GOVERNANCE

Contents

Corporate Governance

UNRIVALLED EXPERIENCE IN OUR LEADERSHIP TEAM

Anastassis G. David
Non-Executive Chairman

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

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

External appointments: Anastassis David is active in the international community and serves on the International Board of Advisors of Tufts University. He serves as a member of the board of directors of Aegean Airlines S.A. and AXA Insurance S.A. Anastassis David is a member of the Board of Trustees of College Year in Athens, Vice Chairman of the Cyprus Union of Shipowners and Vice Chairman of the State Health Services Organisation of the Republic of Cyprus.

N R

Charlotte J. Boyle
Independent non-Executive Director

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

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

External appointments: Charlotte Boyle serves as a member of the board and as chair of the finance committee of Alfanar, the first venture philanthropy organisation focused on the Arab world. She also serves as an independent non-executive director of Capital and Counties Properties plc.

Ahmet C. Bozer
Non-Executive Director

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

Skills and experience: Ahmet Bozer retired from the position of Executive Vice President of The Coca-Cola Company in March 2016. Ahmet Bozer started his professional career in 1985 at Coopers & Lybrand, 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 İçecek), 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 subsequently 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. Ahmet 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: Ahmet Bozer is an Advisory Board Member of Swire Beverages, Hong Kong and a Board Member of Hepsi Burada in Istanbul and the Turkish Philanthropy Foundation in New York. He 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.

Board committees

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Committee Chair

Note: Zoran Bogdanovic will be nominated as an Executive Director on the Board of Directors at the Company's next Annual General Meeting. He was appointed as the new Chief Executive Officer on 7 December 2017 following Dimitris Lois' death in October 2017. Zoran Bogdanovic's biography can be found on page 91.

A&R

Olusola (Sola) David-Borha

Independent non-Executive Director

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

Skills and experience: Sola 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 and is a member of Standard Bank group. Sola David-Borha has over 30 years' experience in financial services and held several senior roles within the Stanbic Group, including the position of Chief Executive of Stanbic IBTC Bank from May 2011 to November 2012. She also served as Deputy Chief Executive Officer of Stanbic IBTC Bank and Head of Investment Banking Coverage Africa (excluding South Africa). Sola David-Borha holds a first degree in Economics, and obtained an MBA degree from Manchester Business School. Her executive education experience includes the Advanced Management Programme of the Harvard Business School and the Global CEO Programme of CEIBS, Wharton and IESE.

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

A&R

William W. (Bill) Douglas III

Independent non-Executive Director

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

Skills and experience: Bill 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. Bill 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. Bill Douglas moved to Atlanta in 1994 as Executive Assistant to the President of The Coca-Cola Company's Greater Europe Group. In 1996, Bill Douglas became Nordic Region Manager. In 1998, he was appointed Controller of Coca-Cola Beverages plc. From 2000 until 2004, Bill 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, Bill Douglas was the Executive Vice President, Supply Chain. Before joining the Coca-Cola System, Bill 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: : Bill Douglas is the Lead Director and Chairman of the Audit Committee of SiteOne Landscape Supply, Inc. He is also member of the Board of Directors and Chair of the Audit Committee for The North Highland company. Finally, Bill Douglas is the Chairman of the Board of the University of Georgia Trustees.

N R

Reto Francioni

Senior Independent non-Executive Director

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

Skills and experience: Reto Francioni has been Professor of Applied Capital Markets Theory at the University of Basel since 2006 and is the author of several highly respected books on capital market issues. From 2005 until 2015, Reto 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, Reto 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, Reto 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: Reto Francioni serves as a member of the Board of Directors of UBS Group and also as the Chairman of the Supervisory Board of Swiss International Airlines.

SR

Anastasios I. Leventis
Non-Executive Director

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

Skills and experience: Anastasios 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: Anastasios Leventis is currently employed by Leventis Overseas Limited, a company that imports and exports to West Africa, and is a board member of A.G. Leventis (Nigeria) Plc. Anastasios Leventis is also a director of Alpheus Group Limited, a private asset management company managing assets of private clients and charitable foundations. In addition, he serves as a trustee of the A.G. Leventis Foundation, a member of the board of overseers of the Gennadius Library in Athens and a member of the Campaign board of the University of Exeter.

Christo Leventis
Non-Executive Director

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

Skills and experience: Christo 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, Christo 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. Christo 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, Christo 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.

N R SR

Alexandra Papalexopoulou
Independent non-Executive Director

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

Skills and experience: Alexandra 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. Alexandra Papalexopoulou holds a BA in Economics and Mathematics from Swarthmore College, USA, and an MBA from INSEAD, France.

External appointments: Alexandra 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. Alexandra 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.

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Committee Chair

SR

José Octavio Reyes
Non-Executive Director

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

Skills and experience: José 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, José Octavio Reyes was named President of the North Latin America Division of Coca-Cola in 2002. Prior to joining Coca-Cola, José Octavio Reyes spent five years with Grupo IRSA, a Monsanto Company joint venture. José Octavio 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: José Octavio 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 has been a Director of Coca-Cola FEMSA S.A.B. de C.V. since 2016.

Robert Ryan Rudolph
Non-Executive Director

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

Skills and experience: From 1993 until 2006, Robert Ryan Rudolph worked as an attorney at the business law firm Lenz & Staehelin in Zurich. Prior to that, Robert Ryan 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. Robert Ryan Rudolph obtained an LLM from the University of Zurich and is admitted to the Zurich bar. Robert Ryan Rudolph also studied at the Faculté des Lettres of the University of Geneva as well as the Ecole Polytechnique in Lausanne.

External appointments: Robert Ryan 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.

A&R

John P. Sechi
Independent non-Executive Director

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

Skills and experience: John 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, John 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, John 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. John Sechi was Chairman of Globalpraxis, a commercial consulting firm, from 2001 to 2008. From 2007 until 2013, he was President, Greater Europe of The Campbell Soup Company, and from 2006 to 2011, a non-executive Board member and Chairman of the Audit Committee of Coca-Cola Içecek. John 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: John Sechi is a non-executive director and advisor to various privately-held companies, and serves as Executive Chairman of Sechi & Sechi Properties Limited.

GOOD GOVERNANCE SITS AT THE HEART OF OUR COMPANY

Letter from the Chairman of the Board

Anastassis G. David
Chairman of the Board

Dear Shareholder

As Chairman, I believe that the Board continues to be highly effective in performing its role and ensures that we have a strong and effective governance system throughout the Group which supports high corporate governance standards. With this in mind, on behalf of the Board, I am pleased to introduce our Corporate Governance Report.

We have renewed our Board in the last few years, with seven of the 12-strong Board having been appointed in the last two years. The results of our work this year on strategy, CEO succession and the reinforcement of corporate governance and sustainability commitments is a testament to the effectiveness of the Board as well as the appropriateness of the present skill set.

Good governance continues to sit at the heart of our Company

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

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. Further information on our compliance with these main principles for the year ended 31 December 2017 can be found in this report as follows:

Further details on the corporate governance regime applying to the Company are described in detail on page 89.

Strategy and oversight

The Board's principal focus during the year continued to be on the execution of our strategic objectives, which are mainly to drive volume growth, focus on value, improve efficiency and invest in the business, as 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 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 consideration of the longer-term vision and strategy of the Group and operational and financial updates on the markets where we operate. These updates provide links and context for the strategic discussions, as well as governance oversight. Meetings take place in Zug, Switzerland, but also in selected markets across our footprint, in order for the Board to interact with local management and learn more about their challenges and the way they are operating at a local level. For instance, we held our June 2017 meeting in Belgrade, Serbia, which represents one of our Emerging markets.

Culture and values

Our strong corporate culture is fundamental to our business success. The Board plays a critical role in shaping the culture of the Company by promoting values-based conduct. The Company's culture is defined by our six core values: authenticity, excellence, learning, caring for our people, performing as one, and winning with customers. These values make for a culture where our people have a strong sense of integrity and ownership.

We monitor our progress in integrating our values through various indicators including our Values Index, Employee Engagement Index, diversity indicators, and health and safety indicators. We understand the importance of the Board's role in establishing the Company's 'tone from the top' in terms of its culture and values, and our Directors lead by example as ambassadors of our values in order to cascade good behaviour through the organisation. By focusing on continuous improvement, we model the values of excellence and learning.

Appointments and Board composition

During 2017, 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 recommended Charlotte Boyle as a new non-Executive Director, following the retirement of Antonio D'Amato. Charlotte brings significant skills and experience in the areas of people, talent, succession and executive remuneration to the Board, Nomination Committee and Remuneration Committee. Our Nomination Committee is devoted to developing strong succession plans for the Board and senior management. The internal appointment of Zoran Bogdanovic as our new CEO, following the untimely death of Dimitris Lois, is a testament to the quality of the work of the Committee.

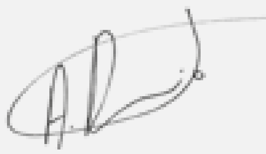
Board evaluation

In line with our commitment to adhere to best corporate governance practices, a Board effectiveness evaluation was conducted in the second half of 2017. We will do this once again in 2018 to build upon the learnings of the 2017 evaluation. Further details are set out in the Nomination Committee Report on page 98.

Board composition and diversity

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, background, independence and knowledge.

The Board is committed to recruiting Directors with diverse backgrounds, personalities, skills and experience. We continue to make good progress in improving the diversity of the Board and senior management and increased the number of women on the Board during 2017. We will continue to attach importance to all aspects of diversity in our nomination processes, while at the same time appointing candidates with the credentials that are necessary for the continuing growth of our operations within a highly competitive and specialised industry. Our Board Diversity Policy guides the Board and the Nomination Committee in relation to their approach to diversity in respect of succession planning and the selection process for the appointment of new Board members. Further details on our approach to Board diversity are set out on page 100.



Anastassis G. David
Chairman of the Board

Board composition

Membership of the Board

On 31 December 2017, our Board comprised 12 Directors: the Chairman, one Senior Independent Director and 10 non-Executive Directors. The biographies of each member of the Board are set out on pages 72 to 75.

At the Annual General Meeting on 20 June 2017, Charlotte Boyle was appointed as a non-Executive Director of the Board, and as a member of the Nomination Committee and Remuneration Committee, following the retirement of Antonio D'Amato. Further details on Charlotte Boyle's appointment are set out in the Nomination Committee Report on page 98.

In September 2017, Dimitris Lois took medical leave of absence to undergo treatment for a medical condition. Michalis Imellos (our Chief Financial Officer) served as Acting Chief Executive Officer from 15 September 2017 to 7 December 2017. On 7 December 2017, Zoran Bogdanovic was appointed as the new Chief Executive Officer (CEO) following Dimitris Lois' untimely death on 2 October 2017.

Zoran Bogdanovic will also be nominated as an Executive Director on the Board of Directors at the Company's next Annual General Meeting. Zoran Bogdanovic was previously the Company's Region Director responsible for operations in 12 countries, and has been a member of the Operating Committee since 2013. He joined the Company in 1996 and has held a number of senior leadership positions, including as General Manager of the Company's operations in Croatia, Switzerland and Greece. Zoran Bogdanovic's biography can be found on page 91. Further details on the CEO succession are set out in the Nomination Committee Report on page 98.

The Operating Committee, described on page 90, supports Zoran Bogdanovic in his role as CEO.

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.

General qualifications required of all Directors

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

Business characteristics	Qualifications, skills and experience	Directors
Our business is extensive and involves complex financial transactions in the various jurisdictions where we operate.	Experience in finance, investments and accounting	12
Our business is truly international with operations in 28 countries, at different stages of development, on three continents.	Broad international exposure and emerging and developing markets experience	12
Our business involves the 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

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 72 to 75.

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. He is a member of the Board of Trustees of College Year in Athens, Vice Chairman of the Cyprus Union of Shipowners and Vice Chairman of the State Health Services Organisation of the Republic of Cyprus. In this context, the Board considers that fewer than four of the positions held by the Chairman are considered to be significant.

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

Independence

Our Board has concluded that Charlotte J. Boyle (appointed on 20 June 2017), Olusola (Sola) David-Borha, William W. (Bill) Douglas III, Reto Francioni, Alexandra Papalexopoulou and John P. Sechi are deemed to be independent in accordance with the criteria set out in the UK Corporate Governance Code, with such individuals being independent in both character and judgement. Antonio D'Amato who retired from the Board on 20 June 2017 was also deemed to be independent in accordance with the same criteria.

The other non-Executive Directors, Anastassis G. David (Chairman), Anastasios I. Leventis, Christo Leventis, José Octavio Reyes, Ahmet C. Bozer and 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.

Anastassis G. David was appointed as Chairman on 27 January 2016. The Board specifically considered Anastassis David's qualifications, skills, and experience prior to his appointment.

The Board firmly believes that Anastassis David embodies the Company's core values, heritage and culture and that these attributes, together with his strong identification with the Company and its shareholders' interests, and his deep knowledge and experience of the Coca-Cola System, will ensure an effective and appropriately balanced leadership of the Board and the Company.

Shareholders' nominees

As described under the heading 'Major shareholders' on page 230, 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 12 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 Annual General Meetings, Kar-Tess Holding or The Coca-Cola Company may also be in a position to control other matters requiring supermajority shareholder approval.

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

Separation of roles

There is a clear separation of the roles of the Chairman and the Chief Executive Officer. The Chairman is responsible for the operation of the Board and for ensuring that all Directors are properly informed and consulted on all relevant matters. The Chairman is also actively involved in the work of the Nomination Committee concerning succession planning and the selection of key people. The Chief Executive Officer, Zoran Bogdanovic, is responsible for the day-to-day management and performance of the Company and for the implementation of the strategy approved by the Board.

Key roles and responsibilities

The roles and responsibilities of our Chairman, Chief Executive Officer, Senior Independent Director, non-Executive Directors 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;
- helps 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.

Board committees

Our Board has delegated specific tasks to its committees as set out in the Organisational Regulations and reports from these committees are set out in this Corporate Governance Report. Biographies of the 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 72 to 75.

Board of Directors

Audit and Risk Committee

Responsibilities

- 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;
- monitoring the quality, fairness and integrity of the financial statements of the Group and reviewing significant financial reporting issues and judgements contained in them;
- reviewing the Group's internal financial control and anti-fraud systems as well as the Group's broader enterprise risk management and legal and ethical compliance programmes (including computerised information system controls and security) with the input of the external 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; and
- 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 Athens Stock Exchange, and applicable professional standards.

Remuneration Committee

Responsibilities

Reviewing and approving:

- the rewards for the executives of the Group;
- 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 and group life or health benefits);
- general policies governing the early termination of employment 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

Responsibilities

- reviewing the size and composition of the Board;
- identifying candidates and nominating new members to the Board;
- planning and managing, in consultation with the Chairman, a Board membership succession plan;
- ensuring, together with the Chairman, the operation of a satisfactory induction programme for new members of the Board and a satisfactory ongoing training and education programme for existing members of the Board and its committees as necessary to deliver on our strategy. 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 any recommendations for change to the Board.

Social Responsibility Committee

Responsibilities

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

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 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 approval of annual business plans which form the basis of the Group's performance management, including a comprehensive programme of strategies and targets agreed between the Country General Managers and the Region Directors;
- working closely with the Country General Managers, as set out in the Group's operating framework, in order to capture benefits of scale, ensuring appropriate governance and compliance, and managing the performance of the Group; and
- leading the Group's talent and capability development programmes.

Board and committee attendance in 2017

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 2017.

		Board		Audit and Risk[1]		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	7	7	–	–	–	–	–	–	–	–
Dimitris Lois[2]	No	6	6	–	–	–	–	–	–	–	–
Charlotte J. Boyle[3]	Yes	4	4	–	–	3	3	3	3	–	–
Ahmet C. Bozer	No	7	7	–	–	–	–	–	–	–	–
Olusola (Sola) David-Borha[4]	Yes	7	7	7	8	–	–	–	–	–	–
William W. (Bill) Douglas III	Yes	7	7	8	8	–	–	–	–	–	–
Antonio D'Amato[5]	Yes	3	3	–	–	1	1	1	1	–	–
Reto Francioni[6]	Yes	6	7	–	–	3	4	3	4	–	–
Anastasios I. Leventis	No	7	7	–	–	–	–	–	–	4	4
Christo Leventis	No	7	7	–	–	–	–	–	–	–	–
Alexandra Papalexopoulou	Yes	7	7	–	–	4	4	4	4	4	4
José Octavio Reyes[7]	No	7	7	–	–	–	–	–	–	3	4
Robert Ryan Rudolph	No	7	7	–	–	–	–	–	–	–	–
John P. Sechi	Yes	7	7	8	8	–	–	–	–	–	–

1. Includes four conference calls.
2. Dimitris Lois was eligible to attend six meetings of the Board held prior to his untimely death on 2 October 2017.
3. Charlotte Boyle was appointed to the Board on 20 June 2017. She was eligible to attend four meetings of the Board, three meetings of the Remuneration Committee and three meetings of the Nomination Committee held after her appointment.
4. Sola David-Borha did not attend one meeting of the Audit and Risk Committee due to a long-standing prior commitment.
5. Antonio D'Amato retired from the Board and Nomination Committee on 20 June 2017. He was eligible to attend three meetings of the Board and one meeting of the Remuneration and Nomination committees held prior to his retirement.
6. Reto Francioni did not attend the meetings in June 2017 due to a prior long-standing commitment.
7. José Octavio Reyes did not attend the Social Responsibility Committee meeting in December 2017 due to a prior long-standing commitment.

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 Board and the executive responsibility for the running of our business, with certain matters specifically reserved for the Board's decision.

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 culture, 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.

Summary of key Board activities for 2017 and priorities for 2018

Topic	2017 activity	2018 priority
Strategy	• Reviewed our total beverage portfolio together with The Coca-Cola Company (TCCC), including product, activation and distribution initiatives • reviewed our revenue growth management and route-to-market strategies • held deep-dive discussions concerning our digital and e-commerce programmes; and • reviewed progress against the Company's 2020 targets	• Support the acceleration of product and package innovation • continue optimisation of costs and investments, driving process efficiency while improving customer satisfaction • continue playing an industry-leading role on sustainability • continue ensuring effective alignment with TCCC
Performance	• Reviewed business performance, including key business indicators for talent, engagement, sales, cost optimisation, profitability and sustainability • held deep-dive reviews of the Company's largest markets, including Nigeria, Russia, Italy, Poland and Romania • held periodic reviews of macroeconomic indicators, FX volatility and commodities prices	• Periodic performance reviews with a focus on the Company's key business indicators • deep-dive reviews of each of the Company's regions • monitoring of external factors such as macroeconomic conditions, FX volatility and commodities markets
Risk management and internal control	• Risk discussions with the Audit and Risk Committee four times during the year • ongoing oversight of regulatory and compliance risks • periodic reviews of currency and commodities risks • detailed review of cyber-security and risks	• Continued review of the principal risks and mitigation programmes reported on pages: 55 to 63
Operational	• Periodic reviews of the Company's main operations performance • visit by Board members to a Group manufacturing facility and market visit in Belgrade, Serbia • detailed review and approval of CapEx investments	• Continued review of the Company's cost optimisation and investment programmes to ensure efficiency improvements and improved customer satisfaction • monitoring of the effectiveness of the Company's acceleration plan for cold drink equipment
Culture and values	• Reviewed the results of the Company's annual Employee Engagement, Values and Ambassadorship survey • discussed talent and capabilities plans • reviewed the Group's #YouthEmpowered programme which involved more than 450 employee volunteers and approximately 6,000 young people	• Continue shaping the culture, values and employee engagement of the Company through the Board's interaction with management and employees
Succession planning and diversity	• Reviewed succession planning and bench strength initiatives for managers • developed a succession plan for Antonio D'Amato and recruited Charlotte Boyle as a new Board member • activated the Board's succession plan for the CEO and appointed Zoran Bogdanovic as our new CEO	• Ongoing succession planning work for Board and senior management positions

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 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 Charlotte Boyle. She met individually with the Chairman, Anastassis David, Operating Committee members, and other senior executives and received orientation training from the relevant senior executives in relation to the Group and its corporate governance practices. The induction programme also included meetings with representatives of our sales force, customers and major shareholders, and visits to our production plants.

Charlotte Boyle was also appropriately briefed on Coca-Cola HBC's 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 appoints the Company Secretary, who acts as secretary to the Board.

Following Dimitris Lois' untimely death, Zoran Bogdanovic was appointed as the Company's new Chief Executive Officer (CEO). He will also be nominated as an Executive Director at the Company's next Annual General Meeting. Zoran Bogdanovic was a part of the Company's internal succession plan for the CEO position. The Nomination Committee led a thorough process and benchmarking exercise for the CEO succession. Further details on the CEO succession are set out in the Nomination Committee Report on page 98. There were no other changes to Board or committee membership during 2017.

Board, committee and Director performance evaluation

At least annually, on the basis of an assessment conducted by the Nomination Committee, the Board reviews its own performance as well as the performance of each of the Board committees. This review seeks to determine whether the Board and its committees function effectively and efficiently. During the year, the Chairman meets with the Directors to receive feedback on the functioning of the Board and its committees, the boardroom dynamics, and the Group's strategy. Particular focus is given to areas where a Director believes the performance of the Board and its committees could be improved. A report is prepared for the Board on its effectiveness and that of its committees. For the past two years, the evaluation of the Board's effectiveness has been facilitated by Lintstock, and details of the 2017 Lintstock Report are set out on page 85. A summary of the Board evaluation findings for 2016, the actions taken in response to improve Board effectiveness in 2017, the Board evaluation findings for 2017, and the resulting priorities for 2018 is as follows:

2016 Board evaluation findings	2017 actions
– Devote more time to discussions on strategic issues – Succession planning, particularly for top management – Focus on monitoring performance of the Group	– More time was dedicated to strategy discussions and the Board reviewed performance of business against the Group's 2020 growth objectives – Developed a robust succession plan for the retirement of one of our Board members – Activated the contingency plans for an interim CEO and successfully appointed the new CEO from our talent pool – Reviewed dedicated presentations on Regional performance

2017 Board evaluation findings	**2018 priorities**
– Focus on strategy – Risk oversight – Focus on CEO transition	– Evolving our total beverage portfolio in close alignment with TCCC – Ongoing monitoring of the Group's principal risks

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

Lintstock Report

In 2017, we once again engaged advisory firm Lintstock to undertake an evaluation of the performance of the Board. Lintstock specialises in Board performance reviews and has no other connection with Coca-Cola HBC.

Process

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

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

- The appropriateness of the Board's composition was reviewed, and respondents were asked to identify any changes that ought to be made to the profile of the Board.
- The Board's understanding of the views of key stakeholders, and of 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 Board's engagement with management in providing effective support and constructive challenge was assessed. The management of, and atmosphere in, meetings was also considered, as was the quality of the Board packs and the presentations given by management.
- The Board's agenda, and in particular the balance of time between strategic and operational issues, was reviewed, and respondents were asked to identify the areas upon which they felt the Board ought to spend more or less time focusing over the next year.
- The Board's oversight of strategy was considered, as was the capacity of the organisation to deliver strategy, and opinions on the top strategic issues facing the Company over the next three to five years were sought.
- The Board's focus on risk was assessed, and the effectiveness with which the Board monitors culture and behaviours throughout the organisation was considered. The Company's processes for attracting, developing and retaining talent were also reviewed.
- The performance of the committees of the Board was assessed, as was the performance of the Chairman and individual Board members.

As a result of the review, among other things the Board agreed to focus on the CEO transition, continue delivering against the Group's strategy towards our 2020 targets, and continue focusing on risk oversight.

Conflicts of interest

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

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

Board appointments and succession planning

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

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 Annual General Meeting.

In accordance with the Organisational Regulations, the Board proposes for election at the shareholders' meeting new Directors who have been recommended by the Nomination Committee after consultation with the Chairman. In making such recommendations, the Nomination Committee and the Board must consider 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 98 for further information on the role and work of the Nomination Committee, including the Board Diversity Policy. Through this process, the Board is satisfied that the Board and its committees have the appropriate balance of experience, diversity, independence and knowledge of the Company to enable them to discharge their duties and responsibilities effectively.

At the Annual General Meeting on 20 June 2017, Charlotte Boyle was appointed as a non-Executive Director, and as a member of the Nomination Committee and Remuneration Committee, following the retirement of Antonio D'Amato. Following Dimitris Lois' untimely death, Zoran Bogdanovic was appointed as the Company's Chief Executive Officer. He will also be nominated as an Executive Director at the Company's next Annual General Meeting. Zoran Bogdanovic was a part of the Company's internal succession plan for the CEO position. The Nomination Committee led a thorough process and benchmarking exercise for the CEO succession. Further details on the CEO succession are set out in the Nomination Committee Report on page 98. There were no other changes to Board or committee membership during 2017.

Key investor relations activities in 2017

December
- Citi Global Consumer conference, London

November
- Investor roadshow in UK, USA and Canada

September
- Barclays Global Consumer Staples conference, Boston

February
- Investor roadshow in UK

March
- The Consumer Analyst Group of Europe conference, London
- Investor roadshow in London

April
- Investor roadshow in the USA and Canada

May
- JP Morgan Global Consumer and Retail conference, London

June
- Deutsche Bank Access Global Consumer conference, Paris
- Annual General Meeting, Zug
- Investor roadshow in London

Shareholder engagement

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

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

The Company has a dedicated investor relations function which reports to the Chief Financial Officer. Through the investor relations team, the Company and Board maintain a dialogue with institutional investors and financial analysts on operational financial performance and strategic direction items. As evident in the graphic on page 86, 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 2017. The feedback from shareholders has been regularly considered by the Board and where necessary appropriate action to further engage with shareholders was taken.

Wider stakeholder engagement

The Board is regularly updated on wider stakeholder engagement feedback to stay abreast of stakeholder insights into the issues that matter most to them and our business, and to enable the Board to understand and consider these issues in decision-making. Engaging with our stakeholders strengthens our relationships and helps us make better business decisions to deliver on our commitments.

Employees are one of our most important stakeholder groups and the Board therefore closely monitors and reviews the results of the Company's annual Employee Engagement, Values and Ambassadorship surveys as well as a number of other metrics to ensure alignment of interests. For more information about these surveys, see the People section on page 28.

The Company also engages extensively with external stakeholders through a variety of different channels including our annual Material Issues survey in which 460 stakeholders provide feedback. We also work, among others, with our customers, consumers, suppliers, local community representatives and other business partners across the value chain every day. The infographic on the following page sets out the different channels we use to engage stakeholders, which in turn is reported on to the Board.

As part of our engagement programme we also partner with people, businesses and organisations that share our interest in a sustainable future and have a stake in our business. This is essential for our success. We therefore engage in the following manner:

- Our business leaders engage with a variety of international organisations and business associations such as the UN Global Compact and the Union of European Soft Drinks Associations (UNESDA).
- As organisational stakeholders of the Global Reporting Initiative (GRI), we can share experiences and learn from people from other companies and industries.
- We are active members of the Corporate Leadership Group on Integrated Reporting, shaping the future of integrated reporting standards and stakeholder engagement.
- Our leaders are active members of local business alliances such as business leaders' forums, local UN Global Compact networks, business councils for sustainable development and other industry associations. This work includes participating at conferences, working with civil organisations and influencing public policy related to key sustainability issues such as health and well-being, packaging, water and climate, and matters concerning social sustainability such as labour relations and talent attraction and retention.
- We work with local communities on sustainable solutions that support local and global sustainable development goals, and we actively contribute to the Sustainable Development Goals (SDGs) adopted by the UN.
- Through our partnership with The Coca-Cola Company, we have access to consumer insights globally and locally, and we also make sure our partnerships and actions related to sustainable development are in synergy with theirs.

Considering stakeholders in decision-making

The Board considers the impact on stakeholders when taking a number of key decisions. Examples of these include:

- Shaping choice – in developing our product portfolio and our marketing efforts, together with The Coca-Cola Company, we consider consumer health and nutrition. This means that we are focusing on shaping choice across our portfolio of sparkling and still beverages, emphasising on low- or no-sugar variants.
- Cooler technology – cold drinks equipment (CDE) is an essential part of our engagement with customers and our consumer experience. When investing in cooling technology we carefully weigh up meeting the demands of customers and the environmental impact of our technology and thus since 2015 we have been investing in new 'smart' cooler technology.
- Infrastructure optimisation – during the year we consolidated production and distribution centres in several of our countries including Russia and Nigeria. In doing so we considered the impact on the social and economy scales of the local communities we operate.
- Price pack architecture – we considered consumer affordability in our Emerging segments with weaker local currencies and have changed our price pack architecture to provide consumers with affordable options by adjusting pack sizes, list prices and promotions to serve our consumers in ways that also protect the viability of our business.
- Route-to-market solutions – our Every Dealer Survey considers the changing needs of our customers, allowing us to adjust the structure of our sales force and ensure that our capabilities address these needs through improved service to existing customers.

How we engage with our stakeholders

Shareholders
Annual General Meetings, investor roadshows and results briefings, webcasts, ongoing dialogue with analysts and investors

The Coca-Cola Company
Day-to-day interaction as business partners, joint projects, joint business planning, functional groups on strategic issues, 'top-to-top' senior management meetings

Customers
Regular visits, dedicated account teams, joint business planning, joint value creation initiatives, customer care centres, customer satisfaction surveys

Communities
Plant visits, community meetings, partnerships on common issues, sponsorship activities, lectures at universities

Consumers
Consumer hotlines, local websites, plant tours, research, surveys, focus groups

Non-governmental and intergovernmental organisations
Dialogue, policy work, partnerships on common issues, membership of business and industry associations

Governments and regulatory authorities
Recycling and recovery initiatives, EU Platform for Action on Diet, Physical Activity and Health, foreign investment advisory councils, chambers of commerce

Suppliers
Joint value creation initiatives, annual supplier conference, sustainable sourcing, Supplier Guiding Principles, packaging associations, whistle-blower hotline

Every year we ask over 460 stakeholders from the above groups to provide online feedback via our material issues survey. These surveys give our stakeholders the opportunity to prioritise our material issues based on their own interests and the relevance of these to our business.

We also ask for their opinions by providing open-ended questions, so they can share with us anything we might have missed or that needs more attention.

UK Corporate Governance Code

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

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 2017. 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

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

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

Application of governance codes

Other corporate governance codes

There is no mandatory corporate governance code under Swiss law applicable to us. The main source of law for Swiss governance rules is the company law contained in 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.

THE OPERATING COMMITTEE REPRESENTS THE EXECUTIVE LEADERSHIP OF THE COMPANY.

From left to right

Row one

Michalis Imellos, Zoran Bogdanovic,
Naya Kalogeraki, Alain Brouhard, Keith Sanders

Row two

Marcel Martin, Sotiris Yannopoulos

Row three

Jan Gustavsson, Sanda Parezanovic

Zoran Bogdanovic

(46) Chief Executive Officer
Senior management tenure: Appointed December 2017 (less than 1 year)

Previous Group roles: Zoran 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 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; Country General Manager for Coca-Cola HBC Greece from 2011 to 2013; and Region Director, responsible for operations in 12 countries, and a Member of Coca-Cola HBC's Operating Committee since 2013.

Outside interests: No external appointments

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

Nationality: Croatian

Michalis Imellos

(49) Chief Financial Officer
Senior management tenure: Appointed April 2012 (5 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: Michalis 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

Naya Kalogeraki

(48) Group Chief Customer and Commercial Officer
Senior management tenure: Appointed July 2016 (1 year)

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

Outside interests: No external appointments

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

Nationality: Greek

Alain Brouhard

(55) Business Solutions and Systems Director
Senior management tenure: Appointed June 2010 (7 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: Alain 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, Alain Brouhard held positions at Adidas, including managing Director, Italy and Southeast Europe, from 2007 until 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

Keith Sanders

(57) Region Director: Armenia, Belarus, Estonia, Latvia, Lithuania, Poland, Russian Federation, Ukraine and Moldova
Senior management tenure: Appointed August 2009 (8 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, Keith 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, Keith Sanders spent six years with Procter & Gamble in the United States in a variety of sales and marketing roles.

Nationality: American

Sotiris Yannopoulos

(50) Region Director: Austria, Czech Republic, Hungary, Slovakia, Italy and Switzerland
Senior management tenure: Appointed July 2014 (3 years)

Previous Group roles: Sotiris 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, Sotiris Yannopoulos spent 12 years working at PepsiCo in various roles. He also spent five years with Star Foods, where he was the East Balkans Business Unit 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

Marcel Martin

(59) Group Supply Chain Director
Senior management tenure: Appointed January 2015 (3 years)

Previous Group roles: Marcel Martin joined the Group in 1993, holding positions with increasing responsibility in the supply chain and commercial functions. Since 1995, Marcel 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. Marcel 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

Jan Gustavsson

(52) General Counsel, Company Secretary and Director of Strategic Development
Senior management tenure: Appointed August 2001 (16 years)

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

Outside interests: No external appointments

Previous relevant experience: Jan 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, Jan Gustavsson was Senior Associate in White & Case's New York office, practicing securities law and M&A.

Nationality: Swedish

Sanda Parezanovic

(53) Group Human Resources Director
Senior management tenure: Appointed June 2015 (2 years)

Previous Group roles: Sanda Parezanovic's previous roles in the Group include: Public Affairs & Communications Manager, Serbia and Montenegro from 2003 to 2006; Country Human Resources and Public Affairs & Communications Manager, Serbia and Montenegro from 2006 to 2010; and Region Human Resources Director Bosnia & Herzegovina, Bulgaria, Croatia, Cyprus, 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: Sanda Parezanovic started in 1989 as Market Researcher and later Strategic Planner working for various local research and marketing agencies in SFR Yugoslavia. Sanda 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 2017

Business case reviews and approvals

- Strategic revenue-generating initiatives and product launches
- Strategic transformation of supply chain, human resources, commercial, finance and business solutions and systems departments
- Optimisation of our logistics and manufacturing infrastructure
- Development of our business services organisation

Policy formulation and reviews

- Commercial policy

Priority projects

- Revenue growth management
- Route to market
- Renewing category growth
- Right Execution Daily
- Engagement
- Business Performance Management System (BPMS)

Risk, safety and business resilience

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

Long-term direction-setting

- Defining Group strategic priorities and performance parameters
- Reviewing and adjusting the Group's revenue growth management framework and aligning with local commercialisation plans
- Aligning our sustainability priorities on the way to delivering 2020 commitments
- Reviewing our route-to-market approach

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

A WELL-DEFINED FRAMEWORK FOR RISK MANAGEMENT

Letter from the Chair of the Audit and Risk Committee

Dear Shareholder

The Audit and Risk Committee focused its work during 2017 on enhancing and strengthening the Group's existing financial controls and risk management and compliance systems, including in relation to its financial reporting process and in relation to the process for preparing consolidated accounts, which the Board recognises as essential components of effective corporate governance.

During 2017, the Audit and Risk Committee also worked closely with the internal audit and finance teams in implementing the Group's internal control framework. The Committee also considered developments in accounting and regulatory matters including changes to IFRS accounting standards, initiatives around human rights and gender diversity, and the new EU Data Protection Regulation.

The Audit and Risk Committee Report describes in more detail the work and the achievements of the Audit and Risk Committee during 2017 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 81.

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

The Audit and Risk Committee comprises three independent non-Executive Directors, Bill Douglas (Chairman), Olusola (Sola) David-Borha, and John P. Sechi, who were each re-elected for a one-year term by the shareholders at the Annual General Meeting on 20 June 2017.

The Board remains satisfied that Bill Douglas,John Sechi, and Sola David-Borha possess recent and relevant financial and sector experience in compliance with the UK Corporate Governance Code. Bill Douglas was formerly Executive Vice President and Chief Financial Officer, and Executive Vice President, Supply Chain of Coca-Cola Enterprises, and John Sechi and Sola David-Borha have held a number of senior financial positions. Further details on their experience are set out in their respective biographies on pages 75 and 73 respectively.

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 2017 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 2016 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 30 June 2017, prior to their submission to the Board for approval;
- the trading updates for the three-month period ended 31 March 2017 and the nine-month period ended 29 September 2017;
- areas of significance in the preparation of the financial statements;

- 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 of the Viability Statement scenarios and underlying assumptions and recommendations to the Board that the Viability Statement be approved;
- review and approval of the internal audit plan, quarterly reports on the results of internal audit work and an internal 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 the 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; and
  - 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;
- reports from the external auditor on the annual and interim financial statements, approval of the external audit plan and pre-approval of audit fees for 2017; and
- the results of the Audit and Risk Committee self-assessment process.

Areas of key significance in the preparation of the financial statements

The Audit and Risk Committee considered a number of areas of key significance in the preparation of the financial statements in 2017 including the following:

- critical accounting judgements and estimates that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in the consolidated financial statements including income taxes (detailed in Notes 5, 10 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

Priorities for 2018

The key priorities for 2018 are the following:

- monitoring the developments in accounting and regulatory matters including potential changes to IFRS accounting standards;
- implementation of the new EU Data Protection Regulation; and
- ongoing monitoring of risks as well impairment testing of goodwill and intangible assets.

External auditor

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

The Board, at the recommendation of the Audit and Risk Committee, has retained PricewaterhouseCoopers S.A., 268 Kifissias Avenue – 15232 Halandri, Greece ('PwC S.A.'), an affiliate of PwC AG, to act as the Group's independent registered public accounting firm for the purposes of reporting under the UK rules for the year ended 31 December 2017. Signing partner for the financial statements on behalf of PwC S.A. is Marios Psaltis, who has held this role for five 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.

Non-audit services provided by the external auditor

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

Under the policy, pre-approval may be provided for work associated with: statutory or other financial audit work under IFRS or according to local statutory requirements; attestation services not required by statute or regulation; accounting and financial reporting consultation and research work necessary to comply with generally accepted accounting and auditing standards; internal control reviews and assistance with internal control reporting requirements; review of information systems security and controls; tax compliance and related tax services, excluding any tax services prohibited by regulatory or other oversight authorities; expatriates' and other individual tax services; and assistance and consultation on questions raised by regulatory agencies. For each proposed service, the external auditor is required to provide detailed back-up documentation at the time of approval to permit the Audit and Risk Committee to make a determination whether the provision of such services would impair the external auditor's independence.

PwC has complied with the policy for the financial year ended on 31 December 2017 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 €4.3 million for the year ended 31 December 2017, compared to approximately €4.5 million for the year ended 31 December 2016. The total fees for 2017 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 2017 were €0.4 million compared to €0.4 million for the year ended 31 December 2016.

Tax-related fees

Fees for tax services to PwC and affiliates for the year ended 31 December 2017 were €nil million compared to €0.1 million for the year ended 31 December 2016.

All other fees

Fees for non-audit services paid to PwC or affiliates for the year ended 31 December 2017 were €nil million. There were €0.1 million in fees for non-audit services paid to PwC or affiliates during the year ended 31 December 2016.

Risk management

During 2017, the Company continued to revise and strengthen its approach to risk management as described in detail on pages 55 to 63. 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 2017. 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.

Whistle-blowing 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. All such allegations, complaints or concerns may be communicated in a variety of ways, in local languages and on an anonymous basis, to our Director of Internal Audit. Communications received by the Director of Internal Audit, or directly through the hotline, are kept confidential and, where requested, anonymous. 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.

In 2017, we received 292 allegations (2016: 186) of which 98 (2016: 48) were received through the whistle-blower hotline. All allegations involving potential Code of Business Conduct violations were investigated in accordance with the Group Code of Business Conduct Handling Guidelines. Of those investigated, 124 (2016: 79) matters were substantiated as code violations of which 35 (2016: 20) involved an employee in a management position or involved a loss greater than €10 thousand. For details concerning the handling of allegations received in 2017 see our website.

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 recommendation 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 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.

FOCUS ON THE COMPOSITION OF THE BOARD

Letter from the Chair of the Nomination Committee

Dear Shareholder

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

As a result of our 2017 review to ensure an appropriate balance of skills, experience, independence and knowledge, we recommended Charlotte Boyle as a new non-Executive Director following the retirement of Antonio D'Amato in June 2017. Charlotte Boyle brings significant skills and experience in the areas of people, talent, succession and executive remuneration to the Board, Nomination Committee and Remuneration Committee.

Following the untimely death of Dimitris Lois, Chief Executive Officer from 2011 until he passed away in October 2017, the Nomination Committee led a thorough process that resulted in the appointment of Zoran Bogdanovic as the Company's new Chief Executive Officer. Zoran Bogdanovic brings a track record of delivering results across our territories and demonstrating the values that are the foundation of our Company culture. He will also be nominated as an Executive Director on the Board at the Annual General Meeting in 2018.

In 2018, the Committee will continue to review the balance of skills, experience and diversity on 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 to deliver on its strategy. The Committee will also oversee an internally facilitated self-assessment process.

A summary of the Group's Nomination Policy for the recruitment of Board members is available online at: https://coca-colahellenic.com/media/1549/summary-of-nomination-policy-for-recruitment-of-board-members.pdf. The Board Diversity Policy is described on page 100.

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 81.

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

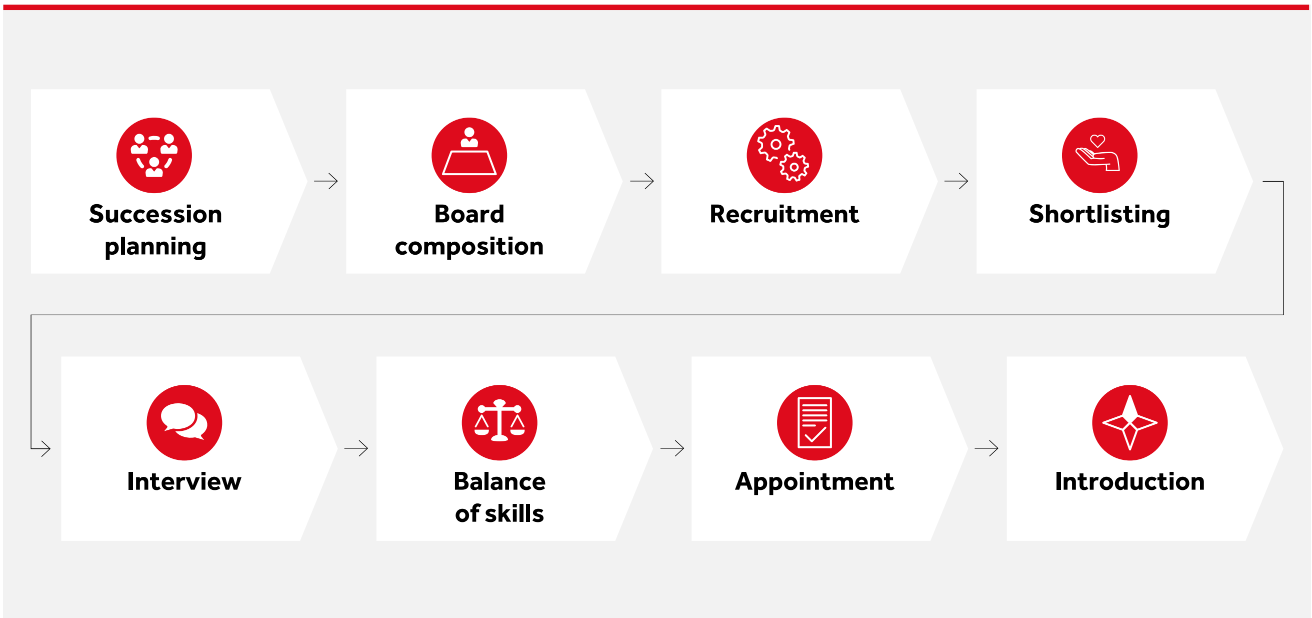
The members of the Nomination Committee are Reto Francioni, Charlotte Boyle, and Alexandra Papalexopoulou. At the Annual General Meeting on 20 June 2017, Antonio D'Amato retired as a member of the Board and member of the Nomination Committee and the Board appointed Charlotte Boyle to replace him. At the Annual General Meeting on 20 June 2017, Reto Francioni and Alexandra Papalexopoulou were also re-elected for a one-year term by the shareholders. Since June 2015 all members of the Nomination Committee have been independent non-Executive Directors and the Nomination Committee is chaired by Reto Francioni.

Work and activities

The Nomination Committee met four times during 2017 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 2017, the General Counsel also met with the Nomination Committee on several occasions. During 2017, the work of the Nomination Committee included consideration of:

- leading the process for the appointment of the new Chief Executive Officer
- succession planning and development of plans for the recruitment of new Board members;
- composition of the Board, including the appropriate balance of skills, knowledge, experience and diversity;
- 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 in conjunction with executive search consultants;
- 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 Inclusion and Diversity Policy.

Committee at work – Recruitment process



As the result of the Nomination Committee's review of the composition of the Board in 2017, the Nomination Committee recommended Charlotte Boyle to be appointed as a new non-Executive Director, and as a member of the Nomination Committee and Remuneration Committee following the retirement of Antonio D'Amato. The Nomination Committee used the services of Lygon Group, an external search consultant, to help with the appointment of Charlotte Boyle. Lygon specialises in senior recruitment assignments and has no other connections with the Company.

Following the untimely death of Dimitris Lois in October 2017, the Nomination Committee led a thorough process and benchmarking exercise that resulted in the appointment of Zoran Bogdanovic as the Group's new Chief Executive Officer. He will also be nominated as an Executive Director on the Board at the Annual General Meeting in 2018.

The Nomination Committee and the Board undertook a formal process to find an appropriate candidate for the CEO position. Egon Zehnder International supported the Committee to design and implement a robust succession process.

Egon Zehnder International provides recruitment and career development services to the Company from time-to-time, but does not have any other connection with the company. The main steps of the succession process in summary were as follows:

- a Chief Executive Officer role profile for the Group was prepared and agreed by the Committee;
- the Committee conducted initial reviews and assessed a list of internal and external candidates against the agreed profile to produce a shortlist of potential candidates;
- after due consideration, the Committee concluded that Zoran Bogdanovic was the lead candidate for the position, based, among other things, on the Company's pre-existing succession planning work and his strong track record with the Company;
- with the support of the external consultant, the Committee conducted a very extensive interview and assessment process, which confirmed Zoran Bogdanovic as a qualified and suitable candidate for the position;
- Zoran Bogdanovic was benchmarked against external candidates;
- the Committee considered all available facts and concluded that due to his proven leadership skills, strategic agility, industry expertise and cultural fit, Zoran Bogdanovic was the best qualified candidate for the position; and
- the Board unanimously approved the Committee's recommendation.

Priorities for 2018

The Nomination Committee's priorities for 2018 include:

- successful onboarding of the new CEO;
- continuous work on succession plans for Board and senior management positions; and
- internal Board and committee assessments.

Performance evaluation of the Board

The Nomination Committee led the annual assessment of the performance of the Board and its committees during the year with the support of Lintstock, an external advisory firm. The key areas included in the assessment were Board structure and diversity, timeliness and quality of information, Board discussions, committees and their operation, succession planning, risk appetite and risk management, and remuneration and performance. The scores were overall high and the results of the evaluation were presented at the December 2017 Board meeting. Further details on the internal board evaluation are set out on page 84.

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

Diversity

The Group continues to be deeply committed to policies promoting diversity, equal opportunity and talent development at every level throughout the Group, including at Board and management level, and is constantly seeking to attract and recruit highly qualified candidates for all positions in its business. The Group's Inclusion and Diversity Policy applies to all people who work for us. Further details on the Group's Inclusion and Diversity Policy are set out on page 31 in the Strategic Report.

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

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

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

Since 31 December 2016, there has been an increase in the number of women on the Board from 15% to 25% following the appointment of Charlotte Boyle (reducing to 23% if Zoran Bogdanovic is elected at the Annual General Meeting of the Company as proposed (see page 78)). The percentage of managers who were women has also increased from 33% as at 31 December 2016 to 35% as at 31 December 2017, while the percentage of women among executive leaders remained 30%.

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.

FOCUS ON ACHIEVING OUR 2020 SUSTAINABILITY GOALS

Letter from the Chair of the Social Responsibility Committee

Dear Shareholder

In 2017, the Committee continued its overview and monitoring of the implementation of our sustainability strategy. During the year, particular emphasis was placed on the progress made against the targets associated with the Group's 2020 sustainability commitments, details of which are set out on page 25.

At the same time, we continued monitoring regulatory developments in the area of sustainability, with an emphasis on the circular economy, within the framework of the related European Union policy package.

The Committee also oversaw the Group's continued efforts to align and integrate its sustainability priorities to its overall business strategy, particularly in the areas of use of clean and renewable energy, carbon emissions, packaging light-weighting, recovery for recycling, and sustainable sourcing. We are particularly pleased that in 2017 the CDP (formerly the Carbon Disclosure Project) recognised these efforts, considering Coca-Cola HBC as a global leader in the areas of climate and water.

We are especially proud that in addition to being named the industry leader on both the Dow Jones World and Europe Sustainability Indices for a record four consecutive years, Coca-Cola HBC has now also taken the lead within the food, beverage and tobacco industry group as a whole.

The Committee will continue to promote the sustainability agenda within the organisation, and ensure that this remains a key driver of our corporate reputation as a leader in the field.

Anastasios I. Leventis
Committee Chair

Role and responsibilities

The Social Responsibility Committee is responsible for the development and supervision of procedures and systems to ensure the pursuit of the Group's social and environmental goals. The formal role of the Social Responsibility Committee is set out in the charter for the committees of the Board of Directors in Annex C of the Company's Organisational Regulations. This is available online at https://coca-colahellenic.com/en/about-us/corporate-governance/corporate-governance-overview/.The key elements of the Social Responsibility Committee's role and responsibilities are set out on page 81.

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

Work and activities

The Social Responsibility Committee met four times during 2017 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.

During 2017 the Social Responsibility Committee reviewed and provided guidance and insights to advance the Group's sustainability approach in the following areas:

- 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 recently introduced GRI Standards;
- monitoring of the rate of implementation and progress made against the 12 publicly communicated 2020 sustainability commitments; and
- assessment of emerging trends in sustainability and potential implications for Coca-Cola HBC, particularly in the areas of packaging, and health and nutrition.

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 Sustainability Report Standards, and the guidance of the Sustainability Accounting Standards Board for the beverage industry.

Priorities for 2018

The Social Responsibility Committee's priorities for 2018 include:

- overseeing a review of our 2020 commitments in order to identify the key themes and priorities within a longer time frame;
- reviewing and endorsing the Group's sustainability reporting according to the GRI and IIRC frameworks; and
- addressing potential sparkling soft drinks and plastic packaging taxation.

DRIVING SUSTAINABLE PERFORMANCE

Letter from the Chair of the Remuneration Committee

Alexandra Papalexopoulou
Chair of the Remuneration Committee

Dear Shareholder

As the Chair of the Remuneration Committee, I am pleased to present our Directors' Remuneration Report for the year ended 31 December 2017. Our primary listing is on the London Stock Exchange and our Company is domiciled in Switzerland. We therefore ensure that we comply fully with UK regulations, except where these conflict with Swiss law. The format of our 2017 Remuneration Report is consistent with last year's format as there were no significant changes in relevant regulations or internal policies.

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.

2017 performance outcomes

2017 saw the business performing well, with a clear strategic direction. With this in mind we are delighted to announce strong results for the 2017 financial year, delivering net sales revenue growth of 5.9% on an FX-neutral basis (an improvement on 2016 performance of 3.0%) and volume growth of 2.2% with positive performance in all segments. Our comparable EBIT margin also improved this year, now at 9.5%. We have sustained our ability to improve cost-efficiency with our operating expenditure at 27.9% of revenue, which is a positive step towards our 2020 target range of 26%-27%. We also saw an improvement in our overall ROIC performance, which reached 12.4% this year. This exceptional performance demonstrates our significant progress towards our 2020 targets.

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) **2,104** 2016: 2,058	Net sales revenue (€m) **6,522** 2016: 6,219
FX-neutral NSR generated per case (€) **3.10** 2016: 3.02	Operating expense as % of NSR (excl. DME) **25.5%** 2016: 25.8%
Comparable EBIT (€m) **621** 2016: 518	Free cash flow (€m) **426** 2016: 431
ROIC **12.4%** 2016: 10.3%	Comparable EPS (€) **1.233** 2016: 0.972

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

Applying the remuneration policy for Directors in 2017

Dimitris Lois, the Company's Chief Executive Officer since 2011, went on extended leave for medical treatment last year. It was with great sadness that we had to announce his passing on 2 October 2017. The Remuneration Committee deemed that all death in service payments be made in line with the termination policy contained within the approved Executive Director's Remuneration Policy. In line with this policy, no base salary was paid out in lieu of notice and all outstanding awards under the MIP and PSP were pro-rated for time and subject to performance assessment. Under Swiss law, share awards are considered annual compensation and as such when time pro-rating is required, the year of grant (12 months) and not the vesting period (36 months) for time pro-rating calculations is considered. The Remuneration Committee made the decision that the vesting of these pro-rated PSP awards be accelerated and vest as soon as reasonably practicable to Dimitris Lois' heirs. Full details of these awards can be found on page 118.

During the period from 15 September leading up to 7 December, our Chief Financial Officer, Michalis Imellos, took on the role of Acting Chief Executive Officer. During this period, he was not appointed to the Board. The Remuneration Committee made no additional interim payments for his interim role.

Zoran Bogdanovic, previously a Region Director and member of the Operating Committee since 2013, was appointed to the role of Chief Executive Officer on 7 December 2017. His formal appointment to the Board will be put forward for shareholder approval at the next Annual General Meeting in June 2018. Remuneration arrangements for Zoran Bogdanovic have been determined by the Remuneration Committee and are aligned to the remuneration policy for Executive Directors. Full details can be found on page 107.

In accordance with our remuneration policy, the base salary of Dimitris Lois had been reviewed earlier this year. In light of consideration of base salary increases across the organisation and market positioning, as well as business and individual performance, we decided to recommend increasing his annual base salary by 2.5%, which was effective 1 May 2017. The Remuneration Committee considered business and individual performance criteria when recommending the increase.

Further, in March 2017 Dimitris Lois received a third grant under the PSP. The award represented 330% of his base salary at the date of grant. These shares were originally subject to a three-year performance period, aligned to the Company's financial year, with performance measured to the end of the financial year 2019, and vesting anticipated in March 2020. The treatment of this award is provided on page 118.

We continue to commit to disclosing MIP targets retrospectively and you will find the 2017 performance targets and outcomes reported on page 119.

Policy changes

Every year, the Remuneration Committee reassesses the Group's remuneration policy. In 2017, we believed that the remuneration policy could be enhanced to be brought more in line with UK best practice and become more aligned to the long-term strategy of the business. As such, the Remuneration Committee focused on reviewing and approving the implementation of:

- bonus deferral within the MIP whereby the Chief Executive Officer will receive half of any bonus as deferred shares which will vest after three years, subject to continued service; and
- an additional holding period within the PSP whereby any vested shares held by the Chief Executive Officer are subject to a no-sale commitment for two years following the three-year performance period.

We believe that these changes support the alignment of management with our business strategy and our shareholders' interests.

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 2017 Annual General Meeting and trust we shall have your support again in 2018.

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

In accordance with the UK Corporate Governance Code, the Remuneration Committee consists of three independent non-Executive Directors: Alexandra Papalexopoulou (Chair), Reto Francioni and Charlotte J. Boyle, who were each elected by the shareholders for a one-year term on 20 June 2017. The Remuneration Committee met four times in 2017: March, June, September and December. Please refer to the Board and Committee attendance in 2017 section of the Corporate Governance Report on page 82 for details on the Remuneration Committee meetings.

Alexandra Papalexopoulou
Chair of the Remuneration Committee

Remuneration throughout the organisation – a snapshot

Attracting
Finding the people we want and need

Motivating
Achieving financial, business and non-financial targets

Retaining
Continuing to attract the best talent

Recognising
Adopting behaviours that produce exceptional performance

Reward strategy and objective

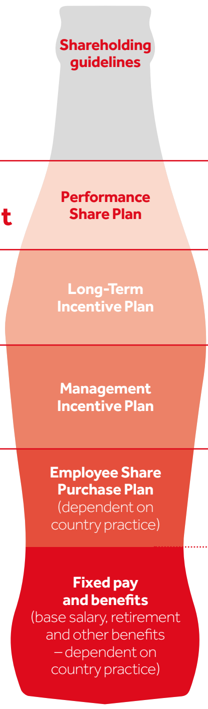
The objective of the Group's remuneration philosophy is to attract, retain and motivate employees who are curious, agile and committed to perform. Our reward strategy seeks to promote a growth mindset and reinforce desirable behaviours, ensuring that employees are fairly rewarded and that they recognise 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 growth strategy and will deliver long-term shareholder value. The variable pay element increases or decreases based on the achieved business performance. Through equity-related long-term compensation, we seek to ensure that the financial interests of the Chief Executive Officer, the members of the Operating Committee and other 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 our reward strategy

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



Chief Executive Officer and Operating Committee	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 awards vest 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	Cash long-term incentive awards vest over three years. LTIP awards are cascaded down to select middle and senior management to promote a high-performance culture.
All management	Management 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	The Employee Share Purchase Plan encourages share ownership and aligns the interests of our employees with those of shareholders.
	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 PSP are not eligible to participate in the Long-Term Incentive Plan.

At a glance – remuneration arrangements for the Chief Executive Officer

The table below summarises the remuneration arrangements in place for Zoran Bogdanovic, our new Chief Executive Officer. See page 118 for total compensation received in the 2017 financial year.

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

Pay element	Detail
Base salary	The annual base salary of the newly appointed Chief Executive Officer is €750,000. The salary is reviewed annually and any increase is typically effective 1 May each year.
Retirement benefits	The Chief Executive Officer participates in a defined benefit pension plan under Swiss law. Employer contributions are 15% of annual base salary.
Other benefits	Other benefits include (but are not limited to) medical insurance, housing allowance, Company car/allowance, cost of living adjustment, trip allowance, partner allowance, exchange rate protection, tax equalisation and tax filing support and advice. Benefit levels vary each year depending on need.
ESPP **(Employee Share Purchase Plan)**	The Chief Executive Officer may participate in the Company's Employee Share Purchase Plan. As a scheme participant, the Chief Executive Officer has the opportunity to invest a portion of his salary and/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. 50% of any bonus will be deferred into shares for a further three-year period. Payments are subject to potential application of malus and clawback provisions.
PSP **(Performance Share Plan)**	The PSP is an annual share award which vests after three years and is subject to two equally weighted performance conditions: (i) comparable earnings per share (EPS) and; (ii) return on invested capital (ROIC), each measured over a three-year period. An additional two-year holding period will apply following vesting. Awards are subject to potential application of malus and clawback provisions.

Remuneration policy

Introduction

The following section (pages 108 to 110) sets out our Directors' remuneration policy which was approved by the Remuneration Committee in December 2017, following revisions to incorporate annual bonus deferral within the MIP and add an additional holding period to the PSP. This remuneration policy will be put forward to shareholders on a voluntary basis at the next Annual General Meeting in June 2018. Remuneration continues to be structured in a way that attracts, motivates and retains the talented people we need to achieve the Company's strategic objectives and give them due recognition, whilst driving sustainable performance. It is intended that this remuneration policy will apply from the next Annual General Meeting.

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

Policy table – Chief Executive Officer

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

Fixed

Base salary

Purpose and link to strategy

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

Operation

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

The following parameters are considered when reviewing base salary level:

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

Malus and clawback provisions do not apply to base salary.

Maximum opportunity

Whilst there is no maximum salary level, any increases awarded to the Chief Executive Officer will normally be broadly aligned with the broader employee population. The salary increase made to the Chief Executive Officer may exceed the average salary increase under certain circumstances at the Remuneration Committee's discretion. For example, this may be due to: business and individual performance; material changes to the business; internal promotions; accrual of experience; changes to the role; or other material factors.

Performance metrics

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

The annual base salary for the Chief Executive Officer is set out on page 107.

Retirement benefits

Purpose and link to strategy

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

Operation

The Chief Executive Officer participates in a defined benefit pension plan under Swiss law. 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.

Malus and clawback provisions do not apply to retirement benefits.

Maximum opportunity

The contributions to the pension plan are calculated as a percentage of annual base salary (excluding any incentive payments or other allowance/benefits provided) based on age brackets as defined by federal Swiss legislation. This percentage is currently 15% of base salary and increases to 18% for age above 55.

Performance metrics

None.

Other benefits

Purpose and link to strategy

To provide benefits to the Chief Executive Officer which are consistent with market practice.

Operation

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

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

Malus and clawback provisions do not apply to benefits.

Maximum opportunity

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

Performance metrics

None.

ESPP (Employee Share Purchase Plan)

Purpose and link to strategy

The ESPP is an employee share purchase plan, encouraging broader share ownership, and is intended to align the interests of employees including the Chief Executive Officer with those of shareholders.

Operation

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

Dividends received in respect of shares held under the ESPP are used to purchase additional shares and are immediately vested.

The Chief Executive Officer is eligible to participate in the ESPP operated by the Company on the same basis as other employees.

Malus and clawback provisions apply. Further details may be found in the Additional notes to the Executive Director's remuneration policy table section on page 111.

Maximum opportunity

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

Performance metrics

The value is directly linked to the share price performance.

It is therefore not affected by other performance criteria.

Variable pay

MIP (Management Incentive Plan)

Purpose and link to strategy

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

Operation

Annual cash bonus awarded under the MIP is subject to business and individual performance metrics and is not part of the base for calculating pension.

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 Executive Director's remuneration policy table section on page 111.

PSP (Performance Share Plan)

Purpose and link to strategy

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

Operation

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

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

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

Malus and clawback provisions apply. Further details may be found in the Additional notes to the Executive Director's remuneration policy table section on page 111.

Variable pay

MIP (Management Incentive Plan)

Maximum opportunity

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

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

- Threshold: 5% of base salary
- Target: 70% of base salary
- Maximum: 130% of base salary.

Maximum payout is based on business performance targets (up to 120% of salary) and individual performance (up to 10% of salary).

Performance metrics

The MIP awards are based on business metrics linked to our business strategy. These may include but are not limited to measures of volume, revenue, profit, cash and operating efficiencies. The weighting of individual performance metrics shall be determined by the Remuneration Committee at the beginning of the MIP performance period. Details related to the key performance indicators and individual objectives can be found in the Annual Report on Remuneration on page 122.

Deferral of MIP

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

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

PSP (Performance Share Plan)

Maximum opportunity

Awards (normally) have a face value up to 330% of base salary. In exceptional circumstances only, the Remuneration Committee has the discretion to grant awards up to 450% of base salary.

Performance metrics

Vesting of awards is subject to the three-year Group performance metrics based on two equally-weighted measures which have been selected as they are aligned to long-term growth and also measure the efficient use of capital, both of which are aligned to our strategic plan: comparable earnings per share (Comparable EPS); and the percentage of 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 metrics have been met and, in turn, the level of vesting. Participants may receive vested awards in the form of shares or a cash equivalent.

For both performance metrics, achieving threshold performance results in vesting of 25% of the award and maximum performance results in vesting of 100% of the award.

Performance share awards will lapse if the Remuneration Committee determines that the performance metrics have not been met.

Holding period

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

Adjustments

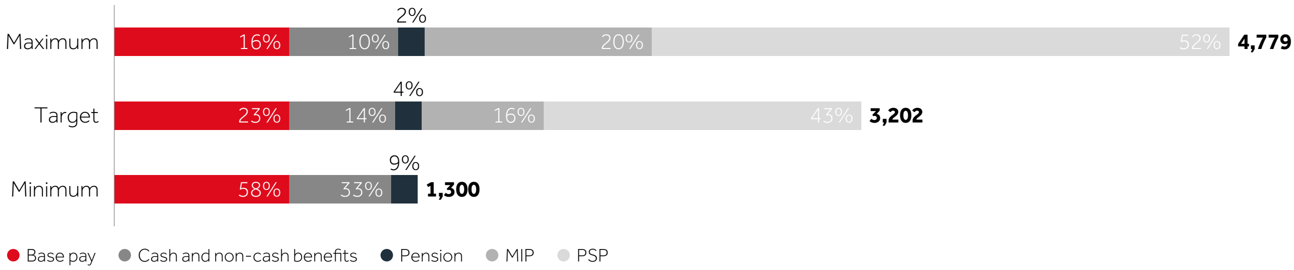
In the event of an equity restructuring, the Remuneration Committee may make an equitable adjustment to the terms of the performance share award by adjusting the number and kind of shares which have been granted or may be granted and/or making provision for payment of cash in respect of any outstanding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

Change 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 metrics have been satisfied or would have been likely to be satisfied at the end of the performance period, unless the Remuneration Committee determines that substitute performance share awards may be used in place of the previous awards. For vested shares subject to the additional holding period, the holding period will lapse and the participants are no longer subject to the no-sale commitment.

Additional notes to the Executive Director's remuneration policy table

Chief Executive Officer's remuneration policy illustration



	Component	Minimum (€ 000s)	Target (€ 000s)	Maximum (€ 000s)
Fixed	Base salary[1]	750	750	750
	Pension	113	113	113
	Cash and non-cash benefits[2, 3]	437	453	466
Variable	MIP	–	525	975
	PSP	–	1,361	2,475
Total		**1,300**	**3,202**	**4,779**

1. Represents the annual base salary for the new Chief Executive Officer effective 7 December 2017.
2. Represent the annual cash and non-cash benefits for the new Chief Executive Officer effective 7 December 2017.
3. ESPP employer contributions may vary depending on the MIP payout and whether the Chief Executive Officer decides to contribute a portion. The figures provided have been calculated on the basis of the applicable MIP payout and the Chief Executive Officer deciding to contribute 3% to the ESPP.

ESOP (Employee Stock Option Plan)

The ESOP was replaced by the PSP in 2015 and the last grant under the ESOP took place in December 2014. Although the Remuneration Committee does not intend to award under the ESOP going forward, there are still outstanding 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 the 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 vested awards for up to a two-year period following the payment or vesting.

Changes from previous policy in respect of Executive Directors

The Remuneration Committee has updated the policy to provide for:

– bonus deferral within the MIP, whereby the Chief Executive Officer will receive half of any bonus as deferred shares which will vest after three years, subject to continued service; and
– an additional holding period within the PSP whereby any vested shares held by the Chief Executive Officer are subject to a no-sale commitment for two years following the three-year performance period.

The Remuneration Committee considers that these changes support the alignment of management with our business strategy and our shareholders' interests.

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.

Remuneration arrangements across the Group

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

The structure of the remuneration package for the wider employee population takes into account local market practice and is intended to attract and retain the right talent, be competitive and remunerate employees for promoting a growth mindset, while contributing to the Group's performance.

Policy table – non-Executive Directors

Base fees

Purpose and link to strategy

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

Operation

Non-Executive Directors' pay is set at a level that will not call into question the objectivity of the Board. When considering market levels, comparable companies typically include those in the FTSE 100 Index with similar positioning 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.

Maximum opportunity

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

- Base non-Executive Director's fee: €70,000
- Senior Independent Director's fee: €15,000
- Audit and Risk Committee Chairman fee: €27,500
- Audit and Risk Committee member fee: €13,800
- Remuneration, Nomination and Social Responsibility Committee Chair fees: €11,000
- Remuneration, Nomination and Social Responsibility Committee member fees: €5,500

Other benefits

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

Variable remuneration

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

Legacy arrangements

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

Policy on recruitment/appointment

Executive Directors

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

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

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

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

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

Non-Executive Directors

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

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

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

Termination payments

The Swiss Ordinance against Excessive Compensation in Listed Companies limits the authority of the 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, a non-Executive Director would be entitled to his/her fees accrued as of the date of termination, but not 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 2017. The notice period anticipates that up to six months' paid garden leave may be provided. Similarly, up to 12 months of base salary may be paid out in relation to the non-compete period.

In case of future terminations, payments will be made in accordance with the termination policy on page 114.

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

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

Service contracts

Zoran Bogdanovic, the new Chief Executive Officer, has an employment contract with the Company, effective 7 December 2017, that contains 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 ends with an employee of at least 50 years of age after 20 years or more of service.

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

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

Name	Title	Date originally appointed to the Board of the Company	Date appointed to the Board of the Company	Unexpired term of service contract or appointment as non-Executive Director
Anastassis G. David	Chairman and non-Executive Director	27 July 2006	20 June 2017	One year
Zoran Bogdanovic	Chief Executive Officer	NA – to be appointed to the Board at the next AGM in June 2018	NA – to be appointed to the Board at the next AGM in June 2018	Indefinite, terminable on six months' notice
Ahmet C. Bozer	Non-Executive Director	21 June 2016	20 June 2017	One year
Charlotte J. Boyle[1]	Non-Executive Director	20 June 2017	20 June 2017	One year
Antonio D'Amato[2]	Non-Executive Director	1 January 2002	–	–
Olusola (Sola) David-Borha	Non-Executive Director	24 June 2015	20 June 2017	One year
William W. (Bill) Douglas III	Non-Executive Director	21 June 2016	20 June 2017	One year
Reto Francioni	Senior Independent non-Executive Director	21 June 2016	20 June 2017	One year
Anastasios I. Leventis	Non-Executive Director	25 June 2014	20 June 2017	One year
Christo Leventis	Non-Executive Director	25 June 2014	20 June 2017	One year
Alexandra Papalexopoulou	Non-Executive Director	24 June 2015	20 June 2017	One year
José Octavio Reyes	Non-Executive Director	25 June 2014	20 June 2017	One year
Robert Ryan Rudolph	Non-Executive Director	21 June 2016	20 June 2017	One year
John P. Sechi	Non-Executive Director	25 June 2014	20 June 2017	One year

1. Charlotte J. Boyle was appointed to the Board of Directors, the Remuneration Committee and the Nomination Committee at the 2017 AGM on 20 June 2017.
2. Antonio D'Amato retired from the Board of Directors, the Remuneration Committee and the Nomination Committee at the 2017 AGM on 20 June 2017.

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

Consideration of employee views

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

Consideration of shareholder views

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

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

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

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

Annual Report on Remuneration

Introduction

This section of the Report provides detail on how we have implemented our remuneration policy in 2017 which, in accordance with the UK remuneration reporting regulations, will be subject to an advisory shareholder vote at our 2018 Annual General Meeting.

Activities of the Remuneration Committee during 2017

During 2017, the key Remuneration Committee activities were to:

- review and sign off the 2016 Directors' Remuneration Report;
- review and recommend the 2017 base salary for the former Chief Executive Officer;
- review and approve 2017 base salaries for the Operating Committee members and general managers;
- review and approve the 2016 MIP payout for the former Chief Executive Officer;
- review and approve payout levels for the 2016 MIP in relation to Operating Committee members and general managers;
- set and approve 2017 PSP targets;
- review award levels for 2017 PSP awards;
- review the Company's Irish pension plans;
- review and approve changes to the Executive Director's remuneration policy – a three-year annual bonus deferral within the MIP and an additional two-year holding period within the PSP;
- following the untimely death of Dimitris Lois in October 2017, determine the payments due to his beneficiaries under the MIP and PSP; and
- review and approve the remuneration arrangements for the new Chief Executive Officer.

Advisors to the Remuneration Committee

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

While the Remuneration Committee does not have external advisors, in 2017 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. Other than employee engagement benchmarking services, Willis Towers Watson does not provide any other services to the Company. The total cost in connection with providing advice on remuneration issues was €46,328. Willis Towers Watson are members of the Remuneration Consultants Group and provide advice in line with its Code of Business Conduct.

Herbert Smith Freehills LLP provide the Company with legal advice. Advice from Herbert Smith Freehills LLP is made available to the Remuneration Committee, where it relates to matters within its remit.

Non-Executive Directors' remuneration for the years ended 31 December 2017 and 2016 (EUR)

	Financial year	Base fee[1]	Audit and Risk Committee	Remuneration Committee	Nomination Committee	Social Responsibility Committee	Senior Independent Director	Social security contributions[2]	Total
Anastassis G. David	**FY2017**	**70,000**	–	–	–	–	–	–	**70,000**
	FY2016	67,500	–	–	–	–	–	–	67,500
Ahmet C. Bozer	**FY2017**	**70,000**	–	–	–	–	–	–	**70,000**
	FY2016	35,000	–	–	–	–	–	–	35,000
Charlotte J. Boyle[3]	**FY2017**	**35,000**	–	2,750	2,750	–	–	–	**40,500**
	FY2016	–	–	–	–	–	–	–	–
Antonio D'Amato[4]	**FY2017**	**35,000**	–	2,750	2,750	–	–	–	**40,500**
	FY2016	67,500	–	5,250	5,250	–	–	–	78,000
Olusola (Sola) David-Borha	**FY2017**	**70,000**	13,800	–	–	–	–	6,584	**90,384**
	FY2016	67,500	13,150	–	–	–	–	6,344	86,994
William W. (Bill) Douglas III	**FY2017**	**70,000**	27,500	–	–	–	–	–	**97,500**
	FY2016	35,000	13,750	–	–	–	–	–	48,750
Reto Francioni	**FY2017**	**70,000**	–	5,500	11,000	–	15,000	7,974	**109,474**
	FY2016	35,000	–	2,750	5,500	–	7,500	3,992	54,742
Anastasios I. Leventis	**FY2017**	**70,000**	–	–	–	11,000	–	–	**81,000**
	FY2016	35,000	–	–	–	5,500	–	–	40,500
Christo Leventis[5]	**FY2017**	**70,000**	–	–	–	–	–	2,179	**72,179**
	FY2016	35,000	–	–	–	–	–	2,753	37,753
Alexandra Papalexopoulou	**FY2017**	**70,000**	–	11,000	5,500	5,500	–	–	**92,000**
	FY2016	67,500	–	8,000	5,250	2,750	–	–	83,500
José Octavio Reyes	**FY2017**	**70,000**	–	–	–	5,500	–	4,560	**80,060**
	FY2016	67,500	–	–	–	5,250	–	5,722	78,472
Robert Ryan Rudolph	**FY2017**	**70,000**	–	–	–	–	–	5,499	**75,499**
	FY2016	35,000	–	–	–	–	–	2,753	37,753
John P. Sechi	**FY2017**	**70,000**	13,800	–	–	–	–	–	**83,800**
	FY2016	67,500	13,150	–	–	–	–	–	80,650

1. Non-Executive Director fees for 2017 are in line with the fees that were revised in 2016.
2. Social security employer contributions as required by Swiss legislation.
3. Charlotte Boyle was appointed to the Board of Directors, the Remuneration Committee and the Nomination Committee on 20 June 2017. The Group has applied a half-year period base fee.
4. Antonio D' Amato retired from the Board of Directors, the Remuneration Committee and the Nomination Committee on 20 June 2017. The Group has applied a half-year period base fee.
5. In June 2017 social security contributions of EUR 2,179, withheld in December 2016, were returned to Christo Leventis, on top of his fees, as he was deemed not subject to Swiss social security.

Single figure table

Single total figure of remuneration for the Chief Executive Officer for the years ended 31 December 2017 and 2016

	Base pay[5] €000s		Cash and non-cash benefits[6] €000s		Annual bonus[7] €000s		Employee Share Purchase Plan[8] €000s		Long-term incentives €000s		Retirement benefits €000s		Total single figure €000s	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Dimitris Lois[1,2,3]	**852**	899	**498**	502	**643**	647	**40**	53	**13,227**	665	**118**	157	**15,378**	2,923
Zoran Bogdanovic[4]	**58**	0	**35**	0	**47**	0	**2**	0	**262**	0	**6**	0	**410**	0

1. 2017 base salary and all benefits for Dimitris Lois reflect the period 1 January to 2 October 2017, including 2 months' salary and benefits to the heirs as per Swiss law. Relevant payments did not include any variable pay.
2. The annual bonus payout for Dimitris Lois reflects the pro-rated period to 2 October 2017.
3. Long-term incentives reflect the 2015, 2016 and 2017 awards made under the Performance Share Plan, the dividend equivalent shares paid on PSP shares that vested in 2017 and share options that vested to Dimitris Lois in 2017 under the Employee Stock Option Plan. In line with the Performance Share Plan rules, awards were pro-rated for time and performance up to 2 October 2017. For the share options, the value reflects the number of share options multiplied by the market price at vesting minus the exercise price at grant. Further details are included in the table under 'Arrangements for Dimitris Lois, former Chief Executive Officer' below.
4. For Zoran Bogdanovic, 2017 base salary and all benefits reflect his role as Chief Executive Officer and hence the period from the date of his appointment, 7 December 2017, to the end of the financial year. Long-term incentives reflect the share options that vested to Zoran Bogdanovic in 2017 under the Employee Stock Option Plan. The value reflects the number of share options multiplied by the market price at vesting minus the exercise price at grant.
5. Base pay includes the monthly instalments linked with the base salary for 2017. A salary increase was applied to the base salary effective from 1 May.
6. Under Cash and non-cash benefits we include the value of all benefits paid during 2017. These are outlined in the Cash and non-cash benefits section below.
7. Annual bonus for 2017 includes the MIP payout, receivable early in 2018 for the 2017 performance year.
8. Employee Share Purchase Plan was previously reported under Cash and non-cash benefits. From 2017 onwards, it is reported separately.

Arrangements for Dimitris Lois, former Chief Executive Officer

In line with the provisions for death in service as set out in the relevant compensation plan policies (as outlined on page 114), no base salary in lieu of notice was paid out. The MIP award of 130% of base salary for the 2017 financial year, was pro-rated for time and performance up to 2 October 2017. This pro-rated payment of € 643,208 (69% of base salary), made under the MIP, was paid in March 2018 to his heirs. The performance targets and outcomes can be found in the MIP payout section on page 119. In line with the death-in-service provisions, all available plan shares under the ESPP, 56,379 shares, were immediately transferred to his heirs.

In line with the PSP rules, all of Dimitris Lois' outstanding PSP awards were pro-rated for time and performance up to 2 October 2017. The Remuneration Committee deemed it appropriate for all outstanding PSP awards to vest immediately to Dimitris Lois' heirs – the number of shares that vested is summarised in the table below. The Remuneration Committee deemed that the vesting portion of all outstanding share awards should attract the value of dividend equivalent shares. These dividend equivalent shares vested at the same time as the vesting of the outstanding share awards. The performance targets and outcomes can be found on page 121.

Award	Original performance period	Time for pro-rating	Face value of award (number of shares)	Time pro-rating – % vesting	Performance pro-rating – % vesting	Number of shares to vest (following time and performance pro-rating)
2015 award	1 January 2015 – 31 December 2017	1 January 2015 – 31 December 2015	138,476	100%	100%	138,476
2016 award	1 January 2016 – 31 December 2018	1 January 2016 – 31 December 2016	159,876	100%	100%	159,876
2017 award	1 January 2017 – 31 December 2019	1 January 2017 – 2 October 2017	128,421	75%	88%	84,757
2016 Dividend equivalent shares						6,608
2017 Dividend equivalent shares						6,685

Under Swiss law, share awards are considered annual compensation and as such when time pro-rating is required, the year of grant (12 months) and not the vesting period (36 months) for time pro-rating calculations is considered.

Fixed pay for 2017

Base salary

During the year, the Remuneration Committee recommended to the Board for approval a salary increase for Dimitris Lois of 2.5%, resulting in a base salary of €932,000, effective 1 May 2017. When approving this increase, the Remuneration 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%. As described above, upon Dimitris Lois' death, no base salary in lieu of notice was paid out.

Following the appointment of Zoran Bogdanovic to Chief Executive Officer, the Remuneration Committee recommended and the Board approved a base salary of €750,000, effective 7 December 2017. When determining the base salary level, the Remuneration Committee considered alignment and competitiveness versus peers in the FTSE, internal relativities and the experience of the individual.

Retirement benefits

Dimitris Lois received a retirement benefit of 18% of base salary during 2017, which is aligned to the retirement benefit provided under Swiss law and based on the age brackets defined by federal Swiss legislation.

Zoran Bogdanovic is to receive an annual retirement benefit of 15% of base salary, aligning to the retirement benefit provided under Swiss law and based on the age brackets defined by federal Swiss legislation. During the year, €5,801 of retirement benefit was received, reflecting the period 7 December 2017 to 31 December 2017.

Cash and non-cash benefits

Dimitris Lois received additional benefits during the financial year until his passing on 2 October 2017. This included cost of living and foreign exchange rate adjustment (€299,387), private medical insurance (€22,865), Company car allowance (€23,084), housing allowance (€113,786), trip allowance (€8,268), tax assistance and filing support (€35,777), Company matching contribution related to the ESPP (€40,306 – reflecting the maximum match of 3% under the plan), tax equalisation (€ -162,136), payout of untaken leave days (€36,244) and the value of social security contributions (€121,201). The decrease in tax equalisation in comparison to the prior year is driven by changes in effective tax rates. Cash and non-cash benefits for Dimitris Lois reflect the period 1 January to 2 October 2017 and include two months' payment made to his heirs as per Swiss law.

Zoran Bogdanovic received additional benefits during the period 7 December to 31 December 2017. This included cost of living and foreign exchange rate adjustment (€17,928), private medical insurance (€402), Company car allowance (€1,201), housing allowance (€8,260), tax assistance and filing support (€517), Company matching contribution related to the ESPP (€1,750 – reflecting the maximum match of 3% under the plan), tax equalisation (€ -350) and the value of social security contributions (€6,583).

Variable pay for 2017

MIP performance outcomes – 2017

As outlined above, the annual bonus award in respect of the 2017 financial year for the former Chief Executive Officer was €643,208 reflecting 69% of base salary and this was paid out to his heirs in March 2018. This value reflects time and performance pro-rating up to 2 October 2017. This cash bonus reflects the financial and individual performance achieved during the period 1 January 2017 to 2 October 2017. The financial metrics, the associated targets and level of achievement are set out below (time pro-rating results in a payout of 61% of base salary).

	Threshold (0%)	**Target** (15%)	**Maximum** (30%)	Actual	**Payout** (% of base salary)
Volume (m unit cases)	1,928	2,095	2,200	2,104	16.3%
Comparable EBIT (€ m)	529	575	621	621	30.0%
OpEx % of NSR	27.3	25.3	24.6	25.5	13.7%
NSR (€ m)	5,869	6,380	6,699	6,522	21.7%
Total Working Capital Days Qualifier to Volume performance measure	6.67	6.08	4.86	5.63	Achieved
Total financial performance measures payout					81.7%

Threshold Target Maximum Actual

Following strong performance against the individual objectives set at the beginning of the year, where for all three segments revenue grew faster than 2016 and volume increased, engagement scores were maintained across the business, the EBIT margin grew and CCHBC maintained its industry-leading status as the beverage industry leader on the DJSI, the Remuneration Committee deemed there to be 100% achievement against the individual objectives, resulting in a maximum payout of 7.5% of base salary (time pro-rated amount).

Achievement against the Group targets and the respective payout is outlined in the table on page 119. Note that the payout levels have been pro-rated to reflect the period 1 January 2017 to 2 October 2017.

Employee Stock Option Plan (ESOP) outcomes – 2017

The Remuneration Committee will no longer make awards under this plan. Under the grants made in December 2014, a total of 120,000 share options vested this year for Dimitris Lois and 23,334 for Zoran Bogdanovic. Share options vested for Zoran Bogdanovic do not relate to his appointment as a CEO. We have reflected the value of stock option awards that vested during 2017 for both employees, being the number of options multiplied by the market price at vest minus exercise price at grant.

In December 2017, the exercise period for certain existing options under the ESOP which were awarded in December 2007 was extended by the Remuneration Committee for a six month period from 13 December 2017 to 13 June 2018 in order to allow option holders the ability to exercise the options outside of closed periods.

Performance Share Plan (PSP) awards – 2017

Since the discontinuation of the ESOP in late 2015, the PSP is now the primary long-term incentive vehicle. In March 2017 the Chief Executive Officer was granted a performance share award over 128,421 shares under the PSP, representing 330% of base salary at date of grant. The award was originally subject to a three-year performance period, aligned to the Company's financial year, with performance measured to the end of financial year 2019, and vesting anticipated in March 2020.

The following table sets out the details of the performance share award made to the former Chief Executive Officer under the PSP for 2017.

Type of award made	Performance share award over 128,421 shares, receivable for nil cost
Share price at date of grant	€23.36 (£19.81)
Date of grant	16 March 2017
Performance period	1 January 2017 to 31 December 2019
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)	€2,999,700
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

Similar to the award made in March 2016, the 2017 award was subject to comparable earnings per share (EPS) and return on invested capital (ROIC), as outlined below.

			Threshold		Maximum	
Measure	Description	Weighting	Target	Vesting (% of max)	Target	Vesting (% of max)
Comparable EPS	Calculated by dividing the comparable net profit attributable to the owners of the parent by the weighted average number of outstanding shares during the period.	50%	1.24	25%	1.50	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%	13%	25%	15.8%	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.

Zoran Bogdanovic did not receive an award under the PSP in his capacity as Chief Executive Officer during 2017.

Performance Share Plan (PSP) outcomes – 2017

As outlined on page 118, all of Dimitris Lois's outstanding awards, including the 2017 award detailed above, were pro-rated for both time and performance. The Remuneration Committee deemed that the vesting of these pro-rated awards be accelerated and that they should vest as soon as reasonably practicable following his passing. Under Swiss law, share awards are considered annual compensation and as such when time pro-rating is required, the year of grant (12 months) and not the vesting period (36 months) for time pro-rata calculations is considered. As such, there is no time pro-rating applied to the 2015 and 2016 PSP awards and we have applied a 75% time pro-rating to the 2017 PSP award to reflect the period January 2017 – October 2017.

Where the full three-year performance period had not been completed, the Committee considered levels of performance over the shortened period, assessing 2017 performance against shortened period targets that were used when calibrating the three-year targets and are in line with the original three-year targets. In these circumstances, the Committee deemed this the fairest way to measure performance to 2017 for these outstanding share awards. Full disclosure of these original performance targets, the shortened period performance targets against which performance was measured and the 2017 outcomes are provided below.

			Threshold		Maximum			Actual to the year ending 2017		
	Measure	Weighting	Target	Vesting (% of max)	Original three-year target	Shortened period target	Vesting (% of max)	Achievement	Vesting (% of max)	Total (% of max)
2015 award	EPS	50%	1.08	25%	1.31	1.16	100%	1.23	100%	100%
	ROIC	50%	10.1%	25%	12.1%	10.8%	100%	12.4%	100%	
2016 award	EPS	50%	1.08	25%	1.31	1.16	100%	1.23	100%	100%
	ROIC	50%	10.1%	25%	12.1%	10.8%	100%	12.4%	100%	
2017 award	EPS	50%	1.11	25%	1.50	1.19	100%	1.23	100%	88%
	ROIC	50%	12.0%	25%	15.8%	12.9%	100%	12.4%	75%	

The 2015 award was made in December 2015 and as such the performance period commenced on 1 January 2016 and hence the performance targets are the same as the 2016 award.

Dilution limit

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

Implementation of policy in 2018

For 2018, we will continue to apply our approved remuneration policy outlined on pages 108 to 110 as described above.

Arrangements for Zoran Bogdanovic, the newly appointed Chief Executive Officer

The Remuneration Committee approved a base salary of €750,000 effective from Bogdanovic's date of appointment as Chief Executive Officer on 7 December 2017. His remaining remuneration will be in line with our Executive Director's remuneration policy. The normal maximum bonus potential under the MIP will be 130% of base salary and under the PSP will be 330% of base salary. Additional benefits will include private medical insurance, housing allowance, Company car/allowance, schooling allowance, trip allowance, partner allowance, exchange rate protection, tax equalisation and tax filing support and advice. Any retirement benefit will align to the retirement benefit provided under Swiss law and based on the age brackets defined by federal Swiss legislation. For all benefits, the Company will bear any income tax and social security contributions arising from such payments.

Base salary and fees

Bogdanovic's base salary will be reviewed in March 2018 at the same time as that of the Operating Committee members and the general managers. Any base salary increase will be effective 1 May 2018 and is anticipated to be broadly in line with the increase provided to other employees.

The fee levels for the Chairman and other non-Executive Directors were last reviewed in 2016 and remained consistent in 2017, as outlined on page 112. Fee levels were reviewed in early 2018 and it was determined that the current base and committee fees are increased by 5% with effect from June 2018.

Management Incentive Plan (MIP)

The annual bonus award levels for 2018 are expected to be in line with those for 2017. 2018 awards will however now be subject to bonus deferral, whereby 50% of any award will be awarded as deferred bonus shares which will vest three years from their date of grant. The performance measures have been set by the Remuneration Committee to align to our KPIs and are summarised below.

Performance measure	Weighting at maximum opportunity levels (% of base salary)
Business measures	120%
Annual sales volume. Incentivises sustainable growth. TWCD (total working capital days) acts as a qualifier (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 expenditure (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 2018 bonus award performance targets on a forward-looking basis as they are deemed commercially sensitive. However, the targets will be disclosed in next year's Remuneration Report once the actual performance against these targets has been realised.

Performance Share Plan (PSP)

The levels of PSP awards for 2018 are anticipated to be in line with those awarded in 2017. The performance measures will be consistent with those detailed for the 2017 award outlined in this report and these are summarised below.

			Threshold		Maximum	
Measure	Description	Weighting	Target	Vesting (% of max)	Target	Vesting (% of max)
Comparable EPS	Calculated by dividing the comparable net profit attributable to the owners of the parent by the weighted average number of outstanding shares during the period.	50%	1.51	25%	1.82	100%
Return on invested capital (ROIC)	ROIC is the percentage return that a company makes from 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%	13.7%	25%	16.4%	100%

The Remuneration Committee expects to recommend an award of 330% of base salary to the Chief Executive Officer in March 2018, with performance running to the end of December 2020 and vesting occurring in March 2021. These vested shares will then be subject to a further two-year holding period, whereby the Chief Executive Officer agrees to a no sale commitment during this time.

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 Swiss-based employee. 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. Benefits include Company matching contributions under the Employee Share Purchase Plan.

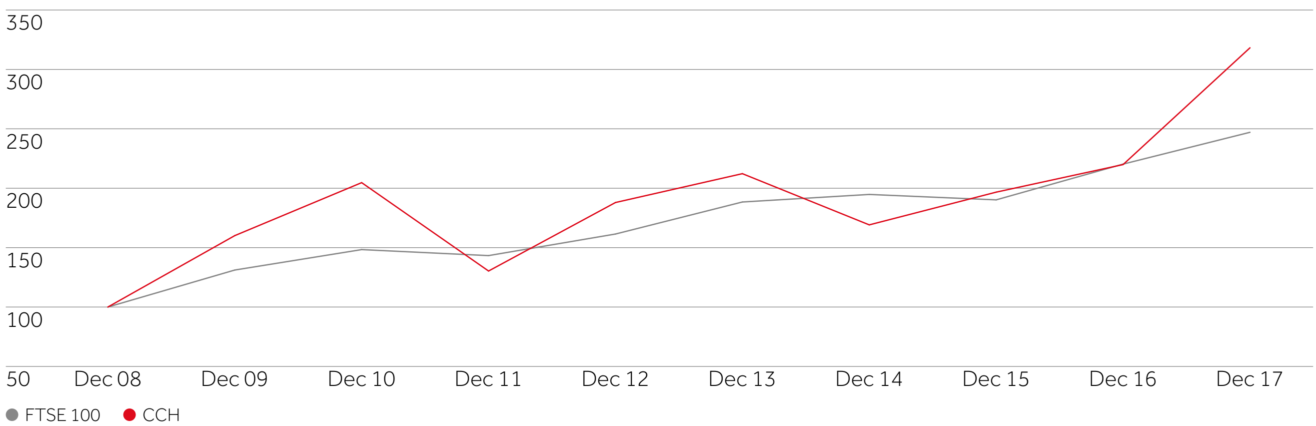
	Annual base salary	Benefits	Annual bonus
Chief Executive Officer % change from 2016 to 2017	1.2%	3.6%	6.7%
Average employee % change for the Swiss workforce from 2016 to 2017	1.7%	4.7%	29.5%

The salary increase rate is broadly in line with the salary increase for Swiss-based employees.

Chief Executive Officer pay and performance comparison

The graph on page 123 shows the total shareholder return (TSR) of the Company compared with the FTSE 100 Index over a nine-year period to 31 December 2017. The Remuneration Committee believes that the FTSE 100 Index is the most appropriate index to compare historic performance due to the size of the Company and our listing location.

Total shareholder return versus FTSE 100



	2009	2010	2011		2012	2013	2014	2015	2016	2017	
	Doros Constantinou	Doros Constantinou	Doros Constantinou	Dimitris Lois	Dimitris Lois	Dimitris Lois	Dimitris Lois	Dimitris Lois	Dimitris Lois	Dimitris Lois	Zoran Bogdanovic
Total remuneration – single figure (€ 000s)	2,887	3,752	4,708	711	1,524	1,928	1,918	3,012	2,923	15,378	410
MIP (% of maximum)	63%	65%	9%	24%	68%	49%	45%	75%	55%	53%	5%
PSP (% of maximum)	–	–	–	–	–	–	–	–	–	90%	–

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

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.

On 15 September 2017, Dimitris Lois went on leave to seek medical treatment and sadly passed away on 2 October 2017. The 2017 base salary values above reflect the period 1 January 2017 to 2 October 2017. The total remuneration value for Zoran Bogdanovic reflects the period from his appointment as Chief Executive Officer to the end of the financial year, 7 December 2017 to 31 December 2017.

Until 2017 there were no PSP awards that vested. PSP % of maximum reflects the average of all three awards (2015, 2016 & 2017) where vesting was accelerated.

Relative importance of spend on pay (€m)

Compared to the prior year, the total staff costs increased by 1%, while the dividends distributed to shareholders have increased by 11%.

Shareholder voting outcomes

The table below sets out the result of the votes on the remuneration-related resolutions at the Annual General Meeting held in June 2017:

Resolution	Votes for	Votes against	Abstentions	Total votes cast	Voting rights represented
Advisory vote on the UK Remuneration Report	246,074,548 98.83%	2,762,647 1.11%	141,690 0.06%	248,978,885	68.31%
Advisory vote on the Swiss Remuneration Report	247,193,583 99.29%	1,748,622 0.70%	36,680 0.01%	248,978,885	68.31%
Advisory vote on the remuneration policy	244,288,071 98.12%	4,654,134 1.87%	36,680 0.01%	248,978,885	68.31%
Approval of the maximum aggregate amount of remuneration for the Board until the next Annual General Meeting	248,653,337 99.92%	195,828 0.08%	129,720 0.0%	248,849,165	68.31%
Approval of the maximum aggregate amount of remuneration for the Operating Committee for the next financial year	248,048,728 99.76%	608,447 0.24%	321,710 0.0%	248,657,175	68.31%

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

Payments to past Directors and payments for loss of office

Following the death of Dimitris Lois in October 2017, all outstanding share awards were pro-rated for time and performance and paid out as soon as reasonably practicable to his heirs. Full details on the treatment of these awards and payout levels can be found on page 118.

No compensation for loss of office was paid to any Director.

Payments to appointed Directors

Charlotte Boyle joined the Board in 2017. 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.

Zoran Bogdanovic was appointed Chief Executive Officer on 7 December 2017, and his remuneration arrangements, which are in line with the shareholder-approved remuneration policy for Executive Directors, are outlined on page 121. His formal appointment to the Board will be put forward for shareholder approval at the next Annual General Meeting in June 2018.

Outside appointments for the Chief Executive Officer

Zoran Bogdanovic does not hold any appointments outside the Company.

Total Directors' and Operating Committee members' remuneration

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

	2017 (€ million)	2016 (€ million)
Total remuneration paid to or accrued for Directors, the Operating Committee and the Chief Executive Officer	**27.1**	24.4
Salaries and other short-term benefits	**13.8**	18.7
Amount accrued for stock option and performance share awards	**12.6**	4.9
Pension and post-employment benefits for Directors, the Operating Committee and the Chief Executive Officer	**0.7**	0.8

Credits and loans granted to governing bodies

In 2017, no credits or loans were granted to active or former members of the Company's Board, members of the Operating Committee or any related persons.

Share ownership

The table below summarises the total shareholding as of 31 December 2017, 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 2017	Unvested and subject to performance conditions	Vested	Number of stock options outstanding	Fully vested	Vesting at the end of 2018	Number of outstanding shares held[1] as at 31-Dec-17	Current shareholding as % of base salary[1]	Shareholding guideline met[1]
Dimitris Lois[2, 3]	Yes	128,421	426,773	–	–	–	–	57,379	179%	No
Zoran Bogdanovic	Yes	25,473	84,841	–	236,750	236,750	–	19,869	72%	No
Anastassis G. David[4]		–	–	–	–	–	–	–	–	–
Ahmet C. Bozer		–	–	–	–	–	–	–	–	–
Charlotte J. Boyle		–	–	–	–	–	–	–	–	–
Antonio D'Amato		–	–	–	–	–	–	–	–	–
Olusola (Sola) David-Borha		–	–	–	–	–	–	–	–	–
William W. (Bill) Douglas III[5]		–	–	–	–	–	–	–	–	–
Reto Francioni		–	–	–	–	–	–	–	–	–
Anastasios I. Leventis[6]		–	–	–	–	–	–	–	–	–
Christo Leventis[7]		–	–	–	–	–	–	–	–	–
Alexandra Papalexopoulou		–	–	–	–	–	–	–	–	–
José Octavio Reyes		–	–	–	–	–	–	–	–	–
Robert Ryan Rudolph		–	–	–	–	–	–	–	–	–
John P. Sechi		–	–	–	–	–	–	–	–	–

1. The shareholding requirement was introduced from the date of the 2015 PSP award, 10 December 2015. The CEO has a period of five years from his appointment to December 2022 to build up a 200% of base salary shareholding.
2. The number of shares held by Dimitris Lois includes the amount of purchased and vested shares held under the ESPP on 31 December 2017 and 1,000 shares held by Dimitris Lois's spouse. Dimitris Lois' heirs exercised 1,700,000 options under ESOP between 2 October and 31 December 2017.
3. As more fully set out at page 118 of the report and following the passing of Dimitris Lois, the Remuneration Committee determined at its meeting in March 2018 that, in line with the terms of the PSP, PSP awards granted to Dimitris Lois in 2015, 2016 and 2017 should vest pro-rated for time and performance up to 2 October 2017. PSP awards therefore vested over in aggregate 396,402 shares. The remainder of the shares subject to PSP awards granted to Dimitris Lois lapsed. The Remuneration Committee further determined that these awards should vest immediately to Dimitris Lois' heirs.
4. Anastassis David is a beneficiary of:
   (a) a private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Truad Verwaltungs AG is the Trustee, whereby he has an indirect interest with respect to the 85,355,019 shares held by Kar-Tess Holding S.A.
   (b) a further private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Selene Treuhand AG is the Trustee, whereby he has an indirect interest with respect to 823,008 shares held by Selene Treuhand AG.
5. William W. (Bill) Douglas III owns 10,000 Company shares.
6. Anastasios I. Leventis is a beneficiary of:
   (a) a private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Truad Verwaltungs AG is the Trustee, whereby he has an indirect interest with respect to the 85,355,019 shares held by Kar- Tess Holding S.A.
   (b) a further private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Selene Treuhand AG is the Trustee, whereby he has an indirect interest with respect to 386,879 shares held by Selene Treuhand AG.
   (c) a further private discretionary trust for the primary benefit of present and future members of the family of the late Christodoulos Papaneokleus Leventis, of which Mervail Company (PTC) Limited is the Trustee, whereby he has an indirect interest with respect to 623,664 shares held by Carlcan Holding Limited.
7. Christo Leventis is a beneficiary of:
   (a) a private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Truad Verwaltungs AG is the Trustee, whereby he has an indirect interest with respect to the 85,355,019 shares held by Kar- Tess Holding S.A.
   (b) a further private discretionary trust for the primary benefit of present and future members of the family of the late Anastasios George Leventis, of which Selene Treuhand AG is the Trustee, whereby he has an indirect interest with respect to 498,545 shares held by Selene Treuhand AG.
   (c) a further private discretionary trust for the primary benefit of present and future members of the family of the late Christodoulos Papaneokleus Leventis, of which Mervail Company (PTC) Limited is the trustee, whereby he has an indirect interest with respect to 757,307 shares held by Carlcan Holding Limited.

Approval of the Directors' Remuneration Report

The Directors' Remuneration Report set out on pages 104 to 125 was approved by the Board of Directors on 15 March 2018 and signed on its behalf by Alexandra Papalexopoulou, Chair of the Remuneration Committee.

Alexandra Papalexopoulou
Chair of the Remuneration Committee

15 March 2018

Statement of Directors' responsibilities

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

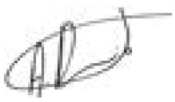
The Directors, whose names and functions are set out on pages 72 to 75, confirm to the best of their knowledge that:

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

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

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

The activities of the Group, together with the factors likely to affect its future development, performance, financial position, cash flows, liquidity position and borrowing facilities are described in the Strategic Report (pages 1 to 70). In addition, Notes 23 'Financial risk management and financial instruments', 24 'Net debt' and 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 70. The Directors considered it appropriate to adopt the going concern basis of accounting in preparing the annual financial statements and have not identified any material uncertainties to the Group's ability to continue to do so over a period of at least 12 months from the date of approval of these financial statements.



By order of the Board

Anastassis G. David
Chairman of the Board

16 March 2018

Disclosure of information required under Listing Rule 9.8.4R

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

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