director

11. Antonio D'Amato
Independent non-Executive Director

12. José Octavio Reyes
Non-Executive Director

13. Christo Leventis
Non-Executive Director

Board of Directors continued

Anastassis G. David

Non-Executive Chairman

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

External appointments: Mr. David is active in the international community and serves on the International Board of Advisors of Tufts University and on the Advisory Board of the Fares Center at Fletcher School. He serves as a member on the board of directors of Aegean Airlines S.A. and AXA Insurance S.A. Mr. David is a member of the Board of Trustees of College Year in Athens and is a member of the Executive Committee of the Cyprus Union of Shipowners.

Dimitris Lois

Chief Executive Officer

Appointment: Mr. Dimitris Lois was appointed Chief Operating Officer in 2009 and Chief Executive Officer in 2011.

Skills and experience: Mr. Dimitris Lois began his career in 1988 at Grecian Magnesite S.A., where he held various managerial positions including that of business development manager. He joined Frigoglass S.A.I.C. in 1997 and after serving in various international positions he was appointed managing director in August 2003. Mr. Lois joined the Group as Region Director in 2007. He holds an MS in Chemical Engineering from Northeastern University and a BS in Chemical Engineering from Illinois Institute of Technology.

External appointments: Mr. Lois is a member of the Board of the Swiss-American Chamber of Commerce and UNESDA.

Ahmet C. Bozer

Non-Executive Director

Appointment: Mr. Ahmet Bozer was appointed to the Board of Directors of Coca-Cola HBC on 21 June 2016.

Skills and experience: Mr. Bozer retired from the position of Executive Vice President of The Coca-Cola Company in March 2016. Mr Bozer started his professional career in 1985 at Coopers & Lybrand, CPA, based in Atlanta, serving in a variety of audit, consultancy and management roles and moved to The Coca-Cola Company in 1990 as Financial Controls Manager. Four years later, he assumed a leadership role at Coca-Cola Bottlers of Turkey (now Coca-Cola Icecek), becoming its Managing Director in 1998. He returned to The Coca-Cola Company in 2000 as Division President, Eurasia, and quickly progressed to the role of Division President, Eurasia and the Middle East. In 2007, he became Group President, Eurasia, assuming additional responsibility for the India and South West Asia Division, and was soon named Group President and Chief Operating Officer, Eurasia and Africa Group. As President of Coca-Cola International, he had responsibility for operations in more than 200 countries and territories. Mr. Bozer earned a Bachelor's degree in Management from the Middle East Technical University, Ankara, Turkey, and a Master's degree in Business Information Systems from Georgia State University.

External appointments: Mr. Bozer chairs several business councils in various countries, serves as a Board member for the Coca-Cola Foundation and The Coca-Cola Turkey Life Plus Foundation, is on the Board of Advisors for Robinson College of Business at Georgia State University, and is a former member of The Turkish Educational Volunteers Foundation.

Antonio D'Amato

N R

Independent non-Executive Director

Appointment: Mr. Antonio D'Amato was appointed to the Board of Directors of Coca-Cola HBC in 2002.

Skills and experience: Mr. Antonio D'Amato began his business career in 1979 with Cartoprint in Milan, part of the Seda International Packaging Group SpA (formerly the Finseda Group), a leading European company in the production of food packaging materials. He was employed in various capacities and became president of Seda International Packaging Group SpA in 1991. Mr. D'Amato was previously president and a member of the board of directors of Confindustria, the Confederation of Italian Industry. In August 2000, Mr. D'Amato was appointed vice-president of the Union of Industrial and Employers' Confederations of Europe (UNICE). From 2000 to 2012, Mr. D'Amato was also a member of the Italian National Council for Economy and Labour (CNEL).

External appointments: In July 2001, he became president of the LUISS University in Rome, a leading private Italian university.

Olusola (Sola) David-Borha

A

Independent non-Executive Director

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

Skills and experience: Mrs. David-Borha 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. Prior to this appointment, Mrs. David-Borha served as 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). Stanbic IBTC Holdings is a member of the Standard Bank group which, in 2007, acquired a leading investment bank in Nigeria, IBTC Chartered Bank plc, where Mrs. David-Borha worked as an Executive Director prior to the merger. Between 1984 and 1989, Mrs. David-Borha worked in the credit and marketing department of NAL Merchant Bank PLC. Mrs. David-Borha holds a first-class 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.

External appointments: Mrs. Olusola (Sola) David-Borha is the Chief Executive of Standard Bank's African business excluding South Africa. Mrs. David-Borha is an Honorary Fellow of the Chartered Institute of Bankers of Nigeria (CIBN), and serves as non-executive director on the Board of CR Services Credit Bureau plc and the University of Ibadan Business School, amongst others. She is also the Vice Chairman of the board of the Nigerian Economic Summit Group.

William W. (Bill) Douglas III

A

Independent non-Executive Director

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

Skills and experience: Mr. Bill Douglas is a former Vice President of Coca-Cola Enterprises, a position in which he served from July 2004 until his retirement in June 2016. Mr. Douglas 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. Mr. Douglas moved to Atlanta in 1994 as Executive Assistant to the President of The Coca-Cola Company's Greater Europe Group. In 1996, Mr. Douglas became Nordic Region Manager. In 1998, he was appointed Controller of Coca-Cola Beverages plc. From 2000 until 2004, Mr. Douglas 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, Mr. Douglas was the Executive Vice President, Supply Chain. Before joining the Coca-Cola System, Mr. Douglas 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.

External appointments: Mr. Douglas is a member of the Board of Directors and chairman of the Audit Committee of SiteOne Landscape Supply, Inc. He is also Vice Chairman of the University of Georgia Foundation.

Reto Francioni

R N

Senior Independent Non-Executive Director

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

Skills and experience: Mr. Francioni has been a 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 Mr. Francioni 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, Mr. Francioni 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 Mr. Francioni 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: Mr. Francioni serves as a member of the Board of Directors of UBS Group as well as the Chairman of the Supervisory Board of Swiss International Airlines.

Anastasios I. Leventis

SR

Non-Executive Director

Appointment: Mr. Anastasios Leventis first joined the Board of Directors of Coca-Cola HBC in 2014.

Skills and experience: Mr. Leventis 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: Mr. Anastasios Leventis serves as a Director of the Leventis Group, a diversified international business group, and as a Trustee of the Leventis Foundation. In addition, Mr. Leventis is a Director of Alpheus Group Limited, a private asset management company managing assets of private clients and charitable foundations. Mr. Leventis is Vice President of the Council of the University of Cyprus, a member of the Board of Overseers of the Gennadius Library in Athens and a member of the Board of the World Wildlife Fund in Greece.

Christo Leventis

Non-Executive Director

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

Skills and experience: Mr. Christo Leventis 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, Mr. Leventis 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. Mr. Leventis holds a BA in Classics from University College London and an MBA from the Kellogg School of Management in Chicago.

External appointments: In 2003, Mr. Leventis 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.

Alexandra Papalexopoulou

SR R N

Independent non-Executive Director

Appointment: Mrs. Papalexopoulou joined the Board of Directors of Coca-Cola HBC in 2015.

Skills and experience: Mrs. Papalexopoulou 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. Mrs. Papalexopoulou holds a Bachelor of Arts (BA) in Economics and Mathematics from Swarthmore College, USA, and a Master in Business Administration (MBA) from INSEAD, France.

External appointments: Ms. Papalexopoulou is the Strategic Planning Director at Titan Cement Company S.A., where she has been employed since 1992 and serves as executive director since 1995. Mrs. Papalexopoulou 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 ALBA College of Business Administration Association and a member of the board of trustees of the American College of Greece.

José Octavio Reyes

SR

Non-Executive Director

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

Skills and experience: Mr. José Octavio Reyes 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, Mr. Reyes was named President of the North Latin America Division of Coca-Cola in 2002. Prior to joining Coca-Cola, Mr. Reyes spent five years with Grupo IRSA, a Monsanto Company joint venture. Mr. Reyes 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: Mr. Reyes has been a member of the board of directors of MasterCard WorldWide since January 2008 and is a member of the board of directors of Papalote Children's Museum in Mexico City and Fundación UNAM. He is also a Director of Coca-Cola FEMSA S.A.B. de C.V. since 2016.

Robert Ryan Rudolph

Non-Executive Director

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

Skills and experience: From 1993 until 2006, Mr. Rudolph worked at the business law firm Lenz & Staehelin in Zurich. Prior to that, Mr. Rudolph 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. Mr. Rudolph obtained a Master's degree in Law from the University of Zurich and is admitted to the Zurich bar. Mr. Rudolph also studied at the Faculté des Lettres of the University of Geneva as well as the Ecole Polytechnique in Lausanne.

External appointments: Mr. Rudolph 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.

John P. Sechi

A

Independent non-Executive Director

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

Skills and experience: Mr. Sechi started his career as a financial analyst and audit manager. In 1985, he joined The Coca-Cola Company as an internal auditor. In 1987, Mr. Sechi 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, Mr. Sechi 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 FYROM), Albania and Italy. In 1998, he was promoted to President of the German Division, based in Düsseldorf. Mr. Sechi was Chairman of Globalpraxis, a commercial consulting firm, from 2001 to 2008. From 2007 until 2013, he was the 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. Mr. Sechi has a BA in Business Management from Ryerson University in Toronto and is a Chartered Accountant (Canada) and a Chartered Professional Accountant.

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

Board committees

Audit and Risk Committee page 80 A
Nomination Committee page 84 N
Social Responsibility Committee page 86 SR
Remuneration Committee page 88 R

Corporate Governance Report

Dear Shareholder,

On behalf of the Board, I am pleased to introduce our Corporate Governance report.

Good governance sits at the heart of our Company

We have a strong and effective governance system throughout the Group. Operating in widely differing countries, on three continents, in various economic and regulatory environments, we have long recognised that strong governance and effective leadership are of critical importance to the Group in order to achieve our strategic goals. Our commitment to best practices in corporate governance plays a key role in managing our risks and opportunities and maintaining the trust of our stakeholders. Recognising the value of effective corporate governance, we have regularly monitored and adopted best practices since the Group was formed.

The corporate governance regime applying to the Company, which is a Swiss corporation listed on the London Stock Exchange (LSE) with a secondary listing on the Athens Exchange, and our compliance with such rules for the year ended 31 December 2016, are described in detail in the section below entitled "Application of UK and Swiss Corporate Governance Codes and the UK City Code on Takeovers and Mergers".

Strategy and oversight

The Board's principal focus during the year continued to be on the execution of our strategic pillars – Community trust, Consumer relevance, Customer preference and Cost leadership – which are described in detail in the Strategic Report. We were also particularly focused on aligning strategically with The Coca-Cola Company in all of our markets and managing effectively the risks related to the external environment. These include risks associated with currency volatility, geopolitical instability and adverse macroeconomic conditions. Our governance framework is designed to ensure appropriate oversight and challenge.

The Board's meetings are split between strategy considering the longer-term vision and strategy of the Group and operational and financial updates in the markets where we operate to provide links and context for the strategic discussions as well as governance oversight. Meetings take place in Zug, Switzerland, but also in certain of our markets, in order for the Board to interact with local senior management and learn about their challenges and the way they are operating at a local level. In 2016 we chose to hold our June meeting in Russia, which represents one of our biggest markets.

Appointments and Board composition

During 2016, the Nomination Committee reviewed the composition of the Board to ensure it has the appropriate balance of skills, experience, independence and knowledge in order to discharge its duties and responsibilities effectively. As a result of this review, we appointed Mr. Ahmet C. Bozer, Mr. William W. (Bill) Douglas III, Mr. Reto Francioni and Mr. Robert Ryan Rudolph as new non-Executive Directors following the retirement from the Board of Mr. George A. David, Mr. Irial Finan, Sir Michael Llewellyn-Smith and Mr. Nigel Macdonald. Between them, Ahmet, Bill, Reto and Robert bring a wealth of relevant financial, legal, operational and industry-specific international experience to the Board. The Board has concluded that Bill and Reto are independent in character and judgement and that they meet the independence criteria of the UK Corporate Governance Code.

Board evaluation

In line with our commitment to adhere to best corporate governance practices, an external Board effectiveness evaluation was conducted in the second half of 2016. We will also run an internal evaluation in 2017 to build upon the learnings of the 2016 evaluation. Further details are set out in the Nomination Committee Report on page 84.

We will continue to keep the composition and size of the Board under review. We believe that our Board is well balanced and diverse, with the right mix of international skills, experience, independence and knowledge. Under Swiss law and our Articles of Association, the Company's Board of Directors is subject to re-election by our shareholders on an annual basis, with members being proposed by the Board's Nomination Committee, which, since June 2015, has been composed of independent Directors. 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 throughout the organisation.

Diversity

The Board is committed to recruiting Directors from different backgrounds with diverse skills, personalities and experience. We continue to make good progress in improving the diversity of the Company's senior management and have increased the number of women on our Operating Committee during 2016. We shall continue to attach importance to diversity of culture, gender and experience in our nomination processes, while at the same time seeking in candidates for Board and senior management positions the credentials that are necessary for the continuing growth of our operations within a highly competitive and specialised industry.

Further details of our approach to governance and our key achievements this year are described within our Corporate Governance Report below.

Anastassis G. David
Chairman of the Board

Board and committee attendance in 2016

The following table shows the membership of the Board committees and includes the Directors' attendance at Board and committee meetings during the period between 1 January and 31 December 2016.

		Board[1]		Audit and Risk[2]		Remuneration		Nomination		Social Responsibility	
Director	Independent	Attended	Total meetings	Attended	Total meetings	Attended	Total meetings	Attended	Total meetings	Attended	Total meetings
Anastassis G. David	No	6[3]	7								
Dimitris Lois	No	7	7								
Ahmet C. Bozer[4]	No	4	4								
George A. David[5]	No	2[6]	3							1	1
Olusola (Sola) David-Borha	Yes	7	7	8	8						
William W. (Bill) Douglas III[7]	Yes	4	4	5	5						
Irial Finan[8]	No	3	3								
Antonio D'Amato	Yes	5[9]	7			2	4	2	4		
Reto Francioni[10]	Yes	3	4			2	3	2	3		
Sir Michael Llewellyn-Smith[11]	Yes	3	3			1	1	1	1	1	1
Nigel Macdonald[12]	Yes	3	3	3	3						
Anastasios I. Leventis	No	7[14]	7							4	4
Christo Leventis	No	7[14]	7								
José Octavio Reyes	No	7	7							4	4
Alexandra Papalexopoulou	Yes	7	7			4	4	4	4	4	4
Robert Ryan Rudolph[13]	No	4	4								
John P. Sechi	Yes	7	7	8	8						

1. Includes 3 conference calls.
2. Includes 4 conference calls
3. Mr. Anastassis G. David did not attend 1 meeting discussing his appointment as Chairman.
4. Mr. Ahmet C. Bozer was appointed to the Board on 21 June 2016. He was eligible to attend 4 of the 7 meetings of the Board.
5. Mr. George A. David retired from the Board and the Social Responsibility Committee on 21 June 2016. He was eligible to attend 3 out of 7 meetings of the Board and 1 of the 4 meetings of the Social Responsibility Committee.
6. Mr. George A. David did not attend 1 meeting discussing his retirement and the appointment of Mr. Anastassis G. David as Chairman.
7. Mr. William W. (Bill) Douglas III was appointed to the Board and the Audit and Risk Committee on 21 June 2016. He was eligible to attend 4 of the 7 meetings of the Board and 5 of the 8 meetings of the Audit and Risk Committee.
8. Mr. Irial Finan retired from the Board on 21 June 2016. He was eligible to attend 3 of the 7 meetings of the Board.
9. Mr. Antonio D'Amato did not attend 1 of the Board, Remuneration, and Nomination Committees meetings due to the passing away of an immediate family member and 1 because of long-standing prior commitments.
10. Mr. Reto Francioni was appointed to the Board, the Remuneration Committee and the Nomination Committee on 21 June 2016. He was eligible to attend 4 of the 7 meetings of the Board, 3 of the 3 meetings of the Remuneration Committee and 3 of the 3 meetings of the Nomination Committee. He did not attend 1 of the Board, Remuneration and Nomination Committees meetings due to long-standing prior commitments
11. Sir Michael Llewellyn-Smith retired from the Board, the Remuneration Committee, the Nomination Committee and the Social Responsibility Committee on 21 June 2016. He was eligible to attend 3 meetings of the Board, the 1 meeting of the Remuneration Committee, the 1 meeting of the Nomination Committee and 1 meeting of the Social Responsibility Committee held prior to his retirement.
12. Mr. Nigel Macdonald retired from the Board and the Audit and Risk Committee on 21 June 2016. He was eligible to attend 3 meetings of the Board and 3 of the 8 meetings of the Audit and Risk Committee held prior to his retirement.
13. Mr. Robert Ryan Rudolph was appointed to the Board on 21 June 2016. He was eligible to attend 4 of the 7 meetings of the Board.
14. Messrs. Anastasios Leventis and Christo Leventis abstained from participating in the decision on the appointment of Mr. Anastassis G. David as Chairman.

Corporate Governance Report continued

General qualifications required of all Directors

Coca-Cola HBC's Board Recruitment Policy requires that each Director is recognised as a person of the highest integrity and standing, both personally and professionally, in senior business, academic or government circles. Each Director must have a proven record of success in his or her field and must be ready to devote the time necessary to fulfil his or her responsibilities to the Company according to the terms and conditions of their letter of appointment. In addition, each Director must demonstrate familiarity with and respect for good corporate governance practices, sustainability and responsible approaches to social issues. The Board should remain a diverse body with diversity reflecting gender, ethnic background, age, nationality and professional experience.

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	13
Our business is truly international with operations in 28 countries, with different stages of development, on three continents.	Broad international exposure and emerging and developing markets experience	13
Our business involves the manufacturing, 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	8
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	6
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

Summary of key Board activities for 2016 and priorities for 2016/17

2016 focused areas:

- Ongoing monitoring of the Group's key strategic priorities which include:
  - (a) people management;
  - (b) fuel sustainable growth;
  - (c) drive competitiveness; and
  - (d) lead sustainability.
- Further alignment and enhancement of strategic partnerships with The Coca-Cola Company
- Discussing the optimisation of the Group's supply chain and cost-efficiency routines
- Reviewing in detail the actuals and business outlook in Russia and Nigeria and challenging the management on currency devaluation contingency plans
- Reviewing performance of business against targets and key business indicators
- Implementing the external Board evaluation review and discussing recommendations
- Discussing succession planning for senior roles
- Reviewing and oversight on the Group's risk management programmes and controls

2017 objectives:

- Continued oversight of regulatory and compliance risk
- Monitoring the implementation of the Group's integrated supply chain infrastructure optimisation
- Aligning with The Coca-Cola Company in the implementation of the key strategic priorities of the Group
- Overseeing strategy in order to achieve the Group's 2020 growth objectives
- Continued focus on leadership and development of talent

Operation of the Board

Board governance of the Company

The governance process of the Board is set out in our Articles of Association and the Organisational Regulations. These regulations define the role of the Board and its committees, their respective responsibilities and authority, their processes and their relationship with management. The Articles and the Organisational Regulations can be found at http://coca-colahellenic.com/en/about-us/corporate-governance/corporate-governance-overview/.

Role of the Board

Our Board has ultimate responsibility for our long-term success and for delivering sustainable shareholder value. There is a clear division of responsibilities between the running of the Board and the executive responsibility for the running of our business.

Key tasks of the Board include:

- providing entrepreneurial leadership within the Company's control and risk management framework;
- determining the long-term business strategy and objectives of the Group and monitoring the implementation of the strategy and the achievement of those objectives;
- reviewing and approving the annual business plan;
- setting appropriate risk parameters and monitoring to ensure that effective risk management and internal control processes are in place;
- assessing the principal risks to the Company's business model, future performance, solvency and liquidity;
- assessing the longer-term viability of the Company;
- reviewing and approving periodic financial reports;
- performing Board and senior management succession planning;
- setting the Company's values and standards and ensuring that its obligations to shareholders are understood and met;
- monitoring the Group's compliance programmes to ensure effective corporate governance; and
- supervising management.

In addition, the Swiss Ordinance against Excessive Compensation in Listed Companies imposes certain obligations on the Board, including a requirement to prepare a remuneration report pursuant to Swiss law. The remuneration report must be made available for inspection, together with the Swiss business report and audit report, no later than 20 days prior to the ordinary shareholders' meeting at the offices of the Company. Any shareholder may request a copy of these reports when available.

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.

Membership of the Board and Board Committees

On 31 December 2016, our Board comprised 13 Directors: the Chairman, one Executive Director, one Senior Independent Director and 10 non-Executive Directors. The biographies of the Chairman, the Senior Independent Director, the chairmen 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 62-63. Mr. George A. David stepped down as Chairman of the Board on 27 January 2016 and retired as a Director with effect from the Annual General Meeting on 21 June 2016. In view of his exceptional contribution to the Board and his many years of dedication to the Group, Mr. George A. David was named Chairman Emeritus of the Company with effect from 24 June 2016.

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 ensuring that all Directors are properly informed and consulted on all relevant matters. 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, Mr. Dimitris Lois, is responsible for the day-to-day management and performance of the Company and for the implementation of the strategy approved by the Board.

The Operating Committee, described on page 76, supports Mr. Lois in his role.

The non-Executive Directors, of whom six 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.

Corporate Governance Report continued

Governance framework

Board of Directors

Audit and Risk Committee

Responsibility

- 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 auditors 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;
- monitoring and reviewing the external auditors' 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 the Athens Stock Exchange and applicable professional standards;
- providing advice to the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess our position and performance; and
- monitoring the quality, fairness and integrity of the financial statements of the Group and reviewing significant financial reporting issues and judgements contained in them.

Remuneration Committee

Responsibility

reviewing and approving:

- the rewards for the executives of the Group (except for the Chief Executive Officer)
- company-wide remuneration and benefit plans;
- all non-cash obligations greater than €15,000 which are reportable by employees as income (except personal use of company cars, group life or health benefits);
- general policies governing the early termination of the executives of the Group; and
- the implementation or modification of employee coverage for any benefit plan resulting in an increased annual cost of €5 million or more.

Nomination Committee

Responsibility

- reviewing the size and composition of the Board;
- identifying 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 is necessary to deliver on our strategy. The Committee will also oversee an externally facilitated self-assessment process.
- 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
- ensuring that each committee of the Board is carrying out a self-assessment of its performance and reporting its conclusions and recommendations for change to the Board.

Social Responsibility Committee

Responsibility

- 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 ensure 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.

Operating Committee

The Operating Committee, led by the Chief Executive Officer, meets 12 times each year and is responsible for:

- the day-to-day executive management of the Group and its businesses, including all matters not reserved for or delegated to the Board or other bodies;
- the development of the 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 approving 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 roles and responsibilities

The roles and responsibilities of our Chairman, Chief Executive Officer, Senior Independent Director and Company Secretary are set out in detail in our Organisational Regulations which can be found at http://coca-colahellenic.com/en/about-us/corporate-governance/corporate-governance-overview/. Their key responsibilities are as follows:

Chairman

- leads the Board, presides over its meetings and ensures its effectiveness;
- sets the agenda for Board meetings, ensures that adequate time is available for discussion and makes sure that Board members get timely, accurate and clear information;
- promotes a culture of openness and debate;
- ensures the highest standards of corporate governance;
- is the main point of contact between the Board and management;
- co-ordinates the work of the Board committees with committee chairs; and
- ensures effective communication with shareholders and stakeholders.

Chief Executive Officer

- leads the development and execution of our long-term strategy with a clear view to creating shareholder value;
- is responsible for day-to-day management and implementation of the Board's direction and policies;
- acts as a liaison between the Board and management and communicates with the Board on behalf of management; and
- communicates on behalf of the Group with shareholders, employees, government authorities, other stakeholders and the public.

Senior Independent Director

- acts as a sounding board for the Chairman;
- 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.

Company Secretary

- ensures good information flows within the Board and its committees;
- facilitates induction and assists with the Board's professional development requirements;
- assists the Board and the Chairman to co-ordinate and fulfil their duties and assignments; and
- advises the Board on governance matters.

Non-Executive Directors

The main responsibilities of the non-Executive Directors are set out in the UK Corporate Governance Code and include:

- scrutinising the performance of management in meeting agreed goals and objectives;
- challenging constructively and helping develop the Group's strategy;
- ensuring the integrity of financial information;
- ensuring that executive remuneration is at appropriate levels; and
- overseeing succession planning, including the appointment of Executive Directors.

The appointment of the non-Executive Directors is for the period from the date of their election until the next Annual General Meeting. The non-Executive Directors are required to stand for re-election on an annual basis. Upon appointment, non-Executive Directors confirm they are able to allocate sufficient time to meet the requirements of the role.

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 ask our Chairman's permission to do so (and the Chairman must consult the chairman of the Nomination Committee). The Chairman 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 62-63.

Our Chairman holds positions on the Boards of Aegean Airlines S.A. and AXA Insurance S.A. He is a member of the International Board of Advisors at Tufts University and the Advisory Board of the Fares Center at Tufts University's Fletcher School of Law and Diplomacy. He is a member of the Board of Trustees of College Year in Athens and is a member of the Executive Committee of the Cyprus Union of Shipowners.

Our Chief Executive Officer is a member of the Board of the Swiss-American Chamber of Commerce and UNESDA.

Having considered the scope of the external appointments of the Directors referred to above, our Board is satisfied that they do not compromise the effectiveness of the Board in particular because less than four of the positions held by the Chairman are considered to be significant by the Board.

Corporate Governance Report continued

Independence

Our Board has concluded that Sir Michael Llewellyn-Smith (Senior Independent Director) and Mr. Nigel Macdonald, who both retired from the Board on 21 June 2016, were independent in accordance with the criteria set out in the UK Corporate Governance Code. Likewise, Mr. Antonio D'Amato and Mr. John P. Sechi are deemed to be independent, as are Mr. William W. (Bill) Douglas III and Mr. Reto Francioni, who were both appointed to the Board on 21 June 2016.

Mr. Antonio D'Amato has served on the Board for more than nine years from the date of his first election. The Board has specifically considered whether his length of service has compromised his independence and has concluded that there are no relationships or circumstances which are likely to affect, or could appear to affect, his judgement, and that the independence of character and judgement of Mr. Antonio D'Amato is not affected or impaired by his length of service. Moreover, the Board has considered the performance of Mr. Antonio D'Amato and concluded that he brings unique skills, experience and knowledge to the Board and its committees. The Board is therefore satisfied with the performance and continued independence of Mr. Antonio D'Amato and considers it important that our business continues to benefit from his experience and knowledge.

The other non-Executive Directors, Mr. Anastassis G. David (Chairman), Mr. Anastasios I. Leventis, Mr. Christo Leventis, Mr. José Octavio Reyes, Mr. Ahmet C. Bozer and Mr. Robert 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 to be independent as defined by the UK Corporate Governance Code.

Mr. Anastassis G. David was appointed as Chairman on 27 January 2016. Mr. Anastassis David was not considered independent at the time of his appointment as recommended by the UK Corporate Governance Code. The Board has followed a thorough process for the appointment which was overseen by the Nomination Committee in 2015 and involved a broad consultation with shareholders. The Board specifically considered the question of Mr. Anastassis David's independence. Notwithstanding that Mr. Anastassis David was originally nominated to the Board by Kar-Tess Holding, the Board is satisfied that Mr. Anastassis David's appointment will promote continuity, balance and effective leadership. The Board also firmly believes that Mr. 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 shareholder interests, and his deep knowledge and experience of the Coca-Cola System, will ensure an effective and appropriately balanced leadership of the Board and the Company.

Shareholders' nominees

As described in the section entitled 'Major shareholders' on page 210, 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 are 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 general meetings of the shareholders, Kar-Tess Holding or The Coca-Cola Company may also be in a position to control other matters requiring supermajority shareholder approval.

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

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 the respective 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.

2016 Externally facilitated Board evaluation

In 2016, we engaged Lintstock to undertake an evaluation of the performance of the Board of Directors. Lintstock is an advisory firm that specialises in Board performance reviews and has no other significant connection with the Group.

2016 Evaluation – process and areas of review

Process

The first stage of the review involved Lintstock engaging with the Corporate Secretariat to set the context for the evaluation, and to tailor survey content to the specific circumstances of Coca-Cola HBC AG. All Board members were then requested to complete an online survey addressing the performance of the Board, its committees, and the Chairman. The anonymity of the respondents was ensured throughout the process in order to promote an open and frank exchange of views.

Lintstock subsequently produced a report addressing the following areas of Board performance:

- The appropriateness of the Board's composition was assessed, as was the adequacy of the succession plans for the members of the Board.
- The Board's understanding of the views of key stakeholders and the markets in which the Company operates was considered, and the extent to which the experience of Board members is drawn upon was reviewed.
- The relationships between Board members and management, and the atmosphere in meetings, were assessed, as was the quality of the Board packs and management presentations.
- The Board's annual cycle of work and agenda were reviewed, and the balance of time between strategic and operational issues was considered. Respondents identified areas upon which they feel the Board should spend more or less time over the next year.
- The oversight of strategy and its implementation was considered, and the Board members' views as to the top strategic issues facing the Company were identified.
- The Board's focus on risk and culture was also assessed, in addition to the adequacy of succession plans for members of top management. The level of exposure the Board has to management in various settings was considered.
- The performance of the committees of the Board was also reviewed, as was the performance of the Chairman and that of individual Board members and recommendations were included.

2016 Evaluation – Recommendations

As a result of the review, among other things the Board agreed to continue to devote more time to discussions on strategic issues, and to focus more closely on the succession plans in place for top management while continuing to focus on the performance of the business.

Corporate Governance Report continued

Board effectiveness

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 the senior management, as well as the external auditors and internal audit team.

The Board has in place an induction programme for new Directors, which was followed this past year by Mr. Ahmet C. Bozer, Mr. William W. (Bill) Douglas III, Mr. Reto Francioni and Mr. Ryan Rudolph. They met individually with the Chairman, Mr. Anastassis David, Operating Committee members, and other senior executives and received orientation training from the relevant senior executives in relation to the Group and corporate governance practices. The induction programme also includes meetings with representatives of our sales force and customers, and visits to our production plants. All new Directors were appropriately briefed on strategy, financials, operations, risks and procedures in order to achieve the necessary insight into our activities.

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 elects the Company Secretary, who acts as secretary to the Board.

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. The independent Directors meet separately on a regular basis 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.

Succession planning

Our Board has in place plans to ensure the progressive renewal of the Board and appropriate succession planning.

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. Accordingly, 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 general meeting.

During 2016, Mr. George A. David, Mr. Irial Finan, Sir Michael Llewellyn-Smith and Mr. Nigel Macdonald resigned as Directors with effect from 21 June 2016. Mr. Ahmet C. Bozer, Mr. William W. (Bill) Douglas III, Mr. Reto Francioni and Mr. Robert Ryan Rudolph were appointed to the Board with effect from the same date. On 21 June 2016, Sir Michael Llewellyn-Smith resigned as member of the Nomination Committee, Remuneration Committee and the Social Responsibility Committee and Mr. Nigel Macdonald resigned from the Audit and Risk Committee.

On 21 June 2016, Mr. William W. (Bill) Douglas III was appointed a member of the Audit and Risk Committee and Mr. Reto Francioni was appointed a member of the Remuneration Committee and the Nomination Committee. The Board considers Mr. Ahmet C. Bozer, Mr. William W. (Bill) Douglas III, Mr. Reto Francioni and Mr. Ryan Rudolph to be valuable additions to the Board.

There were no other changes to Board or committee membership during 2016.

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 criteria including the overall balance of skills, experience, independence and knowledge of the Board member, as well as diversity considerations including gender. See the Nomination Committee report on page 84 for further information on the role and work of the Nomination Committee. Through this process, the Board is satisfied that the Board and its committees have the appropriate balance of experience, diversity, independence and knowledge of the Company to enable them to discharge their duties and responsibilities effectively.

Key investor relations activities in 2016

February
- Investor roadshow in London and Edinburgh
- Fixed income investor roadshow: London, Amsterdam, Paris and Frankfurt

March
- The Consumer Analyst Group of Europe Conference, London

April
- Investor roadshow in New York, Boston, San Francisco and Chicago

May
- J.P. Morgan Global Consumer and Retail Conference, London
- Greek Institutional Day, Athens

June
- Coca-Cola HBC Investor Day, London
- Deutsche Bank – db Access Global Consumer Conference, Paris
- Annual general shareholders' meeting, Zug

September
- Barclays Global Consumer Staples Conference, Boston
- Bank of America Merrill Lynch Global Consumer & Retail Conference, London

November
- Investor roadshow in London
- Investor roadshow in Dublin
- Citi Global Consumer Seminar, London

December
- Investor roadshow in New York
- Investor roadshow in Toronto
- Credit Suisse, 6th Annual European Business Services & Consumer Conference, San Francisco

Corporate Governance Report continued

Shareholder engagement

The Chairman, the Senior Independent Director and the Chairmen of the Audit and Risk, Remuneration and Nomination Committees 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 its investor relations team, the Company and Board maintain a dialogue with institutional investors and financial analysts on operational financial performance and strategic direction items. As evident in the table above on page 73, to reflect our commitment to our strong shareholder base, members of our management and the investor relations team held numerous meetings with investors and shareholders during 2016, and in particular held an Investor Day in London in June 2016. The feedback from shareholders has been regularly considered by the Board and appropriate action to further engage with shareholders was decided.

Application of UK and Swiss corporate governance codes and the UK City Code on Takeovers and Mergers

UK Corporate Governance Code

Our aim is to ensure the highest level of corporate governance, accountability and risk management. Our internal policies and procedures, which have been consistently effective, are properly documented and communicated against the framework applicable to premium listed companies in the UK.

The UK Corporate Governance Code sets out the principles of good practice in relation to board leadership and effectiveness, remuneration, accountability and relationships with shareholders. As a premium listed company, we are required to comply with the provisions of the UK Corporate Governance Code or explain any instances of non-compliance to shareholders.

Our Board believes that, except as set out in the paragraphs below, the Company is in compliance with the provisions of the UK Corporate Governance Code and complied with such provisions throughout 2016. Pursuant to our obligations under the Listing Rules, we intend to continually comply with the provisions of the UK Corporate Governance Code or to explain any instances of non-compliance in our Annual Report.

The UK Corporate Governance Code is available online at https://www.frc.org.uk/Our-Work/Publications/Corporate-Governance/UK-Corporate-Governance-Code-April-2016.pdf.

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

As of now, the Remuneration Committee does not have sole authority to determine the compensation of the Chief Executive Officer and the Chairman as recommended by the UK Corporate Governance Code. Rather, the terms of the compensation of the Chief Executive Officer are determined by the Board upon the recommendation of the Remuneration Committee. The Company has taken the view that requiring the Board as a whole to determine compensation (excluding the participation of the CEO whose compensation is the subject of determination) allows full and rigorous analysis and debate, involving a wider number of Directors, setting a high standard of corporate governance. However, as explained in the Remuneration Report, we have considered this position in the light of best practice in the UK, and propose to bring to the 2017 Annual Shareholders' Meeting a proposal that the Remuneration Committee be authorised to decide the CEO's pay. The Remuneration Committee operates under the charter for the Committees of the Board of the Company set forthin Annex C to the organisational regulations of the Company which specifies the authority of such committee in relation to determining the compensation of the Chief Executive Officer and the Chairman; these are available on the Group's website at: http://coca-colahellenic.com/en/about-us/corporate-governance/corporate-governance-overview/

The Swiss Ordinance against Excessive Compensation in Listed Companies, which has been, subject to certain transitional rules, in effect since 1 January 2014, further limits the authority of the Remuneration Committee and the Board to determine compensation.

The effective limitations include requiring that the general meeting of shareholders 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/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.

Mr. Anastassis G. David, who succeeded Mr. George A. David as Chairman at the recommendation of the Board, 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 Mr. Anastassis G. 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 succeed Mr. George A. David, 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.

Other corporate governance codes

As part of our commitment to best practices in corporate governance, we have implemented a number of measures to enhance internal controls and risk management. 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 elsewhere in the EU.

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 articles 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.

Corporate Governance Report continued

Operating Committee

The Operating Committee represents the executive leadership of the Company.

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7 3

1. Dimitris Lois
Chief Executive Officer

2. Michalis Imellos
Chief Financial Officer

3. Naya Kalogeraki
Group Chief Customer and Commercial Officer

4. Alain Brouhard
Business Solutions and Systems Director

5. Keith Sanders
Region Director: Armenia, Belarus, Estonia, Latvia, Lithuania, Poland, Russian Federation, Ukraine and Moldova

6. Sotiris Yannopoulos
Region Director: Austria, Czech Republic, Hungary, Slovakia, Italy and Switzerland

7. Zoran Bogdanovic
Region Director: Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, FYROM, Greece, Northern Ireland and Republic of Ireland, Nigeria, Romania and Serbia (including the Republic of Kosovo), Slovenia, and Montenegro

8. Marcel Martin
Group Supply Chain Director

9. Jan Gustavsson
General Counsel, Company Secretary and Director of Strategic Development

10. Sanda Parezanovic
Group Human Resources Director

1. Dimitris Lois,
(56) Chief Executive Officer

Mr. Lois is the Group's Chief Executive Officer and Chairman of the Operating Committee. Mr. Lois' biography appears on page 62.

2. Michalis Imellos,
(48) Chief Financial Officer

Senior management tenure: Appointed April 2012 (4 years)

Previous Group roles: Region finance director responsible for Nigeria, Romania, Moldova, Bulgaria, Greece, Cyprus, Serbia and Montenegro; General manager, Romania and Moldova.

Outside interests: No external appointments

Previous relevant experience: Mr. Imellos 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

3. Naya Kalogeraki,
(47) Group Chief Customer and Commercial Officer

Senior management tenure: Appointed July 2016 (less than 1 year)

Previous Group roles: Director of Strategy, CEO office

Outside interests: No external appointments

Previous relevant experience: Mrs. Kalogeraki joined the Company in 1998 from The Coca-Cola Company where she held a number of marketing positions up to Marketing Manager. From 1998, 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, Mrs. Kalogeraki was appointed to the role of General Manager, Greece and Cyprus.

Nationality: Greek

4. Alain Brouhard,
(54) Business Solutions and Systems Director

Senior management tenure: Appointed June 2010 (6 years)

Previous Group roles: Region director responsible for Nigeria, Romania, Moldova, Bulgaria, Serbia and Montenegro (2010 to 2013), and Water and Juice business director.

Outside interests: No external appointments

Previous relevant experience: Mr. Brouhard began his career with Procter & Gamble, where he worked in four different countries and in a variety of commercial and management roles leading up to global customer team leader in 2000, when he oversaw the global account management of Delhaize and the European management of new channels, including discounters (such as Aldi, Lidl and Dia) and convenience retailing (such as petrol stations). From 2002 to 2010, Mr. Brouhard held positions at Adidas including managing director, Italy and Southeast Europe, from 2007 until he joined the Group in 2010. Prior to that, he was vice-president for commercial operations, EMEA, from 2002 to 2005, and, from 2005, took the role of managing director, Iberia, based in Spain, with responsibility for Spain and Portugal.

Nationality: French

5. Keith Sanders,
(56) Region Director: Armenia, Belarus, Estonia, Latvia, Lithuania, Poland, Russian Federation, Ukraine and Moldova

Senior management tenure: Appointed August 2009 (7 years)

Previous Group roles: General manager of the Company's operations in Russia (2004).

Outside interests: No external appointments

Previous relevant experience: Prior to joining the Group, Mr. Sanders spent 11 years within the Coca-Cola System. He started his career with The Coca-Cola Company in a regional marketing role within the Gulf Region. In 1993, he was appointed human resources and training manager for the Gulf Region. In 1994, he assumed his first bottling general manager role in Bahrain, and then moved through a series of larger country general management roles until 2001, when he was appointed director for bottling operations in the Eurasia & Middle East Division with responsibility for Saudi Arabia, Pakistan, UAE, Oman, Bahrain and Qatar. Prior to joining the Coca-Cola System, Mr. Sanders spent six years with Procter & Gamble in the United States in a variety of sales and marketing roles.

Nationality: American

Corporate Governance Report continued

6. Sotiris Yannopoulos,

(49) Region Director: Austria, Czech Republic, Hungary, Slovakia, Italy and Switzerland

Senior management tenure: Appointed July 2014 (2 years)

Previous Group roles: Mr. Yannopoulos was general manager in Serbia and Montenegro from 2009 to 2012 and country general manager in Italy from 2012 to 2014.

Outside interests: No external appointments

Previous relevant experience: Prior to joining the Group, Mr. Yannopoulos spent 12 years working at PepsiCo in various roles. He also spent five years with Star Foods, where he was the East Balkans BU manager, and seven years with Tasty Foods in Greece, where his roles included: business development director, marketing and trade marketing director, marketing manager and group brand manager. He started his career as an assistant product manager (USA/South Africa) with Colgate-Palmolive.

Nationality: Greek

7. Zoran Bogdanovic,

(45) Region Director: Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, FYROM, Greece, Northern Ireland and Republic of Ireland, Nigeria, Romania, Serbia (including the Republic of Kosovo), Slovenia, and Montenegro

Senior management tenure: Appointed June 2013 (3 years)

Previous Group roles: Mr. Bogdanovic's previous roles include: member of the Finance team of Coca-Cola HBC Croatia from 1996 to 1998; CFO and then general manager of the Croatian operations from 1998 to 2004; Country general manager of Coca-Cola HBC Croatia from 2004 to 2008; Country general manager for Coca-Cola HBC Switzerland from 2008 to 2011; and Country general manager for Coca-Cola HBC Greece from 2011 to 2013.

Outside interests: No external appointments

Previous relevant experience: Mr. Bogdanovic started his career as an auditor with Arthur Andersen before joining Coca-Cola HBC Croatia in 1996.

Nationality: Croatian

8. Marcel Martin,

(58) Group Supply Chain Director

Senior management tenure: Appointed January 2015 (2 years)

Previous Group roles: Mr. Martin joined the Group in 1993, holding positions with increasing responsibility in the supply chain and commercial functions. Since 1995, Mr. Martin 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. Mr. Martin became General Manager of our Irish operations in 2010 and is now our Group Supply Chain Director.

Outside interests: No external appointments

Nationality: Romanian

9. Jan Gustavsson,

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

Senior management tenure: Appointed August 2001 (16 years)

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

Outside interests: No external appointments

Previous relevant experience: Mr. Gustavsson started his career in 1993 with the law firm of 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 Mr. Gustavsson was Senior Associate in White & Case's New York office, practicing securities law and M&A.

Nationality: Swedish

10. Sanda Parezanovic,

(52) Group Human Resources Director

Senior management tenure: Appointed June 2015 (1 year)

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

Outside interests: No external appointments

Previous relevant experience: Ms. Parezanovic started in 1989 as market researcher and later strategic planner working for various local research and marketing agencies in SFR Yugoslavia. Ms Parezanovic 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 FYROM 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

Operating Committee

Key activities and decisions in 2016

Long-term direction-setting

- Defining Group strategic priorities and performance parameters
- Reviewing and adjusting the Group's revenue growth management framework
- Establishing the Group's sustainability priorities and commitments for the next five-year period

Business planning

- Evaluating and updating the Group's long-range business plan
- Reviewing and approving annual business plans for 2017 for all operations and central functions
- Approving Group and country talent, capabilities development and succession plans

Risk, safety, business resilience

- Evaluating the Group's business resilience strategies
- Reviewing the Group's health and safety policies and material incidents

Business case reviews and approvals

- Strategic transformation of the supply chain, human resources, commercial and business solutions and systems departments
- Optimisation of the Group's logistics and manufacturing infrastructure
- Development of the shared services organisation and its expansion to Nigeria and Russia

Policy formulation, reviews

- Commercial policy
- Human rights policy

Priority projects

- Revenue growth management
- Route-to-market
- Renewing category growth
- Engagement

Corporate Governance Report continued

Audit and Risk Committee Report

Dear Shareholder

The Audit and Risk Committee focused its work during 2016 on enhancing and strengthening the Group's existing financial controls and risk management and compliance systems, which the Board recognises as essential components of effective corporate governance.

A significant amount of time was invested in streamlining and centralising the Group's audit function. This process required an ongoing dialogue with the external auditors for the Group to make decisions regarding the scope of use for new technologies and the best role for the internal audit function in finalising the audit of the Group.

During 2016, the Audit and Risk Committee also worked closely with the internal audit department in implementing the new internal control framework, launching a new 'observation database' and developing a new Code of Business Conduct e-learning tool, and reviewing the Group's audit plan for 2017-2019. It also closely monitored the work of the business resilience function, headed by the Group Chief Risk Officer, which is described more fully on pages 16-21.

The Audit and Risk Committee Report describes in more detail the work and the achievements of the Audit and Risk Committee during 2016 and we are proud to report that the Committee addressed the challenges the business faced during the year and ensured that we have a well-defined framework for financial controls and risk management that meets best practice standards.

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 of and elements of the Audit and Risk Committee's role are set out on page 68.

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

The Audit and Risk Committee comprises three independent non-Executive Directors, Mr. Bill Douglas (chairman), Mrs. Olusola (Sola) David-Borha and Mr. John P. Sechi, who were appointed by the Board for a one-year term on 21 June 2016. Mr. Nigel Macdonald resigned as a member of the Board, and member and chairman of the Audit and Risk Committee on 21 June 2016.

The Board considers that Messrs. Bill Douglas and John Sechi possess recent and relevant financial experience as outlined in the UK Corporate Governance Code. As described on page 62, Mr. Bill Douglas was formerly Executive Vice President and Chief Financial Officer, and Executive Vice President, Supply Chain of Coca-Cola Enterprises, and Mr. Sechi has held various audit and financial positions.

The Chief Financial Officer, as well as the General Counsel, external auditors, the Director of Internal Audit, and the Group Chief Accountant normally attend all meetings of the Audit and Risk Committee. Other officers and employees are invited to attend meetings when appropriate. The Director of Internal Audit, and, separately, the external auditors, 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 times during 2016 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 consideration of:

- the annual financial statements and the annual financial report for the year ended 31 December 2015 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 financial statements and interim results announcement for the six-month period ending 1 July 2016, prior to their submission to the Board for approval;
- the trading updates for the three-month period ended 1 April 2016 and the nine-month period ended 30 September 2016;
- areas of significance in the preparation of the financial statements, including:
  - 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 (detailed in Notes 5 and 28 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; and
  - reports from the external auditors on the annual and interim financial statements, approval of the external audit plan and pre-approval of audit fees for 2016;
- the internal control environment, principal risks and risk management systems and the Group's statement on the effectiveness of its internal controls prior to endorsement by the Board;
- review and approval of the internal audit plan, quarterly reports on the results of internal audit work and an internal and external independent quality assessment of the internal audit function in accordance with the Institute of Internal Auditors Attribute Standard 1312, including the following:
  - reassessment of overall financial risk management of the Group's operations and review of internal financial control procedures;
  - review of regulatory changes and developments and impact on risk management processes;
  - review and approval of changes to the corporate audit department, including training and development programmes;
- 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;
- the geopolitical developments in Greece, Russia, Ukraine and Nigeria, and their implications for the Group's operations;
- regular reports on quality assurance, health and safety, environmental protection, asset protection, treasury and financial risks, security and security enterprise risk management processes; and
- the results of the Audit and Risk Committee self-assessment process.

External auditors

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 stand-alone financial statements. Signing partner for the statutory financial statements on behalf of PwC AG is Mike Foley who has held such role for the first time with respect to the year ended 31 December 2016.

The Board of Directors 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 2016. Signing partner for the financial statements on behalf of PwC S.A. is Marios Psaltis who has held such role for four years.

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 Internal Audit, to discuss 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.

Corporate Governance Report continued

Non-audit services by the external auditors

The Audit and Risk Committee considers the independence, in both fact and appearance, of the external auditors as critical and has long had an auditor independence policy providing definitions of the services that the external auditors may and may not provide. The policy requires the Audit and Risk Committee's pre-approval of all audit and permissible non-audit services provided by the external auditors. 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 2016 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 €4.5 million for the year ended 31 December 2016, compared to approximately €5.0 million for the year ended 31 December 2015. The total fees for 2016 include fees associated with the annual audit and reviews 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 2016 were €0.4 million compared to €0.5 million for the year ended 31 December 2015.

Tax fees

Fees for tax services to PWC and affiliates for the year ended 31 December 2016 were €0.1 million compared to €0.1 million for the year ended 31 December 2015.

All other fees

Fees for non-audit services paid to PwC or affiliates for the year ended 31 December 2016 were €0.1 million, representing 2% of the total amount of audit fees paid to PwC and affiliates for the year ended 31 December 2016. There were no fees for non-audit services to PwC or affiliates for the year ended 31 December 2015.

Risk management

During 2016, the Company continued to revise and strengthen its approach to risk management as described in detail on page 17. 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 Region Directors and the Chief Risk Officer. The Company's Group Risk Forum reviews 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 material risks and 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.

Internal control

The Board has ultimate responsibility for ensuring that the Company has adequate systems of financial control. Systems of financial 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.

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.

The Board and its committees 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 by the Audit and Risk Committee, which then reports back to the Board on its work and findings as described above. The Board confirms that it has concluded that our risk management and internal control systems are effective.

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 confirm to the Board the effective operation of our internal control framework. For this purpose, the Director of Internal 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 prepares audit reports and recommendations following each audit and appropriate measures are then taken to ensure that all recommendations are implemented. Status reports on our management's implementation of internal audit recommendations are provided to the Audit and Risk Committee on a quarterly basis. Significant issues, if any, are raised at once. There were no such issues in 2016. The Chief Executive Officer, the Chief Financial Officer, the General Counsel, the Group Chief Accountant and the region and country managers have access to the implementation status of the recommendations at all times.

Whistleblowing measures

We operate a hotline to 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 that may affect our accounts. All such allegations, complaints or concerns may be communicated in a variety of ways and on an anonymous basis, to our Director of Internal Audit. Communications received by the Director of Internal Audit, or directly through the hotline, are kept confidential. The Director of Internal Audit liaises regularly with the General Counsel and communicates all significant allegations to the Chairman of the Audit and Risk Committee.

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 Chief Financial Officer, the General Counsel, the Director of Investor Relations and the Group Chief Accountant.

Performance reporting

Reports on our annual performance and prospects are presented in the Annual Report following approval by the Audit and Risk Committee. We also prepare a half-yearly financial report on our performance during the first six months of the financial year. In 2015, the Group discontinued the practice of quarterly reporting. In line with UK practice, we have adopted half-year and full-year reports, and Q1 and Q3 trading updates effective from Q1 2015. Internally, our financial results and key performance indicators are circulated and 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.

Corporate Governance Report continued

Nomination Committee Report

Dear Shareholder

Due to the retirement of two independent non-Executive Directors and two non-Executive Directors during 2016, the work of the Nomination Committee focused on the composition of the Board and the important task of succession planning. To fill these vacancies, the Committee oversaw the process of identifying and recommending to the Board four new Board members, including two who are deemed to be independent. The Committee reviewed various management changes that took place in the Company during 2016 before the appointments were made. We also oversaw the performance evaluation of the Board and its committees.

In 2017, the Committee will continue to review the balance of skills, experience and diversity of the Board and will also focus on the talent development, employee engagement and gender diversity initiatives necessary to ensure that the Group has the people and skills necessary to deliver on its strategy. The Committee will also oversee an internally facilitated self-assessment process.

Mr. Reto Francioni
Committee Chair

Role and responsibilities

The function of the Nomination Committee is to support the Board in fulfilling its duty to conduct a Board self-assessment, to establish and maintain a process for appointing new Board members and to manage, in consultation with the Chairman, the succession of the Chief Executive Officer. 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 http://coca-colahellenic.com/en/about-us/corporate-governance/corporate-governance-overview/.

Key elements of the Nomination Committee's role are set out on page 68.

Members	Membership status
Mr. Reto Francioni (Chairman)	Member since 2016, Chairman since 2016
Mr. Antonio D'Amato	Member since 2013
Mrs. Alexandra Papalexopoulou	Member since 2015

The members of the Nomination Committee are Mr. Reto Francioni, Mr. Antonio D'Amato and Mrs. Alexandra Papalexopoulou, who were appointed by the Board on 21 June 2016. All members of the Nomination Committee are independent non-Executive Directors and the Nomination Committee is chaired by Mr. Reto Francioni.

Work and activities

The Nomination Committee met four times during 2016 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 2016, the General Counsel also met with the Nomination Committee on several occasions. During 2016, 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 and experience;
- agreeing the process for the recruitment and nomination of new Board members;
- review of the talent management framework;
- compilation of a list of potential candidates to fill roles on the Board;
- recommendation to the Board of proposed candidates for appointment to the Board;
- the performance evaluation and annual assessments of the committees and the Board;
- review of the Director induction process and training programmes; and
- review of the Group's diversity policy.

Performance evaluation of the Board

The Nomination Committee also led the external assessment of the Board's performance during the year. The key areas included in the external assessment were Board structure and diversity, timeliness and quality of information, Board discussions, committees and their operation, succession planning, risk appetite and risk management, and remuneration and performance. The scores were high in most areas and the results of the evaluation were presented at the December 2016 Board meeting. The Nomination Committee brought to the Board for discussion certain areas such as succession planning of senior management roles and more focus on discussion of strategic issues, where it was felt improvements could be made.

Diversity

All Board appointments are made based on merit, against objective criteria established by the Nomination Committee and approved by the Board, and with due regard to the benefits of diversity on the Board, including gender diversity, as well as expertise in the field of social and environmental topics. The Group is deeply committed to policies promoting diversity, equal opportunity and talent development at every level throughout the Group. The Group is constantly seeking to attract and recruit highly qualified candidates for all positions in its business, regardless of gender, nationality, ethnicity or religious belief. The Group offers training opportunities to all employees depending on their individual needs and development requirements in order to improve their skills, and encourages all employees to gain relevant experience and knowledge applicable to their position and role.

As at 31 December 2016, 15% of the Board, 30% of the executive leaders, 39% of senior leaders and 33% of all managers were women. 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, including gender diversity.

Corporate Governance Report continued

Social Responsibility Committee Report

Dear Shareholder

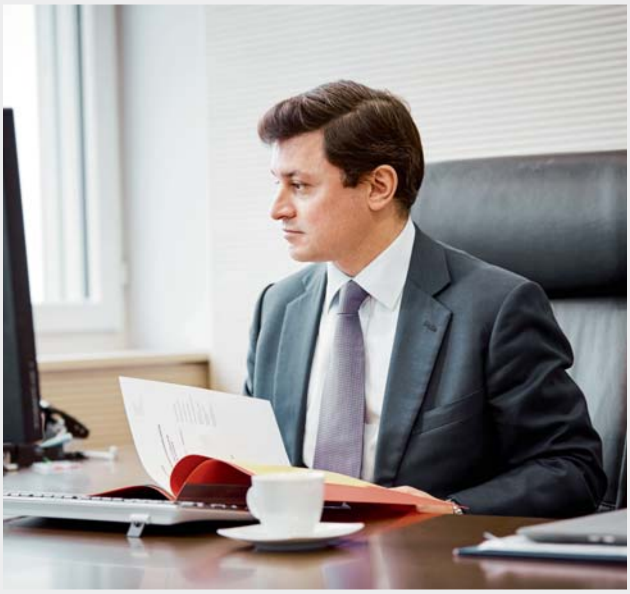
During 2016, the Committee focused on the introduction of the Group's new wave of 2020 sustainability commitments, which you can find on page 5.

These commitments are material to almost every aspect of our business and are part of our overall strategy that has made Coca-Cola HBC a leader in sustainability among beverage companies, reflecting our determination to grow our business responsibly, profitably and sustainably.

The Committee also oversaw the Group's efforts to standardise sustainability reporting at local level in order to ensure a more efficient and uniform approach to sustainability across our operations. At the same time, it continued monitoring regulatory developments in the area of sustainability, with an emphasis on the circular economy.

We were particularly proud that Coca-Cola HBC became the first beverage company to be named industry leader on both the World and Europe Dow Jones Sustainability Indices for the third consecutive year.

The Committee will continue to advance sustainability topics and ensure that these are clearly linked to our business priorities in order to create value for all stakeholders over time.



Mr. 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 http://coca-colahellenic.com/en/about-us/corporate-governance/corporate-governance-overview/.

The responsibilities of and key elements of the Social Responsibility Committee's role are set out on page 68.

Members	Membership status
Mr. Anastasios I. Leventis	Member since 2016, Chairman since 2016
Mrs. Alexandra Papalexopoulou	Member since 2016
Mr. José Octavio Reyes	Member since 2014

Work and activities

The Social Responsibility Committee met four times during 2016 and discharged its responsibilities as defined under Annex C of the Company's Organisational Regulations. In addition to the members of the Social Responsibility Committee, the Director of Public Affairs and Communication attends all meetings of the Committee and the Chief Executive Officer regularly attends.

During 2016 the Social Responsibility Committee reviewed and provided guidance and insights to advance the Group's sustainability strategies in the following areas:

- Ways to expand the scope and breadth of the Group's sustainability commitments, particularly in the areas of: use of clean and renewable energy, consumption of water, carbon emissions, packaging light-weighting and recovery for recycling, sustainable sourcing, level of community investment and employee volunteering during work hours. We provided recommendations for incorporating these in our business planning and investment decision-making processes.
- Assessment of the Group's progress regarding the level of disclosure and reporting across all three dimensions of sustainability (economic, environmental and social), with particular focus on the Dow Jones Sustainability Indices and GRI G4 comprehensive level reporting requirements;
- Further discussions during the year focused on specific operational sustainability key performance indicators (KPIs), with particular emphasis on product quality and integrity and employee well-being and safety.

Notably, the Social Responsibility Committee reviewed, and endorsed, the process for the annual assessment of material issues, which combined input from both business leaders and internal stakeholders, in accordance with the framework of the International Integrated Reporting Council (IIRC), the GRI G4 guidelines for comprehensive reporting, and the guidance of the Sustainability Accounting Standards Board for the beverage industry.

Directors' Remuneration Report

Letter from the Chair of the Remuneration Committee

Dear Shareholder

As the new Chair of the Remuneration Committee elected in June 2016, I am pleased to introduce my first Directors' Remuneration Report for the year ended 31 December 2016. I would like to take this opportunity to thank Sir Michael Llewelyn-Smith on behalf of the Board for his work as Chair of the Committee up until June 2016 and his valuable assistance during our handover period.

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.

This year, we have reworked the format of the Remuneration Report in an effort to make our remuneration policy and Annual Report on Remuneration as clear, understandable and informative as possible. As always, I welcome your feedback if there is anything we can do to make the report even clearer.

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 is linked to business strategy and drives sustainable performance.

2016 performance outcomes

We are delighted with our performance and sustained progress in 2016 and we continue to be developing in line with our 2020 strategic plan. Volume increased by 0.1%, net sales grew by 3.0% on an FX-neutral basis, while comparable EBIT grew by 9.5%. Our cost controls and drive to improve efficiency continue to improve our profitability and this is reflected in our operating expenditure ratio (operating expense as a % of NSR excluding direct marketing expenses) which decreased to 25.8% from 27.1% in 2015. Our decisions in relation to remuneration have been made in light of this solid 2016 Company performance.

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

Volume (m unit cases) **2,058** 2015: 2,055	Net sales revenue (€m) **6,219** 2015: 6,346
FX-neutral NSR generated per case (€) **3.02** 2015: 2.94	Operating expense as % of NSR (excl. DME) **25.8%** 2015: 27.1%
Comparable EBIT (€m) **518** 2015: 473	Free cash flow (€m) **431** 2015: 412
ROIC **10.3%** 2015: 8.8%	Comparable EPS (€) **0.972** 2015: 0.864

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

Applying the remuneration policy for Directors in 2016

In accordance with our remuneration policy, the base salary of the Chief Executive Officer is reviewed annually after the financial results of the year are available. We took into account the positive results of 2015, the growth in volume and comparable operating net profit, the increase in free cash flow and, growth in comparable EPS; also the improved engagement results, which were one of the Chief Executive Officer's objectives for the year, and the fact that Coca-Cola HBC once more was adjudged beverage industry leader in the Dow Jones Sustainability Indices for Europe and the world. In the light of these results, we decided to recommend increasing the Chief Executive Officer's annual base salary by 3.5% effective 1 May 2016.The Remuneration Committee considered business and individual performance criteria when recommending the increase.

Our sustained business performance in 2016 has resulted in a payout of 71.2% of base salary under the MIP for the Chief Executive Officer, equivalent to an award of approx. 55% of the maximum MIP opportunity. This reflects solid Company performance, with volume and net sales revenue results between threshold and target levels and comparable EBIT and operating expenses ratio between target and maximum levels. We remained beverage industry leaders on Dow Jones Sustainability Index for the third year in a row, increased engagement results, increased EBIT and grew transactions ahead of volume.

We have committed to disclosing retrospectively the MIP targets, and you will find the 2016 performance targets and outcomes reported on page 101 of the Annual Report on Remuneration.

In March 2016 the Chief Executive Officer received a second grant under the PSP, which replaced the Employee Stock Option Plan (ESOP) in 2015. The award represented 330% of his base salary at the date of grant. These shares are subject to a three-year performance period, aligned to the Company's financial year, with performance measured to the end of the financial year 2018, and vesting being anticipated in March 2019.

Changes in 2016

The following are some of the key highlights that the Remuneration Committee focused on during 2016:

- reviewing and approving the cash Long-Term Incentive Plan (LTIP) (a plan for managers below top executive level);
- reviewing existing and new pension arrangements in the Group;
- revising the ESPP administration process; and
- reviewing and recommending changes to the governance around the approval of Director pay decisions.

The Remuneration Committee re-considered the Group's remuneration policy in 2016, as is the case every year. We continue to believe the policy is fair and transparent and supports the alignment of management with our business strategy and shareholders' interests.

No changes to the remuneration policy were therefore proposed.

We have however decided to make certain changes in the Remuneration Committee's process of making decisions in relation to the Chief Executive Officer's remuneration. By delegation from the Board, the Remuneration Committee will decide on the Chief Executive Officer's remuneration, reporting these decisions to the Board. This process we believe will conform to best practice in the UK. We also propose that in future the Chief Executive Officer and the Chairman of the Board will decide the fees for non-Executive Directors. This change will be proposed for approval by our shareholders at the 2017 Annual General Meeting. You will find further details about how we have applied the remuneration policy this year in the Annual Report on Remuneration section on page 99.

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 business 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 2016 Annual General Meeting and trust we shall have your support again in 2017.

Alexandra Papalexopoulou
Chair of the Remuneration Committee

The role of the Remuneration Committee

The main tasks of our Remuneration Committee are to establish the remuneration strategy for the Group and to approve compensation packages for Directors and other select senior management. 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: http://coca-colahellenic.com/en/about-us/corporate-governance/corporate-governance-overview/.

Members	Membership status
Mrs. Alexandra Papalexopoulou (Chair)	Member since 2015 Chair since June 2016
Mr. Antonio D'Amato	Member since 2013
Mr. Reto Francioni	Appointed June 2016

In accordance with the UK Corporate Governance Code, the Remuneration Committee consists of three independent non-Executive Directors: Mrs. Alexandra Papalexopoulou (Chair), Mr. Antonio D'Amato and Mr. Reto Francioni, who were each elected by the shareholders for a one-year term on 21 June 2016. The Remuneration Committee met four times in 2016: March, June, September and December. Please refer to the "Board and committee attendance in 2016" section of the Corporate Governance report on page 65 for details on the Remuneration Committee meetings.

Directors' Remuneration Report continued

Remuneration throughout the organisation – a snapshot

Reward strategy and objective

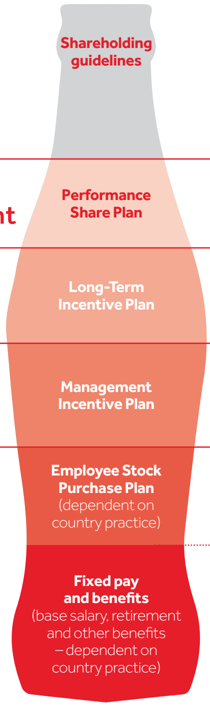
The objective of the Group's remuneration philosophy is to attract, retain and motivate employees and incentivise desirable behaviour, ensuring that employees are fairly rewarded and that their individual contributions are directly linked to the success of the Company.

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 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.

How we implement this

The chart below illustrates the different remuneration arrangements that apply to different employee groups in order to put our reward strategy into practice.



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 200% 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 and Operating Committee and selected senior management	Performance Share Plan	Performance share awards span over three years. PSP awards are cascaded down to top 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 span 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 Stock Purchase Plan (dependent on country practice)	The ESPP 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.

At-a-glance – the remuneration arrangements for the Chief Executive Officer

The table below summarises the remuneration arrangements in place for our Chief Executive Officer. See page 100 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 current base salary of the Chief Executive Officer is €909,000. 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 18% of annual base salary.
Other benefits	Other benefits include 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 salary or MIP payments in shares. The Company matches employee contributions on a one-to-one basis up to 3% of 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. 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) measured over a three-year period. Awards are subject to potential application of malus and clawback provisions.

* Under the Single figure table, ESPP is included in cash and non-cash benefits. Please refer to page 100.

Directors' Remuneration Report continued

Remuneration Policy

Introduction

In 2016 we have endeavoured to provide more clarity around our remuneration policy for Executive and non-Executive Directors. As such, we present an improved visual presentation of the remuneration policy which was put forward to shareholders on a voluntary basis and approved at the 2016 Annual General Meeting. This version does not reflect any policy changes but is intended to provide a clear presentation of our continuing approach. 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

Fixed

Base salary	Retirement benefits
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 CEO's performance, skills and responsibilities; – economic conditions and performance trends; – experience of the CEO; – 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. **Maximum opportunity** One of the relevant factors in determining the salary of the Chief Executive Officer is the increase awarded to other employees. The salary increase of the Chief Executive Officer may exceed the average salary increase to reflect 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.	**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. There is no obligation for employee contributions. 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. **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 18% of base salary. **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, a 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 this payment.

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 Stock 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 salary and/or MIP payout to purchase the 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 salary and /or MIP payout. Matching shares vest after one year from the purchase.

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.

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 shares vest after one year.

Performance metrics

The value is directly affected by the share price performance. It is not affected by other performance criteria.

Directors' Remuneration Report continued

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 stretched individual and business targets linked to our key strategies.

Operation

Annual cash bonus awarded under the MIP are subject to business and individual performance and are 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.

Stretched 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 are 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 95.

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 volume, revenue, profit, cash and operating efficiencies.

Details related to the key performance indicators and individual objectives can be found in the Annual Report on Remuneration on page 101.

Deferral of MIP

After careful consideration of the Chief Executive Officer's pay mix, the Board decided that since long-term incentives make up a proportion of remuneration and share ownership requirements were introduced in December 2015, the Chief Executive Officer's remuneration was appropriately aligned with the interests of the shareholders and therefore would not introduce MIP deferral. However this point will be kept under consideration.

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 conditions and continued service. Grants take place annually, normally every March.

Performance conditions and the associated targets are reviewed and determined prior to the start 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 will be paid on vested shares where the performance conditions 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 95.

Maximum opportunity

Normal awards have a face value up to 330% of base salary. In exceptional circumstances only, the Board 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 conditions based on two equally-weighted measures:

- Comparable earnings per share 'Comparable EPS'; and
- the percentage of net operating profit after tax divided by the capital employed (ROIC). Capital employed is calculated as the average of net borrowings and shareholders' equity through the year.

Following the end of the three-year period, the Remuneration Committee will determine the extent to which performance conditions 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 measures, achieving threshold performance results in vesting of 25% of the award and maximum performance results in vesting of 100% of the award.

Performance share awards will lapse if the Remuneration Committee determines that the performance criteria have not been met. If, at the end of the vesting period, the performance conditions have been satisfied, participants become entitled to receive shares or a cash equivalent.

Holding period

The Board has judged that the Chief Executive Officer's remuneration is appropriately aligned with long-term shareholders' interests through the length of the vesting period and the use of minimum shareholding guidelines. No additional holding period will be introduced; however, this point will be kept under consideration.

Adjustments

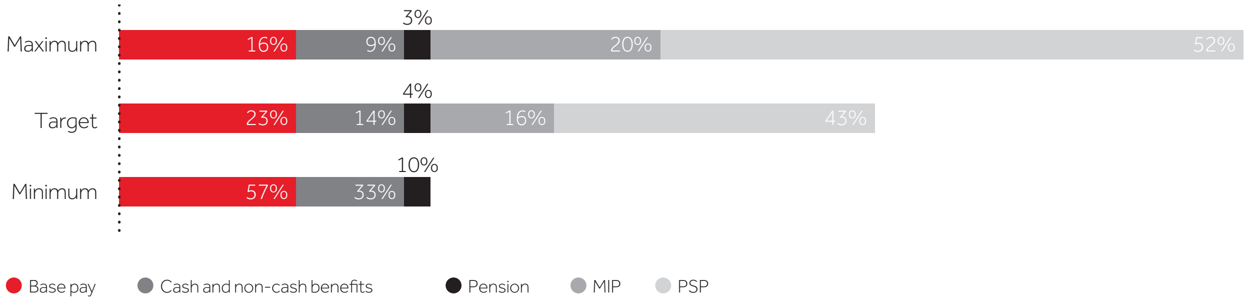
In the event of an equity restructuring, the Remuneration Committee may make an equitable adjustment to the terms of the performance share award by adjusting the number and kind of shares which have been granted or may be granted and/or making provision for payment of cash in respect of any outstanding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

Change in 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 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.

Additional notes to the remuneration policy table

Chief Executive Officer's remuneration policy illustration



Minimum

Reflects fixed remuneration only, i.e. base salary, pension and other benefits (actual benefits figure for 2016).

Target

Reflects fixed remuneration, an MIP payout of 70% of base salary and PSP vesting at 181.5% of base salary.

Maximum

Reflects fixed remuneration, an MIP payout of 130% of base salary and PSP vesting at 330% of base salary.

	Component	Minimum (€ 000's)	Target (€ 000's)	Maximum (€ 000's)
Fixed	Base salary[1]	909	909	909
	Pension	164	164	164
	Cash and non-cash benefits[2]	529	549	565
Variable	MIP	–	636	1,182
	PSP	–	1,650	3,000
Total		**1,602**	**3,908**	**5,820**

1. Represents the annual base salary after the increase which was applied in 1 May 2016.
2. ESPP employer contributions may vary depending on the MIP payout and if the Chief Executive Officer decides to contribute a portion.

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 Board does not intend to award under the ESOP going forward, there are still outstanding share 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 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.

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 vesting 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 200% of annual base salary. Members of the Operating Committee are required to hold 100% of annual base salary. The required shareholdings are to be achieved within a five-year period starting from the date of the first PSP grant (10 December 2015) or later based on the date of the appointment.

Policy on recruitment/appointment

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 exceptional rates of salary increase in the short

Directors' Remuneration Report continued

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-share 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 a 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 case of share exchange, the Board will 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.

Termination payments

The Swiss Ordinance against Excessive Compensation in Listed Companies limits the authority of the Board to determine compensation. Limitations include the prohibition on 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 2016. 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 below.

Pay element	Good leaver (retirement at 58 or later / at least 10 years continued service)	Good leaver (redundancy, injury, disability)	Bad leaver (resignation, dismissal)	Death in service
Base salary and other benefits	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 shares held in the ESPP will vest upon termination		Unvested shares under the ESPP are forfeited	Available plan shares will be transferred to heirs
MIP	A pro-rated payout as of the date of retirement will be applied	A pro-rated payout as of the date of leaving will be applied	In the event of resignation or dismissal, as per Swiss Law, Chief Executive Officer is entitled to a pro-rated MIP payout.	A pro-rated payout will be applied and will be paid immediately to heirs based on the latest rolling estimate
PSP / ESOP	Unvested performance shares and options are retained and will continue to vest as normal subject to performance conditions as set out in the award agreement.	All unvested options and performance shares 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. Any options which vest are exercisable within 12 months from the date of termination.	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.	All unvested options and performance share awards immediately vest subject to time and performance pro-ration. Any options which vest are exercisable within 12 months from the date of termination.

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 which 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 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

Mr. Dimitris Lois, the Chief Executive Officer, has an employment contract with the Company effective 1 January 2016 that outlines a six-month notice period. As noted in the termination payments, 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 with an employee of at least 50 years of age comes to an end 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	21 June 2016	One year
Dimitris Lois	Chief Executive Officer	4 July 2011	21 June 2016	Indefinite, terminable on six months' notice
Ahmet C. Bozer[1]	Non-Executive Director	21 June 2016	21 June 2016	One year
George A. David[2]	Non-Executive Director	2 January 1981	–	–
Olusola (Sola) David-Borha	Non-Executive Director	24 June 2015	21 June 2016	One year
William W. (Bill) Douglas III[3]	Non-Executive Director	21 June 2016	21 June 2016	One year
Irial Finan[4]	Non-Executive Director	23 October 1997	–	-
Antonio D'Amato	Non-Executive Director	1 January 2002	21 June 2016	One year
Reto Francioni[5]	Senior Independent non-Executive Director	21 June 2016	21 June 2016	One year
Sir Michael Llewellyn-Smith[6]	Senior Independent non-Executive Director	6 September 2000	–	–
Nigel Macdonald[7]	Non-Executive Director	17 June 2005	–	–
Anastasios I. Leventis	Non-Executive Director	25 June 2014	21 June 2016	One year
Christo Leventis	Non-Executive Director	25 June 2014	21 June 2016	One year
José Octavio Reyes	Non-Executive Director	25 June 2014	21 June 2016	One year
Alexandra Papalexopoulou	Non-Executive Director	24 June 2015	21 June 2016	One year
Robert Ryan Rudolph[8]	Non-Executive Director	21 June 2016	21 June 2016	One year
John P. Sechi	Non-Executive Director	25 June 2014	21 June 2016	One year

1. Mr. Ahmet C. Bozer was appointed to the Board on 21 June 2016.
2. Mr. George A. David retired from the Board and the Social Responsibility Committee on 21 June 2016.
3. Mr. William W. (Bill) Douglas III was appointed to the Board and the Audit and Risk Committee on 21 June 2016.
4. Mr. Irial Finan retired from the Board on 21 June 2016.
5. Mr. Reto Francioni was appointed to the Board, the Remuneration Committee and the Nomination Committee on 21 June 2016.
6. Sir Michael Llewellyn-Smith retired from the Board, the Remuneration Committee, the Nomination Committee and the Social Responsibility Committee on 21 June 2016.
7. Mr. Nigel Macdonald retired from the Board and the Audit and Risk Committee on 21 June 2016.
8. Mr. Robert Ryan Rudolph was appointed to the Board on 21 June 2016.

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.

Directors' Remuneration Report continued

Non-Executive Directors' policy and fees

Compensation for non-Executive Directors is consistent with market practice and sufficient 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. 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 positionings as the Company, other Swiss companies with similar market caps and/or revenues, and other relevant European listed companies.

The Group's compensation of non-Executive Directors includes an annual fixed fee plus additional fees for serving on any Board committees. The Company does not compensate new non-Executive Directors for any forfeited share awards in previous employment. Non-Executive Directors do not receive any form of variable compensation, nor any other 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.

Non-Executive Directors appointed during the remuneration policy period receive the same basic fee and, as appropriate, committee fee or fees as existing non-Executive Directors.

Non-Executive Director fees for 2016

In line with the Directors' remuneration policy, fee levels for non-Executive Directors include an annual fixed fee plus additional fees for membership of Board committees when applicable. As stated in last year's Remuneration Report, non-Executive Director fees have increased. These fees came into effect following the 2016 Annual General Meeting in June and are summarised below.

Non-Executive Chairman's fee	–
Non-Executive Vice-Chairman's fee	–
Base non-Executive Director's fee	€70,000
Senior Independent Director's fee	€15,000

	Audit and Risk	Remuneration	Nomination	Social Responsibility
Committee chairman fee (additional)	€27,500	€11,000	€11,000	€11,000
Committee member fee (additional)	€13,800	€5,500	€5,500	€5,500

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 reward package for the wider employee population takes into account local market practice and is intended to attract and retain the right talent, be competitive, remunerate employees for their contribution and link to the Group's performance.

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;
- 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
- Ensuring that Board members, the Chief Executive Officer and Operating Committee members play no part in determining their own remuneration. The Chairman 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.

Annual Report on Remuneration

Introduction

This section of the Report provides detail on how we have implemented our remuneration policy in 2016, which was approved at our 2016 Annual General Meeting. Aligned to the UK remuneration reporting regulations, this section is subject to an advisory shareholder vote at our 2017 Annual General Meeting.

Activities of the Remuneration Committee during 2016

During 2016, the key Remuneration Committee activities were to:

– review and sign off the 2015 Directors' Remuneration Report;
– review and recommend the 2016 base salary for the Chief Executive Officer;
– review and approve 2016 base salaries for Operating Committee members and general managers;
– recommend the 2015 MIP payout for the Chief Executive Officer;
– review and approve payout levels for the 2015 MIP in relation to Operating Committee members and general managers;
– set and approve 2016 PSP targets;
– review award levels for 2016 PSP awards;
– review of non-Executive Director fees;
– review and approve the redesign of the cash LTIP plan (a plan for managers below top executive level);
– revise the ESPP administration process;
– review pension plans of the Group; and
– review the governance around the approval of Executive Director pay decisions.

Non-Executive Directors' remuneration for the year ended 31 December 2016

	Base fee (€)	Audit and Risk Committee (€)	Remuneration Committee (€)	Nomination Committee (€)	Social Responsibility Committee (€)	Senior Independent Director (€)	Total (€) 2016	Total (€) 2015
George A. David[1]	–	–	–	–	–	–	**–**	–
Anastassis G. David	67,500	–	–	–	–	–	**67,500**	67,500
Christo Leventis[2]	35,000	–	–	–	–	–	**35,000**	–
Anastasios I. Leventis[3]	35,000	–	–	–	5,500	–	**40,500**	–
Irial Finan[4]	32,500	–	–	–	–	–	**32,500**	65,000
Antonio D'Amato	67,500	–	5,250	5,250	–	–	**78,000**	75,000
Sir Michael Llewellyn-Smith[5]	32,500	–	5,000	5,000	–	5,000	**47,500**	95,000
Nigel Macdonald[6]	32,500	12,500	–	–	–	–	**45,000**	90,000
José Octavio Reyes[7]	67,500	–	–	–	5,250	–	**72,750**	72,500
John P. Sechi	67,500	13,150	–	–	–	–	**80,650**	77,500
Alexandra Papalexopoulou[8]	67,500	–	8,000	5,250	2,750	–	**83,500**	37,500
Olusola (Sola) David-Borha[9]	67,500	13,150	–	–	–	–	**80,650**	38,750
Ahmet C. Bozer[10]	35,000	–	–	–	–	–	**35,000**	–
William W. (Bill) Douglas III[11]	35,000	13,750	–	–	–	–	**48,750**	–
Reto Francioni[12]	35,000	–	2,750	5,500	–	7,500	**50,750**	–
Robert Ryan Rudolph[13]	35,000	–	–	–	–	–	**35,000**	–

Non-Executive Director fees were revised in 2016 and the updated fees as presented on page 98 came into effect after the AGM in June 2016.

1. Mr. George A. David retired from the Board and the Social Responsibility Committee on 21 June 2016. For the first half of 2016, Mr. George A. David waived any fee in respect of his membership on the Board of Directors and any Board Committee.
2. For Mr. Christo Leventis, on top of the base fee of €35,000, the Group paid €2,753 in social security contributions as required by Swiss legislation. The Group has applied half year period base fee. For the first half of 2016, Mr. Christo Leventis waived any fee in respect of his membership on the Board of Directors and any Board Committee.
3. For Mr. Anastasios I. Leventis, the Group has applied a half year period base fee of €35,000 and €5,500 for the Social Responsibility Committee Chairmanship. For the first half of 2016, Mr. Anastasios I. Leventis waived any fee in respect of his membership on the Board of Directors and any Board Committee.
4. Mr. Irial Finan retired from the Board on 21 June 2016. The Group has applied a half year period base fee of €32,500.
5. Sir Michael Llewellyn-Smith retired from the Board, the Remuneration Committee, the Nomination Committee and the Social Responsibility Committee on 21 June 2016. The Group has applied a half year period fee of €5,000 for the Nomination Committee Chairmanship, €5,000 for the Remuneration Committee Chairmanship, €5,000 for Senior Independent membership fee and €32,500 base fee. For the first half of 2016, Sir Michael Llewellyn-Smith waived his membership fee on the Social Responsibility Committee.

Directors' Remuneration Report continued

6. Mr. Nigel Macdonald retired from the Board and the Audit and Risk Committee Chairmanship on 21 June 2016. The Group has applied a half year period fee of €12,500 for the Audit and Risk Committee and €32,500 base fee.
7. For Mr. José Octavio Reyes, on top of the base and Social Responsibility Committee membership fees of €72,750, the Group paid €5,722 in social security contributions as required by Swiss legislation.
8. For Mrs. Alexandra Papalexopoulou on top of the full year base fee of €67,500 and €5,250 for Nomination Committee membership, the Group has applied a half-year period fee of €2,750 for the Social Responsibility Committee, half-year period membership fee of €2,500 as member of the Remuneration Committee and half-year period fee of €5,500 as Chair of the Remuneration Committee.
9. For Mrs. David-Borha, on top of the base and Audit Committee membership fees of €80,650, the Group paid €6,344 in social security contributions as required by Swiss legislation.
10. Mr. Ahmet C. Bozer was appointed to the Board on 21 June 2016. The Group has applied a half year period base fee of €35,000.
11. Mr. William W. (Bill) Douglas III was appointed to the Board and the Audit and Risk Committee on 21 June 2016. The Group has applied a half year period base fee of €35,000 and €13,750 for the Audit and Risk Committee.
12. Mr. Reto Francioni was appointed to the Board, the Remuneration Committee and the Nomination Committee on 21 June 2016. For Mr. Reto Francioni, on top of the fees of €50,750, the Group paid €3,992 in social security contributions as required by Swiss legislation. The Group has applied a half year period base fee of €35,000, €5,500 for the Nomination Committee, €2,750 for the Remuneration Committee and €7,500 for Senior Independent membership fee.
13. Mr. Robert Ryan Rudolph was appointed to the Board on 21 June 2016. For Mr. Robert Ryan Rudolph, on top of the base half year fees of €35,000, the Group paid €2,753 in social security contributions as required by Swiss legislation.

Non-Executive Directors do not participate in any of the Group's incentive plans, nor do they receive any retirement or other taxable benefits.

Advisers to the 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 2016 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 and relevant to the market, and Willis Towers Watson does not have any other connection with the Group. The total cost in connection with this work was €45,400. Willis Towers Watson are members of the Remuneration Consultants Group and provide advice in line with its Code of Business Conduct.

Single figure table

Single total figure of remuneration for the Chief Executive Officer for the year ended 31 December 2016

	Base pay[1] € 000's		Cash and non-cash benefits[2] € 000's		Annual bonus[3] € 000's		Long-term incentives[4] € 000's		Retirement benefits € 000's		Total single figure € 000's	
Dimitris Lois	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
Chief Executive Officer	**899**	830	**555**	1,044	**647**	857	**665**	139	**157**	143	**2,923**	3,012

1. "Base pay" includes the monthly instalments linked with the base salary for 2016. A salary increase was applied to the base salary effective from 1 May.
2. Under Cash and non-cash benefits we include the value of all benefits. These are outlined in the Cash and non-cash benefits section below.
3. Annual bonus for 2016 includes the MIP payout, receivable early in 2017 for the 2016 performance year.
4. Long-term incentives reflects share options that vested to the Chief Executive Officer in 2016. The value above reflects the number of share options multiplied by the market price at vesting minus the exercise price at grant. Performances shares were awarded for the first time in 2015 and are not due to vest until 2019.

Fixed pay for 2016

Base salary

During the year, the Remuneration Committee recommended and the Board approved a salary increase for the Chief Executive Officer of 3.5%, resulting in a base salary of €909,000, effective 1 May 2016. When approving this increase, the Committee took into consideration base salary increases across the organisation, and alignment and competitiveness versus peers in the FTSE. The salary increase rate for the Swiss-based employees is 1.7%.

Retirement benefits

The Chief Executive Officer received a retirement benefit of 18% of base salary during 2016, which is aligned to the retirement benefit provided under Swiss law and based on the age brackets defined by federal Swiss legislation.

Cash and non-cash benefits

During 2016, the Chief Executive Officer received additional benefits including: cost of living and foreign exchange rate adjustment (€310,532), private medical insurance (€19,176), Company car allowance (€22,287), housing allowance (€123,408), trip allowance (€8,856), tax assistance and filing support (€12,646), Company matching contribution related to the ESPP (€52,684 – reflecting the maximum match of 3% under the plan), tax equalisation (€ -151,530), and the value of social security contributions (€156,837). The decrease in tax equalisation in comparison to the prior year is driven by changes in effective tax rates. Cost of living and exchange rate adjustment (€310,532) have increased compared to prior year, driven by the macroeconomic conditions in Switzerland. The Company matching contribution related to ESPP has increased versus prior years, driven by the increased 2015 MIP payout award received in March 2016.

Variable pay for 2016

MIP performance outcomes – 2016

The Chief Executive Officer received a cash bonus reflecting financial and individual performance achieved during the 2016 financial performance year. The financial metrics, the associated targets and level of achievement are set out below.

	Threshold 0%	Target 15%	Maximum 30%	Actual	Payout (% of base salary)
Volume (m unit cases) 25%	1,868	2,075	2,179	2,058	13.8%
NSR (€m) 25%	5,733	6,370	6,688	6,219	11.4%
Comparable EBIT (€m) 25%	461	512	553	518	17.0%
OpEx % of NSR 25%	28.6	26.0	25.3	25.8	19.6%
Total Working Capital Days Qualifier to Volume performance measure	7.79	7.08	5.66	-1.14	Achieved
Total financial performance measures payout					61.8%

As outlined in the table above, 2016 financial performance was measured equally against volume (million unit cases), net sales revenue (NSR €m), comparable EBIT (€m) and operating expense ratio (% of NSR) targets, with a total working capital day performance underpin for the volume performance measure.

Above-target performance for comparable EBIT and operating expense ratio and just-below-target performance for volume and NSR results in a payout of 61.8% of base salary to the Chief Executive Officer, representing 51.5% of maximum opportunity for the business performance measures.

At the beginning of 2016, the Remuneration Committee set individual performance objectives for the Chief Executive Officer. These objectives were based on improving EBIT margin versus prior year, growing volume in established, developing and emerging countries, growing transactions ahead of volume, sustaining employee engagement levels and maintaining beverage industry leadership in relation to Corporate Social Responsibility.

During the year, the CEO achieved four out of the five strategic objectives noted above. Comparable EBIT margin improved by 80 basis points compared to a target of 20 basis points (8.3% in 2016 compared to 7.5% in 2015); Volume grew in the Developing and Emerging segments but not in the Established segment; Transactions grew faster than volume; Employee engagement survey results showed that levels were maintained compared to independently provided norms for high performing companies; The Company maintained World and European beverage industry leadership on the Dow Jones Sustainability Indices. On the basis of this individual performance, the Committee decided that there should be a payout of 9.4% of base salary for the Chief Executive Officer, equivalent to 94% of maximum opportunity for the individual performance element.

The 2016 business financial and individual achievement outlined above results in an annual cash bonus payout of 71.2% of base salary to the Chief Executive Officer, equivalent to approx. 55% of maximum MIP opportunity.

Directors' Remuneration Report continued

Employee Stock Option Plan (ESOP) outcomes – 2016

The Remuneration Committee will no longer make awards under this plan. Under the grants made in June 2013, December 2013 and December 2014, a total of 330,000 share options vested this year. We have reflected the value of stock option awards that vested during 2016, respectively, being the number of options multiplied by (market price at vest – exercise price at grant).

Performance share plan (PSP) awards – 2016

Since the discontinuation of the ESOP in late 2015, the PSP is now the primary long-term incentive vehicle. In March 2016 the Chief Executive Officer was awarded 159,876 shares under the PSP, representing 330% of base salary at date of grant. These shares are subject to a three-year performance period, aligned to the Company's financial year, with performance measured to the end of financial year 2018, and vesting anticipated in March 2019.

The following table sets out the details of the award made to the Chief Executive Officer under the PSP for 2016:

Type of award made	159,876 performance shares have been awarded under the PSP. Shares vest after three years in March 2019, subject to the achievement of performance conditions. The above award includes one grant in 2016.
Share price	€18.131 (£14.34)
Date of grant	16 March 2016
Performance period	1 January 2016 to 31 December 2018
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)	€2,898,720
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

Note: The table above specifies the number of shares awarded under the PSP. The proportion of the awards that will vest is dependent upon the achievement of performance conditions and the actual value distributed may be nil. The vesting outcomes will be disclosed in the 2018 report.

The key business indicators are strategically relevant to business performance and provide line of sight to participants.

Similar to the award made in December 2015, the 2016 award is 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%	1.08	25%	1.31	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 net operating profit after tax divided by the capital employed. Capital employed is calculated as the average of net borrowings and shareholders' equity through the year.	50%	10.1%	25%	12.1%	100%

The vesting schedule for PSP performance conditions is not a straight line between the threshold and maximum performance levels. The Remuneration Committee considers that it is appropriate to place greater emphasis on achieving the target performance level than the outperformance of this level.

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).

Implementation of policy in 2017

For 2017, we will continue to apply our approved remuneration policy outlined on pages 92 to 98 as described above.

Base salary and fees

The Chief Executive Officer's base salary will be reviewed in March 2017 at the same time as that of the Operating Committee members and the general managers. Any base salary increase will be effective 1 May 2017 and is anticipated to be broadly in line with the increase provided to other employees.

Fee levels for the Chairman and other non-Executive Directors were reviewed in 2016 and changes were made as outlined on page 98. The fee levels for 2017 will be consistent with those outlined in this report.

Management Incentive Plan (MIP)

The target annual bonus awards for 2017 will be in line with awards in 2016. The Remuneration Committee has set the 2017 performance measures aligned to our KPIs. The performance measures are summarised below.

Performance measure	Weighting at maximum opportunity levels (% of base salary)
Business measures	120%
Annual sales volume. Incentivises sustainable growth. TWCD (total working capital days) acts as a qualifier for volume payout. (i.e. if TWCD achievement is below threshold there is no volume payout).	30%
Net sales revenue (NSR). Incentivises the Group's revenue growth objectives.	30%
Comparable earnings before interest and tax (comparable EBIT). Defined as comparable operating profit, this key performance indicator incentivises profitable growth.	30%
Operating expenditures (OpEx) excluding DME as a percentage of NSR. This key performance indicator, which excludes direct marketing expenses (DME), incentivises effective cost management and competitiveness.	30%
Individual measures	10%

The Remuneration Committee is unable to provide the 2017 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 report once the actual performance against these targets has been realised.

Performance share plan (PSP)

The levels of PSP awards for 2017 are anticipated to be in line with those awarded in 2016. The performance measures will be consistent with those detailed for the 2016 award outlined in this report. The Remuneration Committee expects to recommend an award of 330% of base salary to the Chief Executive Officer in March 2017, with performance running to the end of December 2019 and any vesting occurring in March 2020.

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 2015 to 2016	+3.5%	-46.8%	-25%
Average employee % change for the Swiss workforce from 2015 to 2016	+1.7%	+25.9%	-7%

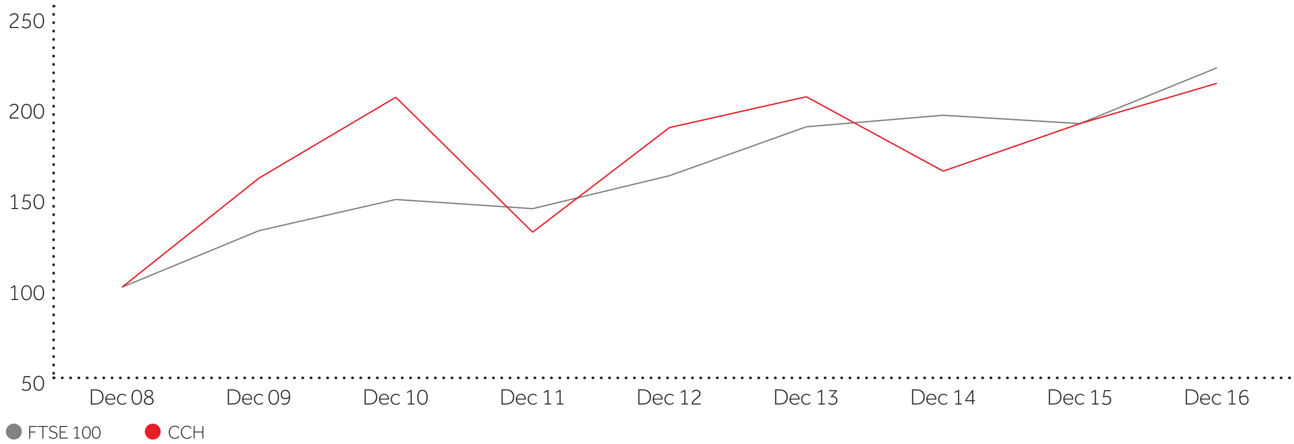
The salary increase rate is broadly in line with the salary increase for Swiss-based employees. As noted in the cash and non-cash benefits section on page 100, the decrease in benefit is related to effective tax rate changes.

Directors' Remuneration Report continued

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 an eight-year period to 31 December 2016. The 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



	2009	2010	2011		2012	2013	2014	2015	2016
	Doros Constantinou	Doros Constantinou	Doros Constantinou	Dimitris Lois	Dimitris Lois	Dimitris Lois	Dimitris Lois	Dimitris Lois	Dimitris Lois
Total remuneration – single figure (€ 000's)	2,887	3,752	4,708	711	1,524	1,928	1,918	3,012	2,923
MIP (% of maximum)	63%	65%	9%	24%	68%	49%	45%	75%	55%

On 4 July 2011, the former Chief Executive Officer of the Group retired from service, and Mr. Lois succeeded him. The amounts for 2011 include the remuneration of the former Chief Executive Officer up to the retirement date and the remuneration of Mr. Lois for the remainder of the year. For 2011, the remuneration of the former Chief Executive Officer includes termination benefits due to retirement.
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 Chief Executive Officer received in his capacity as Chief Executive Officer of Coca-Cola Hellenic Bottling Company S.A.

Relative importance of spend on pay

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.

Relative importance of spend on pay (€m)

Compared to the prior year, the total staff costs have decreased by 8%, while the dividends distributed to shareholders have increased by 10%.

Shareholder voting outcomes

The table below sets out the result of the vote on the remuneration-related resolution at the Annual General Meeting held in June 2016:

Resolution	Votes for	Votes against	Abstentions	Total votes cast	Voting rights represented
Advisory vote on the UK Remuneration Report	236,914,616	18,941,964	183,352	256,039,932	70.78%
	92.53%	7.40%	0.07%		
Advisory vote on the Swiss Remuneration Report	236,911,005	18,945,575	183,352	256,039,932	70.78%
	92.53%	7.40%	0.07%		
Advisory vote on the remuneration policy	249,613,374	6,316,658	109,900	256,039,932	70.78%
	97.49%	2.47%	0.04%		
Approval of the maximum aggregate amount of remuneration for the Board until the next Annual General Meeting	255,053,386	876,791	109,755	255,930,177	70.78%
	99.66%	0.34%	0.0%		
Approval of the maximum aggregate amount of remuneration for the Operating Committee for the next financial year	254,456,899	1,085,639	497,394	255,542,538	70.78%
	99.58%	0.42%	0.0%		

The 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

No compensation for loss of office was paid to any Director. When Sir Michael Llewellyn-Smith and Nigel Macdonald retired as Directors in June 2016, short-term contractual arrangements were agreed with them under which they agreed to provide advisory services and support with respect to the committees of the Board that each chaired. Payment under such arrangement was based on the remuneration of a normal non-Executive Board committee member rather than on their previous positions as Chairmen of such Committees.

Payments to appointed Directors

Mr. Reto Francioni, Mr. Ahmet C. Bozer, Mr. William W. (Bill) Douglas III, and Mr. Robert Ryan Rudolph joined in 2016, however as per the recruitment policy for non-Executive Directors, new non-Executive Directors are not compensated for any forfeited share awards or other incentives related to previous employment. Non-Executive Directors do not receive any form of variable compensation, nor any other benefits in cash or in kind. No Executive Directors were appointed in 2016, hence no payments were made.

Termination payments made during the year

No terminations were made during the year.

Outside appointments for the Chief Executive Officer

Mr. Lois serves as a member of the Board of Directors and Vice President of the Executive Committee of UNESDA and is also a member of the Board of Directors of the Swiss-American Chamber of Commerce.

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.

	2016 (€ million)	2015 (€ million)
Total remuneration paid to or accrued for Directors, the Operating Committee and the Chief Executive Officer	**24.4**	18.2
Salaries and other short-term benefits	**18.7**	12.3
Amount accrued for stock option and performance share awards	**4.9**	5.1
Pension and post-employment benefits for Directors, the Operating Committee and the Chief Executive Officer	**0.8**	0.8

Credits and loans granted to governing bodies

In 2016, 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 of 31 December 2016, including any outstanding shares awarded through our incentive plans, for the Chief Executive Officer and other Directors.

		With performance measures			Without performance measures					
		PSP			ESOP			ESPP		
Name	Share interests	Performance shares granted in year 2016	Unvested and subject to performance conditions	Vested but unexercised	Number of stock options outstanding	Fully vested	Vesting at the end of 2017	Number of outstanding shares held[1] as at 31-Dec-16	Current shareholding as % of base salary[2]	Shareholding guideline met[2]
Dimitris Lois	Yes	159,876	298,352	0	1,700,000	1,580,000	120,000	49,142	105.6%	No
Anastassis G. David[3]		–	–	–	–	–	–	–	–	–
Reto Francioni		–	–	–	–	–	–	–	–	–
Ahmet C. Bozer		–	–	–	–	–	–	–	–	–
George A. David[4]		–	–	–	–	–	–	–	–	–
Olusola (Sola) David-Borha		–	–	–	–	–	–	–	–	–
William W. (Bill) Douglas III[5]		–	–	–	–	–	–	–	–	–
Irial Finan[6]		–	–	–	–	–	–	–	–	–
Antonio D'Amato		–	–	–	–	–	–	–	–	–
Reto Francioni		–	–	–	–	–	–	–	–	–
Sir Michael Llewellyn-Smith[7]		–	–	–	–	–	–	–	–	–
Nigel Macdonald[8]		–	–	–	–	–	–	–	–	–
Anastasios I. Leventis[9]		–	–	–	–	–	–	–	–	–
Christo Leventis[10]		–	–	–	–	–	–	–	–	–
José Octavio Reyes		–	–	–	–	–	–	–	–	–
Alexandra Papalexopoulou		–	–	–	–	–	–	–	–	–
Robert Ryan Rudolph		–	–	–	–	–	–	–	–	–
John P. Sechi		–	–	–	–	–	–	–	–	–

1. The number of shares held by Mr. Lois includes the amount of purchased and vested shares held under the ESPP on 31 December 2016 and 1,000 shares held by Mr. Lois's spouse. Out of the 49,142 shares that the Chief Executive Officer held as of 31 December 2016, 2,698 shares have not yet vested.
2. The shareholding requirement was introduced from the date of the 2015 PSP award, 10 December 2015. As such the Chief Executive Officer has a period of five years from this date to December 2020 to build up a 200% of base salary shareholding.
3. The infant child of Mr. Anastassis David being a beneficiary of 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, has an indirect interest with respect to the 85,355,019 shares held by Kar-Tess Holding S.A.. The infant child of Mr. Anastassis David being a beneficiary of 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, has a further indirect interest in respect of 823,008 shares held by Selene Treuhand AG. Mr. Anastassis David is connected with his infant child for the purposes of rule 3 of the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority.
4. Mr. George A. David retired from the Board and the Social Responsibility Committee on 21 June 2016.
5. Mr. William W. (Bill) Douglas owns 10,000 Company shares.
6. Mr. Irial Finan retired from the Board on 21 June 2016.
7. Sir Michael Llewellyn-Smith retired from the Board, the Remuneration Committee, the Nomination Committee and the Social Responsibility Committee on 21 June 2016. Sir Michael Llewellyn-Smith owns 545 Company shares.
8. Mr. Nigel Macdonald retired from the Board and the Audit and Risk Committee on 21 June 2016. Mr. Nigel Macdonald owns 1,700 Company shares.
9. The infant child of Mr. Anastasios I. Leventis, being a beneficiary of 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, has an indirect interest in respect of the 85,355,019 shares held by Kar-Tess Holding S.A.. The infant child of Mr. Anastasios I. Leventis, being a beneficiary of 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, has a further indirect interest in respect of 386,879 shares held by Selene Treuhand AG. Mr. Anastasios I. Leventis is connected with his infant child for the purposes of rule 3 of the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority. By virtue of himself being a beneficiary of a 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, Mr. Anastasios I. Leventis has an indirect interest with respect to 623,664 shares held by Carlcan Holding Limited.
10. The infant children of Mr. Christo Leventis being beneficiaries of 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, have indirect interests with respect to the 85,355,019 shares held by Kar-Tess Holding S.A.. The infant children of Mr. Christo Leventis being beneficiaries of 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, have further indirect interests in respect of 498,545 shares held by Selene Treuhand AG. Mr. Christo Leventis is connected with his infant children for the purposes of rule 3 of the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority. By virtue of himself being a beneficiary of a 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, Mr. Christo Leventis has an indirect interest with respect to the 757,307 shares held by Carlcan Holding Limited.

No performance shares vested to Dimitris Lois and he did not exercise any share options in 2016.

Statement of Directors' Responsibilities

The Directors, whose names and functions are set out on pages 60 to 63, 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.

(d) 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.

(e) 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 1 to 59). In addition, Notes 23 'Financial risk management and financial instruments', 24 'Net debt', 25 '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 59. 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

Dimitris Lois
Chief Executive Officer

17 March 2017

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 can be located as set out below:

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	Page 99
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