Integrated Annual Report 2022

Coca-Cola HBC

OPEN UP MOMENTS THAT REFRESH US ALL

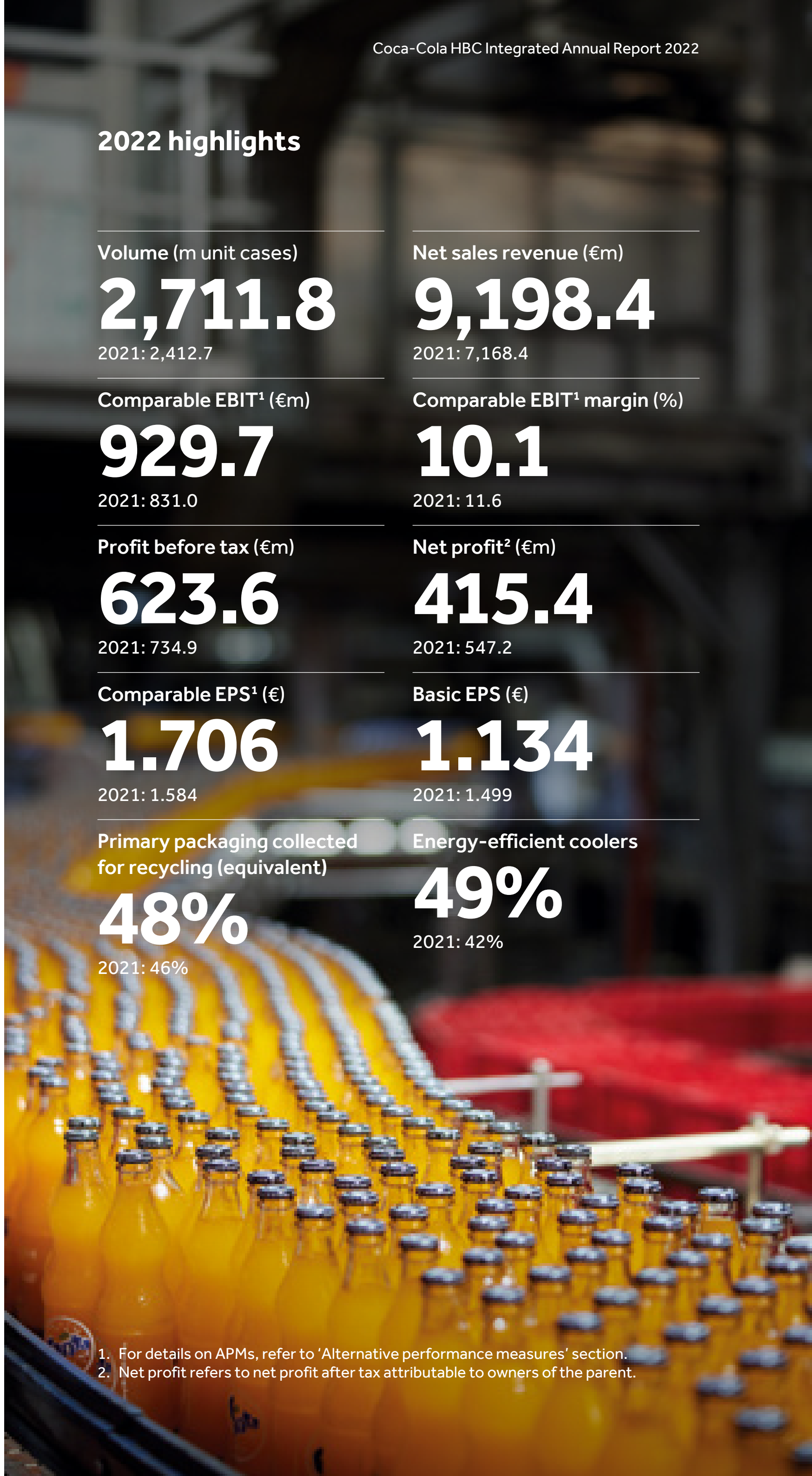
Contents

Integrated report online

Please click here to view our integrated report online

https://www.coca-colahellenic.com/en/investor-relations/2022-integrated-annual-report

Front cover: This is a team from Coca-Cola HBC Egypt enjoying a sparkling beverage break.



2022 highlights

Volume (m unit cases)
2,711.8
2021: 2,412.7

Net sales revenue (€m)
9,198.4
2021: 7,168.4

Comparable EBIT[1] (€m)
929.7
2021: 831.0

Comparable EBIT[1] margin (%)
10.1
2021: 11.6

Profit before tax (€m)
623.6
2021: 734.9

Net profit[2] (€m)
415.4
2021: 547.2

Comparable EPS[1] (€)
1.706
2021: 1.584

Basic EPS (€)
1.134
2021: 1.499

Primary packaging collected for recycling (equivalent)
48%
2021: 46%

Energy-efficient coolers
49%
2021: 42%

1. For details on APMs, refer to 'Alternative performance measures' section.
2. Net profit refers to net profit after tax attributable to owners of the parent.

Our purpose

OUR WORK REQUIRES SEALING REFRESHMENT IN...

Our purpose *continued*

…BUT IT'S THE MOMENTS WE OPEN UP THAT MATTER MOST

Delivering for our stakeholders

At Coca-Cola HBC we look to create and share value with all our stakeholders.

Read more on pages 16-18

Our purpose *continued*

WE OPEN UP OPPORTUNITIES FOR OUR CUSTOMERS AND PARTNERS

Our customers

We put our customers first, creating shared value and growing their, and our business.

Read more on pages 28-31

The Coca-Cola Company

Our longest standing and closest strategic partner: we have worked together since 1951.

Read more on page 18

Our suppliers

We are working together to reduce emissions across the value chain. Partnership with our suppliers helps us to avoid supply chain disruptions.

Read more on pages 32-35

Our purpose *continued*

WE OPEN UP EMPLOYEES TO THEIR FULL POTENTIAL

Our people

People are our most important asset. We are investing behind our people, building the best teams in the industry and creating an inclusive growth culture.

Read more on pages 38-42

Our purpose *continued*

WE OPEN UP LIFE TO EXPERIENCES THAT DELIGHT

Our consumers

Our 24/7 portfolio caters to a growing range of tastes and offers choice across every occasion, all in increasingly sustainable packaging.

Read more on pages 24-27

Our purpose *continued*

AND WE OPEN UP THE CHANCE TO MAKE A DIFFERENCE

Our communities

We are a part of our communities, providing employment directly or through the wider value chain. We make a difference through programmes like #YouthEmpowered and through progress on our sustainability commitments.

Read more on pages 45-53

NetZeroby40

We are fully committed to our ambitious net zero target, with management incentives aligned. To achieve this goal we need to collaborate with our existing and future partners.

Read more on page 48

Chairman's letter

LEADERSHIP FOR LONG-TERM SUCCESS

"We are proud to continue opening up moments that refresh us all, both now and in the future, with the long-term needs of all our stakeholders at the heart of our decision making."

Anastassis G. David
Chairman of the Board

Dear Stakeholder,

2022 was a challenging year for many businesses, and Coca-Cola HBC was no exception. From the very early days of the war in Ukraine, we have focused on the health and safety of our people. We are providing aid to both our colleagues and communities and will continue to do so.

The conflict between Russia and Ukraine has affected our business in those countries and beyond, as commodity prices increased and inflation rose.

While facing difficulties, our people constantly give their best. We have seen this through pandemic-related disruptions and now, with new unimaginable challenges due to geopolitical upheaval. Our Ukraine team in particular has shown tremendous perseverance and care, requesting in May that we restart production outside Kyiv so they could return to serving customers. I would like to extend my thanks to all of our people across the Group for their dedication, commitment and sheer enthusiasm to deliver for all our stakeholders.

Chairman's letter *continued*

Seizing opportunities

Our acquisition of the Coca-Cola bottler in Egypt was completed at the beginning of the year, expanding our footprint in high-growth markets. I had the pleasure of meeting the team in Egypt during the year and saw first-hand how well they are integrating within the Coca-Cola HBC family. I was particularly impressed by their dedication to their customers and their communities – important values we share.

The Board has followed the integration of this new market closely. We remain convinced that sharing the Group's proven capabilities, experience and best practices will unlock the growth potential of Egypt, opening opportunities for our people and the wider community there, as together we positively impact livelihoods and improve sustainability practices at scale.

Purpose and strategy

Throughout the last year, despite, and indeed because of turbulence and challenges, the Board has remained focused on our medium-term Growth Story 2025 strategy, creating value for our customers and delighting consumers. By remaining focused on our strategy, we have been able to prioritise the actions and investments that have positioned the company for sustained success. Our performance in 2022 was testament to this. Coca-Cola HBC delivered strong financial performance with record levels of comparable EBIT, free cash flow and strong ROIC.

It was also another year where the company made progress towards our vision of being The Leading 24/7 Beverage Partner with investments behind the 24/7 portfolio, our capabilities and sustainability. I was particularly proud that the Company was ranked this year as the number one beverage company globally by the Dow Jones Sustainability Index[1].

As geopolitical turmoil and macroeconomic uncertainty continue, it is more important than ever that we inspire and empower our people to act with speed and agility, keeping customers at the heart of what they do. To further refine our focus, we as a Board have approved and championed a new purpose for our Company: **open up moments that refresh us all.** This captures the essence of what we bring to our customers, consumers and communities, spreading delight with our iconic and loved brands.

Leadership in action

I'm extremely proud of how the Board has performed during another challenging year. We have robust discussions, representing a variety of viewpoints which allow rigorous evaluation and decision making that benefits all our stakeholders in the long term.

We also continue to take bold decisions regarding sustainability, approving new, long-term targets for food waste and biodiversity during the year.

1. As per the DJSI results, 9 December 2022.

As part of our Mission 2025, we are committed to enhancing biodiversity by reducing emissions and water use, preserving and re-instating water priority areas, and by sourcing agricultural ingredients sustainably. Our aim is to leave nature in a state better than the one we found it in.

For more on this, and our ambitious Mission 2025 sustainability targets,see page 57.

We had no new Board members in 2022, so it's been an opportunity to cement Board performance as a team. The feedback from our annual Board effectiveness study was extremely positive and we will be implementing the follow-up actions in the coming months.

Dividend growth

For 2023 the Board is proposing a dividend of €0.78 per share. This is a 9.9% increase versus the €0.71 dividend paid during 2022, maintaining our commitment to a progressive dividend. This proposed dividend will represent a 46% pay-out ratio, within our targeted range of 40 to 50% of comparable EPS.

The consistent growth of our dividend is testament to our confidence in the strong fundamentals of our business, as well as our commitment to shareholders.

Looking ahead

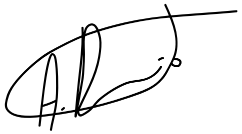
As I write, fighting and humanitarian suffering continue in Ukraine and the macroeconomic climate, while showing signs of improvement, remains uncertain.

Climate change is a critical priority for mankind and there is much-needed pressure to tackle this and other sustainability issues. We are well equipped to face these challenges thanks to the strength of our portfolio, proven capabilities and committed partnerships.

Constant change in the global economy is the new normal, and it is more important than ever that we have taken the necessary steps to position the Company to remain resilient and adaptable.

The financial performance of the business over the last few years, despite the impact of COVID-19, inflation and war, is testament to the way that we have strengthened the business since the last economic downturn. I am very proud of the work the team has done to prioritise investment behind our most critical drivers of future performance while retaining a laser-sharp focus on costs. This work will continue, alongside initiatives to further embed our values-based culture to deliver on our purpose.

Our people and culture are at the heart of our success. We continue to open up moments that refresh us all and will continue to do so for generations to come.



Anastassis G. David
Chairman of the Board

Section 172 statement

Section 172 of the UK Companies Act 2006 requires directors to promote the success of their company for the benefit of the members as a whole, having regard to the interests of stakeholders in their decision making. Engaging with stakeholders is an indispensable part of how Coca-Cola HBC does business. The Board considers the interests of the Group's employees and other stakeholders in its decision making as a matter of good governance, and understands the importance, and value, of taking into account their views, as well as considering the impact of the Company's activities on the community, environment and the Group's reputation. The Board also considers what is most likely to promote the success of the Company for its shareholders in the long term. Although the Company is Swiss-incorporated and as such the UK Companies Act 2006 has no legal effect, this approach is in accordance with the UK Corporate Governance Code 2018.

Read more about: How we manage risks and materiality on pages 59 to 81 and how we engage with key stakeholders on pages 16 to 18

Chief Executive Officer's letter

OPENING UP OPPORTUNITIES

"While our work requires sealing beverages in, the real magic happens when they are opened up. Our true purpose comes from opening up possibilities with our customers, partners and employees to create value for all we serve. It's this optimistic spirit that drives us towards new markets, new relationships, new development opportunities, and new ideas for a better future."

Zoran Bogdanovic
Chief Executive Officer

Dear Stakeholder,

2022 was a year that will be remembered for the immense challenges faced by so many, the tragic war in Ukraine and the difficult economic conditions that followed across the globe.

The impact of war was acutely felt by our people in Ukraine, where we have operated for over 30 years. Our focus and care remain with our colleagues and their families who are suffering. The Coca-Cola System was united in its response, committing to contributions of more than US$20 million to support our colleagues and the humanitarian efforts across the region. We have also announced an additional donation of €10 million by Coca-Cola HBC to help our colleagues and their communities rebuild their lives.

In the early stages of the conflict and since, our people did what they could to alleviate the suffering in the region – volunteering their time, providing transport and accommodation, and opening their homes to colleagues fleeing Ukraine. It is this spirit of togetherness in these darkest of times that gives us hope for a brighter future.

Chief Executive Officer's letter *continued*

Following the decision of The Coca-Cola Company on 8 March to suspend its business in Russia, we immediately stopped placing orders for concentrate in the country and stopped all investment from the Group. We depleted the brands of The Coca-Cola Company in the market and transitioned to a local, self-sufficient business in Russia, which is managed by a local team and focused on local brands. This decision was the best way to protect our people and assets.

Egypt, an exciting acquisition

An exciting milestone in our Growth Story came in January, with the acquisition of Coca-Cola Bottling Company of Egypt.

Due to its size and demographics, we see immense potential to unlock growth opportunities in the Egyptian market. With our leading commercial capabilities, together with the talent and energy of the Egyptian team, I am confident that we can increase penetration of our portfolio, enhance profitability and grow market share.

It is our vision to be the leading 24/7 beverage partner in every market in which we operate and our ambitions for Egypt are no different.

In November, together with our Chairman, Anastassis David, I returned to the Egyptian market and visited the bottling plant in Sadat, where we are expanding capacity. Following our €16 million investment, we saw the team preparing for the installation of a new, high-speed can line, to expand production in this prioritised packaging type.

In just a few months the team has been improving and we are already at an advanced stage of integration with Coca-Cola HBC policies, systems and structures. We have enhanced route-to-market and revenue growth management capabilities, and started the important process of migration to our Coca-Cola HBC SAP S/4HANA platform.

I'm also pleased to see that the integration is opening up learning and development opportunities for our colleagues in Egypt – a strong indicator of future success.

Executing our Growth Story

Against a challenging backdrop, it is a testament to the strength of our business, our culture and our team spirit that we have continued to perform so well.

Our portfolio and capabilities ensure that we continue to increase share in a growing industry. Volumes grew across all our markets, excluding Russia and Ukraine, while we also expanded revenue per case. Moreover, despite historically high levels of inflation, we delivered record levels of comparable EBIT and free cash flow[1], excellent returns on invested capital and maintained a strong balance sheet.

Our robust performance confirms that our investments across our prioritised capabilities have been the right ones, particularly in this inflationary environment. One of our priority capabilities, Data, Insights & Analytics (DI&A), is providing valuable sophistication in two others, Revenue Growth Management (RGM) and Route-to-Market (RTM). These complement the overall strength of our other prioritised capabilities: Key Account Management and Digital Commerce.

We are successfully managing the pricing of our products to customers and value for them, while promoting affordability for shoppers. We are particularly pleased we remain the number one contributor to revenue growth within the FMCG industry across for our retail customers[2].

1. For details on APMs refer to 'Alternative Performance Measures' and 'Definitions and reconciliations of APMs' sections.
2. Nielsen

Accelerated investments behind digitalisation and technology continue to be a key enabler of our growth and business transformation. Within our ambitious agenda we are making significant strides in digital commerce. This is generating incremental revenues for our business, while providing invaluable customer and consumer data and insights that continue to inform our strategy.

We recognise that our long-term success cannot be achieved alone, and our performance and delivery of our Growth Story strategy is underpinned by the strength of our partnerships. We embrace our opportunities and challenges together with our closest strategic partner, The Coca-Cola Company, and all our other brand partners. Equally we are committed to working collaboratively with all our customers, suppliers and other stakeholders, and are grateful for their trust and support – particularly in the current more challenging operating environment.

Our 24/7 portfolio

We are proud to have developed one of the strongest, broadest and most flexible portfolios in the industry and we continue to invest for the future. Three of our most important categories, Sparkling, Energy and Coffee were key growth drivers in 2022.

The sparkling category remains our biggest focus and largest opportunity as the single most important driver of growth and profit. We have continued to gain significant share in Sparkling in 2022, benefitting from strong activations throughout the year, particularly around the summer season and Christmas. Low- and no-sugar variants maintained good momentum, with volumes up double digits in the year, growing ahead of regular offerings in all segments.

We launched Coca-Cola Zero Sugar Zero Caffeine across a range of markets last year and will continue to scale this innovation in 2023. Adult Sparkling, including brands like Schweppes and Kinley, remains a jewel in our portfolio, which we have consistently invested behind given its huge potential.

Energy continues to increase its share of our business and in the market. With volumes up by 32% on an organic[1] basis excluding Russia and Ukraine in 2022, this category now makes up 6% of our Group revenue. We continue to see potential for growth through increased penetration across our markets and the launch of Energy in Egypt in 2023. Similarly, we have been investing behind our Coffee portfolio with Costa coffee now in 16 markets and Caffè Vergnano, the super-premium coffee brand, in 14 markets. We are building dedicated teams and investing behind coffee-specific capabilities. This investment is creating the opportunities for further growth, and in 2022 we grew volumes 45%, on an organic basis excluding Russia and Ukraine, and gained share.

Investing in our people

We are proud we remain among the top 10 most attractive employers in the FMCG industry across all our markets[3] and we continue to invest to create an enjoyable and inclusive work environment that nurtures and develops all our people.

This includes reshaping how we work together. In 2022, we launched Project Oxygen, a programme that will simplify our business processes, reducing bureaucracy and complexity. The aim is to free up our people to focus on the work that matters most. To understand the levels of internal collaboration across functions, we deployed the same NPS methodology we use to measure customer satisfaction.

3. Universum 2022.

Chief Executive Officer's letter *continued*

We have a dedicated plan in place for 2023 to address the pain points that will drive maximum impact for our people and our business.

A culture of learning is key to our success, and we are proud to report that our people undertook almost one million hours of learning in 2022. This included our third Learn Fest, a virtual event that saw almost 6,000 attendees. This builds on the dedicated talent programmes and 'Academies' for our Business Developers, Supply Chain and other functions.

We remain committed to making tangible progress towards achieving gender balance at management level by 2025, and are accelerating our efforts. In 2022, women held 39.6% of management roles, so while we are on the right track, there is more to do to reach our 2025 goal. Our plan includes addressing issues of retention and recruitment of female talent, and we have deployed dedicated leadership and development actions and targets across our markets.

Keeping our people safe remains our most important priority. We have set clear standards and targets for this throughout the business, and our culture of collaboration is helping to create a team that supports, trusts and cares for one another. While we are making consistent progress over time, any accident is one too many. We must and will do better.

Investing in a more sustainable future

2022 saw us invest seriously behind our Mission 2025 sustainability commitments and our goal to achieve net zero emissions across our value chain by 2040.

We made significant progress on our packaging agenda, moving our entire locally produced portfolio in Switzerland to 100% recycled PET (rPET). At the same time in Switzerland, Valser water transitioned to a label-free bottle, reducing plastic use and improving recyclability.

To help us reach our rPET goals, we have invested €45 million in in-house rPET facilities to date. This includes our Gaglianico plant in Italy that will transform up to 30,000 tonnes of PET per year into new 100% recycled PET preforms, enough to meet our annual beverage bottling needs in the country. It also reduces the carbon footprint of producing a preform by up to 70% compared with virgin plastic. We have introduced rPET production technology in Poland too, and Romania will follow later this year.

We issued our first green bond for €500 million in September, with proceeds to be allocated to eligible green projects that accelerate progress towards our sustainability goals.

The year culminated with our twelfth consecutive ranking in the top three beverage companies globally by the Dow Jones Sustainability Index[4], and this year we were ranked world number one for a sixth time. We are honoured that our score positioned us top among 7,822 companies across 61 industries according to the recently issued S&P Global Sustainability Yearbook 2023. We were also recognised as an 'Industry Mover'[5] as, with a seven-point increase, we were the most improved in the beverage industry since last year.

Still, as I reflect on the scale of the climate challenge, I draw again on the importance of partnerships for progress. Working together with our customers, suppliers, industry and community partners, we are identifying and scaling the solutions that will make a difference. We have been investing time and resources to build a broader network and to explore the ideas and technologies of the future. It is also our commitment to listen and learn from all stakeholders along the way.

4. As per DJSI results, 9 December 2022.
5. S&P Global Sustainability Yearbook 2023, as of 7 February 2023.

Outlook for 2023 and beyond

We are fortunate to operate in a growing industry with very strong brands. While we are mindful of the macroeconomic environment, to date there have been only a handful of our markets where we have seen changes in consumer behaviour or signs of slowdown.

Whatever 2023 brings, we are confident in the resilience we have built in our business in recent years, and have the trust that we can overcome any obstacles that come our way. This confidence comes from the winning spirit that I saw across many of the markets I had the pleasure of visiting in 2022. Thanks to the dedication and passion of our people, there are an abundance of opportunities that are opened up daily. This growth mindset is supported by the strong customer relationships we have forged, which will stand us in good stead even in challenging times.

Together with the strength of our portfolio, the diversity of our markets and our capabilities, 2023 will be another year of acceleration towards our vision of being The Leading 24/7 Beverage Partner.

Opening up moments that refresh us all

In 2022, we took time to reflect on our wider purpose and culture as a business. We drew on more than 70 years of history, our innate values and our hopes for the next chapter of growth to define our new purpose: **open up moments that refresh us all.**

This recognises that while our work requires sealing beverages in, the real magic happens when they are opened up. Our true purpose comes from opening up possibilities with our customers, partners and employees to create value for all we serve. It's this optimistic spirit that drives us towards new markets, new relationships, new development opportunities and new ideas for a better future.

This purpose is our guiding light for the future as we seek to refresh generations to come. Our success is down to how we come together as one company. We can only make a difference when it serves us all. Having a meaningful impact takes each one of us, working side-by-side, with a genuine concern for our communities and the planet. And always through the lens of sustainability.

My experience in over two decades with Coca-Cola HBC has shown me that our people make all the difference. With that, I would like to thank all my colleagues who continue to create the magic every day that makes me so proud to work for this company and this team.

I also extend my gratitude to all our customers, The Coca-Cola Company and all our partners and stakeholders. In this year of challenges, we have had to adapt to win, and fundamentally it is our togetherness that has contributed to our record performance and our strong belief in the future ahead.

Zoran Bogdanovic
Chief Executive Officer

Our business at a glance

The Leading 24/7 Beverage Partner

Coca-Cola HBC is a growth-focused consumer packaged goods business and strategic bottling partner of The Coca-Cola Company.

Unrivalled product portfolio

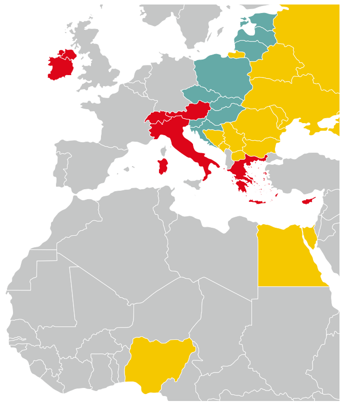
Our portfolio is the strongest and broadest in the beverage industry. Our products cater to a growing range of tastes with a wider choice of healthier options. We differentiate ourselves with premium products and increasingly sustainable packaging, enabling us to open up moments that refresh our consumers 24 hours a day.

THE LEADING 24/7 BEVERAGE PARTNER

Explore our 24/7 brands:
www.cchbc.com

Diverse, growing markets

Our roots date back to 1951 when A.G. Leventis founded the Nigerian Bottling Company in Lagos. Since then the business has expanded, from Armenia to Austria, from Egypt to Estonia and from Serbia to Switzerland. In 2022 we completed the acquisition of the Coca-Cola Bottling Company of Egypt, bringing the total number of countries where we operate to 29.



Established markets

32% of Group revenue	**10.3%** Comparable EBIT margin

Developing markets

19% of Group revenue	**6.7%** Comparable EBIT margin

Emerging markets

49% of Group revenue	**11.3%** Comparable EBIT margin

For details on APMs refer to 'Alternative Performance Measures' and 'Definitions and reconciliations of APMs' sections on page 246-249.

Integrated approach to sustainability

We endeavour to create value for all our stakeholders. We make a strong contribution to developing the societies in which we operate through employment and our wider supply chain, as well as through supporting community projects. We operate in a way that preserves our environment, integrating sustainability into our decision making and actions.

29
countries

715 million
consumers

33,000
employees

Diverse markets

We produce and sell an unparalleled portfolio of beverage brands relevant to every customer, consumer and occasion. Our route to market includes a wide range of consumer channels – from supermarkets and convenience stores to hotels, cafés and restaurants – and encompasses more customers than any competitor. Customer service and focus are critical for our business and we are devoted to helping our customers grow their businesses, which in turn grows ours.

120 bps
value share gained in NARTD

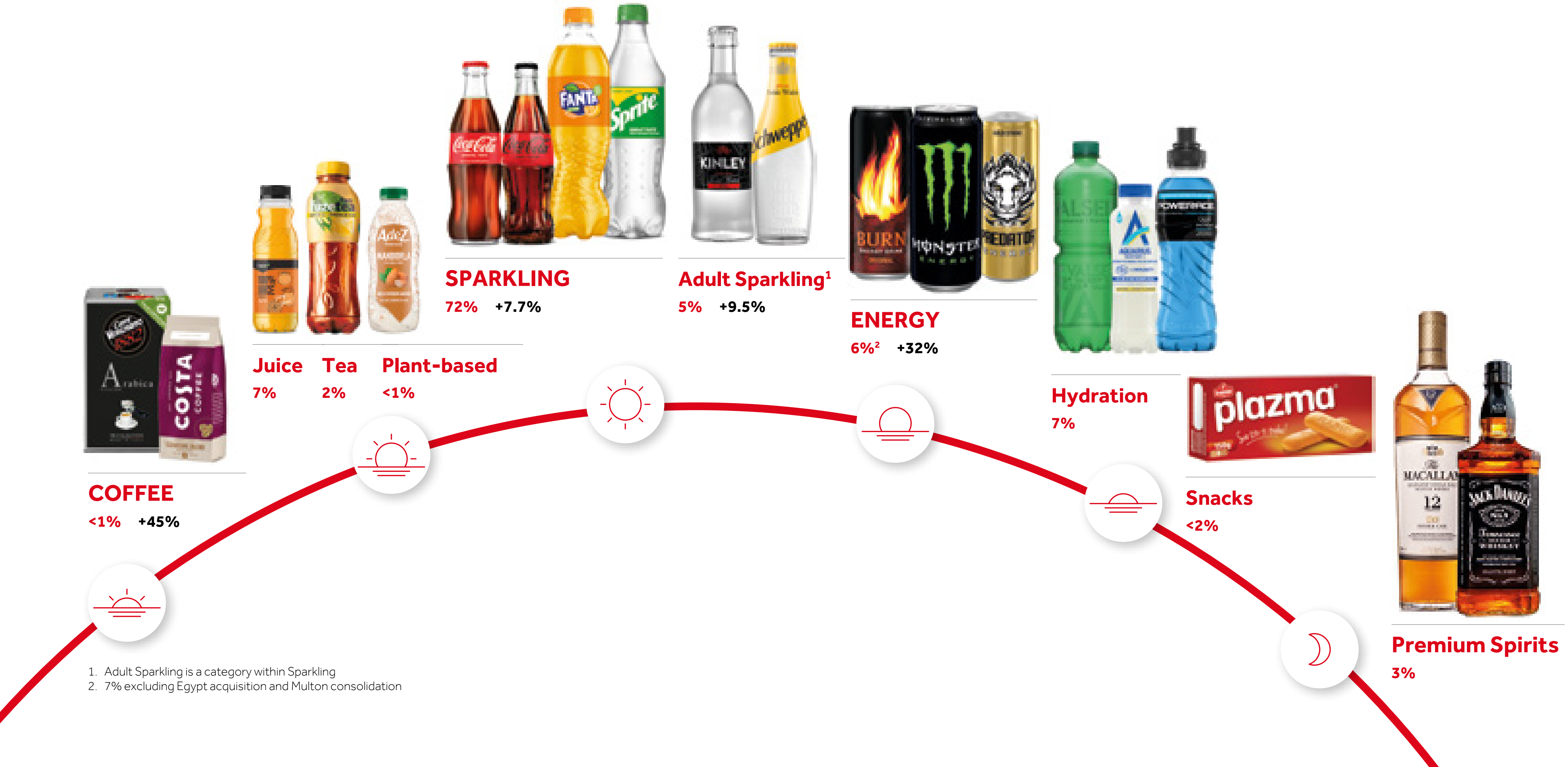
Our business at a glance *continued*

Our 24/7 portfolio

We have a drink for every occasion during the day, from sunrise to sunset. Our strategic priorities are Sparkling, Energy and Coffee. Sparkling, including Adult Sparkling, is 72% of our business. Energy comprises 6%, with a 32% growth rate in 2022, on an organic basis excluding Russia and Ukraine. Coffee is smaller at less than 1% of revenue, but with a 45% growth rate in 2022, on an organic basis excluding Russia and Ukraine.

Percentage of Coca-Cola HBC revenue

Organic growth excluding Russia and Ukraine



1. Adult Sparkling is a category within Sparkling
2. 7% excluding Egypt acquisition and Multon consolidation

Our business model

Delivering value for our stakeholders

Our capital resources

Human
Our success is dependent on the passion and customer focus of our talented people – our secret ingredient. We empower them to pursue growth opportunities, both for themselves and our Company.

Natural
To create our products, we use natural resources including water, energy and PET. We source these using sustainable practices and seek to use them efficiently.

Social and relationships
Maintaining the trust of stakeholders is essential to our business. Our most valuable human connections and relationships are with The Coca-Cola Company, our people and the communities we operate in, and our customers, suppliers, governments and regulators.

Financial
Our business activities require financial capital, which we allocate efficiently. This capital is provided by our equity and debt holders, as well as cash flow earned from our operations.

Intellectual
Innovation is embedded in our culture. The intellectual property from innovation includes new packaging know-how, new products and improvements in manufacturing, logistics and sales execution.

Manufacturing
Investing in our plant and logistics assets allows us to efficiently prepare, package and deliver our products to meet the needs of customers and consumers.

How we do it

1 Working with suppliers
We work with our suppliers to procure high-quality ingredients, sustainably sourced raw materials, and equipment and services required to produce beverages.

What we do

We are a strategic bottling partner of The Coca-Cola Company
We have the exclusive right to manufacture and sell the beverages of The Coca-Cola Company in our markets. We also partner with other beverage businesses such as Monster Energy, Brown-Forman, Campari and Edrington to sell their products in our markets.

How our partnership works
The Coca-Cola Company owns and develops its brands while Coca-Cola HBC is responsible for producing, distributing and selling these beverages, using concentrate we buy from The Coca-Cola Company under an incidence-based pricing model. We work together to ensure we have the right portfolio for our customers and consumers in each market and to ensure excellent, efficient execution. We also share marketing costs and responsibilities, with The Coca-Cola Company marketing to consumers, while we take responsibility for trade marketing to our customers.

2 Producing beverages efficiently and sustainably
Using concentrate from The Coca-Cola Company along with other ingredients, we prepare, package and deliver products with an optimised manufacturing infrastructure and logistics network.

3 Partnering with our customers
We grow by supporting our customers' growth, leveraging our 24/7 portfolio, focusing on areas of high-value opportunity and executing with excellence.

4 Serving our consumers and communities
Our 24/7 product portfolio caters to a range of tastes and preferences and we continually innovate to lead the sector.

Read more about how we leverage our unique 24/7 portfolio and win in the marketplace on pages 24 to 31.

Our business model *continued*

Value created

Our people
- In 2022 we provided jobs directly to 33,043 employees in 29 countries*
- Median basic salary ratio women/men: 1.13

Our customers
- We increased the frequency of our customer engagement, providing customers with the best support
- In the marketplace we achieved a total number of 49% energy-efficient coolers

Our communities
- In 2022, we trained 246,108 young people through our #YouthEmpowered programme to boost employability
- We invested €7.4 million in local community initiatives*

Our shareholders
- We delivered strong financial performance in 2022, with organic revenue up 14.2% and reported revenue up 28.3%
- In recognition of our business strength and future opportunities, the Board has proposed a dividend of €0.78 per share, a 9.9% increase compared with last year

Our wider stakeholders
- Our business activities generate revenue for our suppliers and contractors and their extended value chain

Our consumers
- We provide high-quality beverages and healthy options, reducing calories per 100ml of sparkling soft drinks by 17% in 2022 compared to our 2015 baseline

Our suppliers
- We spent circa €5* billion with local suppliers and contractors
- We are working with our suppliers to support their sustainable practices and emission reduction plans

Socio-economic contribution

>900,000
training hours for our people

€1,204m*
total employee costs

40%
women in managerial positions

1.7m
customers served

1 = 10
job in the System = jobs in our community

323,727
indirect jobs across the value chain

794,943
cumulative number of young people trained in our communities between 2017-2022

€10.8b
created in added value across our value chain

€589.5m
CapEx spend

€3.6b
paid in taxes

715m*
potential consumers refreshed

>16,800*
suppliers operating across our value chain

c.5*€b
spent with local suppliers

* With the addition of Egypt.

Our impact

We believe that the only way to create long-term value for all our stakeholders is through sustainable growth. We create socio-economic value for the societies in which we operate by creating jobs, training people, building physical infrastructure, procuring raw materials, transferring technology, paying taxes, expanding access to products and services, and creating growth opportunities for our customers, distributors, retailers and suppliers.

Measuring and managing these contributions through the sustainable growth of our business is an important part of our purpose. Since 2010 we have conducted socio-economic impact studies in our markets to better understand the range and extent of the value we create in our ecosystem.

To read the methodology behind our socio-economic impact numbers, please see page 258

Stakeholder engagement

Building on over 70 years of stakeholder engagement for mutual benefit

The strength of our stakeholder ecosystem enabled us to ensure the safety of our people, partners and communities while maintaining production throughout the year.

Our people

Material issues
- Employee wellbeing and engagement
- Human rights, diversity and inclusion

Growth pillars
4 5

Key challenges
- Building the best teams in the industry
- Engagement as remote working continues
- Mental wellbeing

How we engage
- Focused and continuous conversations
- Employee Assistance Programme
- Regular employee surveys to understand and act on needs and wellbeing
- Offering personalised experiences and opportunities for personal and professional growth
- Ongoing dialogue with employee representative bodies

Outcomes of engagement
- Maintaining high engagement levels
- Higher levels of satisfaction with line manager support were reported as we addressed the needs of people working under different conditions

Relevant KPIs
- Employee engagement
- Percentage of managers that are women
- Lost time accident rate

Principal risks
- Health and safety
- People retention
- Geopolitical and security environment

Read more on pages 38-42

Our customers

Material issues
- Economic impact
- Nutrition
- Packaging and waste management
- Food loss and waste

Growth pillars
1 2

Key challenges
- Opportunities for growth and value creation
- Offering a 24/7 beverage portfolio that meets the changing preferences of consumers
- Supply and delivery challenges

How we engage
- Key account managers engage with our customers at a strategic level
- Our business developers continue to make regular visits to outlets
- Partnering to reduce food loss and waste
- Introducing new packaging types in the assortment and supporting packaging collection

Outcomes of engagement
- We increased direct engagement via our customer teams and via customer surveys
- Programmes to reduce food loss and waste
- Piloting of new packaging solutions, such as packageless

Relevant KPIs
- Volume and organic revenue growth
- Customer feedback from surveys
- High merchandising standards
- Cooler coverage of high-potential outlets

Principal risks
- Changing retail environment
- Product quality and food safety
- Competing in the digital marketplace

Read more on pages 28-31

Our consumers

Material issues
- Economic impact
- Nutrition
- Product quality
- Responsible marketing

Growth pillars
1 5

Key challenges
- Ensuring product safety and supply
- Continuously evolving our products to meet consumers' needs for healthy hydration, quality, taste, innovation and convenience

How we engage
- Together with The Coca-Cola Company, we understand consumers' needs and preferences through our access to consumer insights
- Consumers also provide feedback on social media and via consumer hotlines

Outcomes of engagement
- We continued to evolve our portfolio to address changing consumer moments and invested further in digital and e-commerce to meet new shopper needs

Relevant KPIs
- Percentage reduction of calories per 100ml SSD
- Number of consumer complaints

Principal risks
- Product quality and food safety
- Product relevance and acceptability

Read more on pages 24-27

Stakeholder engagement *continued*

Governments

Material issues
- Climate change
- Nutrition
- Packaging and waste management
- Water stewardship

Growth pillar
3 5

Key challenges
- Industry and/or product-specific policies, such as taxes, restrictions or regulations
- Environmental policies

How we engage
- Much of our engagement with governments is conducted at an industry level through trade associations
- We partner with local governments to tackle waste collection challenges and water availability

Outcomes of engagement
- In response to regulations and levies on certain types of plastic packaging, we have lightweighted packages and used more sustainable materials
- To address health and nutrition concerns, we continue to add low- or no-sugar drink options in every market and provide transparent nutritional information

Relevant KPIs
- Percentage of absolute emissions reduction
- Percentage reduction of calories per 100ml SSD
- Percentage of primary packaging collected
- Number of water stewardship projects in water priority locations

Principal risks
- Product-related taxes and regulatory changes
- Ethics and compliance

Read more on pages 45-53

Our communities

Material issues
- Climate change
- Corporate citizenship
- Economic impact
- Packaging and waste management
- Water stewardship

Growth pillars
3 5

Key challenges
- Climate change
- Waste from our packaging
- Water conservation
- Empowering youth and women

How we engage
- We engage with customers and partners to understand what skills and training young adults need in specific markets
- Via our #YouthEmpowered sessions we increase the employability of young people
- We participate actively to support the set-up and implementation of new packaging collection schemes
- Addressing water challenges in water priority locations

Outcomes of engagement
- Our support of new collection schemes is translating into increased collection rates for packaging waste in many markets
- We have committed to NetZeroby40 across the entire value chain
- Water stewardship community projects in water priority locations

Relevant KPIs
- Number of young people trained in our communities through #YouthEmpowered
- Percentage of absolute emissions reduction
- Number of water stewardship projects in water priority locations
- Percentage of primary packaging collected
- Number of volunteering hours
- Number of and investments in community projects

Principal risks
- Geopolitical and security environment
- Cost and availability of sustainable packaging
- Managing our carbon footprint
- Water availability and usage

Read more on pages 45-53

NGOs

Material issues
- Climate change
- Corporate citizenship
- Human rights, diversity and inclusion
- Packaging and waste management
- Water stewardship
- Food loss and waste

Growth pillar
5

Key challenges
- Climate adaptation, move towards net zero emissions and water and energy use
- Packaging waste
- Sustainable sourcing
- Partnerships with communities and grassroots organisations
- Diversity and human rights

How we engage
- We include NGOs and community partners in our leadership development programmes, offering online training for managing virtual teams and leading in times of crisis
- We partner with specific NGOs for targeted environmental and social projects
- We engage through our annual Group Stakeholder Forum and our annual materiality assessment, as well as through ad hoc meetings

Outcomes of engagement
- Percentage of participants from NGOs in our first-time manager programmes
- Increased number of community projects for waste reduction, water stewardship and carbon removal

Relevant KPIs
- Number of and investments in community projects

Principal risks
- Cost and availability of sustainable packaging
- Managing our carbon footprint
- Suppliers and sustainable sourcing
- Water availability and usage
- Ethics and compliance

Read more on pages 45-53

Stakeholder engagement *continued*

The Coca-Cola Company

Material issues
- Nutrition
- Responsible marketing
- Sustainable sourcing
- Corporate citizenship

Growth pillars
1 2 4 5

Key challenges
- Support for consumers, customers and communities
- Profitable growth opportunities
- Value share in our markets
- Sustainable sourcing

How we engage
- Day-to-day interaction as business partners, joint projects, joint business planning, functional groups on strategic issues and 'top-to-top' senior management forums

Outcomes of engagement
- Our partnership added to the strength and depth of our 24/7 portfolio, especially thanks to the continued roll-out of Costa coffee
- We increased implementation of sustainable, ethical practices in our supply chain through System-wide collaboration

Relevant KPIs
- Revenue
- Value share

Principal risks
- Suppliers and sustainable sourcing
- Strategic stakeholder relationships

Read more on page 14

Our investors

Material issues
- Economic impact
- Climate change
- Packaging and waste management
- Corporate governance

Growth pillars
1 2 3 5

Key challenges
- Increasing focus on ESG and ESG incentives
- Maintaining focus on long-term potential of the Group rather than short-term volatility

How we engage
- Communication during our Annual General Meetings, investor roadshows, press releases and results briefings and ongoing dialogue with analysts and investors

Outcomes of engagement
- Stepped up consultation efforts and strengthened two-way dialogue between the Company and investors, ensuring both good understanding of long-term Company strategy in the markets and that investor concerns are considered in decision making
- Issuing of our first green bond

Relevant KPIs
- Management access and positive investor perceptions of strategy
- Total shareholder return

Principal risks
- Cost and availability of sustainable packaging
- Changing retail environment
- Commodity costs
- Product-related taxes and regulatory changes
- Foreign exchange fluctuations
- Managing our carbon footprint
- Geopolitical and security environment
- Suppliers and sustainable sourcing

Read more on page 111

Our suppliers

Material issues
- Climate change
- Sustainable sourcing
- Water stewardship
- Economic impact
- Biodiversity

Growth pillars
3 5

Key challenges
- Rising costs of ingredients, labour, packaging materials, energy and water
- Minimising the environmental impact of water and energy resources, as well as emissions
- Traceability in the whole value chain, including Tier 2 and 3 suppliers for human rights risk, biodiversity

How we engage
- Feedback received through our annual Group Stakeholder Forum
- Regular, ongoing interaction with the Coca-Cola System's Central Procurement Group and our technology and commodity suppliers

Outcomes of engagement
- Our long-term work with partners to reduce our water and energy use has also brought efficiencies. This is particularly important given our NetZeroby40 commitment
- Activities related to sustainable sourcing and certifications

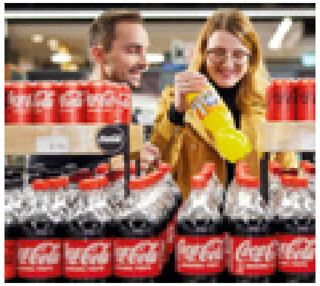
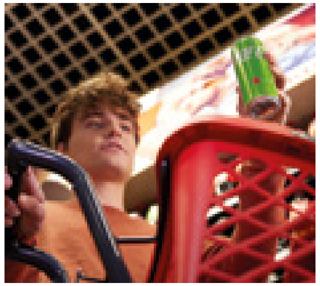
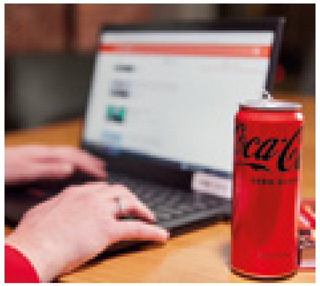
Relevant KPIs
- Percentage of key agricultural ingredients sustainably certified
- Percentage of our suppliers adopting our Supplier Guiding Principles

Principal risks
- Cost and availability of sustainable packaging
- Water availability and usage
- Commodity costs
- Ethics and compliance
- Managing our carbon footprint

Read more on pages 32-35

Market trends

Trends in our broad and diverse markets

		How we are responding	Delivered through	Growth pillar
	**Dynamic retail environment** In 2022, we saw strong category value growth resulting from price increases and faster growth in single-serve packs. Category volume increases were lower than in 2021, yet still positive across most of our markets. As pandemic restrictions eased in 2022, hotels, restaurants and cafes reopened and out-of-home consumption recovered. Online retailers and discounters also experienced strong growth.	This year we put more focus on improving our single-serve mix and continued driving the shift from multi-serve packs to single-serve packs across all markets and in both the at-home and out-of-home channels. To better understand and serve customers, we created targeted teams for hotels, restaurants and cafes, with support from The Coca-Cola Company. We subsequently gained or maintained market share in the majority of our markets in 2022 in the non-alcoholic ready-to-drink (NARTD) category, with notable gains in Sparkling.	**+3.5pp** We improved single-serve mix by 3.5 percentage points in 2022, driving positive package mix and improved revenue per case	1 2
	**Consumer environment** Cost of living is an important theme, with high inflation in essentials such as food, housing and energy, putting consumers' disposable income under pressure. Despite the inflationary environment, we have not seen significant changes in shopping behaviour in most markets. Affordability remains a key theme, yet we still see premiumisation opportunities as shoppers seek quality and small treats despite budget pressure.	We are very mindful of the demand for affordability in a period of high inflation. To support category growth, we have focused on smaller multi-serve offerings. This allows us to compete at attractive price points for the consumer and penetrate smaller baskets in a more profitable way. Our ability to address consumer demand for premiumisation was boosted by the acquisition of Three Cents super-premium adult sparkling beverage and mixer products in 2022.	**+1.7pp** We gained or maintained share in the majority of our markets in the sparkling category and gained 1.7pp of value share	1 5
	**Digital evolution** The global trend towards digitisation, which surged during the pandemic, continued to grow significantly in 2022 evidenced by 5G adoption, for example. Consumers have become much more comfortable and familiar with e-commerce. Technology has advanced, and both convenience and ease-of-use of online shopping have improved. Companies are also increasing the use of digital tools to improve efficiency of operations, customer service and marketing spend.	Our business-to-business (B2B) platform, Customer Portal, is now deployed in all our markets and growing at a high double-digit rate in terms of customer numbers, orders and revenue creation. Our e-commerce platforms remained a strategic channel with revenues tripling between 2020 and 2022. We are continuing to build our partnerships with all leading digital platforms.	**+77%** Revenue in the digital commerce channel grew by 77% in 2022 compared with 2021, excluding Russia and Ukraine	1 2 3

Market trends *continued*

		How we are responding	Delivered through	Growth pillar
	**Sustainability** In 2022, corporate commitments to net zero targets increased across all industries. At the same time, we saw growing scrutiny regarding companies' plans to deliver their net zero ambition. Concerns about climate change, climate justice and energy security are growing. Also, the focus on the need to move towards a net positive world is increasing, with rising awareness of the positive impact of biodiversity. Our stakeholders, including consumers, expect businesses to generate wealth, foster inclusion and diversity, respect human rights across their entire value chain, support their communities and take concrete action on important societal and environmental issues.	Following the announcement of our NetZeroby40 goal in 2021, we built out our net zero transition plan and developed long-term climate scenarios. We made new commitments in 2022, pledging to achieve a net positive impact on biodiversity in critical areas by 2040 and eliminate deforestation in our supply chain by 2030. We joined the Science Based Targets Network (SBTN) Corporate Engagement Programme and we will work to implement their guidelines in 2023. We also issued our first green bond to support and further advance our investments towards sustainability targets. We are working to expand our partnerships and looking for new collaboration networks, since we believe that ambitious goals and commitments can only be achieved through collective action.	**-21%** Absolute carbon emissions in operations were lower by 21% in 2022 compared with 2017	1 2 3 4 5
	**Regulatory environment** Regulation and regulatory frameworks continue to evolve across our territories. Sustainability remained in the spotlight through the implementation of the EU Single-Use Plastics Directive and the recent EU Commission proposal regarding plastic packaging and packaging waste regulation, which have notable implications for the beverage industry. The new Corporate Sustainability Reporting Directive in the EU is expected to broaden the scope of information disclosed by businesses.	We are continuing to engage with regulators and governments on more sustainable ways of doing business, as well as addressing budgetary requirements whilst allowing for business growth and investment. We are supporting Deposit Return Schemes and proactively taking steps towards a more sustainable packaging mix. We are investing in in-house rPET facilities, adopting packageless and refillable packaging options and removing plastics in secondary packaging. We are committed to our Mission 2025 goals and are well-positioned to address the environment and circularity ambition of the European Union. We support the EU Commission's Farm to Fork objectives and the Code of Conduct on Responsible Food Business and Marketing Practices.	**48%** In 2022, we recovered 48% of the primary packaging we put in the marketplace	1 2 3 5

Our purpose framework

Open up moments that refresh us all

A new purpose

A purpose is a powerful force. It defines why we exist. 2022 saw us develop our new purpose, **'Open up moments that refresh us all'.**

As a bottler, our work requires sealing refreshment in, but we believe that it is **the moments that we open up that matter most.** Though our purpose is new, the optimistic spirit that drives our work remains steadfast, and our vision and strategy remain consistent. Our new purpose further drives us to build on our Growth Story towards 2025.

Our focus will therefore be to open up opportunities for our customers and partners and ensure we open up employees to their full potential, whilst opening up life to experiences that refresh and delight, and never losing sight of the opportunities to make a difference **as one Hellenic.**

Our new purpose

In 1951, we began as a family-owned company in Nigeria and have grown into the essential partner that puts beloved brands into the hands of so many. Whether in our facilities, out on the road, or alongside our customers**, we bring refreshment to life, 24/7.**

And as we drive impact through our values, we open up new markets that grow businesses, empower our people to reach their full potential, help communities flourish and work toward a world without waste for everyone.

With each twist of a cap or pull of a tab, we open up opportunities that delight everyone.

As one Hellenic, we open up moments that refresh us all.

Read more on page 11

Our vision is...

...to be the Leading 24/7 Beverage Partner...

Read more on pages 12-13

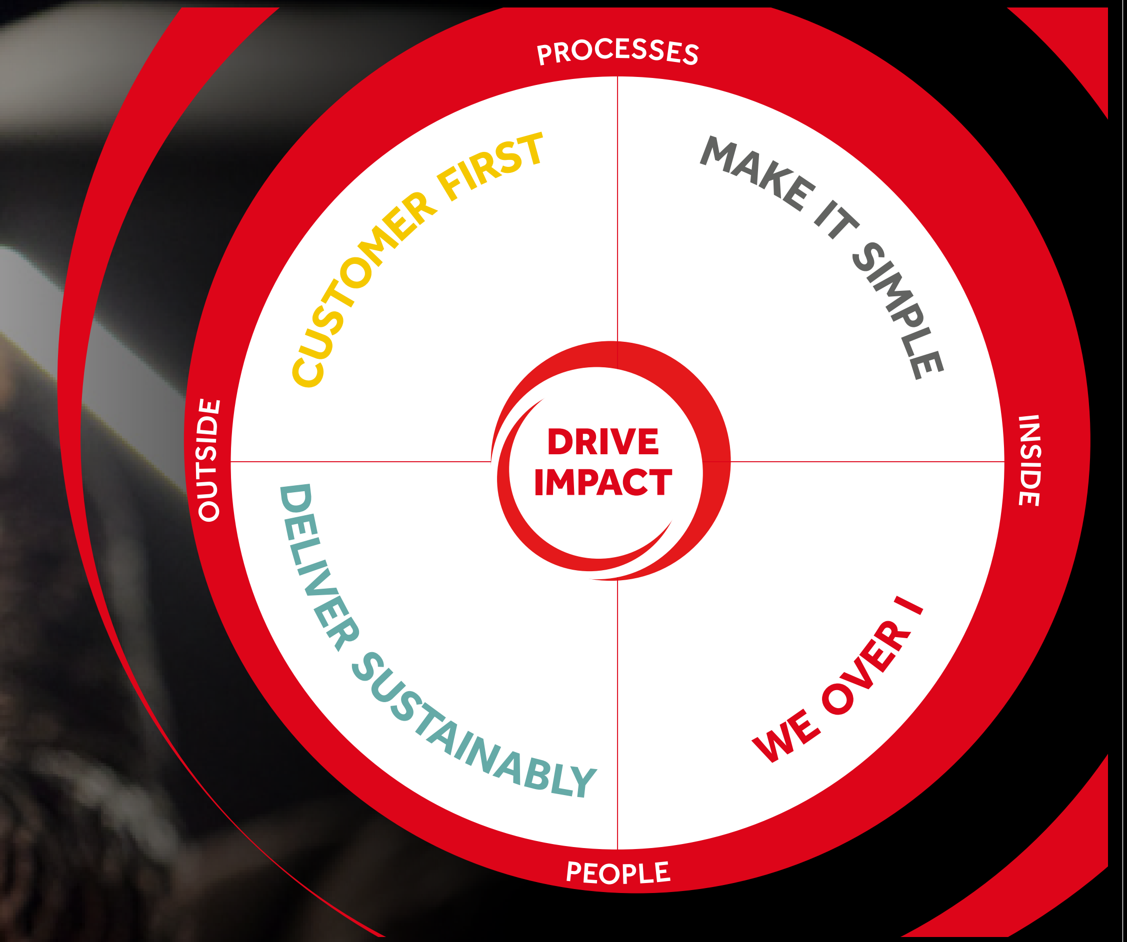
...delivered through our strategy...

1. **Leverage our unique 24/7 portfolio**
2. **Win in the marketplace**
3. **Fuel growth through competitiveness and investment**
4. **Cultivate the potential of our people**
5. **Earn our licence to operate**

Read more on pages 23-53

Our purpose framework *continued*

... and enabled by our four values, which define how we behave every day.



Achieving our strategy is reflected in remuneration...

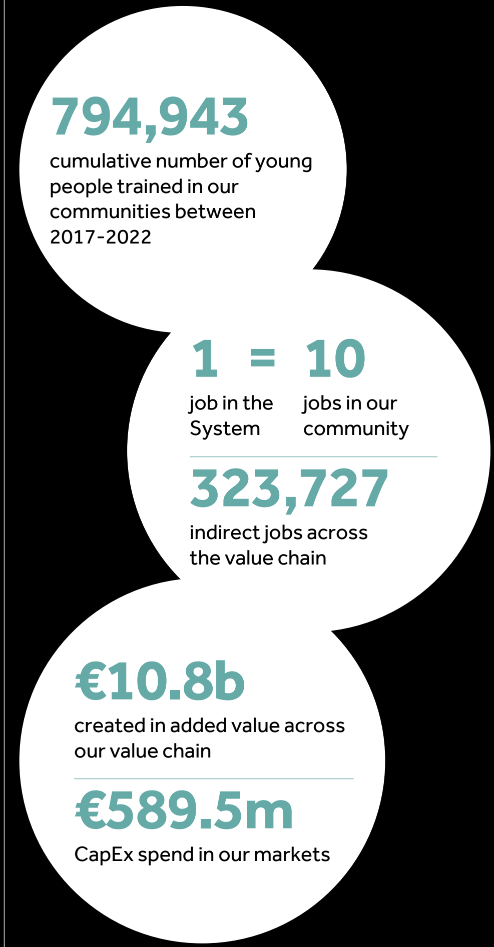
Our strategy and targets link directly to executive remuneration.

The Management Incentive Plan (MIP) is based on three metrics which are an outcome of successful progress towards Growth Story 2025: revenue, comparable EBIT and free cash flow.

Our Longer Term Incentive Plan (LTIP) balances shareholder value creation with environmental impact being based on ROIC, EPS and CO_2 emission reductions across scope 1, 2 and 3.

Read more on pages 128-155

...and flows into our socio-economic contribution.



Read more on pages 14-15

Our strategy

Our growth pillars

How we are growing

1 Leverage our unique 24/7 portfolio

- Offer the best 24/7 beverage portfolio on the planet together with The Coca-Cola Company and other partners

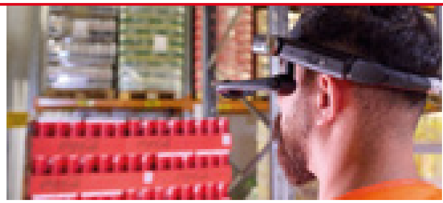
Read more on pages 24-27

2 Win in the marketplace

- Build unrivalled teams of true partners for our customers, executing with excellence in every channel for prioritised drinking moments
- Fast-forward critical capabilities for growth

Read more on pages 28-31

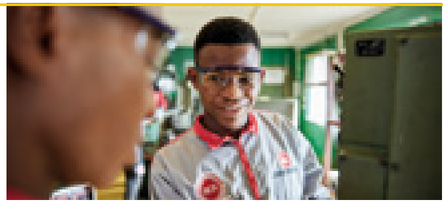
3 Fuel growth through competitiveness and investment



- Transform, innovate and digitise our business to ensure that we are fit for the future

Read more on pages 32-35

4 Cultivate the potential of our people



- Invest in building the best teams in the industry
- Develop an inclusive growth culture around our empowered people

Read more on pages 38-42

5 Earn our licence to operate

- Be an environmental leader, engage our communities behind water and waste initiatives, and empower youth, together with our partners

Read more on pages 45-53

Growth Story 2025 targets

5-6% organic revenue growth per annum, on average

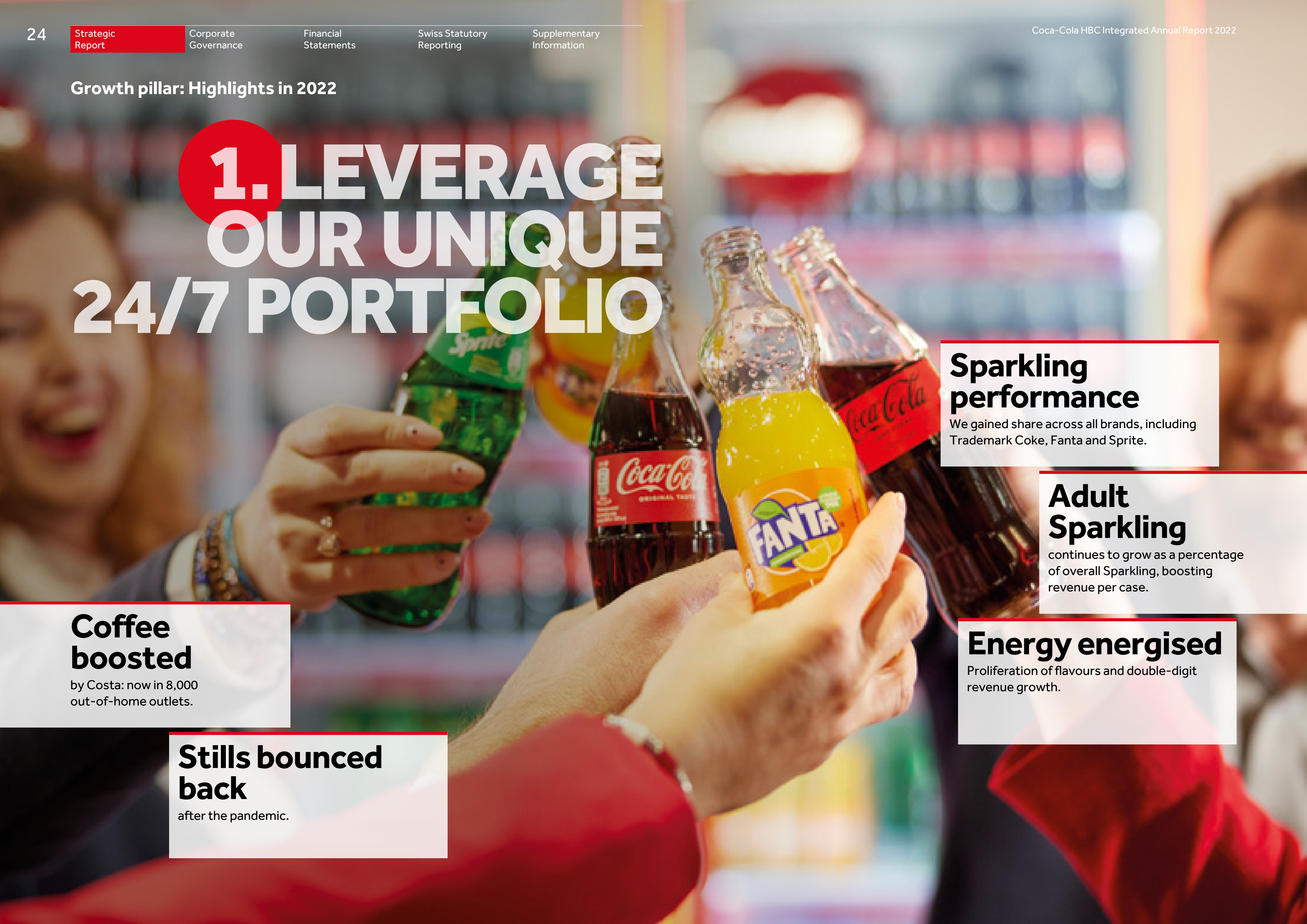
20-40bps comparable EBIT margin growth per annum, on average

Employee engagement score greater than the global top-decile norm

Accomplish Mission 2025 sustainability commitments

Growth pillar: Highlights in 2022

1. LEVERAGE OUR UNIQUE 24/7 PORTFOLIO



Sparkling performance

We gained share across all brands, including Trademark Coke, Fanta and Sprite.

Adult Sparkling

continues to grow as a percentage of overall Sparkling, boosting revenue per case.

Energy energised

Proliferation of flavours and double-digit revenue growth.

Coffee boosted

by Costa: now in 8,000 out-of-home outlets.

Stills bounced back

after the pandemic.

Leverage our unique 24/7 portfolio *continued*

KPIs
- Organic revenue growth
- Organic revenue per case growth
- Volume growth

Principal risks
- Competing in the digital marketplace
- Product relevance and acceptability
- Strategic stakeholder relationships

Stakeholders

Our customers

Our consumers

The Coca-Cola Company

Shareholders

Broad, unique portfolio delivered continued growth

As we emerged from the global pandemic, the war in Ukraine cast a large shadow emotionally and operationally over us all. We delivered strong performance in 2022 for our people and our business, despite the challenges we faced given Ukraine and Russia are both Coca-Cola HBC markets.

We remained focused and disciplined on executing our growth strategy, with our broad and unique 24/7 portfolio combined with solid pack/price architecture and strong execution. Our strong partnerships with customers supported our growth momentum and we continued investing behind our strategic priorities throughout the year.

Sparkling growth driven by consistent strategic focus

Our sparkling portfolio remained resilient and was once again one of the best performing categories across our markets in 2022. We grew share across Trademark Coke, Fanta and Sprite, driven by targeted campaigns and activations.

Adult Sparkling continued to be a key driver of premiumisation with strong growth momentum. Low- and no-sugar variants performed particularly well, with organic volume growth ex Russia and Ukraine up 14.3% compared with 2021.

We continued building on the well-established association of 'Coke and Meals' that resonates with consumers, adds value to our customers and is the primary profit driver for Trademark Coke. Coke and Meals was supported with dedicated activation plans across our markets throughout the year, leveraging our unrivalled in-market execution capabilities.

In 2022 we took a more strategic and holistic approach to the consumption occasion of 'breaks' – moments that create a positive mindset. We further increased teen recruitment and solidified value share for Trademark Coke, focusing on the breaks occasion with screen time and music, with dedicated activation peaks throughout the year.

Trademark Coke also led our Christmas activations, propelled by the focus, passion and creativity of our people across our markets. We succeeded in emotionally connecting with consumers, while increasing value creation and partnership with customers.

Organic volume growth for Adult Sparkling was up 9.5% (ex Russia and Ukraine) in 2022 compared with 2021, with growth across Schweppes and Kinley. We expanded our footprint into the super-premium adult sparkling segment by acquiring artisanal mixer company, Three Cents, which was founded by bartenders and entrepreneurs. Three Cents premium mixers are targeted to mixologists and high-end hotel, restaurant and cafe outlets. Artisanal mixers are an attractive addition to our 24/7 product portfolio as consumption shifts back to out-of-home channels after the pandemic.

As inflation increased across our markets, we flexed our offering by downsizing multi-serve packs to address affordability concerns. We also brought forward premiumisation efforts, as consumers looked for affordable treats. For example, we engaged consumers in fun Schweppes and Kinley 'mixability' experiences with our premium spirits partners. These highlighted opportunities to blend our portfolio and add value across beverage categories.

The reopening of hotels, restaurants and cafes was fundamental to our success during the year. We continued delighting our consumers, driving revenue through single-serve consumption and generating increased value for our customers.

Strong growth in still products

2022 marked a good year for our Still category across all business units. We delivered double-digit revenue growth thanks to good momentum and impactful execution, leveraging new communication campaigns and consumer promotions to drive transactions of ready-to-drink (RTD) tea and sport drinks. As a result, we gained value share in both areas.

In Water, we stayed focused on execution, cost leadership and selective expansion into highly profitable emerging segments to deliver profitable growth. Sustainability continues to be a key focus of our water business. We introduced the first label-free branded water packaging in Switzerland, launching three label-free variants of Valser. The distinctive look differentiates our products while improving the ease of package recycling.

In RTD Tea, we delivered double-digit revenue growth, boosting revenues with exciting advertising campaigns, the acceleration of zero-sugar flavours and strong in-store execution. In Juice, we expanded our footprint in active markets with our Cappy and Next Lemonades and added interest with the new elderflower flavour.

Sport Drinks reported an exceptional performance due to growing consumer demand and targeted investments in priority markets. We had particular success with Powerade in Italy, achieving and retaining our market share leadership position during the year.

Leverage our unique 24/7 portfolio *continued*

Energy is energised

Energy is one of the fastest growing categories of non-alcoholic ready-to-drink (NARTD) products. We continue to increase our market share as a result of our well-defined strategy – offering a complete brand portfolio, using disruptive marketing platforms and offering a range of flavours to give consumers choice and entice newcomers into the category.

We continued building our Monster portfolio by growing Monster Ultra, a zero-sugar variant, and Monster Juiced. In Nigeria and Poland, we achieved growth while addressing affordability with Predator. Post-pandemic, we reignited the support behind Burn, with very good results attained in Hungary and the Baltics.

We continued our journey into the performance drinks segment with our targeted brand, Reign. Its popularity increased in our target markets of Ireland and Poland, where our strategy of appointing high-profile sporting brand ambassadors paid off.

Coffee grows as we expand our portfolio

Coffee continues to grow, primarily driven by doubling our away-from-home outlets as well as growing sales of beans, ground coffee and capsules for at-home occasions.

Costa coffee continues to thrive, with a strong presence in 16 of our markets after exiting Russia. We were the first Coca-Cola bottler to pilot and launch the Costa proprietary capsule system for out-of-home occasions in 2022, with very encouraging initial results. Poland is our biggest Costa market both in terms of volume as well as revenue, also benefiting from the growth in e-commerce there.

Our distribution agreement with Caffè Vergnano expands our 24/7 portfolio with a super-premium coffee product for high-end hotels, restaurants and cafes. Combined with Costa, this gives us a total coffee portfolio for all customers and occasions. Caffè Vergnano is now available in 14 of our markets.

Growth of coffee capabilities across our teams remains a key focus. In 2022 we invested in our Coffee Experts and Coffee Training Centres network and launched our Coffee Academy, building on the success of our Sales Academy development programme for Business Developers. We also expanded our use of digital-enabled decision making, with over 75% of our professional coffee machines connected with telemetry. In fact, most of our markets use our Data, Insights and Analytics bespoke software for coffee-specific customer segmentation.

Premium Spirits in prime position

Premium Spirits benefited from developments in consumer preferences and out-of-home channel trends during the year. Revenue growth was driven by our strategy of premium positioning, which remains attractive as consumers seek affordable treats despite inflationary pressures.

Brown-Forman, Edrington, Campari and Nemiroff continue to be strong regional partners. In 2022 we formed an exciting new partnership with Bacardi in Czech Republic and Hungary with a very promising start.

Developing specialised capabilities is an important part of our success in this segment. To further improve, we launched a Premium Spirits Academy to train our dedicated teams. The capabilities of more than 6,000 Business Developers will be upskilled through this initiative over the next two years.

Leverage our unique 24/7 portfolio *continued*

Taking action to improve consumers' health & nutrition

Understanding what our consumers want and need is fundamental to our long-term success as a 24/7 beverage company. Increasingly consumers are interested in healthier options, including reducing their sugar intake, while still consuming products that taste great.

At Coca-Cola HBC, we are taking meaningful actions to help people make informed choices. We support the EU's Farm to Fork goals for a healthy, sustainable food system and, as part of the Coca-Cola System, we follow the EU Code of Conduct for Responsible Business and Marketing Practices. The latter calls upon industry and retailers to reformulate products, encourage portion control and market responsibly.

Our actions are aligned with our Coca-Cola System partners and fall in five key areas:

- less sugar, more choices
- new and different drinks
- informed decisions
- no marketing targeting children
- promoting low- and no-sugar choices

We have embraced the recommendations that individuals should not consume more than 10% of their total daily calories from added sugar. In support of this, we continue to offer products where we have changed recipes to reduce added sugar, sell more beverages in smaller packages to enable portion control and promote low- and no- calorie beverage options.

As part of our Mission 2025 targets, we have committed to reduce calories per 100ml of sparkling soft drinks by 25% between 2015 and 2025 across all our markets. By the end of 2022, we had achieved a 17% reduction. Through these efforts, we are contributing to the European Soft Drinks Association's (UNESDA's) target to reduce added sugar in beverages by 10% by 2025 from a 2019 baseline.

We are also committed to providing clear and transparent nutrient information about our drinks, such as the Guideline Daily Amount (GDA) labels on our packages. We adhere to the policies of the Coca-Cola System for global responsible marketing, including the Global School Beverage Policy and the Global Responsible Alcohol Marketing Policy. We also adhere to UNESDA's pledges on Responsible Marketing.

We commit to not market directly to children under 13 and do not offer any soft drinks in primary schools. For 2022, relevant employees and both direct and indirect distributors were once again made aware of The Coca-Cola Company's Responsible Marketing Policies.

Looking ahead to 2023, we expect further developments regarding front-of-pack nutritional labelling and sweeteners. As part of the Coca-Cola System, we remain highly engaged with key stakeholders through our participation in industry associations.

Ensuring fresh, quality products and reducing waste

The rate of consumer complaints improved by 11% compared to 2021, even though consumer preferences continue to evolve. Our efforts to improve and modernise manufacturing processes and our focus on product quality, safety and integrity helped us achieve this reduction. We also voluntarily took back products from the market on four occasions, in Greece and Cyprus, Poland and Romania, and had one product recall from the market in Italy during the year.

To maintain awareness amongst our employees and build their capabilities in quality and logistics, we introduced a Supply Chain Academy. We also marked World Food Safety Day in June and World Quality Week in November.

We strive to minimise food loss and food waste in our operations as this helps us preserve water and other natural resources, avoid carbon emissions and mitigate the social and economic impacts of agriculture.

In 2022 we committed to food loss and waste goals, following our adoption of a new food loss policy in 2021. Our target is to reduce absolute food losses in dry matter by 30% by 2025, and by 40% by 2030 compared to our 2019 baseline. These are absolute targets irrespective of volume growth in our business. Unused beverages are treated at either our own plant or external wastewater treatment facilities. Liquid is reinstated after treatment to levels necessary to support aquatic life. Any remaining material is sludge, or dry food loss, which is then used for alternative purposes such as composting for agricultural needs or incineration for energy recovery and biogas/biofuel. Our absolute amount of food loss from finished beverages was reduced by 1% in 2022 compared to 2021.

Priorities in 2023

- Continue to deliver strategic priorities of Sparkling, Energy and Coffee
- Relentless focus on execution, growing at-home and out-of-home occasions
- Focus on pack architecture and price/mix to balance affordability and premiumisation
- Capitalise on Energy, Coffee and Premium Spirits by increasing our capabilities through training
- Continue to focus on reducing sugar content in our beverages to meet our Mission 2025 sustainability target

UN Sustainable Development Goals

We serve our consumers with a broad range of high-quality products. In doing so, we create value by contributing to global goals for good health and wellbeing, innovation, responsible production and consumption as well as partnerships.

Growth pillar: Highlights in 2022

2. WIN IN THE MARKETPLACE

Introduced new Academies

including the Coffee Academy and Premium Spirits Academy, driving our salesforce's capability to deliver improved service, performance and execution.

Next generation of segmented execution

developed, including capabilities to micro-segment our customers.

Cooler coverage extended to 86%

of top customer outlets.

Implemented price increases and mix initiatives

expanding revenue per case and mitigating inflation, while driving market share gains.

Achieving higher market share online

by strengthening our relationship with e-retailers and developing partnerships with new channels.

Updated data and analytics tools

and targeted training programmes further supported revenue growth management capabilities.

Win in the marketplace *continued*

KPIs

- Organic revenue growth
- Organic revenue per case growth
- Organic volume growth
- Value share

Principal risks

- Commodity costs
- Competing in the digital marketplace
- Foreign exchange fluctuations
- Geopolitical and security environment
- Marketplace economic conditions
- Suppliers and sustainable sourcing

Stakeholders

Our customers

Our consumers

The Coca-Cola Company

Shareholders

Winning in the marketplace through targeted investment in capabilities

Our ability to win in the marketplace has been enhanced over the last few years with targeted ambitious investment behind our prioritised capabilities, including revenue growth management, route to market and data, insights and analytics.

Our customers range from global supermarket brands and independent convenience stores, to restaurants and e-retailers. Understanding the needs of these different customers, and their relationship with consumers, is critical to our success.

We are winning with both customers and shoppers through our value-led approach to revenue growth management, which proved critical in a year of significant cost inflation. Our dynamic route to market is expanding our coverage across all customers, complemented by our digital commerce strategy. Our investment in data has built a market leading capability, which creates a flywheel to enhance revenue growth management and route to market, allowing us to segment the market as never before.

These capabilities are critical for us to better understand the real and changing needs of our customers and consumers, drive profitable revenue growth and anticipate or react to new challenges. The power of our portfolio and consistent investment in our capabilities allowed us to balance pricing and mix enhancements, while also achieving another year of strong share gains.

Revenue growth management

In 2022, we further built our revenue growth management capabilities to navigate a challenging inflationary environment. We have proactively driven revenue per case through pricing and mix actions and have focused on helping our customers meet consumer demand for affordability as well as premiumisation.

We continued to invest in capabilities, implementing training programmes across different layers of our organisation, and we drove further integration with route to market and data, insights and analytics.

We implemented price increases across all our markets in 2022. Using updated data and analytics tools allowed for better understanding of price elasticities per brand and pack type, improving our approach to pricing decisions.

We are very mindful of the demand for affordability in a period of high inflation. To support category growth, we have focused on smaller multi-serve offerings. We launched a 900ml bottle in Switzerland and 1 litre in Slovakia. This allows us to compete at attractive price points for the consumer and penetrate smaller baskets in a more profitable way. To recruit new consumers, we offer smaller, more attractively priced single serve offerings, such as a 300ml PET Sparkling size launched in Bulgaria. We also provide our customers with affordable options through our promotion strategy, where we have been using advanced analytics to maximise benefit for our customers and return on investment.

Despite higher inflation, we do see demand for higher-value, premium beverages. We saw growth in our Adult sparkling business, particularly in the hotels, restaurants and café channel, while also leveraging the growth of socialising at-home occasions in the at-home channel. We expanded our pack offerings in Adult sparkling, with the launch of a 330ml can of Kinley in Austria, and a 1 litre PET of Schweppes in Romania. Another driver of premiumisation is the growth of glass packages, and we expanded our 1 litre returnable glass bottles in Austria to zero-sugar variants.

We drove greater sales across our markets in 2022 by focusing on multi-packs of single serves. This helped us improve our single-serve mix in the at-home channel, with single-serve volumes growing 10% in 2022, 25% above pre-pandemic levels in 2019.

Partnering with customers to drive value

We know that our success is dependent on the success of our customers. We achieved improved alignment with our customers with joint business planning and strategic planning workshops and invited our customers to share their perspectives with our people. We have also worked with customers on our sustainability programmes, such as the launch of the 100% rPET portfolio in Switzerland.

As pandemic restrictions eased in 2022, we worked closely with our out-of-home channel customers and saw successful execution to capture the full potential of reopening in our markets, particularly ahead of and during the summer season. We saw the hotel, restaurant and café channel grow organic revenues strongly in the year (excluding Russia and Ukraine). In 2022, we created targeted teams for this channel, with support from The Coca-Cola Company, to accelerate performance by better understanding customer needs.

We complemented this with a continued focus on opportunities in the at-home channel, leveraging the strength of our portfolio with strong marketing campaigns and execution. Our work is paying off and we are creating value for our customers. According to data from Nielsen, once again, in 2022, we were the number one contributor to revenue growth in FMCG across our retail customers.

We are committed to improving our customer experience. When a customer has an issue, we target a 48-hour response time, and empower our salespeople to 'close the loop' and resolve issues immediately. We now collect ongoing feedback from over 40% our customers through Customer Gauge as we value feedback from all customers, and we want to make their experience with us even better tomorrow. We now consider Net Promoter Score® an important metric to measure customer satisfaction and we're encouraged by early progress. This is directly connected to driving revenue growth.

Win in the marketplace *continued*

Our digitally enabled route to market

With the reopening of markets through the first part of the year we benefited from a flexible route to market, which allowed us to maximise opportunities and drive joint value with our customers.

In 2022, we further improved our route to market with enhanced digital tools and data capabilities. These allow for a more granular segmentation of our customer base and more targeted services. As a result, we improved both our physical and digital coverage of customers during the year, and drove stronger execution.

We continued to drive our market leadership through increased market execution in displays and the placement of digitally connected coolers. We also enhanced our execution capabilities by the expansion of image recognition into 26 markets, up from eight in 2021.

We continued to invest in new coolers as they help to drive single-serve mix and revenue growth. We have focused on using data to increase our profitable cooler coverage. We reached 86% coverage of our top customer outlets, up 2.8pp organically compared to 2021 (excluding Russia & Ukraine). We have a total of 1.33 million coolers on customer premises, and, excluding Russia & Ukraine, 53% of these now have online connections, up nearly 4 percentage points organically year-on-year. This bolsters the efficiency of our assets and increases the productivity of our sales teams.

In 2022 we also piloted a next generation customer relationship management system, another example of our ongoing digital transformation. Providing a digital tool for communication drives better service and allows our salespeople to spend more time with our customers. We plan to scale the platform across all markets in 2023.

Accelerating digital commerce

In 2022, we continued to invest in and develop our suite of digital commerce platforms and solutions to serve the growing numbers of consumers and customers choosing to shop online. We have strengthened our online capabilities across the business, as well as developed new tools that are allowing us to drive our online business in more efficient and data-focused ways.

Customer Portal is our business-to-business (B2B) platform, an omnichannel service tool for our customers that delivers incremental revenue growth. The share of total customer orders placed online was 4% in 2022, a reduction compared to 2021, due to the negative impact from Russia.

Excluding Russia and Ukraine, we saw good growth in the number of customers, orders and revenue delivered, with the number of customers and orders close to doubling year-on-year. If we consider small individual non-chain stores only, 20% of all the orders from the channel came through our Customer Portal. We have seen a standout performance from Czech Republic and Slovakia, where we reached 34% of total orders placed on Customer Portal in December 2022.

In Q3 2022 we launched SIRVIS in Italy, our B2B marketplace for the out-of-home channel, offering a 24/7 multi-category ordering experience, as well as a range of services.

We are pleased to have seen a positive initial response to the platform and are planning an expanded roll out in 2023.

When it comes to route-to-consumer, we are partnering with e-retailers and food delivery platforms to create unique omnichannel experiences for our shoppers and drive profitable growth. Our revenue in the channel expanded by 59% vs 2022, a third consecutive year of growth acceleration.

In e-retail, we increased our digital shelf space and visibility. With food delivery platforms, we achieved a beverage attachment rate of 25%, increasing 9pp year-on-year.

Win in the marketplace *continued*

Quick commerce, where it takes a maximum of 30 minutes for home delivery, is another fast-growing sub-channel in urban areas where we are partnering with multiple players. In 2023, we will continue to invest to improve our ability to serve online shoppers.

Within the direct-to-consumer (D2C) channel, we are experimenting with different models in different markets and implementing data-driven commercial strategies. For example, in Switzerland, we launched Qwell Express, a quick beverage and snack delivery platform. In 2023, we will continue growing our existing D2C businesses and learning about new models.

Data, insights and analytics

We made further progress leveraging data, insights and analytics capabilities to strengthen our revenue growth management and route to market, continuing to scale the capabilities required to drive a competitive advantage.

Segmented execution is where we use our capabilities to identify customer needs in different locations and distinct types of outlets to better target product assortment and personalise marketing activities. We developed the next generation of segmented execution, including improved micro segmentation of our customers, leveraging rich and granular external data. With micro segmentation we can identify outlets for accelerating certain packs and products. For the launch of the 300ml PET bottle in Bulgaria, we used micro segmentation to target outlets which had higher-than-average traffic and a younger demographic. The next generation of segmented execution uses AI-enabled algorithms to help predict the potential value of an outlet and each product category, to drive targeted and focused execution. It is now live in 10 markets as of the end of 2022, with further roll outs planned for 2023.

In 2022, we leveraged AI and advanced analytics algorithms to accelerate the transformation of our promotion management and demand forecasting. By using advanced analytics algorithms, our markets can evaluate promotion spend effectiveness, improving allocation of investment in promotions which drive higher-return opportunities and increase joint value created with our customers. AI-enabled forecasting for short- and long-term demand also streamlines inventory management, preventing out-of-stock incidents, and improvement in demand planning.

Finally, as we accelerate our journey to become a data-driven organisation, we are building the capabilities of our people. We launched the Data and Analytics Academy during the year to support capability building of our employees across all functions and further accelerate the culture of data driven decision making.

Driving stronger capabilities across our salesforce

To deliver our strategy, our people need the right tools to address customer needs. We now have seven types of Sales Academies across different sales roles, in all of our markets. These aim to build unrivalled sales teams that constantly strive to improve our service and drive value with and for our customers.

The academies offer a comprehensive end-to-end developmental experience, and we are constantly updating the programmes, keeping the curriculum current with relevant market insights. We had tremendous uptake in 2022, with 98% of the Business Developers that took part achieving certification through completion of the programme. We also launched two new academies during the year, designed to grow capabilities in Coffee and Premium Spirits.

Priorities in 2023

- Continue to execute our revenue growth strategies to drive both price and mix acceleration, while addressing consumer needs for affordability as well as premiumisation
- We will further drive usage of insights from segmented execution and increase promotion spend effectiveness to accelerate value delivery
- Continue to invest to improve our digital commerce abilities and respond to rapid growth
- Improve our coverage of dynamic route-to-market solutions, supported by the deployment of image recognition in all markets and an acceleration in the increase of coverage by connected coolers

UN Sustainable Development Goals

As we build our business by helping our customers to grow and thrive, we make substantial contributions to the achievement of the Sustainable Development Goals related to ending poverty, decent work, sustainable communities, responsible production, justice and strong institutions, as well as partnerships.

Growth pillar: Highlights in 2022

3. FUEL GROWTH THROUGH COMPETITIVENESS AND INVESTMENT

Industry 4.0 in supply chain

by scaling 'vision picking' so that it covers more than 45% of Company picking volume, continuing to deploy automated yard management in addition to real-time transport visibility.

Deploying image-recognition technology

leading to improved market execution by activating image recognition in 24 of our markets, covering 265,000 outlets.

Reducing secondary packaging

and CO_2 emissions through our packaging optimisation initiatives.

Supporting our customers

with the implementation of the new customer relationship management platform, which delivered increased customer retention and satisfaction.

Increasing coolers in the market

by placing 99,000 new coolers in 2022.

Fuel growth through competitiveness and investment *continued*

KPIs
- Organic EBIT growth
- Comparable EBIT
- Comparable EBIT margin
- Capital Expenditure as % of NSR
- ROIC

Principal risks
- Competing in the digital marketplace
- Cost and availability of sustainable packaging
- Cyber incidents
- Managing our carbon footprint
- Water availability and usage

Stakeholders
Our customers

Shareholders

Our suppliers

In a challenging year with significant inflationary pressures across our business and supply chain, we continued to invest to support long-term growth. In the face of macroeconomic uncertainty and geopolitical turmoil, our business remained resilient. We maintained supply and had no disruption in our production, except for a brief shut-down in Ukraine, when our plant outside Kyiv was temporarily in occupied territory. We also continued expanding our use of new technological tools to improve efficiencies and reduce costs.

Supporting profitable growth
We continue investing in new and upgraded production lines to support our revenue growth management initiatives and the growth of key categories in our product portfolio.

In Austria, we invested in a refillable glass bottle line to support the production of our 1 litre and 400 ml sparkling proposition. This investment secures supply of refillable glass bottles and enables growth in sustainable packaging, helping us respond to market trends.

Energy is one of the fastest growing categories in non-alcoholic, ready-to-drink beverages. To meet demand, we are investing in new, dedicated can lines and syrup capability for Monster products at our plants. By increasing in-house production we can better satisfy growing demand for Monster products and also create a more efficient supply chain in our countries. We currently produce Monster products in five countries and six production lines, with plans to expand further with two additional lines in 2023.

The growth of our single-serve packages is a key strategic focus of our revenue growth management strategy. In this context we continued our investment in coolers, with 99,000 new coolers in our markets, to provide further support for single-serve growth.

Our newest coolers are connected online to provide better service to our customers and a better shopping experience for consumers, boosting brand recognition and market penetration. They are also energy-efficient, reducing emissions in our value chain.

Following our acquisition of the Coca-Cola Bottling Company of Egypt, with five production plants and a new mineral water plant in Serbia, we have now 62 production plants, compared with 56 at the end of 2021. To reduce our costs for maintenance and energy and limit production downtime, we expanded our use of digital production and predictive maintenance systems to twelve additional markets by the end of 2022.

Leveraging digital and technology
In 2022, we continued investing in effective digital tools and technology solutions, and expanded our capabilities focusing on customer and consumer-centricity, employee experience as well as operational productivity.

To improve market execution, we fully activated our in-store image recognition technology in 24 countries, with 265,000 outlets covered. We are processing over 1.7 million product execution images every month, continuing to free up salespeople to spend more time with customers and improving revenue per outlet.

We continued our efforts behind a technology-enabled route to market by further implementing business analytics tools to support segmented execution. Using extensive internal and external data to generate outlet-specific suggested orders and recommended activities, we have improved the order-taking process and execution.

Further benefits have been achieved through the pilot of an online customer relationship management platform leading to faster and more flexible customer interactions and greater customer satisfaction.

During 2022, we upgraded our talent acquisition digital capabilities by consolidating sourcing, candidate relationship management, selection and applicant tracking under the Avature Platform, with an aim to access a wider set of candidates, optimise the hiring process and improve speed of recruiting and candidate experience.

New digital tools are improving operational productivity and helping us serve customers in a more cost-effective way with better monitoring of insights and data. We introduced a range of solutions for digital transformation across many different business areas during the year, including planning, manufacturing and supply chain using Industry 4.0 principles. We developed a 'digital twin' of our Austrian physical manufacturing plant in the industrial metaverse. This pilot digital twin project led to a 9% reduction of energy usage and a reduction of CO_2 emissions in the piloted production line.

To identify opportunities for simplification, in 2022 we invested in process mining, using artificial intelligence to map core processes. Combining the analysis with process expertise, we have now defined priority areas where technology will be used to simplify and standardise for greater efficiency. For more information on our simplification drive, Project Oxygen, see page 39.

During the year we also continued to enhance and strengthen reporting and analytics capabilities, democratising data access using cloud technology and enhancing data insights with cross-functional management reporting. Business data combined with purchased data helps us leverage artificial intelligence, improving segmented execution, demand forecasting and product performance.

As our business continues to grow, we have integrated technology to a common standard set of solutions. This simplifies technology integration as our Company expands, adding operations in a new market, Egypt, and Three Cents adult sparkling in 2022. Technology integration is done in a phased manner, and is continuing into 2023.

Fuel growth through competitiveness and investment *continued*

Embedding sustainability

Sustainability is at the core of all our sourcing activities and our suppliers are critical partners in improving our impact. We monitor the performance of our critical suppliers through our internal supply base assessments, audits of compliance and the EcoVadis platform. EcoVadis helps us monitor a range of risks using 21 criteria from international standard setters including the UN Global Compact, ISO 26000, the Global Reporting Initiative (GRI) and the International Labour Organization.

In 2021, we revised our procurement assessment guidelines to implement stricter rules for supplier practices in regard to human rights, ethics and compliance practices. We also re-trained our buyers on the sustainability risk assessment tools available for supplier selection and governance. This training was repeated in 2022, and rolled out in Egypt, our newest market.

In 2022, over 1,400 of our critical suppliers were assessed using EcoVadis, an increase of 27% versus 2021. Our plan is to expand the use of these assessments for better, more objective supplier monitoring and to leverage our EcoVadis partnership across the Coca-Cola System to exchange intelligence. We are also investigating how to further extend the assessment of the risks in our supply base, leveraging new tools, artificial intelligence and customised alerts.

We recognise supplier certifications as per international standards including ISO 9001, ISO 14001, ISO 50001, FSSC 22000 and ISO 45001.

For agricultural commodities, we are aligning with the wider industry to recognise the Rainforest Alliance, Fair Trade, Bonsucro and the Sustainable Agriculture Initiative Platform (SAI- FSA) and Global GAP+GRASP. Through our workplace accountability audits, which have a three-year audit cycle, all long-term contractors and contracted services on-site are assessed in regard to human rights.

To achieve our NetZeroby40 commitment to reduce our emissions, together with the Coca-Cola System, we are engaging with our most critical suppliers to tackle emissions in our supply chain. This involves support for measuring greenhouse gas emissions and prompting public disclosure through CDP and development of suppliers' own commitments to science-based targets. We have teamed up with a reputable specialist consultancy to develop a methodology for capturing emissions data and calculating Supplier-Specific Emissions Factors (SSEFs). Through these efforts, we are helping our suppliers build a strong foundation to start reducing greenhouse gas emissions. In Greece and Poland, we piloted workshops with key suppliers, exchanging views on sustainability and exploring how we can work together to achieve emissions reduction and net zero.

Packaging and transport

Improving the sustainability of our packaging is one of our Mission 2025 sustainability objectives. To deliver on this, we undertook a number of targeted sustainability initiatives in 2022. These helped us to secure supplies of rPET and reduce packaging size and weight. We also took further steps in our Green Fleet initiative, reducing the impact of our fleet vehicles.

We expanded our ability to produce rPET in-house, with a €30 million investment for a dedicated facility in Gaglianico, Italy. It has the capacity to transform up to 30,000 tonnes of PET per year into new 100% rPET preforms, enough to meet our beverage bottling needs in the country.

You can read more about this in a case study on page 51.

"We expanded our ability to produce rPET in-house, with a €30 million investment for a dedicated facility in Gaglianico, Italy."

Fuel growth through competitiveness and investment *continued*

"Improving the sustainability of our packaging is one of our Mission 2025 objectives which also contributes to emissions reduction. To deliver on this, we undertook a number of targeted sustainability initiatives in 2022."

In Switzerland, we began using 100% rPET for all locally produced products. Italy and Austria also began transitioning their locally produced PET portfolios* to 100% rPET in Q4 2022. These steps reduce our annual use of virgin PET by approximately 20,000 tonnes. We will reduce our use of PET by another 127 tonnes annually after lightweighting the preforms used for products in Cyprus.
Our cans are among the lightest in the market and, within the Coca-Cola System, we have already gained benchmark status for can-weight optimisations. BALL, a strategic partner that supplies over 25% of our total can volume, began using renewable electricity for all of cans supplied to Coca-Cola HBC in Europe, reducing emissions by more than 9,000 metric tonnes annually.
Also with BALL's support, we further lightweighted our 25cl aluminium cans, cutting another 370 metric tonnes of CO_2 emissions per year.

We made progress in reducing secondary packaging in a number of markets during the year. In Poland, we piloted a new stretch film, reducing the amount of plastic needed annually by 35 tonnes, with a subsequent 73-tonne reduction in CO_2 emissions. Coca-Cola HBC Polska was recognised for this implementation, receiving the Golden Innovation Retail 2022 award. Further roll-out of this innovation is planned in 2023.
We also took steps to optimise our shrink plastic film for packaging in Austria, Czech Republic, Ireland and Switzerland. Our efforts in these markets reduced CO_2 emissions by 238 tonnes, reducing also the related use of plastic materials.

We are working diligently towards fulfilling the requirements of the EU's Single-Use Plastics Directive. In 2022, we began introducing tethered closures, which help capture the entire package for recycling. In Greece, we introduced tethered closures for our aseptic fibre packages, along with plant-based packaging materials, reducing CO_2 emissions by 1,028 tonnes annually.

In Italy, we introduced tethered closures for aseptic packaging, used for AdeZ products for example, and sparkling products. In Bulgaria, we have done the same for our local water brands. In 2023, we will implement tethered closures for more products, in more markets. In conjunction with our customers, we are also evaluating alternatives to replace plastic drink lids with sustainable materials such as paper in advance of new requirements in the EU.

We also targeted reduction of plastic used in labels by reducing label size. An initiative to optimise label height was rolled out at the end of 2022 for core sparkling brands in four pilot markets: Cyprus, Greece, Italy and Poland. This will be rolled out across the Group in 2023. We aim to reduce costs while also decreasing annually our plastic use by 120 tonnes, and related CO_2 emissions by 300 tonnes.

We have also optimised our use of cardboard. As an example, Czech Republic optimised the weight of corrugated cardboard trays by 32%, saving 112 tonnes of paper raw materials. Implementation of our Keel Clip™, which replaces plastic film on can multipacks with an innovative paperboard solution was extended during the year. In Greece, Keel Clip™ use was expanded to an additional production line and in Hungary, Keel Clip™ was introduced in 2022.

We also continued rolling out our Green Fleet programme to achieve progress against our 2030 CO_2 emissions reduction roadmap. This programme is centred on transitioning our fleet to electric and more sustainable vehicles. In 2022 we reduced our carbon footprint compared to our baseline (2017) by 39%, which is a reduction of about 40,000 tonnes of CO_2 in comparison to the baseline. In addition, we introduced 1,157 green new vehicles in 2022, which now comprise 28% of our total light fleet, compared to 16% in 2021.

* Excluding water in Italy.

Priorities in 2023

- Continue to invest in new modernised production lines to support the growth of the business
- Expand in-house production of Monster products with additional production lines in our plants
- Scaling of our new customer relationship management platform across our countries to further support customer interaction and satisfaction
- Continue Egypt's integration in our systems and implementation of SAP's S/4HANA in the country
- Further improving sustainability of our packaging by even greater reduction of plastic used and CO_2 emissions

UN Sustainable Development Goals

Our sustained efforts to reduce our costs and improve our impact have generated significant results for our business, our communities, society and the environment. These results correspond to contributions to the Sustainable Development Goals for clean water and sanitation, clean energy, economic growth, industry innovation, sustainable communities, responsible production, climate action, life below water and life on land.

Feature: Focus on Egypt

Introducing our newest market

Egypt joined our Group in January 2022 after the acquisition of the Coca-Cola Bottling Company of Egypt (CCBCE), and we are very excited to welcome our new colleagues.

Egypt has a young population of over 100 million and is one of the largest non-alcoholic ready-to-drink, (NARTD) markets by volume in Africa. We are building on our existing scale in Africa and increasing our exposure to high-growth geographies. Egypt is one of the few countries where Coca-Cola does not have leading market share, and we see great potential for us to unlock considerable opportunities in this territory.

Increasing brand portfolio

Our current portfolio in Egypt spans our sparkling range: Trademark Coke, Coke Zero, Sprite, Fanta, Schweppes, Canada Dry and Water, including several variants of Dasani water. We see significant opportunity to leverage our proven route-to-market capabilities and over 70 years of experience in emerging markets to increase penetration of The Coca-Cola Company's brand portfolio, driving category leadership.

Young and growing population

100m+

Opportunity to increase per-capita consumption

Opportunity to become market leader

Feature: Focus on Egypt *continued*

Sustainability

The team in Egypt has a forward-looking attitude to sustainability, for example, installing in partnership with a supplier via a power purchase agreement (PPA), 4.5 megawatt solar photovoltaic rooftop plants at four manufacturing sites. We believe this is an example of how our values are aligned.

The business is committed to contributing to the Group's Mission 2025 sustainability targets and NetZeroby40 commitment and has started to align initiatives accordingly. We plan to include Egypt in our sustainability reporting from 2023.

Integration is progressing according to plan

We are implementing our execution capabilities, focusing on revenue growth management. Back-office integration is on track, enabling cost synergies in central functions.

We are strengthening the cooler network and have invested in the market by installing new energy-efficient coolers this year in high-potential outlets and locations, thus expanding the reach of our portfolio.

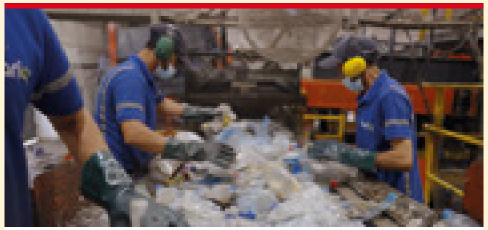
We also integrated HR processes, including performance evaluations, selection tools and talent development, while respecting local cultural imperatives.

Market share improves in 2022

We are encouraged to see early signs of success from the investments we are making to strengthen long-term opportunities in Egypt. In 2022 Egypt arrested the market share loss they had seen for several years. We're proud of these achievements and excited for what the future can bring.

"Our integration journey has started and I'm particularly proud of how we've already improved our execution capabilities, with better route-to-market and business analytics. At the same time, our expertise in operating in a high-growth market has been welcomed in Coca-Cola HBC. My colleagues and I are excited about 2023 and the opportunities we can develop as part of Coca-Cola HBC."

Ahmed Elafifi
General Manager



Collection and recycling

Through our partnership with BariQ, the largest "bottle-to-bottle" recycler and producer of rPET pellets in the Middle East, we support the collection and recycling of PET bottles in Egypt. In 2022, more than 31,000 tonnes of PET bottles were collected for recycling by BariQ, delivering a packaging collection rate of 43% for Coca-Cola HBC Egypt. Through this ongoing partnership, we continue to support collection and high-quality recycling in the region.

Water stewardship

Egypt has a growing population and is almost entirely dependent on the Nile River for water, which is a scarce resource. We are committed to reducing our water usage ratio and working with communities to help secure water availability in water risk areas.

In the two water priority locations in Egypt (Assiout and Kaliub), with the funds of The Coca-Cola Foundation and partnering with the UNDP and local NGOs, we implemented several water stewardship projects that replenished 3.6 billion litres of water. The interventions include riverbank filtration unit construction; improvement of soils, yields and irrigation demand through composting and use of a greenhouse cultivation model in marginal and sub-marginal lands with a hydroponic system. One of the projects also provided water access in 17 villages where more than 33,000 people were beneficiaries.

Growth pillar: Highlights in 2022

4. CULTIVATE THE POTENTIAL OF OUR PEOPLE

Continued to listen closely to our people

and act on their feedback, simplifying processes and investing in capabilities necessary to achieve our Growth Story 2025 targets.

Continued our efforts to build an inclusive workplace

and a diverse workforce that reflects our customer base and communities.

Kept our people safe

during turbulent geopolitical events.

Helped our customers and our people

adapt to the changing external environment with speed and agility through new ways of working.

Cultivate the potential of our people *continued*

KPIs
- Employee engagement
- Percentage of managers that are women
- Lost time accident rate

Principal risks
- Health and safety
- People retention
- Geopolitical and security environment

Stakeholders

Our people

Strengthening our culture and supporting our people

From the first days of the war, we have worked to protect our people. We provided advance salary payments when necessary, and re-skilling and redeployment options. We ensured that medical and life insurance programmes in Ukraine were operating and provided high levels of support and offered targeted mental health assistance. For an overview of our efforts to support our people and critically vulnerable populations in Ukraine, see page 43.

To simplify processes and make our people's lives easier, we have introduced a new, refined purpose, which highlights the value we create for all of our stakeholders: **open up moments that refresh us all**. To support the roll-out of this refined purpose, a new culture manifesto is being introduced, along with a new leadership model. These will be rolled out across the organisation throughout 2023. These efforts align with ongoing efforts to simplify and transform our business, Project Oxygen and Project Dolphin.

A highlight of 2022 was welcoming Egypt into our Group. We integrated our HR processes, starting with HR reporting, performance evaluation, selection tools and talent development, while respecting local cultural imperatives. In parallel, we started an internal talent exchange programme that gives our people the opportunity to pursue developmental assignments across our markets.

Designing a future-ready organisation

To achieve our Growth Story 2025 strategy and to future-proof our journey, we have taken a hard look at how we are organised and how we work.

A Group-wide initiative launched in 2022, Project Oxygen aims to reduce bureaucracy, simplify our processes and allow more time for value-adding tasks. We have identified the most critical pain points for our employees, prioritised them and secured investment behind the most impactful ones. We have developed a clear and sequenced plan to remove complexity, drive process simplification and ensure a much better employee experience in those key moments.

We implemented a Group-wide organisational structure redesign, Project Dolphin, with consistent but modular functional frameworks. This ensures we have a consistent structure with some local modification when needed to best serve customers locally, while prioritising the capabilities critical for future growth.

To fuel our agility and ensure success in critical areas, we introduced a new, dynamic structure called Dynamic Pods. These cross-functional teams are completely dedicated to critical business missions to enhance speed, quality and focus. In 2022, we deployed 10 Dynamic Pods focused on business acceleration in the hotel, restaurant and café channel and trade investment optimisation. We plan to introduce more in 2023, with some focused on specific markets.

Targeted improvements in engagement

As the fast pace of change continues, we made pulse surveys a permanent part of our internal communications. This helps ensure that management and the Board really understand what our people need to succeed.

We conducted two all-employee surveys in 2022. The Company's Employee Engagement Index score, the outcome of our annual engagement survey conducted in October 2022, remained steady at 85% with 88% of the workforce participating. We continue to benchmark our employee engagement against other high-performing companies, partnering with Qualtrics. Our 2022 results were three percentage points below the Qualtrics Global Top Decile Norm, which represents the top 10% of more than 15 million people from more than 350 companies.

Cultivate the potential of our people *continued*

Our 2022 employee engagement results highlight progress in areas of focus since the 2021 survey. Both willingness to help each other and managers helping prioritise work increased by one percentage point to 89% and 86%, respectively, compared with 2021. We have invested in our Business Developers, a key segment of our workforce, and survey results found a significant increase in their perception of having the equipment and resources required. This metric increased five percentage points to 86% compared with the prior year. We have also adapted their pay, a key driver of retention. In 2022, 62% of our Business Developers reported feeling fairly paid, an increase of three percentage points compared with 2021.

Retention is also a key priority, supported by an ongoing exit survey, continued focus on remuneration and plans to introduce stay conversations. Overall turnover was 11.4% in 2022 compared with 13.1% in 2021, showing a significant improvement due to our conscious efforts. As retention rates for women were lower, we conducted focus groups to better understand the root causes, and subsequently introduced relevant action plans. By year end, retention rates amongst women had stabilised in key markets.

Health, safety and wellbeing

We have focused on reducing road accidents for many years, and our 16.3% improvement in accidents per million kilometres travelled in 2022 was our tenth consecutive year of improvement. We established dedicated routines and corrective actions for our markets with higher road traffic incidents, Nigeria and Egypt, in 2022. We also introduced our first virtual training simulator in Nigeria to train employees and contracted partners who operate forklifts and drive trucks. These new initiatives build on our fleet safety training, which blends classroom and on-the-road elements, and our installation of collision avoidance technology in fleet vehicles.

Regrettably, for the first time in five years, one of our employees died in a work-related road accident in 2022. In addition, seven contractors had fatal incidents, mainly road accidents. This compares to three contractor fatalities in 2021. All of these reported fatalities were followed by investigation and root-cause analysis. Appropriate corrective action were defined and relevant lessons learned in each case, which have also been shared across our markets.

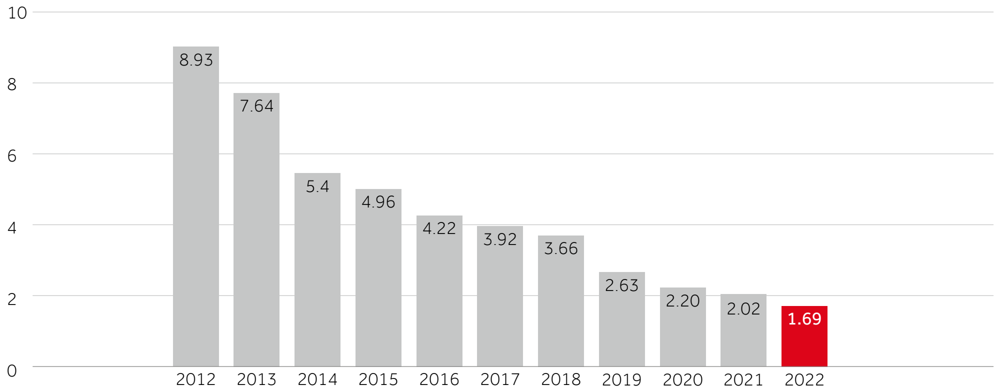
Overall, our Lost Time Accident Rate increased to 0.35 for 2022 compared with 0.25 in the prior year, primarily due to falls/slips/trips, road accidents and contact with machinery and tools. In order to reverse this trend and stay on track towards our 2025 commitment, we are closely working with the leadership teams of selected business units with the highest Lost Time Accident Rate. We are also putting strong focus on refreshing their behaviour-based safety programmes and strengthening the safety culture of our employees.

Aiming to create a proactive safety culture, our refreshed behaviour-based safety programme has been implemented in all our business units excluding Egypt. All of our manufacturing facilities, and all of our commercial territories excluding Nigeria, are covered by the programme.

In 2022, we expanded it to Group offices,achieving 52% coverage. We have eliminated 84.7% of the barriers to safety identified and have trained 9,219 employees and 1,229 contractors as behaviour-based safety observers supporting the programme. We plan to deploy this programme in Egypt in 2023.

To maintain engagement around health and safety, we conducted three communication campaigns across the Group in 2022. We also expanded our quarterly assessment of compliance with The Coca-Cola Company's Life-Saving Rules from manufacturing to include all non-manufacturing locations, achieving a final assessment score in the fourth quarter of 2022 of 81.2% (excluding Russia), vs 62.5% reported in 2021 (including Russia).

Accidents per million kilometres (APMK) trend



Cultivate the potential of our people *continued*

We view mental health as an important part of employee wellness and are equipping our people with tools to recognise and address mental health issues and early signs of burnout.

To attend to trauma due to geopolitical turmoil, special group sessions led by trauma experts were held in Ukraine, Poland and the Baltic countries. Through these sessions, we also reminded our people of the support services available to them. Our global Employee Assistance Programme provides 24/7 confidential support for our people and their families. Specialised support is also provided to our line managers to help them support team members.

Our wellbeing framework also addresses employees' physical, financial and social needs. To address employees' concerns about energy costs and inflation, we offered a financial wellbeing session during our annual Learn Fest, providing tips on budgeting.

Trust and belonging as a foundation of our culture

How well we collaborate across functions makes a big difference in our ability to have an impact on the market – to act fast and exceed customer expectations. Therefore, for the first time this year we introduced a standardised measurement of cross-functional collaboration, the Collaborating for Impact survey. We applied the same approach that we use for measuring our collaboration with our customers, a Net Promoter Score as a gold standard for measuring customer experience. As all employees had the opportunity to anonymously share their opinion, we received almost 15,000 feedback points with ideas how to strengthen collaboration and further simplify our ways or working. Going forward, we are addressing the biggest opportunities to create a tangible impact with our frontliners and our customers.

In 2022, storytelling remained the main tool for fostering a culture of belonging and trust. One of our main storytelling tools remains Red Talks, a format for sharing stories about one's growth either during meetings or through recordings shared through internal channels. We also continued to grow our informal Coffee Corner events, inviting our storytellers to talk about topics such as caring leadership and effective collaboration. These events inspired a growing interest in learning from each other's stories across the organisation.

To celebrate collaboration across the Group, we invited colleagues to write thank-you notes to their most important or most frequent collaborators during the year, and these touching messages of gratitude were shared at festive year-end events. The toolkit for this culture activation was shared with all of our markets in the Red Talks community.

In our third year of continuous performance conversations with mutual accountability, more than 70% of our people provided feedback to their managers in 2022. Nearly all of our people, 93%, completed quarterly snapshot discussions with their managers.

Prioritising diversity and inclusion

As a part of our commitment to have at least 50% of management positions held by women by 2025, we have accelerated our diversity and inclusion efforts. Our strategy starts from retention, building capabilities, complemented by external hiring to create a gender-balanced organisation. Every country has targets included in their business plan together with prioritised diversity and inclusion actions. In 2022, 51% of our internal appointments were women, and women held 39.6% of management roles, compared with 39.2% in 2021. In addition, in 2022 female representation among senior leaders grew to 39.5% from 36.5% in 2021. Our efforts to create a more diverse work environment were recognised externally in 2022 with 11 diversity-related awards.

The entire Executive Leadership Team volunteered to sponsor participants of our Women in Leadership programmes, which involve sponsors to help participants work through common career barriers. In 2022, 80 women in our workforce participated. To increase opportunities for networking, we added three women's networks in Poland, Nigeria and Austria to our existing base of local networks, with participation of our Senior Leadership.

We improved our external hiring gender ratio for management roles by 11 percentage points in 2022 compared with the prior year. With special focus on Commercial roles, we increased the ratio of women amongst our externally hired managers in the Sales and Marketing functions to 68%, an increase of 25 percentage points from 2021.

We continue to be a proud supporter of WeQual, and our CEO continues to be a judge of the WeQual awards for female leaders. The network we launched with our Coca-Cola System partners organised the largest diversity and inclusion event for the European FMCG and Retail industry in Paris in 2022, where we also participated. As members of The Boardroom in Greece and Switzerland, we support development of women for Board positions.

To ensure we adhere to all applicable laws and regulations and demonstrate best practice, we regularly review our Human Rights Policy, our Code of Business Conduct, and other internal standards. These documents are online at https://www.coca-colahellenic.com/en/about-us/corporate-governance/policies.

Cultivate the potential of our people *continued*

Helping our people realise their potential and developing talent

Our employees had over 900,000 hours of learning in 2022, including 56,000 in personal skills. About 80% of learning items completed – representing more than half of all learning hours – are self-paced and driven by our employees, demonstrating our culture of continuous learning.

To enhance continuous learning, we organised our virtual Learn Fest for the third consecutive year, drawing over 6,000 attendees. Ensuring all employees can also learn from each other, we provide all employees with access to pools of coaches and mentors through technology-enabled solutions. In 2022, the number of active mentors rose to 349. After a campaign to encourage internal coaching relationships, the number of active engagements rose to 71.

We also accelerated development through our Talent Review Framework. Compared to 2021, we increased identification of potential emerging leaders within our workforce by 20% in 2022. More than 300 talents went through acceleration programmes in 2022, while, every year, more than half of the participants are getting promoted in their first year after programme completion.

To optimise the hiring process and improve efficiency and collaboration within hiring teams, we launched a new recruitment platform. We also continued our internal gig project postings through Opportunity Marketplace, increasing visibility of opportunities, while piloting Talent Marketplace in Austria as an integrated, skill-based talent management solution.

Developing critical capabilities in our sales and supply chain teams

To provide the best solutions to our customers, we have carried out a 360-degree review of our most important customer-facing role, the Business Developer. We successfully launched a new, fully-integrated selection tool and upgraded our Sales Academy curriculum, upskilling Sales Team Leaders to help Business Developers grow.

Over 1,000 new Business Developers received their Licence to Start and Licence to Sell certifications through the Sales Academy in 2022, and over 8,500 existing sales force members were re-certified in Licence to Sell. To build on our success, licences for the roles of Sales Team Leader, Sales Manager and Sales Trainer have also been added, with over 40 people managers and 25 sales trainers acquiring licences in 2022.

Inspired by the effect of the Sales Academy on our people's growth, we launched specialised versions of the content to meet the needs of our dedicated coffee and premium spirit teams and introduced a Supply Chain Academy. Covering manufacturing, logistics, planning, quality and procurement, over 1,000 employees have already been certified through our Supply Chain Academy.

To increase the time Business Developers have to spend with customers, we created guidelines to streamline meetings and introduced feedback mechanisms to understand their pain points. We have also committed to set fewer priorities and clarify links between targets and incentives. Sales leadership teams in each market are implementing these changes in 2023.

Onboarding has also remained an important focus point. Following the launch of our digitised onboarding experience for our Business Developers in 2021, we simplified the experience and onboarded 39 new Sales Team Leaders using an improved, user-centric development experience in 2022.

Staying relevant to our candidates

According to a bespoke talent market survey conducted by Universum, we maintained Top 10 rankings amongst the most attractive employers in the fast-moving consumer goods industry in all of our markets in 2022. In 14 of our markets we are ranked in the Top 5 FMCG desired employers, and in 6 markets we are the number 1 FMCG employer.

More than 40% of our external social media communication is diversity-focused, including our video series 'Women of Coca-Cola HBC' which highlights the successes of women across the Group, reaching over 15 million people so far. Our practices have been externally recognised across markets, with 60 awards and certifications received in 2022, such as Top Employers, Randstad or PWC Employers ranking. Out of these, 11 recognitions are in the area of inclusion and diversity, and we're also listed 26th in the Refinitiv Top 100 Global Diversity & Inclusion Index.

Employee-generated content is a key element of our external presence and nearly a third of our social media content is 'behind the scenes', such as #Togetherness moments posted by our colleagues. Our employees' active posting on social media ranked us in the Top 50 most active food and beverage companies in Europe in 2022 according to employee-influencer platform DSMN8. Looking ahead, we will continue to strengthen our candidate pipeline by communicating our internal strengths authentically.

Priorities in 2023

- Build unmatched sales teams by strengthening our commercial talent pipeline
- Stay resilient and closely connected with our teams through continuous listening and simplifying their lives to the maximum, so that they continue focusing on helping our customers grow
- Shape our culture of proactive collaboration using the power of our cross-functional teams through everyday behaviours, to be ready for whatever challenges the future may bring
- Continue to build a diverse and inclusive workplace where we value and respect the skills and differences of our employees, allowing all unique voices to be heard

UN Sustainable Development Goals

Efforts to foster an engaging workplace and an inclusive environment, nurture and develop the capabilities of our people, increase gender balance in our management ranks and reduce stress and support employee wellbeing all contribute toward global goals for development. The specific Sustainable Development Goals supported are those for: good health and wellbeing; gender equality; decent work and economic growth; reducing inequalities; and peace, justice and strong institutions.

Feature: Ukraine

Taking care of our people and communities in Ukraine

With a presence in Ukraine for more than 30 years, the safety of our people has been our number one priority in 2022. We have provided practical and financial support, together with contributions totalling over US$20 million in 2022 to support our colleagues and humanitarian relief efforts.

Addressing immediate needs

In the early days of the conflict, our focus was on supporting those in immediate need however we could. This included cash grants to our people through the Coca-Cola Disaster Relief and Coca-Cola HBC Employee Donation funds, on top of salary advance payments where necessary.

Feature: Ukraine *continued*

We supported those fleeing the country across Europe through volunteering initiatives, financial donations and the provision of our beverages. To date, almost 2 million litres of beverages have been donated. Nearly all our markets were involved in some way, but neighbouring areas in Poland and the Baltics, Slovakia, Romania and Hungary were at the forefront of relief efforts.

We established 12 Coca-Cola Care Centres at some of our offices, particularly in central and western Ukraine. These became a safe place for temporary stays, equipped with food, water and other supplies. More than 700 people – our employees and their families – were able to have some rest and replenishment during their evacuation to safer regions.

We also collaborated with our partners, providing further help. Together with our customer SPAR International, we delivered 62 trucks of water to those who needed it most. This was achieved through SPAR International's Aid for Ukraine scheme, which coordinates humanitarian aid via a network of non-governmental organisations.

Adapting to a new reality

Production restarted in the Coca-Cola HBC plant near Kyiv in May 2022, following repairs to extensive damage and with consideration for all safety and quality requirements. All employment has been maintained since the start of the war. Even when production was halted, our people continued to serve customers with deliveries from regional warehouses and also from neighbouring countries.

As our people relocated, we offered a unique redeployment programme, 'Re-skill 2 Win', with opportunities to obtain new skills in sales, quality and manufacturing. After obtaining new skills, 22 of our commercial colleagues started cross-functional assignments as plant operators and forklift drivers.

Our colleagues in neighbouring countries provided help also to the family members of employees who evacuated from Ukraine, providing accommodation, covering essentials when needed and finding relevant job assignments for them.

We provided further help through our Employee Assistance Programme, including dedicated webinars on fostering resilience, supporting relatives and children, providing first aid and much more. We offered targeted mental health assistance and nurtured the emotional connection with our people and their families through different master classes, contests for children and informal meet-ups.

We know that the need for humanitarian aid is ongoing. As part of the overall US$20 million contribution, the Coca-Cola System has contributed US$5 million in funding towards a partnership with the Italian Red Cross to provide food kits and beverages to 70,000 families in Ukraine. One kit provides a month's supply of highly nutritious, long-life products.

Continuing to support colleagues and communities in need in 2023

While we hope for a speedy and peaceful resolution, we continue to provide support while the conflict continues. For 2023, we have committed a further €10 million to address the needs of our colleagues and Ukrainian communities, helping them to rebuild their lives and livelihoods.

Together with The Coca-Cola Company, we are supporting efforts to rebuild the local community near our Ukrainian bottling plant, including rebuilding a kindergarten.

We strongly believe in a brighter tomorrow. In the meantime, as one connected team, we will continue to care for and support each other.

Growth pillar: Highlights in 2022

5. EARN OUR LICENCE TO OPERATE

Donated over US$20 million

to support our people and communities in Ukraine in partnership with The Coca-Cola Foundation and the global Coca-Cola System.

15% reduction in emissions

across scope 1, 2 and 3 compared with 2017 baseline, and 6% reduction compared to 2021*.

100% rPET transition

in Switzerland for locally produced portfolio. Austria and Italy** are moving their portfolios to 100% rPET.

Ranked as the world's most sustainable beverage company

according to Dow Jones Sustainability Index*** and maintained leading scores in several other top ESG benchmarks.

Continued progress in reusable packaging

with first "new generation" Compact Freestyle dispensing machines going live in four of our markets, and refillable packaging offerings expanded in Austria.

Supported the launch of two new Deposit Return Schemes

in Latvia and Slovakia and a new Packaging Recovery Organisation in Moldova.

* Recalculation of all emissions made due to conversion factors change.
** Excluding water.
*** As of December 2022.

Earn our licence to operate *continued*

KPIs

- Absolute greenhouse gas emissions Scope 1, 2, 3
- Water usage in water-risk areas
- # young people trained through #YouthEmpowered
- % primary packaging collected

Principal risks

- Cost and availability of sustainable packaging
- Ethics and compliance
- Managing our carbon footprint
- Suppliers and sustainable sourcing
- Water availability and usage

Stakeholders

- Our people
- Our consumers
- Governments
- Our communities
- NGOs
- The Coca-Cola Company
- Our shareholders
- Our suppliers

Continuing to deliver results for all our stakeholders

At Coca-Cola HBC, we are proud of our strong track record in sustainability, which is demonstrated by our leading scores in eight out of the ten most recognised external ESG benchmarks. These results show that we are committed to growing the right way, for the long term.

Throughout the year we remained focused on delivering our Mission 2025 and NetZeroby40 goals. The year culminated with the business ranking, for a sixth time, as world number one in the beverage industry by the Dow Jones Sustainability Index*. We are honoured that our score positioned us top among 7,822 companies across 61 industries, according to the recently issued S&P Global Sustainability Yearbook 2023 We were also recognised as an 'Industry Mover' as, with a seven-point increase, we were the most improved in the beverage industry since last year.

Our focus on sustainability is in the following key areas: communities, climate change, packaging, water stewardship, biodiversity, nutrition and sustainable sourcing. Underpinning all these priorities are partnerships with The Coca-Cola Company, The Coca-Cola Foundation, and external organisations such as universities and NGOs. Only by working together can we contribute more effectively to a better world.

Communities

Over the years, the Coca-Cola System has had a huge impact on local communities and the lives of vulnerable people. We are always there in time of need, and we remain committed to providing humanitarian support to those in crisis. This year, we have witnessed one of the worst crises in Europe with millions of Ukrainian families experiencing unimaginable suffering. We quickly mobilised our support for our people and those in need, and will carry on doing so.

* As of December 2022.
All environmental and sustainability reporting excludes Egypt for 2022.

We continued to create value for all stakeholders by making significant contributions to the development of the societies in which we operate, while also finding ways to take care of our environment by integrating sustainability into our decision-making and actions.

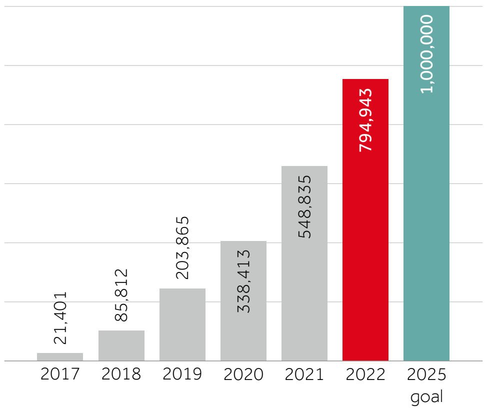
#YouthEmpowered

Our flagship community programme aims to prevent and combat youth unemployment and addresses educational inequalities by providing participants with a future-fit skillset. It offers in-person and online training as well as networking and mentoring sessions alongside Coca-Cola HBC senior managers.

We seek to train one million young people across all our markets by 2025, boosting their confidence and employability in a dynamic job market, and targeting those not in education, employment or training. By the end of 2022, #YouthEmpowered had reached over 790,000 young people since its launch in 2017.

Our focus in 2023 will be to drive a stronger impact for our broader value chain, connecting young people with future employers and partners.

Cumulative number of young people trained through #YouthEmpowered since 2017



#YouthEmpowered in action

Greece

#YouthEmpowered has become a holistic platform offering targeted upskilling and reskilling to youth, women and hotel, restaurant and café (HoReCa) workers in Greece. With more than 30,000 participants since inception, it has become a leading employability programme of the private sector. Seeking to bridge the gap between the skills young people have and those needed to get a job, or transition to a better job, the programme uses a curriculum which maps the skillsets needed for 40 sought-after careers, using the O*Net and ESCO international classification systems. The programme has grown thanks to over 30 partners, and with their contributions, the programme now offers:

- live sessions and e-learning on the most important skillsets
- high-impact interventions including scholarships, internship opportunities, individual and group mentoring and career consultations
- an app for on-the-go learning with more than 8,500 registered users in Greece

Earn our licence to operate *continued*

Supporting our communities

Product donations

c.2m litres

focused on supporting Ukraine and Ukrainian refugees

c.3.7m litres

to food banks and disaster relief

Volunteering

c.2,800* colleagues

focused on supporting vulnerable communities, youth and the environment

Community investments*

c.€7.4m

- Long-term community initiatives
- Disaster relief (Bulgaria, Czech Republic, Nigeria, North Macedonia and Serbia)

* Including Bambi and Egypt.

Bridging social, environmental and economic needs for the benefit of communities

We always seek to positively impact people's lives in the communities where we operate, and to support communities in need with product donations, volunteering initiatives and disaster relief activities. Also Coca-Cola HBC has over the years expanded community investments from just standalone philanthropic initiatives to long-term programmes closely linked to our business priorities and material issues. We want to explore how we can deliver positive social outcomes through the way we do business and partner with our value chain.

We seek opportunities to contribute to communities by bridging social, environmental and economic needs, driving positive societal change while creating shared value.

The two programmes described here, one in Nigeria, one in Ireland, are examples of driving positive change with a holistic approach.

Investing in the birthplace of Coca-Cola HBC

Nigeria

To mark the 70th anniversary of the business in Nigeria, the birthplace of Coca-Cola HBC, we donated €1 million to local communities. This funding, completed in 2022, targets programmes dedicated to increasing quality of life in the country through improvements to water and sanitation, packaging waste recycling and the empowerment of women and young people.

These initiatives demonstrate how our environmental sustainability investments can also support value creation in local communities, improving lives and livelihoods with cleaner environments and job opportunities.

Reducing food waste and tackling climate change

Ireland

Three-year strategic partnerships with food redistribution services FoodCloud and FareShare have ensured that Coca-Cola HBC products reaching end-of-life can be efficiently redistributed to 870 frontline charities across the island of Ireland. Annually, this sees 750,000 of our beverages redirected to those in need.

Employees have also fundraised €20,000 towards the salary of one food redistribution driver for the charity, which in turn enabled the delivery of more than 1.1 million meals. To increase engagement further, we partnered with FoodCloud and Tesco Ireland to support those in need with their 'Win a Meal, Give a Meal' Christmas campaign, and supported employees to volunteer their time with the charity partners.

By 2025, the initiative will have achieved 2,571 tonnes of CO_2 avoidance[1], contributing to UN Sustainability Development Goal 12.3 and Ireland's Climate Action Plan to reduce food waste by 50% by 2030.

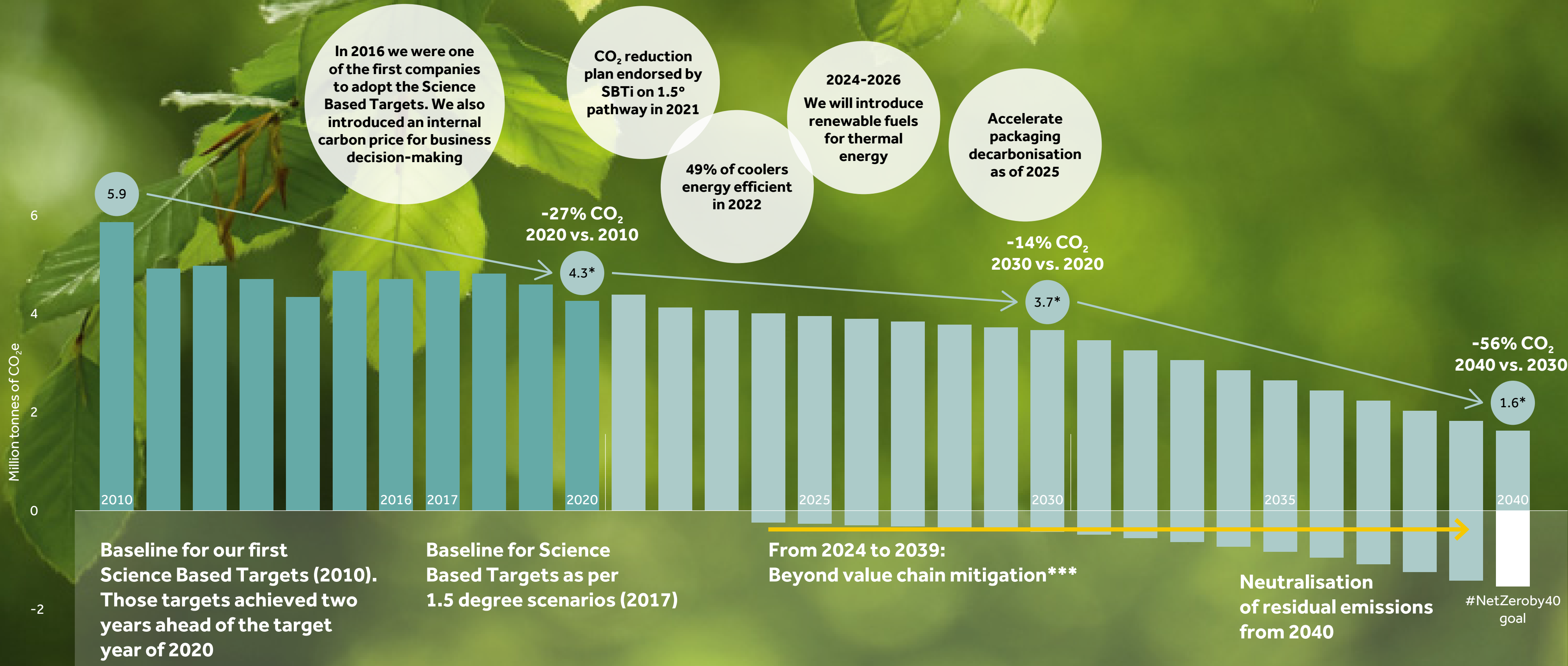
1. These figures have been provided by NGO partners and are not Verified Carbon Standard (VCS) – we will work with our NGO partners to explore VCS certification for approved carbon offset in the future.

Earn our licence to operate *continued*

Climate and net zero

#NetZeroby40 roadmap for Scopes 1, 2 and 3

Scope 1: direct emissions in direct operations	Scope 2: indirect emissions in direct operations	Scope 3: indirect emissions up/downstream
5.4%	**5.4%**	**89.2%**
Fuels used in manufacturing, by our own transportation fleet or in remote properties**	Purchased energy: electricity, used heat, steam, Combined Heat and Power (CHP) output	Packaging, ingredients, coolers, third-party transportation fleet



* Recalculation of all emissions made due to conversion factors change and according to the GHG Protocol Corporate Accounting and Reporting Standard.
** Remote properties – warehouses, distribution centres or offices where there are Coca-Cola HBC employees but there is no manufacturing site (plant).
*** As defined by SBTi.

Earn our licence to operate *continued*

Climate and net zero

In 2021, we committed to reduce emissions across our entire value chain to net zero by 2040. Over the past decade, we halved our direct emissions, and our greenhouse gas emissions reduction plan to 2030 is already endorsed and approved by the Science Based Targets initiative (SBTi) in line with the 1.5°C pathway. As 89% of our emissions are in Scope 3, we must therefore collaborate with our suppliers and customers to reduce them to an absolute minimum.

By 2030 we will reduce our value chain emissions in scopes 1, 2 and 3 by 25% vs 2017. In 2022, we continued our journey to reduce our emissions, reducing absolute emissions from our direct operations and production by 21% and total value chain emissions by 15% against our 2017 baseline*.

Scope 1: Reducing direct emissions in our own operations

Scope 1 includes activities that are under our operational control, primarily our on-site energy production and fleet. In 2022 scope 1 emissions reduced by 13% vs prior year. This reduction was supported by total investments of €13.7 million in projects aimed at improving the energy efficiency of the installations in our plants.

Green Fleet

We have accelerated the transition of our light fleet in 2022, introducing over a thousand green vehicles. 28% of our light fleet now consists of more environmentally friendly vehicle models – a four-fold increase vs the start of our transition, helping to deliver a reduction of 19,500 tonnes of CO_2 compared to our baseline, and approximately 20,000 tonnes of emissions reduction over the same period of time for our heavy fleet.

* All the numbers on this page refer to total CCHBC excluding Egypt unless otherwise stated.
** Recalculation of the baseline emissions (2017) made due to conversion factors change in 2022.

Scope 2: Reducing indirect emissions in our own operations

Our scope 2 emissions come mainly from purchased or acquired energy. In 2022, scope 2 emissions increased by 30% vs the prior year, heavily influenced by the current geopolitical situation in Europe and its impact on the energy supply market.

Renewable and clean energy

Our use of renewable and clean electricity in our EU and Swiss manufacturing facilities increased to 99.2% in 2022.

However, the impact of the current geopolitical situation drove a decline in our sourcing of renewable and clean electricity and energy from 53% in 2021 to 43% in 2022 in total, across the whole of Coca-Cola HBC.

Despite this decline, we delivered several projects that helped to progress reductions in scope 2 emissions of CO_2:

- Installation of additional rooftop solar panels in Nigeria, bringing total solar electricity generated across six production sites to 5.2 GWh in 2022 (2.7% of total consumed electricity in Nigerian plants), with an estimated emission reduction of 2,170 tonnes.
- Switching our grid electricity in Nigeria to renewable, reducing emissions by 5,600 tonnes.
- Increase in renewable energy supply in total energy mix in Romania, from 24% in 2021 to 31% in 2022, saving 1,950 tonnes of emissions.

Scope 3: Reducing indirect emissions across our value chain

In 2022, we made significant progress in reducing our scope 3 emissions**, with a 7% reduction vs the prior year.

A key driver of this performance was our increased share in energy efficient cold drink equipment placed in our customers' outlets (49% vs 42% in 2021). Additionally, we made significant progress in defining supplier-specific emissions factors, which are critical for future emissions reduction.

Reducing electricity consumption in our coolers

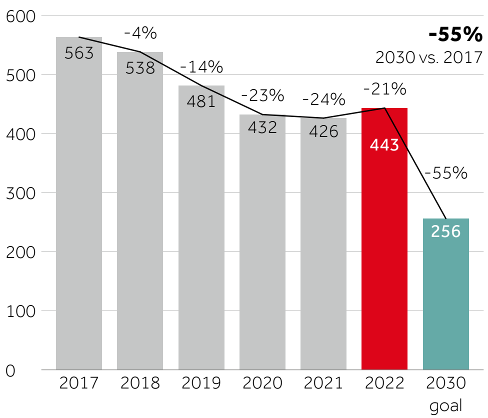
To achieve our net zero goal, we are accelerating the replacement of existing coolers with new, energy-efficient ones. Our goal is that 50% of our coolers will be energy-efficient or eco-friendly by 2025. At the end of 2022, 49% of all coolers in our markets were energy-efficient or eco-friendly. This €90 million of investments delivered a total reduction of approximately 120,000 tonnes of greenhouse gas emissions in 2022 vs 2017 baseline.

Together with our suppliers, we are exploring cooling solution innovations. In Greece and Italy, for example, we are currently trialling prototypes using static cooling technology, which does not use fans or motors.

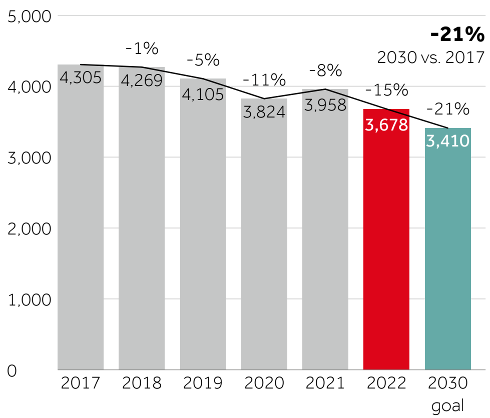
Improving the carbon footprint of our ingredients

Since 2015, our emphasis on low- and no-sugar drinks has decreased calories in our sparkling drinks by 17% per 100ml, contributing to a saving of approximately 75,000 tonnes of emissions.

Absolute Scope 1 and 2 CO_2 eq emissions
('000 tonnes)

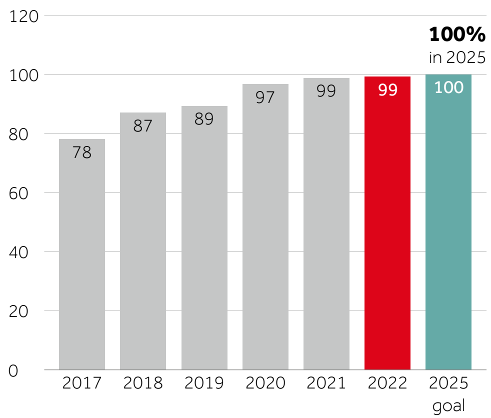


Absolute Scope 3 CO_2 eq emissions*
('000 tonnes)



* Recalculation of all emissions made due to conversion factors change.

Renewable and clean* electricity in operations in the European Union and Switzerland (%)



* Clean source means CHP using natural gas.

Earn our licence to operate *continued*

Progress towards sustainable packaging

Circular-by-design packaging

We believe every package has value and life beyond its initial use and that it should be collected and recycled into a new package or re-used. We also seek to minimise the overall amount of packaging that we use. Together with our suppliers and partners, we are working to design more sustainable packaging and take action to ensure that our packaging doesn't end up as waste.

Our Mission 2025 sustainable packaging commitments

- Recover 75% of our primary packaging for recycling or reuse by 2025
- Make 100% of our primary packaging fully recyclable by 2025
- Increase the percentage of rPET in our bottles to 35% by 2025. In our EU countries and Switzerland, we plan to reach 50% rPET by 2025

2022 achievements

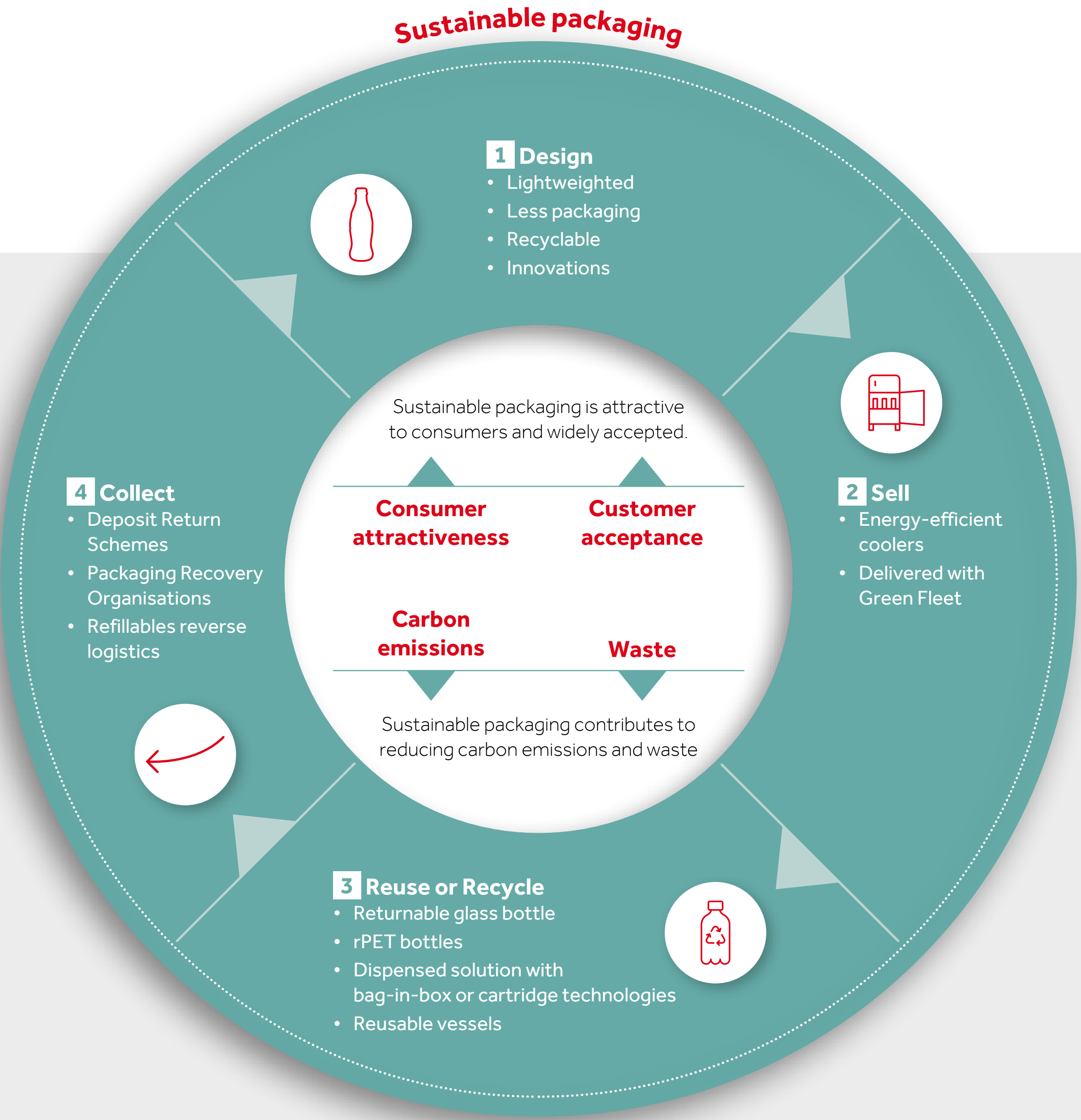
48%
of our total primary packaging was collected in 2022 for recycling or reuse

100%
of our primary packaging is recyclable by design

rPET:

10.5%
of the PET that we used across total Coca-Cola HBC markets was rPET

22.3%
of the PET that we used in Coca-Cola HBC EU and Switzerland markets was rPET



Earn our licence to operate *continued*

Investing in in-house rPET production

Italy

In 2022 we converted an old factory in Gaglianico into an innovative hub, which transforms up to 30,000 tonnes of PET per year into new 100% recycled PET preforms, enough to meet our beverage bottling needs in the country. The site is fully powered by electricity from 100% renewable sources leading to a reduction in the CO_2 emissions of producing a preform by up to 70% compared with virgin plastic. The site employs around 40 people and uses advanced recycling technologies. It is able to produce nine types of preforms, performing 4,700 quality checks per day in order to ensure that our high quality standards are met. This is enabling our Italian operation to shift its entire portfolio* to 100% rPET.

Designing in circularity

We use the concept of circular-by-design packaging with objectives of reducing waste and carbon footprint, while maximising commercial value.

- We introduced the first label-free branded water packaging in Switzerland, launching three label-free variants of Valser. The distinctive look differentiates our products while improving the ease of package recycling.
- Our KeelClip™ innovation has allowed us to eliminate plastic packaging from our can multipacks in 22 countries so far, helping us to reduce our plastic packaging footprint.
- Tethered caps: In 2022, we moved to tethered caps in 3 countries (Hungary, Italy and Bulgaria), across various portfolios, including sparkling soft drinks, water and aseptic PET. In 2023, we will continue with this roll-out to ensure full compliance in all EU countries by the Single-Use Plastics Directive (SUPD) deadline.

Shifting to recycled PET

100% of our primary packaging is recyclable by design and we are committed to increasing the use of rPET in our bottles across the Group.

- By 2025 at least 35% of the PET we use to make our bottles across our Group and 50% in EU countries and Switzerland will be recycled plastic.
- In 2022, Switzerland moved all its locally produced portfolio in plastic bottles to 100% rPET.
- Italy and Austria also began transitioning their locally produced PET portfolios* to 100% rPET in Q4 2022.

To help us reach our rPET goals, we are investing in in-house rPET facilities.

We have introduced in-house rPET production technology at plants in Italy*, Poland and Romania.

Our total investment in these technologies will be almost €50 million in 2023.

Supporting reusable beverage systems

We support increasing reusable beverage systems as part of a suite of measures to improve circularity for packaging and to reduce total emissions. We are implementing solutions such as refillable bottles and packageless dispensers, where reusable vessels may be used.

- 12% of total transactions (or packaging units) sold across Coca-Cola HBC markets in 2022 were in refillable containers. Nigeria and North Macedonia have the highest proportion of refillable packaging within their portfolios, both at 35%, while Bulgaria and Croatia have 27% and 29% refillable containers, respectively. Austria is one of the fastest growing refillable markets, from 12% in 2021 to 16% in 2022. We expect this trend to continue in 2023, driven by continued investment and marketing support.
- We continue to innovate with bag-in-box and cartridge technologies. The first Compact Freestyle machines are going live in four of our business units – Switzerland, Austria, the island of Ireland and Italy.
- Moving forward we plan to introduce more initiatives to implement reusable vessels for our packageless solutions, in partnership with our customers.

Improving collection schemes

Our goal is to recover 75% of our primary packaging for recycling or reuse by 2025, and we strive to collect a bottle or can for every one that we sell by 2030. To achieve this, we are investing in circular systems that support high rates of packaging collection, effective recycling and use of recycled materials.

- Deposit Return Schemes (DRS): In 2022, we supported the launch of two new DRS in Slovakia and Latvia, bringing the total number of DRS in Coca-Cola HBC territories to five, including Croatia, Estonia and Lithuania.
- Packaging Recovery Organisations (PROs): Following a successful pilot programme in Moldova, we played an active role in the launch of a new PRO there in late 2022. We look forward to increasing collection rates further in Moldova as a result of this launch, and supporting a similar PRO launch in Ukraine in 2023, subject to developments.

* Excluding water in Italy.

Earn our licence to operate *continued*

Water stewardship

Water is the main component of our beverage production and is essential to our manufacturing processes. We are committed to protect this valuable resource and to reduce the amount of water we use in all our activities. To achieve our Mission 2025 objectives, we are working to minimise water use by 20% in plants that are located in water risk zones. Together with our stakeholders and local communities, we also want to make sure that people in water risk zones where we operate have access to safe, clean water.

All our plants, except the recently acquired Lurisia plant in Italy, Teplice in Czech Republic, Natura in Serbia and Egypt plants are certified by Alliance for Water Stewardship (AWS) which confirms that the plants meet the global benchmark for responsible water stewardship. This certification covers 95% of the plants and 99.6% of the production volume (excluding Egypt plants, Bambi and Tsakiris), and 87% of the plants and 88.8% of the production volume (excluding Bambi and Tsakiris).

The water usage ratio of our priority locations increased slightly in 2022 due to changes in production patterns at several big volume plants. Despite the overall increase, we achieved significant reductions in water consumption at a number of plants. Water use ratio fell by 17% in Heraklion (Greece), 16% in Yerevan (Armenia), 8% in Asejire (Nigeria), and 2% in Rionero (Italy).

Going forward, we continue to implement water reduction plans at priority locations in water risk zones. In addition to upgrading our production facilities with equipment and technologies requiring less water consumption, we are seizing opportunities to reuse water in production facilities, designing full-plant water reuse systems.

Water stewardship program in Nicosia

In 2022 we started, in collaboration with Global Water Partnership – Mediterranean (GWP-Med) and with the support of The Coca-Cola Foundation, a new water stewardship project in Nicosia, in Cyprus, which is one of our water priority locations. The project is designed for Non-Conventional Water Resources (NCWR) technical solutions in a smart-city context. Its scope includes greywater reuse, rainwater harvesting, information & communication technologies for smart watering, water efficiency applications and awareness building. The expected benefit of the project will be around five million litres of saved water annually.

'Zero Drop'

In the community of Profitis Ilias in Heraklion (Greece) we launched 'Zero Drop' programme in partnership with the Global Water Partnership – Mediterranean (GWP-Med) and The Coca-Cola Foundation. A new water piping network will replace the old existing pipes and as a result the treated wastewater will be used for irrigation of adjacent agricultural areas. The estimated current annual losses with the existing piping network are around 10 million litres of treated wastewater which will be saved within the 'Zero Drop' programme.

Mission 2025 target

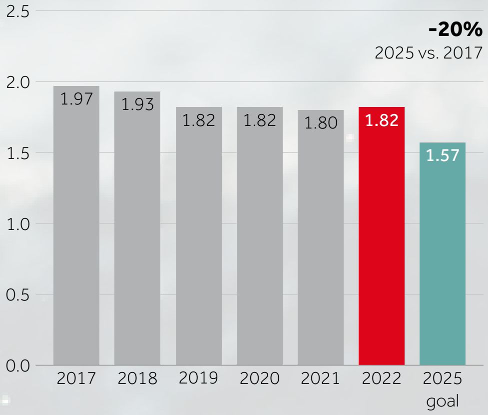
20%

reduction in water use in water risk zones

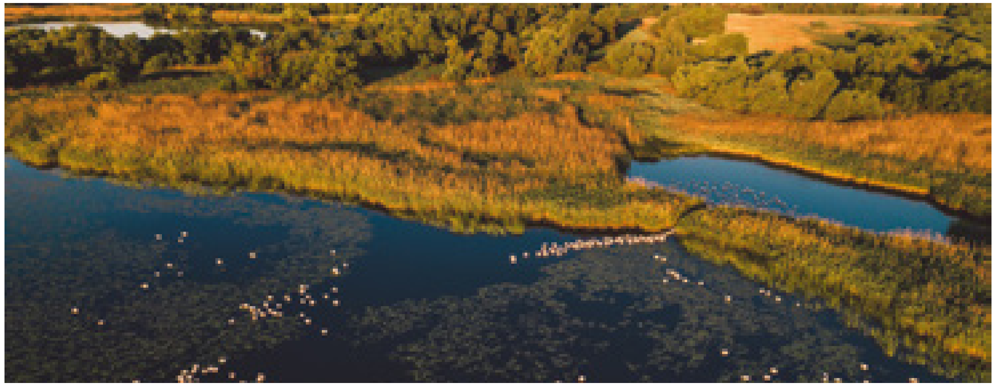
Help secure

water availability for all our communities in water risk areas

Water use ratio in water priority plants
(litre/litre of produced beverage)



Earn our licence to operate *continued*



Biodiversity

In 2022, we committed to achieve a net positive impact on biodiversity in critical areas of our operations and supply chain by 2040. We also want to eliminate deforestation in our supply chain by 2030.

We will do this by reducing emissions and water use, preserving and reinstating water priority areas and sourcing agricultural ingredients sustainably. In so doing, we will build adaptation and resilience into our sourcing and operations.

We are working to establish baselines so we can pursue our goal through a science-based approach. Our efforts will begin with a mapping and materiality assessment on biodiversity across our value chain to help us measure our progress. We are also engaging with partners and collaborating with The Coca-Cola Company to determine priorities, target dates and implementation plans, and will communicate these over time.

In June 2022, we joined the Science Based Targets Network (SBTN) Corporate Engagement Programme. We will work to implement the SBTN's guidance, which provides a framework and tools to focus efforts so both nature and business can thrive.

We are already reducing our water consumption and contributing to water security through water replenishment activities, wetland restoration and WASH (water, sanitation and hygiene) projects. We also ensure that 100% of all wastewater from our bottling plants is treated to the levels supporting aquatic life before it is returned to watersheds and nature. These actions protect and reinstate watersheds that foster biodiversity.

Sustainable sourcing

We are committed to sourcing 100% of our key ingredients in line with the Principles for Sustainable Agriculture as set out by The Coca-Cola Company. Of specific importance to achieving our biodiversity goal are the principles on conservation of forests, conservation of natural habitats, biodiversity and ecosystems, soil management and agrochemical management.

Overall, the principles protect and support biodiversity and ecosystems, uphold human and workplace rights, ensure animal health and welfare and help build thriving communities. They apply to farm-level production and form the basis for our continued engagement with Tier 1 suppliers to ensure sustainable long-term supply with lower environmental impact.

Partnerships

Only by working together we can build a better, more sustainable and inclusive future. Our success today is only possible due to our strong and professional partners. Notable examples of our partnerships are in the area of sustainable packaging.

We were excited to embark on a new collaboration in 2022 with the Centre for Enzyme Innovation at the University of Portsmouth in the UK to scale innovations in PET recycling using enzymes.

Professor Andy Pickford, Operations Director at the Centre for Enzyme Innovation said: "There are many benefits to using enzymes to recycle PET, since the process has the potential to deliver infinitely recyclable rPET with virgin-like properties, thus reducing the environmental impact of plastic waste. We are eager to work with Coca-Cola HBC to explore how the process could be translated from the laboratory to commercial scale."

We are continuously seeking innovative solutions to make our packaging more sustainable and we understand that science is key to unlocking solutions. For this reason in 2022 we also invited start-up companies to bid for €100k to develop their innovative solutions contributing to circularity.

Our partnership plans for 2023 include increasing the scope of existing partnerships in water and waste reduction and entering new partnerships in support of biodiversity and carbon removal.

Priorities in 2023

- Continue reducing emissions in alignment with our NetZeroby40 roadmap
- Accelerate decarbonisation of our packaging while connecting these changes with revenue growth
- Support further roll-out of Deposit Return Schemes in CCHBC countries, with a focus on our EU markets. Promote EPR policies and the launch of new packaging collection systems in priority markets, including Ukraine, Egypt and Nigeria
- Complete biodiversity impact study and start designing our action plan
- Expand our partnerships in water and waste reduction, while exploring new areas of partnerships: biodiversity and carbon removal
- Continue focus on #YouthEmpowered as our flagship community programme
- On-going support to communities in need

UN Sustainable Development Goals

Our initiatives in communities help advance the global objectives of good health and wellbeing, and sustainable cities and communities.
Our initiatives to empower youth and women contribute to the goals for quality education, decent work and economic growth, sustainable cities and communities, and partnerships.
Our initiatives regarding water stewardship, CO_2 emissions reduction and waste reduction aid global progress towards the SDGs for clean water and sanitation, and climate action.

Key performance indicators

Tracking our progress

We measure performance against our strategic objectives using specific key performance indicators (KPIs). These KPIs allow us, and our stakeholders, to track our progress in delivering on our targets.

These are also the financial and operational milestones which we focus on in implementing our Growth Story 2025 strategy.

1 Leverage our unique 24/7 portfolio

2 Win in the marketplace

How we measure our progress

Volume is measured in unit cases, where one unit case represents 5.678 litres. We grow volume as we expand per-capita consumption of our products and expand into new markets or categories. Since the start of 2022 we measure volume growth on an organic basis.

What happened in the year

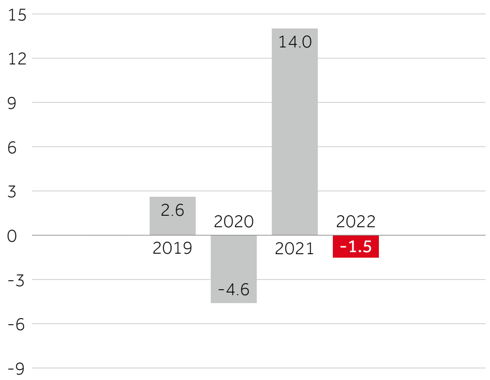
Volume declined by 1.5% on an organic basis, adversely impacted by declines in Russia and Ukraine. Excluding these markets, organic volume growth was up 8.1%.

Link to remuneration

Revenue growth is used to assess business performance for the purpose of annual Management Incentive Plan (MIP) bonus awards, and volume is a key component of revenue.

See p139 for a full description of the MIP.

Organic[1] volume growth (%)



How we measure our progress

We measure revenues per case and revenues on an organic basis to allow better focus on the underlying performance of the business. We grow organic revenue per case through pricing and improving mix.

What happened in the year

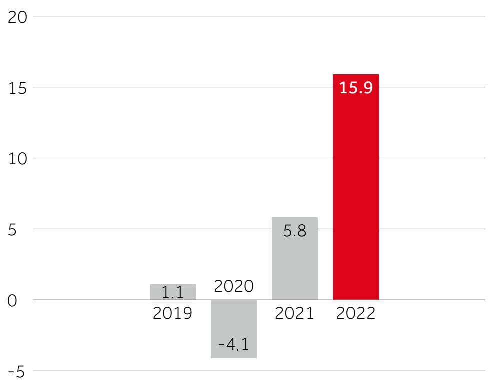
Organic revenue per case grew by 15.9% as pricing and revenue growth management actions in all markets drove improvements throughout the year. Organic revenue grew by 14.2%, while excluding Russia and Ukraine organic revenue grew by 22.7%.

Link to remuneration

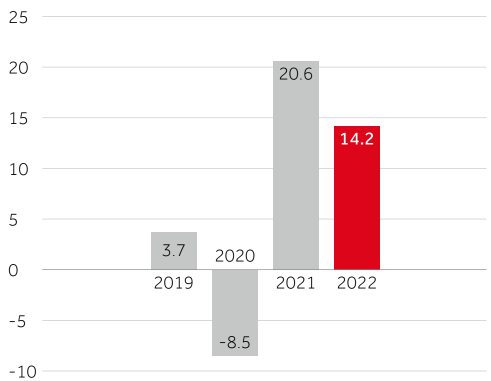
Revenue growth is used to assess business performance for the purpose of our MIP awards.

See p139 for a full description of the MIP.

Organic[1] revenue per case growth (%)



Organic[1] revenue growth (%)



1. For details on APMs refer to 'Alternative Performance Measures' and 'Definitions and reconciliations of APMs' sections on pages 245-249.

Key performance indicators *continued*

3 Fuel growth through competitiveness and investment

How we measure our progress

We measure this by comparable EBIT and comparable EBIT margin progress. We generate positive operational leverage as we grow revenues on our efficient cost base. Using a comparable measure allows us to adjust for one-off items which impact comparability of performance year on year.

What happened in the year

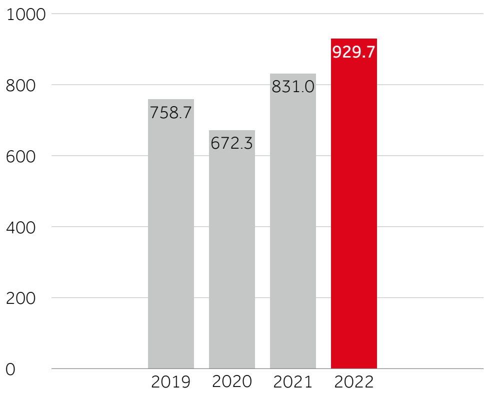
Comparable EBIT grew by 11.9% and by 1.3% on an organic basis. Comparable EBIT margins declined by 150bps and by 130bps on an organic basis.

Link to remuneration

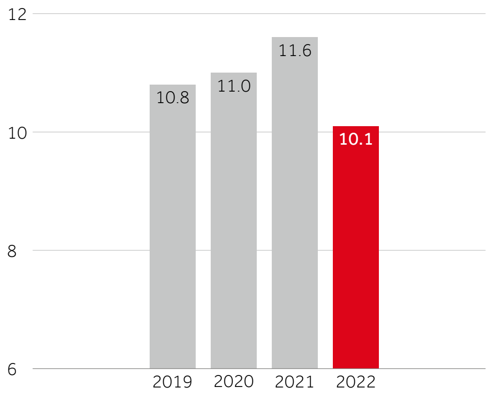
Comparable EBIT is used to assess business performance for the purpose of our MIP awards.

See p139 for a full description of the MIP.

Comparable EBIT[1] (€m)



Comparable EBIT[1] margin (%)



How we measure our progress

We measure capital expenditure (capex) as a percentage of net sales revenue (NSR), and ROIC (return on invested capital), to ensure prudent capital allocation and efficient working capital management. Disciplined investment supports our growth.

What happened in the year

Capex as a percentage of NSR reached 6.4%, just below our targeted range for this metric following the suspension of capex investment in Russia in 2022.

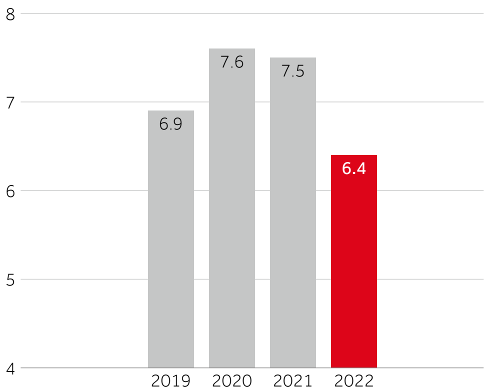
We delivered another year of good ROIC performance. ROIC excluding Egypt was 15.8%.

Link to remuneration

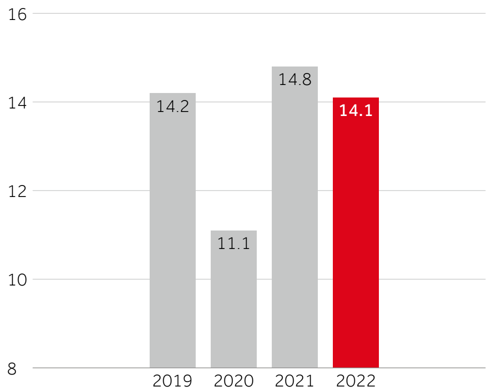
ROIC is given a 42.5% weighting in the assessment of performance conditions used to determine long-term Performance Share Plan (PSP) awards.

See p139 for a full description of the PSP.

Capex[1] as percentage of NSR (%)



ROIC[1] (%)



1. For details on APMs refer to 'Alternative Performance Measures' and 'Definitions and reconciliations of APMs' sections on pages 245-249.

Key performance indicators *continued*

4 Cultivate the potential of our people

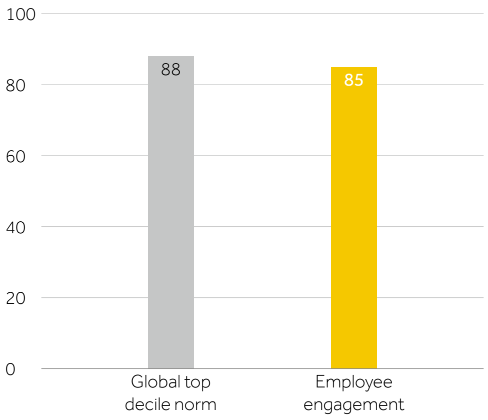
How we measure our progress
We conduct an engagement survey with an independent third party and measure our results against the norm for companies which perform highly on this metric.

What happened in the year
Our employee engagement is below the global top decile norm.

Link to remuneration
Maintaining our high engagement score is one of the CEO's individual performance metrics. These are used along with business performance measures to determine the CEO's annual MIP bonus award.

Read more on pages 38-42.

Employee engagement score (%)

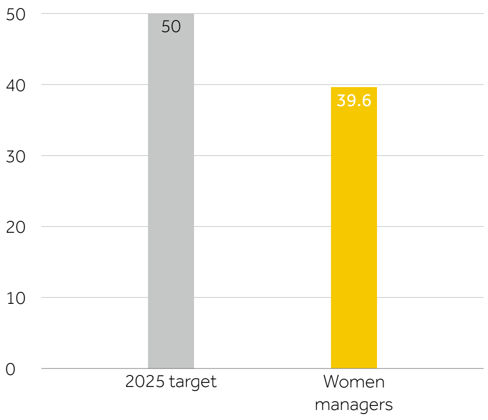


How we measure our progress
One of our Mission 2025 commitments is to have at least 50% of management positions held by women by 2025.

What happened in the year
In 2022 women held 39.6% of management roles, compared with 39.2% in 2021. Our efforts to create a more diverse work environment were recognised externally in 2022 with 11 diversity-related awards.

Read more on pages 38-42.

Percentage of managers that are women (%)



Key performance indicators *continued*

5 Earn our licence to operate

How we measure our progress
Progress on Mission 2025 as well as progress towards our NetZeroby40 ambition.

What happened in the year
We made progress against most areas of our commitments; however, we need to accelerate our improvement in packaging and focus more on water reduction and health and safety.

Link to remuneration
Our efforts and ambitions are long term and cumulative, therefore greenhouse gas reduction is used to determine long-term PSP awards. Greenhouse gas reductions have a 15% weighting in PSP determinations. The benefit of this KPI is that it is quantifiable, and several of our Mission 2025 commitments feed into its progress.

Read more on pages 45-53.

Mission 2025 – our sustainability commitments

Sustainability is integrated into every aspect of our business. It is fundamental to our business strategy, which aims to create and share value with all of our stakeholders.

Our Mission 2025 approach is based on our stakeholder materiality matrix and is fully aligned with the United Nations Sustainable Development Goals (SDGs) and their targets. Our six key focus areas reflect our value chain: reducing emissions; water reduction and stewardship; packaging (World Without Waste); ingredient sourcing; nutrition; and our people and communities.

The table provides data on the progress of each of the six sustainability pillars.

Sustainability targets

Sustainability areas and material issues	UN's Sustainable Development Goals (SDGs) and their targets	2025 commitments[1]		2022 performance	Status
Climate and renewable energy • Climate change • Economic impact	7: 7.2, 7.3; 9: 9.4; 11: 11.6; 12: 12.2; 13: 13.1	30%	reduction in carbon ratio in direct operations	31%	✓
		50%	increase in energy-efficient refrigerators to half of our coolers in the market	49%	✓
		50%	of our total energy from renewable and clean[2] sources	43%	→ Impact from Russian operations.
		100%	total electricity used in the EU and Switzerland from renewable and clean[2] sources	99%	✓
Water reduction and stewardship • Water stewardship • Economic impact • Biodiversity	6: 6.1, 6.4, 6.5, 6.6; 9: 9.4; 11: 11.6	20%	water reduction in plants located in water-risk areas (water priority locations)	7.4%	→ Impact from Russian operations. Further implementation of successful practices and innovations for those locations is planned.
	12: 12.1, 12.2, 12.4; 15: 15.1; 17: 17.17	100%	help secure water availability for all our communities in water-risk areas (water priority locations)	42%	✓ Eight projects out of 19 locations.

Key performance indicators *continued*

Sustainability targets *continued*

Sustainability areas and material issues	UN's Sustainable Development Goals (SDGs) and their targets	2025 commitments[1]		2022 performance	Status
World Without Waste • Packaging and waste management • Economic impact	8: 8.4; 9: 9.4; 11: 11.6; 12: 12.1, 12.2, 12.5; 14: 14.1; 17: 17.17	75%	help collect the equivalent of 75% of our primary packaging	48%	Action plan in place to deliver roadmap targets, see page 50-51.
		35%	of total PET used from recycled PET and/or PET from renewable material	10.5%	Annualised benefits from transition to 100% rPET in Switzerland, Austria and Italy will be reflected in 2023 results.
		100%	of consumer packaging to be recyclable[3]	100%	
Ingredient sourcing • Product quality • Human rights, diversity and inclusion • Economic impact • Sustainable sourcing	8: 8.3, 8.8; 9: 9.4; 12: 12.1, 12.2, 12.4, 12.6, 12.7; 13: 13.1	100%	of our key agricultural ingredients sourced in line with sustainable agricultural principles	78%	Impact of geopolitical situation in Russia and Ukraine.
Nutrition • Product quality • Nutrition • Responsible marketing	3: 3.4; 12: 12.8	25%	reduce calories per 100ml of sparkling soft drinks (all CCHBC countries)[4]	17%	
Our people and communities • Human rights, diversity and inclusion • Employee wellbeing and engagement • Corporate citizenship • Packaging and waste management • Economic impact	3: 3.4, 3.6; 4: 4.3, 4.4; 5: 5.5; 8: 8.5, 8.6, 8.8; 10: 10.2, 10.4; 11: 11.6; 12: 12.2, 12.4; 16: 16.7; 17: 17.16, 17.17	10%	community participants in first-time managers' development programmes	9%	
		1 M	train one million young people through #YouthEmpowered	794,943	Cumulative number 2017-2022; 2022-only number is 246,108.
		20	engage in 20 zero-waste partnerships (city and/or coast)	14[5]	
		10%	of employees take part in volunteering initiatives	10%	
		ZERO	target zero fatalities among our workforce	1	
		50%	reduced (lost time) accident rate per 100 FTE	15%	The main causes: falls / slips / trips, road accidents and contact with machinery and tools.
		50%	of managers are women	40%	Female retention, capability building, balanced external hiring, country specific targets and plans, see page 41.

Key to performance status

Each of the Mission 2025 commitments is broken down into a series of annual targets that need to be met in order to be fully on track with our 2025 goal. The colour coding below reflects the current status in relation to the desired position at this point in time on the trajectory towards 2025 and our agreed action plans, i.e.:

- We are fully ahead or on track to meeting the target
- We are not fully on track, but we do not believe there is risk to meeting the target
- We are not on track, and without corrective action there is risk that we will miss the target

Note: The 17 SDGs are an urgent call for action by all countries – developed and developing – in a global partnership. Each of the 17 goals has very specific targets, referenced by the numbers shown above.

1. Baseline 2017. Egypt is excluded as the integration has not been finished.
2. Clean source means CHP using natural gas.
3. Technical recyclability by design.
4. Baseline 2015.
5. Supported by The Coca-Cola Foundation.

Managing risk and materiality

Materiality assessment

To understand which issues matter most to our business, our stakeholders, the communities where we operate and for the wider world, we regularly (at least annually) conduct a rigorous materiality assessment. We take an integrated, inclusive approach, designing the process in collaboration with colleagues across multiple functions and partnering with The Coca-Cola Company on our annual materiality survey.

2022 materiality assessment

Our materiality assessment is carried out in four phases: 1) identify potentially relevant material issues; 2) assess their impact on, or importance to, stakeholders and to the business, including financial impact; 3) assess their impact on society and environment; and 4) review and validate findings. This process allows us to gauge the relevance of different topics for key stakeholder groups and helps us identify and manage our impacts as they change and as new ones arise.

We periodically adjust our approach as standards and best practice evolve. For example, as part of our materiality survey in 2022 we asked questions in order to assess double materiality. Double materiality requires the business to assess both the risks and opportunities linked to ESG topics that can influence enterprise value creation, or inward impacts, and the ESG impacts that a company can have on the environment and society, or outward impacts. Dynamic materiality recognises that the financial materiality of sustainability impact can evolve over time, and sometimes quite rapidly. In other words, topics that might be considered financially immaterial today could prove to be of critical importance tomorrow.

To assess inward impacts, we use our annual materiality survey, but also investor-driven frameworks such as the Sustainability Accounting Standards Board (SASB), insights from regular calls with investors, our risk management process, including climate scenario analysis, and input from our markets and business units. Our assessment of material outward impacts is presented in the horizontal axis of the materiality matrix, and in the 2022 GRI Content Index.

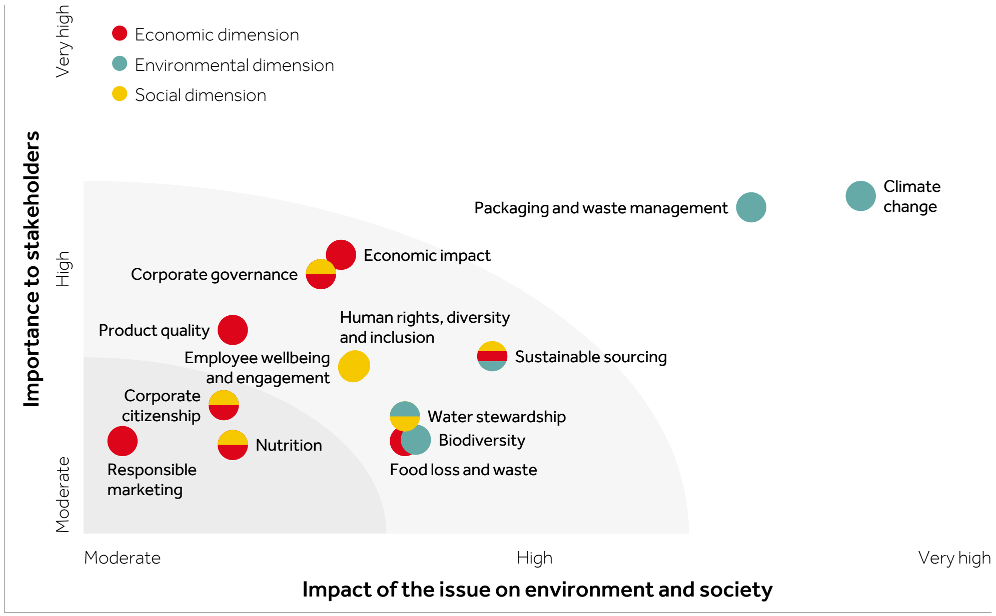
At the end of 2022, we approached approximately 1,570 internal and external stakeholders, including consumers, customers, employees, suppliers, community representatives, governments, non-governmental organisations, investors, trade associations and academics. We asked stakeholders to identify those topics with the greatest impact on environment, people, society and economy over time, and the greatest importance to our stakeholders and our business.

Using findings from our materiality survey and research, we derive the relative impact of each issue and prioritise them accordingly. The Social Responsibility Committee of the Board reviews and subsequently endorses the prioritised list of issues, resulting in the materiality matrix.

For a third year in a row, climate change and packaging and waste management are the most significant material topics for Coca-Cola HBC. Our 2022 assessment also confirmed the critical importance of sustainable sourcing, economic impact and corporate governance.

In 2022, we added two new material topics to the 12 topics already identified as material. Based on the outcome of our materiality assessment process, biodiversity and food loss and waste are now managed and disclosed as material issues. We also made new commitments related to our progress in these two areas. For details about our new targets for biodiversity and food loss and waste, please see pages 53 and 27, respectively.

2022 Materiality matrix



In addition, in 2022, with a cross-functional internal team, we assessed the qualitative impact of the material issues on planet, society and people, as shown in the diagram on the next page.

Managing and disclosing material issues

Regular assessments of materiality inform our approach to sustainability, ensuring we focus on the biggest impacts and tackle the issues that matter most. Material issues are integrated in our Growth Story 2025 strategy, our short-, medium-, and long-term goals and are linked to our risks and opportunities.

Our materiality process also informs our disclosure, including the content of this report. Our Integrated Annual Report is aligned with the principles and elements of the International Integrated Reporting Council's (IIRC) framework, the SASB, and prepared in accordance with the Global Reporting Initiative (GRI) Universal Standards (2021), amongst others.

The Executive Leadership Team has responsibility for integrating our sustainability priorities into our business strategy and activities. Management of the potential risks, opportunities and impacts of our material issues takes place across the Company and is disclosed throughout this report. Additional information about our material issues is included in our GRI Content Index.

We support the UN sustainability agenda and align our efforts with the UN Sustainable Development Goals. Annually, we report our UN Global Compact Communication on Progress on the UN website. Our Mission 2025 sustainability commitments, our short-, medium-and long-term ESG goals, including our NetZeroby40 goal, and our material issues, are all linked with the UN Sustainable

Managing risk and materiality *continued*

Development Goals and their underlying targets. You can find more about how our material issues and sustainability commitments link to the Sustainable Development Goals on pages 57-58 of this report and on our website.

Recommendations from stakeholder forums help us grow together

Every year we hold a Group Stakeholder Forum to solicit input and recommendations from a group of experts. Many of the sustainability initiatives highlighted in this report initially came from discussions at our annual stakeholder forums. For example, the 2018 stakeholder forum focused on packaging and our stakeholders recommended reducing packaging design complexity, as we have done with the label-free water packaging we introduced in Switzerland. This improves recyclability and reduces waste.

The theme of our 2021 stakeholder forum was forming better, stronger ESG partnerships. We subsequently developed our Sustainability Partnership Model to guide joint value creation with customers.

To minimise the carbon footprint of our engagement, our 2022 stakeholder forum was once again held online. The focus of the 2022 forum was delivering value both for business and society (the exact Forum theme was: Bridging the social and the economic: how can companies invest to deliver value both for business and society?). We welcomed 81 stakeholders from 25 markets to discuss opportunities for creating shared value and strengthening positive change in society. As in prior years, participants included our investors, customers, suppliers, NGOs, academia, policymakers, and other stakeholders. Together, we explored potential solutions to social challenges and ways to reinforce the links between social and economic progress.

To get inspired and learn from opinion leaders and experts we focused our event on the following aspects:

- the economic transitions needed for the next decade;
- aligning business growth opportunities with social needs;
- driving economic progress through community programmes;
- enabling sustainable and inclusive growth through our value chain; and
- tools for measuring the social and business impact of our investments.

Our stakeholders identified scale as the most important barrier in creating shared value and acknowledged that this can only be resolved through collaboration across business and the public sector. Forum participants emphasised that tackling social issues is an organisational task, not a functional one, as social, economic and environmental issues are increasingly intertwined. Our stakeholders concluded that shared value creation is a new way to achieve economic success.

Additional suggestions from our stakeholders included:

- expanding the scale of Coca-Cola HBC's projects by including customers, suppliers and broader stakeholder groups;
- expanding impact by working with small and medium-sized companies across the value chain, and not only with large entities;
- embedding circularity throughout projects; and
- strengthening social impact through creation of shared value, including profitability, which incentivises programme expansion.

These outcomes and recommendations were subsequently discussed with the Social Responsibility Committee of the Board. They will help us further evolve our programmes for the communities where we operate, as we seek to increase impact and expand shared value creation.

Material issue impact in each step of our value chain: how significantly each material topic impacts society and environment, based on the scale of the impact, severity and likelihood	Upstream		Direct operations	Downstream		
	Agriculture and ingredients	Packaging	Manufacturing*	Distribution	Cold drink equipment	Customers and communities
Biodiversity	High	Low	Low	Low		Medium
Climate change	High	High	Low	Low	Medium	Medium
Corporate citizenship			Low			Medium
Corporate governance	Low	Low	Low	Low	Low	Low
Economic impact	Medium	Medium	Medium	Low	Low	Medium
Employee wellbeing and engagement			High	Low		Low
Food loss and waste	Medium	Low	Medium		Low	High
Human rights, diversity & inclusion	Medium	Medium	Medium	Low		Low
Nutrition	Low		Low			Medium
Packaging and waste management	Low	High	Medium	Low	Low	High
Product quality	Low	Low	Medium	Low	Low	Medium
Responsible marketing		Low	Low		Low	Medium
Sustainable sourcing	High	High		Low		Low
Water stewardship	High		Medium			Medium

* Includes our direct operations, not only manufacturing plants.

Low Medium High

Managing risk and resilience

As we navigate geopolitical uncertainty and inflationary pressures while remaining focused on our Growth Story 2025 to support the long-term sustainable success of our business, the process of understanding and managing our material issues and principal risks is more important than ever. To support success, we use a well-established, collaborative approach, which we periodically refresh as best practice, international standards and our business needs evolve.

Our rigorous, ongoing risk management process supports business resilience and is an input to our annual assessment of material issues. See page 59 for our materiality process and material issues. Due to their criticality, our material issues and principal risks are monitored closely by the Executive Leadership Team and our Board.

Our approach to risk and resilience

In 2022, we continued the integration of enterprise risk management (ERM), insurance, security, business continuity and crisis management to develop our holistic business resilience programme. For us, business resilience is focused on building and improving the Company's capability to prepare for and respond to changes in our environment to ensure we meet our short (12-18 months), medium (2-5 years) and long-term (5 years+) objectives. It recognises that while our risks present potential negative impacts, they also present opportunities. The earlier we identify, assess and manage risk, the higher the likelihood we can prevent or reduce negative impact and take advantage of opportunities.

Business resilience starts with the review of our constantly changing operating environment and the assessment of the current and emerging risks and opportunities inherent in it. Our managers develop and implement plans to manage those risks – including ensuring we can continue to serve our customers if events lead to disruptions; or take advantage of those opportunities. For those events we cannot prevent, we have well-established processes to reduce the impact on the business via our crisis management programme (the Incident Management and Crisis Resolution, or IMCR programme) and the financial impact through our insurance programme.

This seamless, cross-functional approach breaks down organisational silos and ensures alignment on positive forward momentum.

The business resilience programme is led by our Chief Risk Officer (CRO), who works in close collaboration with the risk owners across our business units, Group functions and Executive Leadership Team. The CRO is tasked with maintaining a wide-angled view of all business streams and emerging risks and opportunities and, through regular reporting, ensures that visibility and decision support is provided to the Executive Leadership Team and our Board.

Risk and resilience in our business units and markets

Risk sponsors and risk and insurance coordinators in every business unit facilitate the cross-functional process of continuous identification and assessment of operational and emerging risks and opportunities on a country-by-country basis as set out in our ERM framework.

This assessment is discussed at senior leadership team meetings every month and risk registers are updated accordingly. All risk registers are visible to the Group's Business Resilience Team who review operational and emerging risks, identify key trends and provide benchmarking for the identification, assessment and management of risks and opportunities across the business. The Business Resilience Team also reviews business continuity plans across the Group to ensure they are up to date and have been tested.

Twice a year the Business Resilience Team, led by the CRO, hosts a business resilience conference where all risk sponsors and risk and insurance coordinators are updated on key trends and emerging risks across the business. The CRO also facilitates a discussion with the regional management teams and General Managers twice each year in key markets to discuss risk and resilience issues and trends, and to benchmark risks across the business.

Managing risk and materiality *continued*

At least once every other year, each business unit participates in an incident management and crisis resolution (IMCR) validation exercise. This includes training and participation in a crisis simulation based on a relevant business risk.

In 2022, we prepared the Egypt management team for full incorporation into our resilience programme, holding training and development sessions with key managers and the senior leadership team in risk management and IMCR. In 2023, we expect to fully incorporate the Egyptian business including the adoption of the monthly risk review routines and participation in an IMCR training and validation exercise.

Group management

The CRO also facilitates a discussion twice a year with Group function heads and their teams to review key operational, strategic and emerging risks across the business and identify best practices for mitigation plans to improve our risk and resilience programme.

One of the most significant risks to our Company's resilience over the longer term is climate change. It also presents us with significant opportunities if we proactively prepare our business with well-thought-out adjustments to our business strategy and capital investments. As climate change risk is fully integrated into our risk management programme, the CRO also facilitates more regular discussions with a cross-functional team that includes representatives from Business Resilience; Finance; Quality, Safety and Environment; and Corporate Affairs and Sustainability, applying our risk management models to our assessment of climate change risks. For more information, see pages 72-74.

The outcome of these discussions with business units, region teams and the Group function heads are integrated into our Principal Risk Report that is reviewed by the Group Risk and Compliance Committee (GRCC), which meets quarterly and is co-chaired by the CRO. The GRCC is made up of the Group function heads that are the 'risk owners' for each of our risk categories; it ensures that our principal risks are reviewed from a broader cross-functional perspective. The results of the GRCC's discussion are integrated into the Principal Risk Report that the CRO provides the Executive Leadership Team and the Audit and Risk Committee of the Board each quarter.

Risk governance and the role of the Board

The Board retains overall accountability and responsibility for the Group's risk management and internal control systems, has defined the Group's risk appetite, and, through the Audit and Risk Committee, reviews the effectiveness of these systems. During the year, the Board considered the nature and extent of the principal and emerging risks and opportunities, including those associated with climate change, that have the potential to impact the Group's strategic objectives.

Additionally, the Social Responsibility Committee of the Board takes a particular interest in risks associated with climate change as set out on pages 126-127.

During the year, the Audit and Risk Committee of the Board conducted a robust assessment of the principal and emerging risks, considering the nature and extent of the principal risks that have the potential to impact the ability of the Group to achieve its strategic objectives, as well as reviewing the structure and implementation of the ERM programme and internal control systems. This enabled the Audit and Risk Committee to provide assurance the Board that the company's principal and emerging risks were being managed effectively.

A key role of the Board is to establish the Group's risk appetite. In 2021, the Audit and Risk Committee approved a revised Risk Appetite Statement but also reviewed a series of supporting statements for each risk category in our Risk Universe. In 2022 these supporting statements were integrated into our risk assessment process, providing additional guidance to business units and Group functions on risk appetite thresholds. In 2023, we will drive practical application of our risk appetite further into the business by establishing risk tolerance levels for each risk as a key element of our risk assessment process. The Board will review the Risk Appetite Statement again in 2023.

Our internal audit department conducts an annual independent review of the business resilience programme and its implementation, assessing the Company's risk management, business continuity and crisis management processes and their application against business best practices and International Accounting Standards. The Corporate Audit Director makes recommendations to improve the overall business resilience programme, where required, with the findings submitted to the Audit and Risk Committee of the Board. Building on this review, the Board and its Committees also conduct annual reviews of the effectiveness of our internal controls. Further details of that review are set out in the Audit and Risk Committee Report on pages 118-123.

In the section below, we have grouped our principal risks to highlight the connectivity between risks.

A Responding to upheavals in the macroeconomic and geopolitical environment

B Leveraging our unique 24/7 portfolio – and responding to change

C Maintaining operational excellence in volatile markets

D Managing the risks and opportunities of climate change

Principal risks trend

- Increasing
- Stable
- Decreasing

V Risk included in viability assessment

Link to growth pillars

1 2 3 4 5

Managing risk and materiality *continued*

Principal risks 2022

A Responding to upheavals in the macroeconomic and geopolitical environment

Principal risks trend

- Increasing
- Stable
- Decreasing

V Risk included in viability assessment

Link to growth pillars

1 2 3 4 5

Principal risks:

- Commodity costs
- Foreign exchange fluctuations
- Economic conditions
- Geopolitical and security environment

In 2022, as general market conditions continued to improve with hotels, restaurants and cafés returning to normal business operations post COVID-19, the general macroeconomic and geopolitical environment exacerbated by the Russia/Ukraine crisis affected many of our principal risks.

Principal risk: Commodity costs

In 2022, we continued to see pricing fluctuations in key raw materials such as resin, sugar and aluminium. Driven largely by the Russia/Ukraine crisis, increased pressure on gas and oil prices and market volatility led to an increase in utility costs.

In the medium-longer term we expect commodity costs will be impacted by climate change as suppliers are affected by changing weather patterns and increasing cost of carbon emissions as we transition to a low carbon economy (see **Emerging Risk: Cost and availability of ingredients and raw materials**, page 78) which may be passed on in additional costs to us.

Risk included in viability assessment:

V

Link to material issues:
Economic impact, sustainable sourcing

Strategic Growth Pillar:

2 3

Key drivers

- Global macroeconomic conditions and inflationary pressures,
- Ongoing geopolitical tensions, including Russia/Ukraine crisis
- Continuing supply chain volatility,
- Impact of climate change over the longer term.

Mitigation

In 2022, we:

- managed pricing volatility for hedgeable raw materials through hedging/fixing of forward prices;
- utilised established protocols under our Treasury & Procurement Policies;
- introduced a hedgeable energy component in commodities contracts;
- provided reporting and visibility;
- and sought advice from the Financial Risk Management Committee and the Audit and Risk Committee of the Board.

Outlook

Energy prices are expected to remain high during 2023, increasing direct operating expenses and flowing through to higher ingredient costs. We expect to see continuing volatility in the short to medium term. Commodity market prices are expected to be mixed with continuing high prices of sugar but the price of PET reducing, together with reducing ocean freight costs.

Trajectory: Increasing

Consequences

- Increased input costs putting pressure on margins

Metrics and targets

Percentage of contracts hedged/fixed, input costs per unit case

Focus for 2023

Continue monitoring key indicators and manage volatility under our current policies and programmes.

Managing risk and materiality *continued*

Principal risk: Foreign exchange fluctuations

In 2022, we continued to see foreign exchange volatility and rate fluctuations, particularly in the Russian rouble, Nigerian naira and Egyptian pound.

Risk included in viability assessment:

V

Link to material issues:
Economic impact

Strategic Growth Pillar:

2

Key drivers

- Macroeconomic conditions
- National instability and government responses to global and domestic economic conditions, particularly in Russia, Nigeria and Egypt
- Possibility of global recession in 2023

Mitigation

In 2022, we:

- maintained our target of hedging 25% – 80% of rolling 12-month forecasted transactional foreign currency exposures as per treasury policy, endorsed by the Board;
- used derivative financial instruments, where available, to reduce net exposure;
- provided reporting and visibility;
- and sought advice from the Financial Risk Management Committee and the Audit and Risk Committee of the Board.

Outlook

We expect continuing short- to medium-term volatility in key markets, particularly Nigeria and Egypt. There is a possibility of a global recession in 2023 as result of high inflation, high interest rates and insufficient capacity to maintain government support in many countries.

Trajectory:

↑

Consequences

- Financial losses and increased cost base
- Asset impairment
- Limitations on cash repatriation

Metrics and targets

Percentage of hedged foreign currency exposures, foreign exchange losses

Focus for 2023

Continue monitoring key indicators and manage volatility under our current policies and programmes.

Principal risk: Marketplace economic conditions

In 2022, we continued to see increases in inflation and interest rates across our markets. These conditions may reduce consumer purchasing power, which may impact the affordability of our products. This is particularly relevant when input costs are increasing and, to maintain profitability, we need to increase prices.

Risk included in viability assessment:

V

Link to material issues:
Economic impact

Strategic Growth Pillar:

2 3

Key drivers

- Challenging economic conditions
- Government and central bank responses including taxation and interest rate increases
- Unemployment and underemployment rates
- Aggressive discounting and/or pricing pressure from large retailers
- Price elasticity

Mitigation

In 2022, we:

- used pricing and targeted actions to drive mix as critical tools to manage cost inflation;
- carefully managed operational expense and cost controls;
- managed cash out flows;
- developed coordinated and targeted plans with TCCC and other business partners on promotions and marketing initiatives; and
- continued monitoring of conditions and adjustment of action plans.

Outlook

We expect challenging economic conditions to continue in the short term as central banks increase interest rates to manage inflation, the Russia/Ukraine crisis continues and China struggles to manage COVID-19 outbreaks in early 2023. There is a possibility of a global recession in 2023.

Trajectory:

↑

Consequences

- Volume and revenue decline
- Reduced profitability

Metrics and targets

Organic revenue growth, operating expenses, profitability

Focus for 2023

Continue to monitor key economic indicators in each market and adjust plans as required.

Managing risk and materiality *continued*

Principal risk: Geopolitical and security environment

In 2022, our concerns were clearly centred on the Russia/Ukraine crisis. In Ukraine our focus was and remains the safety of our people first, and the resumption of our production and distribution where it was safe to do so. In Russia, the decision by The Coca-Cola Company to cease operations and economic and other sanctions imposed by many countries, had a significant impact on our business. The security environment in Nigeria remains volatile in the lead up to national elections in early 2023. Tensions remain in the Balkans and Armenia and these led to incidents that had the potential to affect the safety of our people and disrupt our operations.

Risk included in viability assessment:

V

Link to material issues:
Employee wellbeing and engagement
Economic impact

Strategic Growth Pillar:

2 4

Key drivers

- Russia/Ukraine crisis and potential for expansion into other countries
- Continuing political unrest and social instability in several countries including Nigeria, the Balkans, Armenia
- Social discontent driven by continuing tough economic conditions

Mitigation

In 2022, we:

- enhanced security risk assessments to better inform management plans;
- developed emergency and contingency plans for all potentially affected markets;
- continued IMCR development and training in business units and at Group and ELT level.

Outlook

We expect continuing volatility over the short to medium term. While the situation remains unpredictable, we do not expect a resolution of the Russia/Ukraine crisis in the short term. Continuing tough economic conditions in the short term will increase the risk of social discontent and political instability.

Trajectory:

↑

Consequences

- Safety of our people
- Financial impact of economic and other sanctions
- Potential for business disruptions
- Supply chain instability

Metrics and targets

Reduced impact of security-related incidents, reduction in residual risk levels, number of IMCR validations successfully completed.

Focus for 2023

Continuing development of our cross-functional business resilience programmes, particularly in capability development.

Risk management in action

Enhancing our risk-based approach to security & emergency management

While this was part of our five-year business resilience improvement plan that commenced in 2020, the volatile geopolitical environment served to drive greater urgency into the enhancement of our risk-based approach to security and emergency management plans in 2022.

The Group business resilience team worked closely with our Risk and Security Leaders and functional managers across our business units to develop their capabilities and enhance processes for the development of assessments in the Geopolitical and security environment risk category. At the Group level, the business resilience team developed a template that mirrored and informed our existing ERM process as well as additional requirements for collection and analysis of internal and external data to support the accuracy of those assessments.

Our risk and security leaders facilitated the process at country level, engaging with a broad range of internal and external stakeholders in development of the assessments that were calibrated by the Group business resilience team. In markets assessed as higher risk, notably those bordering Ukraine, our risk and security leaders focused on building sensible management and contingency plans for protecting our people and the continuity of our business.

In 2023, we will continue to update these assessments and use them to review and adjust management plans consistently at the country and plant level.

Managing risk and materiality *continued*

B Leveraging our unique 24/7 portfolio – and responding to change

Principal risks trend

- Increasing
- Stable
- Decreasing

V Risk included in viability assessment

Link to growth pillars

1 2 3 4 5

Principal risks:

- Product relevance and acceptability
- Strategic stakeholder relationships
- Competing in the digital marketplace

To maintain true business resilience, we need to continue to evolve our portfolio of products and routes to market. To do that, we need to maintain strong relationships with our partners, constantly monitor and respond to changing consumer preferences, customer needs and the business and regulatory environment. In 2022 we faced significant challenges but adapted our business to respond to those challenges while keeping our long-term objectives firmly in sight.

Principal risk: Product relevance and acceptability

In 2022, debates around sugar and sweeteners, as well as discussion on appropriate responses to key environmental, social and governance concerns increased the potential for regulatory change and imposition of additional taxes. Despite these concerns, ensuring we have highly relevant and high-quality products that continue to delight consumers while balancing the ongoing and emerging health and environmental concerns remains a significant opportunity for our business. This risk is closely linked with climate change risks, particularly the Principal risk: **The cost and availability of sustainable packaging** (see page 75) and the Emerging risk **Impact of climate change on our reputation** (see page 79).

Risk included in viability assessment:

V

Link to material issues:
Corporate citizenship, responsible marketing, nutrition, economic impact, product quality, food loss and waste

Strategic Growth Pillar:

1

Key drivers

- Changing consumer sentiment,
- Actions of public health advocates and NGOs
- Government responses to health issues and climate change at EU and national levels

Mitigation

In 2022, we:

- continued product innovation and expansion of our 24/7 portfolio to respond to consumer needs, including expansion of low- and no-sugar beverages;
- took a proactive approach in partnership with key stakeholders to better understand and address concerns;
- focused strategy on proactive advocacy with assets repository and BU support plans in place;
- developed and implemented Group-wide assessment tool.

Outlook

Increasing risk of additional sugar/beverage taxes in the short term. Heightening concerns particularly around sustainability and the impact of climate change into the medium to longer term. The EU regulatory environment will increasingly focus on health and sustainability issues and new directives and regulations are likely. There is significant opportunity for growth in getting the balance right.

Trajectory:

Increasing

Consequences

- Discriminatory taxes
- Brand and reputation damage
- Financial impact
- Forced changes in product formulations and portfolio mix

Metrics and targets

ESG reputation scores, calorie reduction targets, Mission 2025 targets

Focus for 2023

Continuing proactive approach in partnership with key stakeholders to better understand and address concerns. Key sustainability projects such as the packaging mix of the future.

Managing risk and materiality *continued*

Principal risk: Strategic stakeholder relationships

It is critical that we remain aligned with our key strategic partners such as The Coca-Cola Company, Monster Energy, Costa coffee and premium spirits manufacturers. In 2022, the Russia/Ukraine crisis resulted in The Coca-Cola Company making the decision to stop sales of its brands in Russia, which had a significant impact on our business there. Despite this, our relationship with all our strategic partners, including The Coca-Cola Company remains strong, reflected in the announcement of the expected renewal, strong marketing support across our territory and close collaboration and alignment on our sustainability initiatives. Our relationships with our key partners is important for our sustainability agenda and our response to climate change, particularly in new products and formulations and pack mix. This risk is closely linked with climate change risks, particularly the cost and availability of sustainable packaging and impact of climate change on our reputation (see pages 75-79).

Risk included in viability assessment:

V

Strategic Growth Pillar:

1

Link to material issues:
Economic impact, corporate governance

Key drivers

- Potential for disagreements between independent businesses when strategic objectives are not aligned
- Different environments, including regulatory environments, in which our partners operate and broader global priorities
- The impact of climate change and need for collaboration on new formulations and pack mix

Mitigation

In 2022, we:

- maintained established processes, routines, and communication channels to manage strategic relationships at the most senior levels;
- closely monitored agreed business indicators defined during business planning and to analyse deviations so that corrective actions could be taken when needed.

Outlook

Given the importance of our key partner relationships over the long term and the changing global environment which may impact our independent businesses differently, we continue to focus on maintaining aligned strategic objectives.

Trajectory:

Consequences

- Financial impact
- Damage to Coca-Cola System and brand reputation

Metrics and targets

Organic revenue growth

Focus for 2023

We will maintain our close working relationship with our strategic partners to ensure we remain aligned. We will continue to collaborate on our key sustainability initiatives particularly our packaging mix of the future project.

Principal risk: Competing in the digital marketplace

In 2022, the digital marketplace continued to evolve and remained highly competitive with new and existing companies seeking to take advantage of e-commerce growth. In 2022, we saw 59% growth (year on year) in e-retail and food delivery service sales.

Link to material issues:
Economic impact, responsible marketing

Strategic Growth Pillar:

1 2 3

Given the rapidly changing environment including the proliferation of new and existing players and evolving business models, we expect the risks and opportunities to remain significant for the foreseeable future. We consider Competing in the digital marketplace as an emerging risk.

Key drivers

- Dominance of large e-commerce platforms
- Proliferation of new and existing players with varying business models
- Growing consumer preference for speed and convenience of online purchases

Mitigation

In 2022, we:

- continued to build and invest in digital commerce capabilities and systems to enhance our B2B, e-retail, food service aggregator and direct to consumer pillars;
- continued to evolve our model for direct-to-consumer routes to market in selected countries.

Outlook

We expect the continued strong growth of B2B and B2C e-commerce sales over the medium to long term.

Trajectory:

Consequences

- Significant opportunity to grow sales and market share through well-developed and executed e-commerce strategies
- Potential to lose market share or fail to take full advantage of growing e-commerce market
- Potential for new business models and ventures to fail

Metrics and targets

% active e-customer coverage, revenue and market share on leading e-commerce platforms, number of active customers on customer portal, revenue generated on B2B platforms, share of B2B orders generated digitally

Focus for 2023

Drive active e-customer coverage and enhance regular data sharing. Strengthen relationships with leading e-commerce platforms. Enhance our collection and analysis of data to accelerate our revenue and market share growth via data-based decisions.

Accelerate systematic efforts to raise digital capabilities in our core business teams ensuring that digital transformation of our business model is keeping pace with the evolution of our market and competitive landscape.

Managing risk and materiality *continued*

C Maintaining operational excellence in volatile markets

Principal risks trend

- Increasing
- Stable
- Decreasing

V Risk included in viability assessment

Link to growth pillars

1 2 3 4 5

In 2022, the macroeconomic and geopolitical environment combined with regional and national issues created volatile operating conditions in our markets. The Russia/Ukraine crisis created safety risks for our people and disrupted established supply chains across our territory. Our people adapted quickly to these volatile conditions to manage safety challenges, maintain business operations to continue to serve our customers and achieve excellent results.

Principal risks:

- Health and safety
- Suppliers and sustainable sourcing
- Cyber incidents
- People retention
- Ethics and compliance

Principal risk: Health and safety of our people

In 2022, the risks associated with COVID-19 reduced as less severe strains became more dominant and governments continued to roll out vaccination programs, including booster shots. We saw spikes during the winter season in countries in the southern hemisphere of not only COVID-19 but also influenza. Increased hygiene measures adopted during the COVID-19 period saw drastically reduced influenza rates compared to previous years and the 2022 winter season in the southern hemisphere witnessed a significant return. We will continue to monitor COVID-19 and influenza rates closely.

Link to material Issues:
Employee wellbeing and engagement

Strategic Growth Pillar:

4

Key drivers

- New variants of COVID-19 being reported
- Impact of winter on COVID-19 and influenza cases
- Vaccination rates, including booster programs in our markets
- Non-compliance with or breaches of Health and Safety requirements

Mitigation

In 2022, we:

- refined a number of our pandemic protocols based on learnings across the Group and remain ready to re-impose those protocols should case rates increase significantly,
- Increased focus on mental well-being in our employee assistance programme
- Continued implementation of our Behaviour Based Safety (BBS) program
- Enhanced end to end contractor management process
- Involved leaders on all levels in H&S observations and H&S conversations
- Ensured compliance lifesaving rules incorporated in cross country verification program.
- H&S management system certification.

Outlook

We remain optimistic that COVID-19 and influenza cases will remain manageable over the short term but remain vigilant and ready to reintroduce protocols if required.

Trajectory: Increasing

Consequences

- Fatalities and/or serious injury of employees, contractors, third parties, and members of the public
- Potential for business interruption with higher than normal absentee rates in certain positions

Metrics and targets

- Fatalities
- Lost Time Accident (LTA) rates
- Absentee rates
- Case rates per 100 FTE vs country rates

Focus for 2023

- Closely monitor reported COVID-19 and influenza rates across our countries and continue to enhance our pandemic response protocols based on lessons from previous years and best practice sharing.
- Continue to enhance our business continuity program which includes preparing for and responding to pandemics.
- Work closely with leadership teams in business units with highest LTA's to refresh BBS programme and strengthen the safety culture of our employees and contractors.

Managing risk and materiality *continued*

Principal risk: Suppliers and sustainable sourcing

In 2022, the macroeconomic environment, the Russia/Ukraine crisis, China's COVID zero policy and supply-demand imbalances continued to create challenging conditions for securing supply of key ingredients, packaging and services at a reasonable cost. This risk is closely linked with climate change risks, particularly cost and availability of sustainable packaging, the impact of climate change on the cost and availability of key ingredients and impact of climate change on our reputation (see pages 78-79).

Risk included in viability assessment:

V

Link to material issues:
Sustainable sourcing, economic impact, climate change, biodiversity, food loss and waste

Strategic Growth Pillar:

2 3

Given the increasing requirements for supply chain transparency and consequent evolution of the regulatory environment as well as the potential impact of climate change, **Suppliers and sustainable sourcing** is also an emerging risk.

Key drivers

- Global macroeconomic conditions and supply chain disruptions
- Increased financial speculation on global commodities
- Hard currency liquidity issues
- Supply/demand imbalances and/or crop yields
- Russia/Ukraine crisis and effects on European gas and oil prices flowing through to increased raw material costs
- Impact of climate change over the longer term

Mitigation

In 2022, we:

- contracted volumes of key ingredients & packaging materials;
- contracted prices with focus on local currency wherever feasible;
- ensured hedgeable contracts and introduced hedgeable energy component;
- expanded our supplier base and introduced new/alternative suppliers;
- secured raw materials for suppliers to provide security of supply;
- developed contingency plans with suppliers due to energy risks and risk mapping with our production areas; and
- investigated alternative and sustainable energy options for long-term availability and pricing stability.

Outlook

We expect continuing volatility in the short-to-medium term as a result of macroeconomic and geopolitical conditions and continuing supply-demand imbalances. Over the longer term we expect climate change and our suppliers' response to climate change to affect the cost of ingredients as noted in **Emerging risk: The cost and availability of ingredients and raw materials** (see page 78).

Trajectory:

Consequences

- Production disruptions
- Failure to meet contractual obligations
- Increased input costs and margin pressure
- Energy availability and cost

Metrics and targets

- COGS per case
- % sustainably sourced agricultural ingredients

Focus for 2023

Collaborating with our key suppliers to manage volatility and maintain continuity. Continuing discussions to better understand challenges to key ingredient supply as a result of climate change and ESG performance. Enhancing our risk monitoring in areas that may affect commodity availability and pricing.

Managing risk and materiality *continued*

Principal risk: Cyber incidents

In 2022, we saw continuing cyber-attacks against government operations and companies in many of our markets. Many of these incidents were linked to the Russia/Ukraine crisis, although several known actors continued to conduct high profile ransomware attacks. Organisations such as Europol and several US agencies continued to enhance their capabilities to investigate, prevent and respond to cybercrime which also helps to reduce risk to companies such as ours.

Link to material Issues:
Economic impact, corporate governance, corporate citizenship

Strategic Growth Pillar:
2 3

Key drivers

- Increasing use of cloud-based IT solutions and working from home increasing exposure
- Increasing sophistication of malware and ransomware actors
- Adoption of Industry 4.0 technologies in plants
- Russia/Ukraine crisis

Mitigation

In 2022, we:

- Certified our Information Security Management System against ISO27001
- Enhanced our protection of cloud resources
- Improved network security in our plants through network segmentation and more secure remote access
- Enhanced our privileged access management and identity protection controls

Outlook

The number and sophistication of cyber incidents is expected to increase in the short-to-medium term. Stakeholder concerns about data privacy and requirements to protect it will continue to increase. Government agencies will continue to improve their capabilities to investigate and respond to cybercrime.

Trajectory:

Consequences

- Operational disruptions and financial losses
- Damage to corporate reputation
- Potential for release of personal and customer data
- Non-compliance with data protection legislation

Metrics and targets

Cyber security maturity level, cyber-attacks detected and prevented

Focus for 2023

- Engage recognised leader in cyber defence to help us further identify cyber risks in critical infrastructure and implement strategy to strengthen our defences
- Continue implementing internationally recognized security hardening standards to decrease our vulnerabilities to cyber attacks
- Improve plant security by design in alignment with IEC 62443

Principal risk: People retention

In 2022, we saw vacancies in some specific areas although our overall turnover rates improved to 11.4% in 2022 from 13.1% in 2021. We continue to see challenges in the attractiveness of consumer packaged goods companies as an employer of choice. The COVID-19 period has led to people reviewing their work situations and relationship with their employer and like many companies we have seen some resignations as we returned to a 'new normal', that included balanced home/office working arrangements. Our people have appreciated this flexibility and maintained their productivity and engagement. Our engagement score remained stable at 85%. We noted higher turnover rates for female employees and sought to understand the causes and address them. By the end of 2022, retention rates amongst women had stabilised in key markets.

Link to material issues:
Employee wellbeing & engagement; human rights, diversity & inclusion; Corporate citizenship

Strategic Growth Pillar:
4

Key drivers

- Changing expectations for flexible working arrangements
- Maintaining value proposition as an employer of choice
- Development of technology and online tools to enhance team engagement

Mitigation

In 2022, we:

- continued to leverage continuous listening to measure culture and engagement and address findings;
- improved people management skills to enhance engagement and energise employees sustainably, including how to manage remote teams;
- maintained our leadership development programme and continued to foster our coaching and mentoring culture;
- implemented action plans to improve retention of female employees.

Outlook

Talent retention will be an ongoing challenge over the short-medium term as adjustments are made to new ways of working.

Trajectory:

Consequences

- Failure to attract and retain people to meet our goals
- High turnover in critical positions resulting in knowledge and productivity loss
- Potential imbalance between male and female employees due to different retention rates

Metrics and targets

Retention rate, engagement score

Focus for 2023

As described on page 39, we will roll out our new, refined purpose in 2023 including a new culture manifesto and leadership, with the principle to simplify processes and make our people's lives easier.

Managing risk and materiality *continued*

Principal risk: Ethics and compliance

In 2022, a raft of economic and other sanctions imposed by many countries against Russia and Belarus increased the risk of inadvertent non-compliance. In response, we enhanced our screening processes, particularly for suppliers based in Russia, Belarus and Ukraine. The risk of fraud against the Company, and non-compliance with anti-bribery and corruption standards, continued to be a focus area.

Link to material issues:
Corporate governance

Strategic Growth Pillar:
5

Key drivers

- The Russia/Ukraine crisis and the international response
- Potential for broadening of sanctions
- Continuing levels of real and perceived corruption in some countries that we operate within, including our newly acquired business in Egypt
- Tougher economic conditions that increase the risk of internal and external fraud

Mitigation

In 2022, we:

- enhanced our monitoring of economic and other sanctions imposed against Russia and Belarus;
- enhanced our risk assessment and screening processes, particularly for suppliers and customers in Russia, Belarus and Ukraine;
- updated our Sanctions Policy and enhanced our sanctions training programme; and introduced a Recusal Policy to provide additional guidance to employees;
- continued training our people and ran additional awareness initiatives on our Code of Business Conduct and Anti-Bribery and Corruption Policy;
- continued monitoring our Speak Up! hotline and other avenues for reporting concerns involving potential violations of all of our policies and ensured all allegations were investigated in accordance with our policies;
- internal audit team continued to focus on compliance and internal controls.

Outlook

We expect the international sanctions environment to remain complex in the short to medium term. Given we operate in a number of countries where the perception of corruption is high, we expect this risk to remain significant for the foreseeable future.

Trajectory:

Consequences

- Damage to our reputation
- Significant financial penalties
- Increased management time and effort to resolve incidents
- Financial loss

Metrics and targets

Percentage of employees trained, resolution of Speak Up! reports, audit reports

Focus for 2023

Completing the Egypt compliance integration plan implementation, including introduction of a cross-functional joint taskforce. Continued strengthening of our Code of Business Conduct, Anti-bribery and corruption and sanctions compliance programmes, taking a risk-based approach.

Managing risk and materiality *continued*

D Managing the risks and opportunities of climate change

Principal risks trend

Increasing

Stable

Decreasing

V Risk included in viability assessment

Link to growth pillars

1 2 3 4 5

In 2022, we continued to assess risks to our business associated with climate change with the addition of comprehensive quantitative assessments on managing our carbon footprint, and the potential impact of increasing extreme weather events on our production and distribution. We continued to invest in key sustainability initiatives to reduce our carbon footprint, our use of water and move to more sustainable packaging.

Principal risks:

- (T1) The cost and availability of sustainable packaging
- (P4/T4) Water availability and usage
- (T2) Managing our carbon footprint

The following risks associated with climate change are emerging risks:

- (P2/P3) Impact of extreme weather on production and distribution
- (P1) Impact of climate change on the cost and availability of ingredients
- (T3) Impact of climate change on our reputation

Climate change is having and will have a significant impact our business in a number of ways. Given the longer term nature of climate risks and the number of variables – many of which we have no control over, we need to continually update our assessment and management of risks associated with climate change as more accurate data becomes available and organisations around the world respond to its effects.

Many of the risks associated with climate change are common across the global Coca-Cola system. We therefore take a system approach to the assessment of climate risks and leverage the work being done by The Coca-Cola Company and bottlers around the world, to manage those risks.

The Coca-Cola system has identified 8 risks – 4 physical risks and 4 transitional risks; that are common to the Coca-Cola system. As depicted on the pictogram on page 74, they are:

Physical risks:

- (P1) The effect of changes to weather patterns on the cost and availability of key ingredients and raw materials
- (P2) The effect of extreme weather events on our production
- (P3) The effect of extreme weather events on our distribution
- (P4) The effect of increasing water scarcity on our production

Transition risks:

- (T1) The effect on the cost and availability of sustainable packaging materials as a result of changing government regulations
- (T2) The effect of increasing regulations on GHG emissions on our costs of production and distribution
- (T3) The effect of consumer perceptions of our environmental performance on our corporate reputation
- (T4) The effect of increasing government regulation on the cost and availability of water

We have fully integrated the assessment and mitigation of these physical and transitional risks associated with climate change into our ERM programme, which underpins our robust approach to all risks to our business. In the following pages, we have provided more detail on the assessment and management of those climate-related risks identified as principal risks and those identified as emerging risks.

We analyse our internal data and work with recognised specialist agencies, our insurance brokers and insurers to obtain regional analysis of the potential impact of climate change. This helps us make informed decisions and improves our understanding of the potential climate vulnerabilities in our operations and the communities in which we operate. This data and resulting analysis is shared across our business units, supporting climate resilience across our planning and operations.

Taskforce for Climate-related Financial Disclosures (TCFD)

The Taskforce on Climate -related Financial Disclosures (TCFD) is an important framework for reporting climate-related risks and opportunities. We considered the 2021 TCFD "Implementing Guidance" for All sectors and the Beverage sector in our disclosures which can be found throughout this report. The table on page 80-81, provides a summary on where those disclosure scores can be found and how the information is consistent with the TCFD recommendations.

For additional information on our climate-related disclosures, see our 2022 CDP submission online.

Governance

As noted from page 94 onwards, governance of all risks including climate change risks, is the responsibility of our Board and specifically the Audit and Risk Committee and the Social Responsibility Committee, following a clearly defined structure and process from business units, to Group, our ELT and the Board.

Strategy

Given the longer-term nature and the implications of climate change, our response to climate change transcends all areas of our strategy and operations. Our future packaging mix for example has significant implications for our business given the substantial capital investments in our plants and routes to market needed to make significant packaging changes. Changes needed to meet our NetZeroby40 commitments and the impact of climate change on the availability and cost of key ingredients have implications for our supplier base and our distribution systems. Our response to climate change has a significant impact on our reputation with key stakeholders and ultimately

Managing risk and materiality *continued*

our ability to attract and retain people, attract capital, and the willingness of consumers to buy our products.

While there are numerous costs associated with managing climate change risks, we also recognise that there are significant opportunities for our business in continuing to meet the needs and expectations of our stakeholders. As noted in "Impact of climate change on our reputation" (see page 79), there is a strong correlation between consumers perception of how we are responding to climate change and their intent to purchase our products. The longer-term structural changes inherent in our sustainability strategy is embedded in our business strategy, which is constantly reviewed as our understanding of the potential effects of climate change risks and opportunities improves, to ensure our business remains resilient and focused on growth.

Risk assessment

As noted, we take a global system approach to the identification, assessment, and management of climate-related risks. The Coca-Cola System – which consists of The Coca-Cola Company and its bottling partners of which CCHBC is one of the largest, has identified eight potentially material risks relating to the physical and transitional impact of climate change on our business. These are depicted in the diagram on page 74.

In 2021, we focused our attention on a comprehensive quantitative assessment of our water risk given the fundamental importance of water to our business. This was updated in 2022 (see Principal Risk: Water Availability and Usage on page 76). In 2022, we also enhanced our understanding of climate-related risks by conducting comprehensive quantitative assessments of a number of other potentially material risks including the impact of extreme weather events on our production and distribution (see "Impact of extreme weather on production and distribution" on page 78). In 2021 we announced our commitment to NetZeroby40 – the primary means by which we will manage the Principal risk: Manage our carbon footprint, to 2040. In 2022, we conducted a comprehensive quantitative assessment of this risk, the results of which are summarised on page 78.

Metrics and targets

We use clear metrics and targets in the assessment and management of all of our risks in order to continually measure risk drivers, the potential impact – including financial impact of risks and key performance indicators to ensure we are managing risks effectively. These are noted under "Metrics and Targets" for each risk. Many of our climate change metrics and targets are also outlined in our Mission 2025 and NetZeroby40 commitments.

Given the longer term nature of managing climate-related risks, our allocation of capex will be important in meeting our sustainability targets. We have been increasing our investment in initiatives designed to mitigate the risks associated with climate change. In 2022, we invested €206 million in CAPEX initiatives aligned with our sustainability strategy, which represents 35% of our total CAPEX. We are planning to increase our allocation of our annual CAPEX to investments aligned with our sustainability strategy, expecting to reach 40% of CAPEX by 2025 and 50% of CAPEX by 2030. This demonstrates our commitment to manage climate-related risks using a gradual, well thought out program of capital expenditure over the medium to long term based on our assessment of the risks to our business and stakeholders.

Managing risk and materiality *continued*

The impact of climate change risk

Cause	Risk	Agriculture and ingredients	Packaging	Manufacturing	Distribution	Cold drink equipment	Customers and communities
Estimated share of carbon emissions							
		28%	34%	11%	6%	21%	
Business impacts: Physical risks of climate change (Risks P1-4)							
Changes to weather and precipitation patterns	P1: Cost and availability of ingredients and raw materials						
Extreme weather events	P2: Impact of extreme weather on production.						
	P3: Impact of extreme weather on distribution						
Water scarcity	P4: Water availability and usage						
Business impacts: Risks of transition to a low-carbon economy (Risks T1-4)							
GHG regulation	T1: Cost and availability of sustainable packaging						
	T2: Managing our carbon footprint						
Stakeholder perceptions of our sustainability performance	T3: Impact on our reputation						
Water regulation	T4: Water availability and usage						

For more details on these eight risks, please see previous pages 75-79.

Managing risk and materiality *continued*

Principal risk: Cost and availability of sustainable packaging

Given the potential impact that significant changes to our packaging mix could have to longer-term capital investment in production and distribution, and the influence that packaging has on our ability to meet our NetZeroby40 commitments – packaging represents 34% of our emissions, the management of risks associated with the cost and availability of sustainable packaging is intertwined with our future business strategy. It is closely linked with other Principal risks, particularly **Managing our carbon footprint** (see page 77). In 2022, we continued to work on our plans for the packaging mix of the future. The development of a profitable packaging strategy that reduces our environmental impact and addresses escalating stakeholder concerns relating to packaging waste also represents a significant opportunity for our business. In November 2022, the EU released draft regulations that provide minimum requirements for reusable and recycled packaging.

Link to material issues:
Packaging and waste management, sustainable sourcing, biodiversity

Strategic Growth Pillar:
1 3 5

Given the rapid changes in technology and the evolution of the regulatory environment, and the significant impact that major changes in our packaging mix have for our NetZeroby40 commitment and our future business strategy, **Cost and availability of sustainable packaging** is also an **emerging risk**.

Key drivers

- Price increases of recycle-friendly raw materials such as rPET and aluminium
- Low collection rates in high plastic volume markets
- Low access to quality feedstock to enable shift to rPET at balanced prices
- New EU regulations on Plastics & Packaging Waste
- Impact of packaging on meeting our NetZeroby40 commitments
- Consumers' concerns on waste and its influence on perceptions of our environmental performance

Mitigation

In 2022, we:

- focused on meeting Mission 2025 commitments including increasing our overall Group packaging collection rate and increasing the amount of recycled PET used in our bottles;
- partnered with governments and industry peers to support the launch of two new deposit return schemes in Latvia and Slovakia and a establishing a new Packaging Recovery Organisation in Moldova;
- awarded our first €100K Coca-Cola HBC Sustainability Challenge to a start-up with an innovative solution for collecting and recycling PET.

Outlook

We will continue to see heightened stakeholder concerns over the medium term and increased regulation across EU markets. The price of good quality recycled material will continue to rise over the medium term as industries focus on increasing recycled content.

Trajectory:

Consequences

- Impact on reputation and ultimately consumer base
- Increased operating costs, taxes and Capex costs associated with changing packaging mix
- Very significant opportunity associated with developing innovative, profitable solutions

Metrics and Targets

Mission 2025 targets relating to collection of packaging, use of recycled PET and percentage of packaging that is recyclable

Focus for 2023

Start 'packaging mix of the future' journey to accelerate decarbonisation of our packaging while connecting these changes with revenue growth.

Include a quantitative assessment* of the risk and opportunity of changing our pack mix under at least two different climate change scenarios.

* Note: We had intended to conduct a quantitative assessment in 2022 however the release of the new EU Packaging legislation – which could have a material impact on that assessment was only released at the end of November 2022 and is to be debated before being adopted in 2023.

Managing risk and materiality *continued*

Principal risk: Water availability and usage

In 2021 we conducted a comprehensive quantitative assessment of our future water requirements under current conditions and under two different projected climate change scenarios up to 2040. In 2022, we updated that assessment based on revised data due to revised volume estimates and updates to our True Cost of Water metric. Egypt was not included in the assessment for 2022 but will be included in the 2023 assessment. Availability and quality of clean water is fundamental to our business and for the local communities in which we operate.

Risk included in viability assessment:

V

Link to material issues:
Water stewardship, sustainable sourcing, biodiversity, climate change

Strategic Growth Pillar:

3 5

Key drivers

- 7 countries and 19 plants (water priority locations) that are likely to come under increased water stress with climate change
- Local community needs for clean water, particularly in areas of water stress
- Increased regulatory pressure, including imposition of taxes and levies, designed to reduce water usage and/or fund additional infrastructure

Mitigation

In 2022, we:

- continued to implement water usage reduction plans across our operations;
- implemented water stewardship programmes in water priority locations to mitigate shared water risks;
- updated source vulnerability assessments for all plants and enhanced our plans, including identification of additional capital expenditure required for enhancing infrastructure.

Outlook

We expect that water stress in our water priority locations will continue to increase over the medium to long term . The extent of that increase will depend both on our actions and on the global response to climate change. We expect that regulatory pressure will increase over the medium term and that will flow through to additional operating costs associated with water that we have estimated in our assessment.

Trajectory:

↑

Consequences

- Insufficient water to service our needs and the needs of the local community
- Increased annual baseline water costs by up to 48% by 2030 and 39% by 2040 and a requirement for an additional €95.6million in capital expenditure over the next 17 years to meet our needs and to replenish watersheds for local communities in water priority areas
- Damage to our reputation

Metrics and Targets

Reduce water usage by 20% by 2025, Number of water availability projects in water risk areas implemented (target = 19)

Focus for 2023

In 2023 we will further implement innovations to reduce our water usage, particularly in water priority locations. We will complete the inclusion of water usage data for our Egyptian plants in our water risk assessment. We will implement additional community water projects to help secure water availability for local communities in an additional four locations.

Managing risk and materiality *continued*

Risk in focus: Managing our carbon footprint

In 2021, we announced our commitment to NetZeroby40 – the primary means by which we will manage the principal risk: Managing our carbon footprint, to 2040. In 2022, we conducted a comprehensive quantitative assessment of the risks associated with managing our carbon footprint.

Coca-Cola HBC, like most large manufacturing and distribution businesses, has a significant carbon footprint. This is made up of:

- scope 1 emissions, which are direct emissions of CO_2 and other greenhouse gases (GHG) from our manufacturing operations which represents around 5.4% of our total emissions,
- scope 2 emissions, which are indirect emissions resulting from purchased electricity and thermal energy in our operations which represents around 5.4% of our emissions,
- scope 3 emissions, which are indirect emissions generated either downstream in the use of our products such as use of coolers, third-party logistics to deliver products; or upstream by our suppliers in ingredients and packaging, which represents around 89.2% of our emissions.

In 2022, we took and will continue to take major steps forward in reducing energy, switching to renewable energy and moving to recycled packaging. For further information on our carbon reduction efforts, please see 'Climate and NetZero' on page 48. Our biggest opportunities for reducing our carbon footprint is working with our suppliers and customers to reduce our scope 3 emissions, which represent 89% of our total emissions.

Risk included in viability assessment:

V

Link to material issues:
Climate change, sustainable sourcing, packaging and waste management, biodiversity

Strategic Growth Pillar:

3 5

Key drivers

- Impact of high emissions on global warming and subsequent climate change
- Increasing consumer focus on the carbon footprint of company's they purchase from
- Government use of carbon taxes or carbon markets to encourage emissions reduction increasing costs related to our emissions
- Increasingly ambitious reduction goals under different climate scenarios
- community perceptions of corporate "greenwashing"

Mitigation

In 2022, we:

- Strategic sustainability approach – long-term climate targets: 2030 carbon targets validated and approved by Science Based Target initiative (SBTi); NetZeroby40 commitment and implementation;
- Environmental management system certification.
- Sustainable packaging mix of the future project,
- Connect revenue growth management initiatives with carbon footprint.
- Continuing enhancement of the integration of climate related risks and opportunities into strategic planning.
- Contingency plans developed to support transition to alternative fuel sources

Outlook

We will continue to see heightened stakeholder concerns and increased regulation across EU markets over the medium term. We expect greater scrutiny of our progress against our NetZeroby40 commitments. We will gradually increase our investment in sustainability initiatives over the short – medium term, investing 50% of our total Capex annually by 2030.

Trajectory:

↑

Consequences

- Annual operating costs of our projected scope 1 and 2 carbon emissions:
  - estimated to peak around €43 million annually by 2030, reducing to €6 million annually by 2040 under a Paris Ambition (RCP 1.9) scenario,
  - estimated to peak around €21 million annually by 2030, reducing to €2 million by 2040 under a RCP 4.5 scenario
- Significant opportunity in increased consumer "intent to purchase" and sales in meeting or exceeding stakeholder expectations
- Significant opportunity in enhanced "willingness to invest" by investment community and "willingness to work for" in current and future workforce
- Capex costs of emissions reduction initiatives (see page 73 for estimated Capex investments associated with sustainability initiatives)

Metrics and Targets

NetZeroby40 targets including annual carbon emissions against target pathway, Mission 2025 targets, cost of carbon (taxes, trading schemes), renewable energy usage, energy efficient coolers.

Focus for 2023

In 2023 we will continue to drive our emissions reductions initiatives and refine our assessment of the risks and opportunities associated with managing our carbon footprint, including the integration of key risk areas such as sustainable packaging mix and cost and availability of ingredients and raw materials as contributors to our meeting and exceeding our emissions targets. We will continue to fully integrate Egyptian operations to CCH climate plans, understand their impact and define relevant action plans.

Managing risk and materiality *continued*

Emerging risk: Impact of extreme weather on our production and distribution

Risk included in viability assessment:

V

Link to material issues:
Economic impact, biodiversity, climate change

Strategic Growth Pillar:

2 3

In 2022 we conducted a comprehensive assessment of the potential impact of two different climate change scenarios (RCP4.5 and RCP8.5)[1] relating to extreme weather on our plants using credible insurance industry data. We specifically assessed projected increases in flood risk, increase in likelihood of wildfires, increased precipitation and drought.

We assessed data relating to 62 locations and identified 19 plants that we considered high risk and requiring capex to mitigate risks associated with extreme weather. Of those nineteen, fourteen facilities are considered high risk over the short term, and subject to current mitigation planning. Five were assessed as requiring additional capex as a result of climate change over the medium to long term.

We have estimated that one-off capex requirements to mitigate the impact of extreme weather including the impact of climate change between now and 2030, is €27 million. We expect increases in insurance premiums as a result of insurance underwriters considering our facilities higher risk of extreme weather. The SwissRe Institute has estimated that insurance premiums may increase by 40% for fire and 25% for flood and precipitation. Assuming insurers apply those premium increases against facilities considered to be at risk, and not across the board, we have estimated potential annual increases in insurance premiums as a result of climate change to be approximately €1.5million per annum by 2050 under an RCP4.5 climate scenario or by 2030 under an RCP8.5 scenario.

During 2022 we started an assessment of the potential for increases in cost of working as a result of business interruption across all plants for any reason, not just climate change. Given the complexity of the exercise, we expect to complete this assessment in 2023. Our initial review of plants at risk through climate change has estimated those costs are unlikely to be material.

Emerging risk: Impact of climate change on the cost and availability of ingredients and raw materials

Link to material issues:
Sustainable sourcing, food loss and waste, climate change

Strategic Growth Pillar:

2 5

In 2022, we started developing our model for assessing the impact of climate change on the cost and availability of ingredients particularly corn and sugar as the base ingredients for our natural sweeteners, fruit as the base for our juice products, coffee and tea. We expect to work closely with our key suppliers in 2023 to refine the model and populate it with climate change data to conduct a more comprehensive assessment.

Although we did not conduct a quantitative assessment in 2022, according to information from The Coca-Cola Company's qualitative assessment of its global suppliers, climate change is likely to cause rising temperatures and heat stress, increased precipitation and drought in sourcing regions over the medium to long term.

These environmental factors will impact productivity and crop yields, and ultimately may increase the cost base of these key ingredients. Although many sourcing regions, are at medium/high risk in a high carbon scenario (worst case scenario), drought is the only one that is projected to have a major impact, with tea, beet sugar and apple juice and cane sugar regions considered to have a high sensitivity to climate change in a high-carbon scenario by 2050. Coffee and lemon growing regions are considered medium to high risk of heat stress. Corn is considered lower risk.

The TCCC assessment noted that the majority of growers are conducting their own assessments and developing contingency plans that include identification of alternative regions for supply.

While we are concerned about the impact of climate change on ingredients as all companies in the food and beverage industries are, physical risks are more likely to have an impact over a longer timeframe. We have more opportunity to better understand the potential impact and find ways of adapting to changing conditions and create appropriate contingency plans. We also see the continuing strong trend towards low- and no-sugar beverages, which means that risks associated with sugar and corn for example are significant, but we are confident that they are manageable.

Over the medium to long term, all parts of the supply chain will be expected to reduce their carbon footprint which increases their operating costs and need for investment in carbon reduction initiatives. This is likely to increase the cost of ingredients and raw materials, as suppliers look to pass on at least some of those costs. This could lead to an increase in our input costs.

1. As part of our assessment, we reviewed RCP1.9 ('Paris Ambition') and RCP2.6 ('Paris Agreement') and concluded that given a number of our facilities are already at risk under current conditions and the impact of RCP4.5 and RCP8.5 were assessed as moderate, there is currently not enough data to conclude that either RCP1.9 or RCP2.6 will have a material impact of the risk on our facilities. We will revisit both RCP1.9 and 2.6 as part of our planned update of the assessment in 2023.

Managing risk and materiality *continued*

Emerging risk: Impact of climate change on our reputation

Link to material issues:
Climate change, sustainable sourcing, packaging and waste management, corporate citizenship, responsible marketing

Strategic Growth Pillar:
1 2 5

In 2022, we developed and started populating a model for estimating the impact on our reputation of meeting or not meeting the expectations of key stakeholder groups on progress on our environmental performance. Our materiality assessment shows that our response to various aspects of climate change is already a key concern and this is likely to grow over the medium to longer term. We consider three key stakeholder groups:

- current and future employees and their willingness to work for us which could ultimately impact our ability to attract and retain talented people
- investors and their willingness to invest in us which could impact our cost of capital
- consumers and their willingness to purchase our products

Of those three groups, we determined that employees and investors were generally aware of our environmental performance through external ESG benchmarking programmes such as DJSI where we were recently named as the most sustainable beverage company in the world.

Our review of general consumer data across a selection of our markets however indicated that consumers were not as convinced of our environmental performance and we chose to concentrate our assessment on this group.

Our assessment included a measure of the perceptions of general consumers in eight selected markets of our environmental performance in comparison to our peers and other companies in the consumer goods sectors, of our Environmental reputation – or 'E-score'. These studies indicated that an increase in E-score led to an increase in the likelihood of consumers to purchase creating an opportunity for our business and conversely a decrease in E-score increased the likelihood that consumers do not intend to purchase our products. Intent to purchase scores was used to determine the impact on our business of meeting, exceeding or failing to meet expectations.

Our assessment indicates that, like many large companies in the food and beverage sector, there is currently a high likelihood that consumers perceive we are not meeting expectations in environmental performance and that those perceptions are creating an opportunity cost for us. The assessment also allows us to quantify the potential opportunity of meeting and exceeding consumer expectations.

Managing risk and materiality *continued*

Location of disclosures consistent with TCFD recommendations

In disclosing information related to the risks and opportunities associated with climate change, we considered the 2021 TCFD Implementing Guidance for all sectors and the beverage sector.

Governance: Disclose the Company's governance around climate-related risks and opportunities		Consistency status
a) Describe the Board's oversight of climate-related risks and opportunities	The role of the Social Responsibility Committee of the Board for oversight of climate-related risks and opportunities is described in pages 126-127 The role of the Audit and Risk Committee of the Board for oversight of all principal and emerging risks, including climate-related risks is outlined in the section "Work and Activities" on pages 119-120 and "Risk Management" on pages 121-122.	a) Fully consistent
b) Describe management's role in identifying, assessing and managing climate-related risks and opportunities	Our Materiality assessment, on page 58 in the section "Managing and disclosing material issues" describes the Executive Leadership Team's role in managing risks and opportunities and integrating sustainability initiatives into our business strategy. Management's role in identifying, assessing and managing all risks, including climate-related is outlined "Managing Risk and Resilience on pages 61-62, and further described specifically relating to climate-related risks in "Managing climate change risk", pages 72-79	b) Fully consistent
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the Company's business, strategy and financial planning where material		
a) Describe the climate-related risks and opportunities that the organisation has identified over the short, medium and long term	The section "D: Managing climate change risk" on pages 72-79 provides a detailed description of the Principal and Emerging risks and opportunities that the company has identified over the short, medium and long term associated with climate change, and Section C2.3 and C2.4, on pages 11-17 of our 2022 CDP Climate response, describes a number of risks and opportunities associated with climate change that the Company has identified.	a) Fully consistent
b) Describe the impact of climate-related risk and opportunity on the Company's business, strategy and financial planning	The section "D: Managing climate change risk" on pages 72-79 describes the impact of each of the Principal and Emerging risks and opportunities related with climate change and the consequences and mitigation actions including impact on the Company's business, strategy and financial planning The impact of climate-related risks and opportunities on our business and strategy and the financial planning changes in managing those risks and opportunities is described in "Earn our licence to operate" particularly page 49 (carbon emissions), page 50 (sustainable packaging) and page 52 (water stewardship). Section C3.3 and C3.4 on page 21 of our 2022 CDP Climate response describes how our assessments of climate-related risks and opportunities have influenced our strategy and financial planning.	b) Work in progress – qualitative impact has been completed for the whole value chain, along with a quantitative assessment of some elements however, more work will be done to get a better understanding of the impact on business, strategy and financial planning through more holistic scenario planning exercises in 2023.
c) Describe the resilience of the organisation's strategy considering different climate-related scenarios, including a 2-degree or lower scenario	The section "D: Managing climate change risk" on pages 72-79 describes our assessment of the impact of each of the Principal and Emerging risks and opportunities associated with climate change and how the Company is mitigating those risks and opportunities.	c) Work in progress – work has been completed using multiple scenarios, including "Paris Ambition" (1.5 degree) related to physical and transitional risks associated with the impact on water availability and costs, the impact of extreme weather events on our production, and managing our carbon footprint and how these impact our strategy. More work will be done in 2023 on the impact of other elements of climate change, particularly the cost wand availability of key ingredients and raw materials and the cost and availability of sustainable packaging which have a significant impact on our strategy.

Managing risk and materiality *continued*

Location of disclosures consistent with TCFD recommendations

Risk management: Disclose how the Company identifies, assesses and manages climate-related risks and opportunities		
a) Describe the Company's process for identifying and assessing climate-related risks and opportunities	"Managing risk and resilience" on page 61-62 provides an overview of the Company's process for identifying all risks and opportunities including those relating to climate change, and "Managing climate change risk", on pages 72-73 describes those processes specifically relating to the Principal and Emerging risks and opportunities related to climate change. Section 2.1a, 2.1b and 2.2a on page 8 and 10 of our 2022 CDP Climate response describes the process for identification of the climate-related risks and opportunities	a) Fully consistent
b) Describe the Company's process for managing climate-related risks and opportunities	"Managing climate change risk", on pages 72-79 describes how the company is managing the risks and opportunities specifically relating to climate change, particularly in the "Mitigation": and "Focus for 2023" sections for each of the Principal and Emerging risks and opportunities. Key performance indicators on pages 57-58 relating to the "Earn our licence to operate" pillar describe how the Company is managing climate-related risks and opportunities.	b) Fully consistent
c) Describe how these processes are integrated into the overall risk management programme	"Managing risk and resilience" on page 61-62 provides an overview of how the Company has embedded the assessment of the risks and opportunities associated with climate change into its enterprise risk management programme. "Managing climate change risk", on pages 71-72 further describes how the company has integrated each of the Principal and Emerging risks and opportunities related to climate change into its enterprise risk management program, and pages 73-77 provides an overview of the outcomes of that process relating to each climate-related risk and opportunity.	c) Fully consistent
Metrics and targets: Disclose the metrics and targets used to assess and manage climate-related risks and opportunities		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	"Managing climate change risk", on pages 73-77 provides metrics and targets relating to each of the Principal and Emerging risks and opportunities associated with climate change in the "metrics and targets" section, and Key performance indicators on pages 57-58 relating to the "Earn our licence to operate" pillar (Mission 2025 commitments), and the sections relating to "NetZeroby40" on pages 48-49, Sustainable packaging on page 50 and water stewardship on page 52 describe the metrics and targets the Company is using to assess climate-related risks and opportunities in line with our strategy and risk management process, and Section C4.1 and C4.2 on pages 22-28 of our 2022 CDP Climate response lists a number of metrics and targets used to assess climate-related risks and opportunities.	a) Fully consistent
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	NetZeroby40 target across the whole value chain charts on page 49 show our Scope 1, 2 and 3 GHG emissions, and The Principal risk: Managing our carbon footprint" on page 77 describes how we are managing the risks and opportunities associated with our emissions, Section C5.2 pages 32-36 and Section C6, pages 36-44 of our 2022 CDP Climate response provides further detail on Scope 1, 2 and 3 emissions and the risks associated with them. In the 2022 GRI Content Index, in the environmental table on page 51 and as part of the disclosures 305-1 (page 26), 305-2 (page 26), and 305-3 (page 27) provides details of our GHG emissions.	b) Fully consistent
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	"Managing climate change risk", on pages 73-77 describes targets relating to each of the Principal and Emerging risks and opportunities associated with climate change in the "metrics and targets" section, and Key performance indicators on pages 57-58 relating to the "Earn our licence to operate" pillar (Mission 2025 commitment), and the sections relating to "NetZeroby40" on pages 48-49, Sustainable packaging on page 50 and water stewardship on page 52 describe the metrics and targets the Company is using to assess climate-related risks and opportunities and our performance against those targets, and Section C4.1 and C4.2 on pages 22-28 of our 2022 CDP Climate response lists a number of metrics and targets used to assess climate-related risks and opportunities.	c) Fully consistent

Viability statement

Business model and prospects

Our business model and strategy, outlined on pages 14-23 of this report, documents the key factors that underpin the evaluation of our prospects. These factors include our:

- attractive geographic diversity;
- strong sales and execution capabilities;
- ability to innovate;
- market leadership;
- global brands; and
- diverse beverage portfolio.

The conflict between Russia and Ukraine had a significant impact on the global supply chain, foreign exchange rates and input costs including raw materials and energy. Economic sanctions imposed on Russia by the US, UK and EU as well as many other countries remain in place, while counter sanctions were imposed by the Russian government in retaliation. On 8 March 2022, The Coca-Cola Company announced the suspension of its business in Russia which had a significant impact on our business. We have considered the potential future implications of the conflict in our financial forecasts to the extent possible.

The Board considers that our markets will face changes over the medium to longer term but continues to believe that our diverse geographic footprint, including exposure to emerging markets that have low per capita consumption and therefore greater opportunity for growth, and a proven strategy in combination with our leading market position, offer significant opportunities for future growth.

Our Board has historically applied and continues to apply a prudent approach to the Group's decisions relating to major projects and investments. From 2018 to 2022, we generated free cash flow of €511 million per year on average.

Key assumptions of the business plan and related viability period

The Group maintains a well-established strategic business planning process which has formed the basis of the Board's quantitative assessment of the Group's viability, with the plan reflecting our current strategy over a rolling five-year period.

The financial forecasts in the plan are based on assumptions for the following:

- key macroeconomic data that could impact our consumers' disposable income and consequently our sales volume and revenues;
- various scenarios relating to the ability of governments in key markets to manage the economic conditions in their countries;
- key raw material and other input costs;
- the impact of climate change under multiple climate scenarios (see also page 78 for more information on our quantitative assessments of the impact of climate change. In addition to 2030 and 2040, we also included interim calculations to 2027 for the purpose of our viability assessment);
- the impact of the Russia-Ukraine conflict, including loss of sales volume and revenues as a result of TCCC's suspension of its operations in Russia;
- foreign exchange rates; including the economic conditions affecting the Egyptian pound, the Nigerian Naira and the impact of the Russia-Ukraine conflict;
- spending for production overhead and operating expenses;
- working capital levels; and
- capital expenditure.

The Board has assessed that a viability period of five years remains the most appropriate. This is due to its alignment with the Group's strategic business planning cycle, consistency with the evaluated potential impacts of our principal risks as disclosed on pages 63-76 and our impairment review process, where goodwill and indefinite-lived intangible assets are tested based on our five-year forecasts.

Assessment of viability

Qualitatively and quantitatively, we analysed the output of our robust enterprise risk management, internal business planning and liquidity management processes, to ensure that the risks to the Group's viability are understood and are being effectively managed.

The integration of the Coca-Cola Bottling Company of Egypt (CCBCE) progressed significantly during 2022. Considering the successful outcomes of the integration process in the year, no risks to the Group's viability over the five-year period of this assessment have been identified as a result of the acquisition and integration of this business.

Viability statement *continued*

The Board has concluded that the Group's well-established processes across multiple streams continues to provide a comprehensive framework that effectively supports the operational and strategic objectives of the Group. It also provides a robust basis for assessment and confirmation of the Group's ability to continue operations and meet its obligations as they fall due over the period of assessment.

Supporting the qualitative assessment was a quantitative analysis performed as part of strategic business planning. This assessment included, but was not limited to, the Group's ability to generate cash.

We have continued to stress test the plan against several severe but plausible downside scenarios linked to certain principal risks as follows:

Scenario 1

The impact of changes to foreign exchange rates was considered, particularly the depreciation of foreign currencies including the Egyptian pound, Nigerian Naira and Russian Rouble, also considering effects from the Russia-Ukraine conflict. Principal risks: Foreign exchange fluctuations, Commodity costs and Geopolitical and security environment.

Scenario 2

Lower estimates for sales volumes for various reasons including the continuing difficult economic conditions in our markets and the ability of governments to manage these, including the impact of the continued Russia-Ukraine conflict. Principal risks: Marketplace economic conditions, and Geopolitical and security environment.

Scenario 3

Continued stakeholder focus on issues relating to sugar and packaging resulting in the potential for discriminatory taxation. Principal risks: Product relevance and acceptability, and Cost and availability of sustainable packaging.

Scenario 4

Higher input costs including raw material and energy costs. Principal risks: Commodity costs, Suppliers and sustainable sourcing, and Marketplace economic conditions

Scenario 5

Higher costs of water, carbon and extreme weather as a result of the effects of climate change under multiple climate scenarios, as well as the increased capital expenditure required to mitigate risks associated with climate change. Principal risks: Water availability and usage, Managing our carbon footprint, Impact of extreme weather on our production and distribution (Emerging risk).

The above scenarios were tested both in isolation and in combination. The stress testing showed that due to the stable cash generation of our business, the Group would be able to withstand the impact of these scenarios occurring over the period of the financial forecasts. This could be conducted by making adjustments, if required, to our operating plans within the normal course of business, including but not limited to adjustments to our operations and temporary reductions in discretionary spending.

Following a thorough and robust assessment of the Group's risks that could threaten our business model, future performance, solvency or liquidity, the Board has concluded that the Group is well positioned to effectively manage its financial, operational and strategic risks.

Viability Statement

Based on our assessment of the Group's prospects, business model and viability as outlined above, the Directors can confirm that they have a reasonable expectation that the Group will be able to continue operating and meet its liabilities as they fall due over the five-year period ending 31 December 2027.

Financial review

ANOTHER YEAR OF STRONG FINANCIAL PERFORMANCE

"Another year of strong financial performance, while navigating a challenging macroeconomic and geopolitical backdrop."

Ben Almanzar
Chief Financial Officer

Dear Stakeholder,

I'm very pleased with another year of strong financial performance. Our resilience is testament to the foundations we have put in place and the hard work of colleagues across the business. We have well and truly stepped up our performance in the last two years with 2022 revenues 28% ahead of 2019 levels on an organic[1] basis.

Just like the broader industry, we have been wrestling with sharp inflation across our COGS lines and have used every tool at our disposal to successfully manage these headwinds, leading to record Comparable EBIT[1] performance and free cash flow. I'm also really proud of the team for issuing our first-ever green bond for €500 million, which was very well received by investors and supports our ongoing commitment to being leaders in sustainability.

1. For details on APMs refer to 'Alternative Performance Measures' and 'Definitions and reconciliations of APMs' sections on pages 245-249.

Financial review *continued*

Income statement

Consistently strong top-line performance

We closed the year with good top-line momentum leading to net sales revenue growth of 28.3% in 2022, compared to the prior year, driven by pricing initiatives and mix improvements, supported by favourable foreign currency movements as well as the consolidation of Egypt and Multon. Organic revenue growth was 14.2%, including Russia and Ukraine. Excluding these two markets organic growth was 22.7%. Volume growth was 8.1% excluding Russia and Ukraine on an organic basis, with our priority categories as the best performing. Pricing was the largest contributor to revenue per case, accounting for approximately two thirds of the improvement in the period. The remaining one third came from mix levers, led by package and category mix.

Managing significant cost inflation in 2022

2022 was dominated by inflation and supply chain challenges. Just like the broader industry, we have been wrestling with sharp inflation across our COGS lines. Raw materials, packaging and finished goods were adversely impacted by inflation across all major commodities. These were amplified by embedded higher energy prices, resulting in increased conversion costs. Our own production and haulage costs were affected by labour and energy inflation across our markets. And concentrate costs also increased as revenue per case expanded.

Comparable cost of goods sold[1] increased by 32.3% in 2022, driven by the consolidation of Egypt and Multon, as well as energy and input cost inflation. Comparable operating expenses[1] increased by 25.7% in 2022 mainly driven by higher selling, delivery and administrative expenses and the consolidation of Egypt and Multon; while operating expenses increased by 28.4% in 2022 compared to the prior year further impacted by acquisition and integration costs associated with the business combinations of Egypt and Multon.

Marketing spend was up 11.5% year on year, (excluding Russia and Ukraine). We are fully funding newer categories such as Coffee, making big bets in digital and data as well as investments to deliver our sustainability agenda – all in service of our vision of being The Leading 24/7 Beverage Partner.

Organic EBIT up 1.3% despite cost inflation

As a result of our focus on costs and discipline, organic EBIT was up 1.3% despite cost inflation. We are proud of that performance given the challenging macroeconomic backdrop, compounded by the war in Ukraine.

Comparable operating profit grew by 11.9% in 2022, reflecting the benefits from the consolidation of Egypt and Multon and mix improvements, which were only partially offset by higher input costs and operating expenses. Operating profit deteriorated by 11.9% in 2022, compared to the prior year period, as the benefits described were more than offset by the impairment losses net of reversals related to Russia, and acquisition and integration costs associated with the business combinations of Multon and Egypt.

Net finance costs increased by €15.1 million during 2022 compared to the prior year, mainly driven by higher interest expense due to the consolidation of Egypt and increased hedging cost of borrowings in Nigeria as well as higher net foreign exchange losses, which were only partially offset by higher interest income.

On a comparable basis, the effective tax rate was 26.4% for 2022 and 24.5% for 2021. On a reported basis, the effective tax rate was 33.4% for 2022, mainly impacted by the impairment losses relating to the Group's operations in Russia, and 25.5% for 2021.

€500 million green bond

In September 2022, we issued our first ever green bond for €500 million in support of our ambitious sustainability projects. Behind every bond issuance is a highly committed and passionate finance team. This team was passionate about embedding sustainability into financing the business, as outlined in the Group's Green Finance Framework.

The bond was oversubscribed and we secured attractive rates, allowing us to turn short-term funding into mid-term funding at a time of rising interest rates.

The funds will accelerate progress of our NetZeroby40 and Mission 2025 commitments, including innovation in sustainable packaging, energy efficiency, water stewardship, biodiversity and community programmes. Investing in these projects means we continue to make tangible progress on sustainability and supports our goal of remaining a leader here.

Key financial information

	2022	2021	% Reported change
Volume (million unit cases)	**2,711.8**	2,412.7	12.4
Net sales revenue (€ million)	**9,198.4**	7,168.4	28.3
Net sales revenue per unit case (€)	**3.39**	2.97	14.2
Operating profit (EBIT)[2] (€ million)	**703.8**	799.3	-11.9
Comparable EBIT[1] (€ million)	**929.7**	831.0	11.9
EBIT margin (%)	**7.7**	11.2	-350bps
Comparable EBIT margin[1] (%)	**10.1**	11.6	-150bps
Net profit (€ million)	**415.4**	547.2	-24.1
Comparable net profit[1,3] (€ million)	**624.9**	578.1	8.1
Comparable basic earnings per share[1,3] (€)	**1.706**	1.584	7.7

Percentage changes are calculated on precise numbers.

1. For details on APMs refer to 'Alternative Performance Measures' and 'Definitions and reconciliations of APMs' sections.
2. Refer to the consolidated income statement.
3. Net profit and comparable net profit refer to net profit and comparable net profit respectively after tax attributable to owners of the parent.

Financial review *continued*

Balance sheet

	2022 € million	2021 € million
Assets		
Total non-current assets	**6,139.5**	5,357.4
Total current assets	**3,716.2**	3,156.9
Total assets	**9,855.7**	8,514.3
Liabilities		
Total current liabilities	**3,006.7**	2,516.4
Total non-current liabilities	**3,463.4**	2,880.8
Total liabilities	**6,470.1**	5,397.2
Equity		
Owners of the parent	**3,282.3**	3,114.5
Non-controlling interests	**103.3**	2.6
Total equity	**3,385.6**	3,117.1
Total equity and liabilities	**9,855.7**	8,514.3

Comparable net profit grew by 8.1% versus the prior-year period, due to higher operating profitability, while net profit contracted by 24.1%, largely due to the net impairment losses after tax, relating to the Group's operations in Russia, and acquisition and integration costs associated with the business combinations of Egypt and Multon.

Strong and flexible balance sheet

Our balance sheet remains very strong. Prudent financial management of our balance sheet is a source of strength and flexibility, providing ample capacity for investments both organically and through M&A.

Total non-current assets increased by €782.1 million during 2022, mainly driven by the consolidation of Egypt, Multon and Three Cents, as well as continued investment in property, plant and equipment, which was only partially offset by impairment losses for property, plant and equipment, goodwill and equity method investments in connection with our operations in Russia and foreign currency translation impact.

Net current assets increased by €69.0 million largely driven by the consolidation of Multon, higher investments in financial assets and lower current borrowings, partially offset by higher trade payables. Total non-current liabilities increased by €582.6 million during 2022, mainly due to the new green bond which was issued in September 2022.

Another year of investment and record free cash flow generation

Capital expenditure (Capex)[2] increased by €48.6 million in 2022 as we continue to deploy capital into critical growth projects. In particular, we are investing behind upgrading our manufacturing facilities in selected markets, expanding our base of energy efficient coolers to drive single-serve growth and delivering our sustainability goals. Capex finished at 6.4% of revenue, slightly below our guided range, following suspension of capex investment in Russia in 2022. Free cash flow increased by €43.8 million year on year to €645.1 million – a record high for our company.

Organic revenue growth year on year

14.2%

Comparable EBIT

€929.7m

Organic EBIT growth year on year

+1.3%

Borrowings

At the close of the year net debt to comparable EBITDA was 1.2 times. The business is well insulated from interest rate exposure by having most of our debt on fixed rates. Our next bond repayment is not due until November 2024.

Dividend

The Board of Directors has proposed a dividend of €0.78 per share, a 9.9% increase from the €0.71 per share dividend paid in 2021, continuing the Group's progressive dividend policy, and reflecting the strength of its balance sheet and healthy liquidity position, The pay-out ratio is 46%, within the updated target pay-out ratio of 40 to 50%. The dividend payment will be subject to shareholders' approval at our Annual General Meeting.

Cash flow

	2022 € million	2021 € million
Cash flow from operating activities	**1,234.6**	1,142.2
Payments for purchases of property, plant and equipment[1]	**(531.8)**	(513.6)
Proceeds from sales of property, plant and equipment	**7.5**	35.8
Principal repayments of lease obligations	**(65.2)**	(63.1)
Free cash flow	**645.1**	601.3

1. Payments for purchases of property, plant and equipment for 2022 include €8.4 million (2021: €7.1 million) relating to repayment of borrowings undertaken to finance the purchase of production equipment by the Group's subsidiary in Nigeria, classified as 'Repayments of borrowings' in the consolidated cash flow statement.
2. For details on APMs refer to 'Alternative Performance Measures' and 'Definitions and reconciliations of APMs' sections.

Financial review *continued*

Continued strong ROIC performance

Return on Invested Capital (ROIC) is one our most important KPIs. To be The Leading 24/7 Beverage Partner we need to make thoughtful choices, ensuring that we deploy capital efficiently and effectively in the service of profitable growth. We delivered another year of good ROIC performance despite the challenging macroeconomic and geopolitical environment.

Higher profits resulted in another strong performance on ROIC of 14.1% (2021: 14.8%). ROIC excluding Egypt was 15.8%.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk, liquidity risk and capital risk. There have been no material changes in the risk management policies since the previous year end.

The Group maintains its healthy liquidity position and is able to meet its liabilities as they fall due. As at 31 December 2022, the Group has net debt of €1.7 billion. In addition, as at 31 December 2022, the Group had cash and cash equivalents and other financial assets of €1.7 billion, an undrawn Revolving Credit Facility of €0.8 billion, an uncommitted Money Market Loan agreement of €0.2 billion, as well as €0.8 billion available out of the €1.0 billion Commercial Paper Programme. None of our debt facilities are subject to any financial covenants that would impact the Group's liquidity or access to capital.

Effective financial risk management proved successful in mitigating a material part of input cost increases for 2022. In terms of foreign exchange risk, the Group is exposed to exchange rate fluctuation of the Euro versus the US Dollar and the local currency of each country of our operations. Our risk management strategy involves hedging transactional exposures arising from currency fluctuations, with available financial instruments on a 12-month rolling basis.

As a matter of Group policy, translational exposures are not hedged.

Looking ahead

While we remain attentive to macroeconomic and geopolitical risks, we have high confidence that our portfolio, capabilities, attractive markets and talented people will allow us to continue to make progress on our strategy in 2023.

At our full year results presentation on 14 February 2023, we announced our full year guidance for the year. We expect another year of organic revenue growth above the 5 to 6% average mid-term range guidance. While we have seen signs of improvement in some commodities, overall inflation levels remain high and we expect COGS per unit case to increase by low teens. Given the good momentum, combined with our proactive management of the P&L, we now expect organic EBIT growth in the range of plus to minus 3%.

I am confident that our talented people, in partnership with our customers, The Coca-Cola Company, the Monster Energy team, and other valued stakeholders, will continue to open up moments to refresh us all in 2023 and deliver another year of strong financial performance.

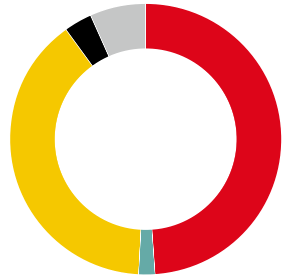
Ben Almanzar
Chief Financial Officer

Taxes we contribute to our communities

When considering tax, Coca-Cola HBC gives due consideration to the importance of earning community trust. More specifically, we commit to continue paying taxes in the countries where value is created and ensure that we are fully compliant with the spirit as well as the letter of tax laws and regulations across all jurisdictions we operate in. In addition, we commit to being open and transparent with tax authorities about the Group's tax affairs and to disclose relevant information to enable tax authorities to carry out their reviews.

We support the communities in the countries where we operate directly, by creating economic wealth, and also indirectly, by paying taxes. These taxes include corporate income tax calculated on each country's taxable profit, employer taxes and social security contributions, net VAT cost and other taxes that are reflected as operating expenses. Excise taxes and taxes borne by employees are not included.

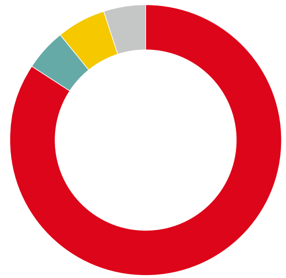
Total tax by category in 2022 (%)



Corporate income tax	**48.9%**
Withholding tax	**2.2%**
Payroll taxes	**39.1%**
VAT (cost)	**3.2%**
Environmental taxes	**0.1%**
Other taxes	**6.5%**

2022 Borrowing structure (€ m)

€3,419.9 m



Bonds issued	**2,883.4m**
Commercial paper	**167.5m**
Leases	**206.0m**
Other	**163.0m**

Financial review *continued*

Segment highlights

Organic volume growth

9.1%

Organic revenue per case growth

8.6%

Established markets

In the Established segment, organic revenues grew by 18.6%. Strong organic revenue per case expansion of 8.6% was achieved through improvements in category and package mix, as well as pricing actions throughout the year in all markets. Volumes in the segment were robust, with volumes accelerating in H2 versus H1 on a three-year stack. All the main markets achieved high single digit volume growth in 2022. We have been pleased with the strong performance on package mix in the segment, with single serve mix up 4.5 percentage points.

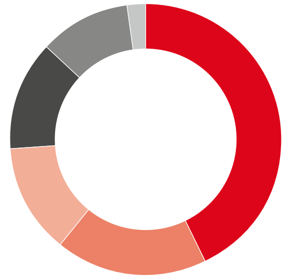
While Sparkling and Energy were the main growth drivers in Established, we were also pleased by the strong performance in some of the smaller Stills categories. For example, Fuze Tea volumes grew over 20% in Italy.

For the segment, comparable EBIT grew 1.3% on an organic basis while operating profit increased by 8.7%. As a reminder, in 2021 the Established segment benefitted from a one-off property sale in Cyprus, which we are lapping this year. Without it, comparable EBIT growth was up 9.5% on an organic basis.

	2022	2021	% change reported	% change organic
Volume (million unit cases)	**643.9**	589.9	9.2	9.1
Net sales revenue (€ million)	**2,974.1**	2,479.0	20.0	18.6
Comparable EBIT (€ million)	**307.1**	300.8	2.1	1.3
Operating profit (EBIT) (€ million)	**310.4**	285.6	8.7	
Total taxes[1] (€ million)	**156.3**	130.7	19.6	
Population[2] (million)	**94**	94	–	
GDP per capita (US$)	**40,617**	39,487	2.9	
Bottling plants (number)	**15**	15	–	
Employees (number)	**6,392**	6,251	2.2	
Water footprint (billion litres)	**4.048**	3.751	7.9	
Carbon emissions (tonnes)	**67,720**	65,568	3.3	
Safety rate (lost time accidents >1 day per 100 employees)	**0.69**	0.44	56.8	

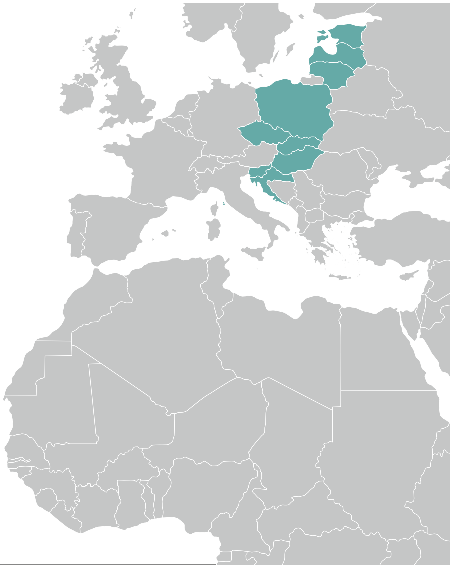
1. Total taxes include corporate income tax, withholding tax and deferred tax, as well as social security costs and other taxes that are reflected as operating expenses; as per IFRS accounts.
2. Population source: International Monetary Fund, World Economic Outlook Database, October 2022.

Volume breakdown by country (%)



Italy	**43%**
Greece	**18%**
Austria	**13%**
Republic of Ireland and Northern Ireland	**13%**
Switzerland	**11%**
Cyprus	**2%**

Financial review *continued*



Developing markets

In the Developing segment, organic revenue grew 29.0%, benefitting from very good price/mix expansion and sustained volume growth. All the main markets gained share and achieved double-digit volume growth in the year led by Sparkling and Energy.

We are also seeing success from our focus on multi-packs of single serve, particularly in Poland and Czech Republic.

Poland delivered excellent volume growth and we continued to accelerate share gains, as the category recovered from the 2021 sugar tax. Low/no sugar variants saw another year of robust volume expansion.

Developing segment comparable EBIT grew by 12.7% on an organic basis, while operating profit grew by 8.0%.

Organic volume growth

15.2%

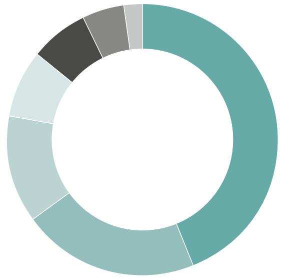
Organic revenue per case growth

11.9%

	2022	2021	% change reported	% change organic
Volume (million unit cases)	**478.8**	**415.5**	15.2	15.2
Net sales revenue (€ million)	**1,719.7**	**1,365.6**	25.9	29.0
Comparable EBIT (€ million)	**115.1**	**106.5**	8.1	12.7
Operating profit (EBIT) (€ million)	**113.1**	**104.7**	8.0	
Total taxes[1] (€ million)	**66.0**	**45.6**	44.9	
Population[2] (million)	**76**	**76**	–	
GDP per capita (US$)	**17,824**	**17,618**	1.2	
Bottling plants (number)	**9**	**9**	–	
Employees (number)	**4,157**	**4,261**	-2.4	
Water footprint (billion litres)	**3.557**	**3.214**	10.7	
Carbon emissions (tonnes)	**47,779**	**45,633**	4.7	
Safety rate (lost time accidents >1 day per 100 employees)	**0.46**	**0.47**	-2.1	

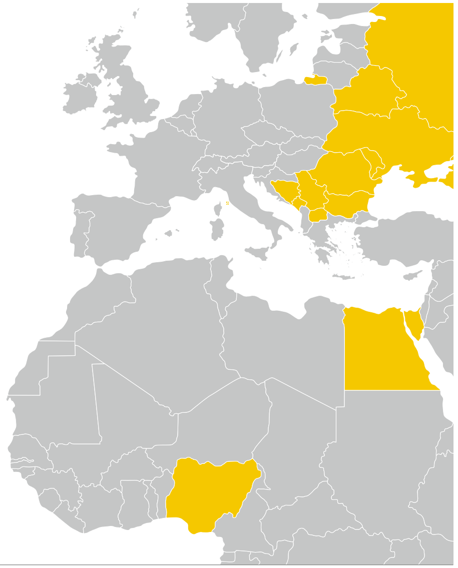
1. Total taxes include corporate income tax, withholding tax and deferred tax, as well as social security costs and other taxes that are reflected as operating expenses; as per IFRS accounts.
2. Population source: International Monetary Fund, World Economic Outlook Database, October 2022.

Volume breakdown by country (%)



Poland	**44%**
Hungary	**21%**
Czech Republic	**13%**
Baltics	**8%**
Croatia	**7%**
Slovakia	**5%**
Slovenia	**2%**

Financial review *continued*



Organic volume growth

-10.9%

Organic revenue per case growth

18.4%

Emerging markets

In the Emerging segment, organic revenue finished up 5.5%. Top line growth was negatively impacted by the war in Ukraine. Without Russia and Ukraine, organic revenue grew by 23.5% – demonstrating the health of the non-affected areas of the business.

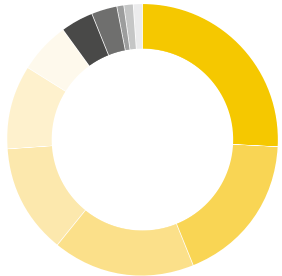
Volume contracted 41% in Russia on an organic basis, with most of that decline in the second half, after the depletion of The Coca-Cola Company brands in the market at the end of July. While volumes were in steep decline, we saw a surprisingly strong Rouble which generated transactional and translational currency benefits. FX, combined with the impact of consolidating Multon, meant that Russia's comparable EBIT was higher in 2022 than 2021.

In the Emerging segment as a whole, organic volumes declined by 10.9%, but grew 4.3%, if we exclude Russia and Ukraine. Segment revenue per case expanded 18.4% on an organic basis as we took decisive action on pricing and mix across all countries to manage inflation, and currency weakness in selected markets. Segmental comparable EBIT declined by 1.1% on an organic basis, while operating profit declined by 31.5%.

	2022	2021	% change reported	% change organic
Volume (million unit cases)	**1,589.1**	1,407.3	12.9	-10.9
Net sales revenue (€ million)	**4,504.6**	3,323.8	35.5	5.5
Comparable EBIT (€ million)	**507.5**	423.7	19.8	-1.1
Operating profit (EBIT) (€ million)	**280.3**	409.0	-31.5	
Total taxes[1] (€ million)	**185.0**	189.3	-2.2	
Population[2] (million)	**543**	549	-1.0	
GDP per capita (US$)	**5,735.7**	5,372.9	6.8	
Bottling plants (number)	**38**	32	18.8	
Employees (number)	**22,494**	16,700	34.7	
Water footprint (billion litres)	**9.726**	10.721	-9.3	
Carbon emissions (tonnes)	**327,206**	314,582	4.0	
Safety rate (lost time accidents >1 day per 100 employees)	**0.21**	0.14	50.0	

1. Total taxes include corporate income tax, withholding tax and deferred tax, as well as social security costs and other taxes that are reflected as operating expenses; as per IFRS accounts.
2. Population source: International Monetary Fund, World Economic Outlook Database, October 2022. Population includes N. Macedonia.

Volume breakdown by country (%)



Nigeria	**26%**
Egypt	**18%**
Russian Federation	**17%**
Romania	**13%**
Serbia (including the Republic of Kosovo)	**10%**
Ukraine	**6%**
Bulgaria	**4%**
Belarus	**3%**
Bosnia and Herzegovina	**1%**
Armenia	**1%**
Moldova	**1%**

Non-financial reporting directive

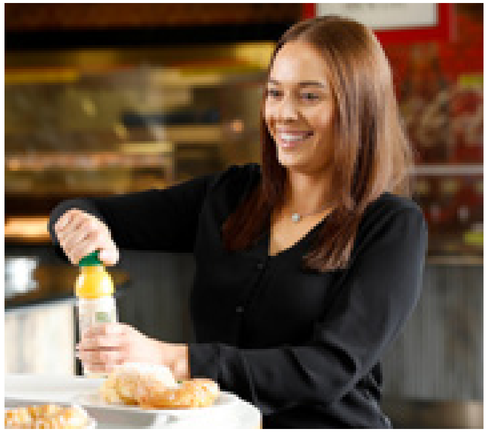
Delivering 24/7 takes an integrated approach

This spread constitutes our non-financial information statement. The below information provides page references mapping out how our report complies with relevant regulation on non-financial information. This information is supplementary.

Our purpose

Open up moments that refresh us all. Serving as our north star ambition to guide everything we do.

Our purpose pages 1-6, 21-22



The purpose recognises that while our work requires sealing beverages in, the real magic happens when they are opened up: opening up new markets, new relationships and new ideas for a better future.

Policies and values

Underpinning our business and setting the direction for how we achieve our goals.

Values page 22

- Customer first
- Make it simple
- We over I
- Deliver sustainably

Policies (see our website)

Environmental matters

- Environmental Policy
- Climate Change Policy
- Packaging waste management Policy
- Principles for Sustainable Agriculture
- Water Stewardship Policy
- Biodiversity Statement

Employees

- Code of Business Conduct
- Diversity and Inclusion Policy
- Occupational Health and Safety Policy
- Quality and Food Safety Policy

Human rights

- Human Rights Policy
- Supplier Guiding Principles
- Slavery and Human Trafficking statement

Social matters

- Health and Wellness Policy
- HIV/AIDS Policy
- Code of Business Conduct
- Supplier Guiding Principles
- GMO position statement
- Community Contributions Policy
- Premium Spirits Responsible Marketing Policy
- Public Policy Engagement Policy
- Quality and Food Safety Policy

Anti-bribery and Corruption

- Code of Business Conduct
- Anti-bribery Policy and Compliance Handbook
- Supplier Guiding Principles
- Community Contributions Policy
- Whistleblowing Policy

Principal risk

- Risk Policy

Effective oversight

Our Board and senior management ensure we stay on course to achieve our vision.

The Executive Leadership Team pages 114-116

How our Board considers stakeholders in decision making page 109

Social Responsibility Committee pages 126-127

Non-financial reporting directive *continued*

Positive influence

Being conscious of stakeholders, risks, market changes and material issues, while responding through our business model in a positive way.

Business model pages 14-15

Stakeholder engagement pages 16-18

Market trends pages 19-20
- Regulatory environment
- Sustainability

Principal risks pages 61-81

Material issues pages 59-60

GRI Content Index

Executing our vision

To fulfil our Growth Story 2025 we will execute on each of our five growth pillars, considering all stakeholders at every step of the journey.

Growth pillars page 23

1. Leverage our unique 24/7 portfolio
2. Win in the marketplace
3. Fuel growth through competitiveness and investment
4. Cultivate the potential of our people
5. Earn our licence to operate

Defining our success

Operating in a sustainable way to ensure our remuneration and sustainability commitments are interlinked.

Remuneration report pages 128-155

The CEO's individual performance is measured in key strategic areas and taken into account for MIP. These strategic areas include the Company's performance in ESG benchmarks. The Company received the highest scores in 8 of the 10 most recognised ESG benchmarks, including DJSI, MSCI ESG, FTSE4Good, ISS ESG, and V.E. The PSP contains metrics linked to a reduction in CO_2 emissions. The CO_2 emissions target in the PSP implicitly captures reduction in plastics, which was a key driver of its selection as a metric.
See pages 148-151

CEO pay ratio
See page 152

Mission 2025 sustainability commitments pages 57-58
- Emissions reduction
- Water reduction and stewardship
- World Without Waste (Packaging)
- Ingredient sourcing
- Nutrition
- Our people and communities

EU Taxonomy

We are committed to achieving net zero emissions across our entire value chain by 2040 and we support the European Commission's action plan to redirect capital flows towards a more sustainable economy. The EU Taxonomy, which is a key part of this action plan, introduces a classification system for sustainable activities in support of the EU's Green Deal.

Under the EU Taxonomy, non-financial companies are to disclose what percentage of their turnover, CapEx, and OpEx meet its criteria. As a company domiciled in Switzerland, Coca-Cola HBC is not subject to the EU Non-Financial Reporting Directive (NFRD) or required to report using the EU Taxonomy. However, we have been voluntarily complying with other requirements of the NFRD since 2018.

In 2022, there were delays in the finalisation of the EU Taxonomy delegation acts. At the time this report was written, the remaining four environmental objectives of the EU Taxonomy – sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems – had not yet been published.

Thus, our disclosure regarding the EU Taxonomy is consistent with our 2021 report. The primary economic activity of the Group – manufacturing of beverages and food products – does not have the potential to substantially contribute to climate change adaptation and mitigation. In addition, no other taxonomy-eligible activities have been identified.

In 2023, we will remain alert to the evolving EU legislation around corporate sustainability disclosure requirements, and we will continue our work to maintain best-in-class ESG reporting.

CORPORATE GOVERNANCE

Contents

Chairman's introduction to corporate governance

Governing adaptation and change

Letter from the Chairman of the Board

Dear Shareholder

Our corporate governance report for 2022 details our robust governance arrangements throughout the Group and the key activities and decisions undertaken by the Board during the year. Despite the impact of the conflict between Russia and Ukraine, the Board has remained focused on our Growth Story 2025 to support the long-term sustainable success of our business and our commitment to achieving net zero emissions across the entire value chain by 2040.

Conflict between Russia and Ukraine

The conflict between Russia and Ukraine continues to affect our business in those countries with some continuing impact on our supply chain. We prioritised the health and safety of our people in all impacted countries and are providing practical and financial support, as well as donations for humanitarian relief in the impacted region.

In March 2022, The Coca-Cola Company announced the suspension of its business in Russia, which has had, and will continue to have, an impact on our operations in Russia. Following this decision, we implemented a new operating model in Russia, a self-sufficient business, selling local brands. Economic sanctions imposed on Russia have had a significant impact on foreign exchange rates and the price of a number of commodities such as oil, which affects PET prices, and aluminium. Countersanctions imposed by Russia may have an impact on our Russian operations as well as other countries in our territory. We expect the geopolitical environment to remain volatile for some time, but we continue to position the Company to deal with this continued volatility and most importantly to protect our employees and their families through practical and financial support.

Coca-Cola Bottling Company of Egypt

In August 2021, we announced the acquisition of the Coca-Cola Bottling Company of Egypt S.A.E. (CCBCE), a leading producer of non-alcoholic ready-to-drink beverages in Egypt. The acquisition, which was completed on 13 January 2022, provides access to one of the largest non-alcoholic ready-to-drink markets by volume in Africa. Since completion, our focus has been on integrating the business financially, operationally and from a governance perspective. The Board has monitored the integration closely and has received regular updates on progress.

Three Cents

In August 2022, we announced the acquisition of ESM Effervescent Sodas Management Limited, the owner of the super-premium adult sparkling beverage and mixer product line under the Three Cents brand. This acquisition will strengthen our premium brand offerings and was completed in October 2022.

Green Bond

In September 2022, we successfully raised €500 million through the issue of our first green bond in support of our ambitious sustainability projects. The net proceeds of the green bond will be allocated to projects that meet the eligibility criteria outlined in our Green Finance Framework. They will accelerate progress of our NetZeroby40 and Mission 2025 commitments including: circularity, energy efficiency, water stewardship, biodiversity and community programmes, innovation in sustainable packaging and support of sustainable agriculture and procurement. This milestone initiative demonstrates how sustainability is embedded in every aspect of our business, including our financing.

Chairman's introduction to corporate governance *continued*

"As always, we look to the long-term potential of the business to ensure that we are making the progress that would make those who passed its stewardship onto us proud."

Importance of good governance

As a Board, our aim is to always 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 companies with a premium listing in the UK.

The Board and its committees conducted an annual review of the effectiveness of our risk management system and internal controls, further details of which are set out in the Audit and Risk Committee report on 118. The Board confirms that it has concluded that our risk management and internal control systems are effective.

We are subject to the UK Corporate Governance Code 2018. It sets out the principles of good practice in relation to: Board leadership and company purpose; division of responsibilities; composition, success and evaluation; audit, risk and internal controls; and remuneration. Further information on how we have applied the principles and complied with the provisions of the UK Corporate Governance Code 2018 for the year ended 31 December 2022 can be found in this report on 96.

Board meetings normally take place in Zug, Switzerland, but also in selected markets across our territories.

Purpose culture and values

In early 2023, the Board endorsed the Company's revised purpose: opening up moments that refresh us all. This revision provides greater clarity and inspiration, and also supports our alignment with the Coca-Cola system.

The long-term success of our business remains connected to the success of our customers and partners, and our ability to delight consumers with the beverages and brands that they love. We are able to accomplish this due to our well-embedded, values-based culture. The Board plays a critical role in shaping the culture of the Company by promoting growth-focused and values-based conduct and ensuring increased focus on continued learning and the smart risk taking necessary for the Company's adaptation. The Board is overseeing the development and implementation of a new culture manifesto and leadership model, ensuring that the revised purpose is well-embedded in the Company's culture.

We monitor our progress in integrating our values through various indicators, including our employee engagement index, diversity indicators, and health and safety indicators, and our Directors lead by example as ambassadors of our values, cascading good behaviour throughout the organisation.

As pandemic-related disruptions eased across our territory, but new challenges due to the conflict between Russia and Ukraine presented themselves, we have maintained a level of engagement with our people to ensure we understood their needs and challenges. One all-employee pulse survey, one Engagement survey and one Collaborating for Impact survey were conducted in 2022. While Charlotte Boyle is our designated non-Executive Director responsible for engaging with our people to provide feedback to the Board, feedback from our people through these surveys was brought to the full Board's attention in 2022 to facilitate understanding of the concerns raised and ensure a rapid response.

Board evaluation

In line with our commitment to adhere to best corporate governance practices, an externally facilitated Board effectiveness evaluation was conducted in the second half of 2022. We will do this once again in 2023 to build upon the learnings of the 2022 evaluation. Key outcomes from the Board effectiveness evaluation conducted in 2022 are included on page 112. Further details are disclosed in the Nomination Committee report on page 124.

Board composition and diversity

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

We continue to attach great importance to all aspects of diversity in our nomination processes at Board and senior management levels, while appointing candidates with the credentials that are necessary for the continuing growth of our operations within our highly specialised industry. We believe that having a diverse Board fosters both innovation and resilience and are proud of our track record of female representation. As of the date of this report, female Directors comprise more than 30% of our Board.

Anastassis G. David
Chairman of the Board

UK Corporate Governance Code 2018

The UK Corporate Governance Code 2018

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

In respect of the year ended 31 December 2022, the Company was subject to the UK Corporate Governance Code 2018 (a copy is available at www.frc.org.uk).

Our Board confirms that the Company applied the principles and complied with the provisions of the UK Corporate Governance Code throughout the financial year ended December 2022, except for the following provisions: (1) The Chairman was not independent on appointment (provision 9) and has been a Board member for more than nine years (provision 19), and a full explanation for this departure is provided on pages 97 and 102. On appointment the Board unanimously supported Anastassis David's appointment as Chairman. The Board regularly reviews Anastassis David's position and considers that he continues to effectively lead the Board, his deep knowledge of the Coca-Cola System is invaluable and as such it remains appropriate for him to continue in his role as Chairman; and (2) Provision 38 requires alignment of Executive Director pension contributions with the wider workforce. Our difficulties in compliance with this provision due to existing contractual obligations were outlined in the Annual Report published in 2021 and are explained on page 136 of the Directors' Remuneration Report.

On the appointment of any new Executive Director, we intend that their pension contributions will be aligned with the pension scheme for the wider workforce.

Pursuant to our obligations under the Listing Rules, we apply the principles and comply with the provisions of the UK Corporate Governance Code or explain any instances of non-compliance in our Annual Report. The Company has applied the principles as far as possible and in accordance with and as permitted by Swiss law. Further information on appointment of Directors and compliance with the UK Corporate Governance Code can be found as follows:

Section 1: Board leadership and company purpose	*See page*
A. Effective and entrepreneurial Board to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society B. Purpose, values and strategy with alignment to culture C. Resources for the Company to meet its objectives and measure performance. Controls framework for management and assessment of risks D. Effective engagement with shareholders and stakeholders E. Consistency of workforce policies and practices to support long-term sustainable success	
• Chairman's letter	7
• Strategic Report	12
• Board engagement with key stakeholders	110
• Shareholder engagement	111
• Audit and Risk Committee report	118
• Conflicts of interest	113

Section 2: Division of responsibilities	*See page*
F. Leadership of Board by chair G. Board composition and responsibilities H. Role of non-Executive Directors I. Company secretary, policies, processes, information, time and resources	
• Board composition	102
• Key roles and responsibilities	104
• General qualifications required of all Directors	101
• Information and training	112
• Board appointments and succession planning	112

Section 3: Composition, succession and evaluation	*See page*
J. Board appointments and succession plans for board and senior management and promotion of diversity K. Skills, experience and knowledge of board and length of service of board as a whole L. Annual evaluation of Board and Directors and demonstration of whether each Director continues to contribute effectively	
• Board composition	102
• Diversity, tenure and experience	105
• Board, committee and Director performance evaluation	112
• Nomination Committee report	124

Section 4: Audit, risk and internal controls	*See page*
M. Independence and effectiveness of internal and external audit functions and integrity of financial and narrative statements N. Fair, balanced and understandable assessment of the Company's position and prospects O. Risk management and internal control framework and principal risks Company is willing to take to achieve its long-term objectives	
• Audit and Risk Committee report	118
• Strategic Report	12
• Fair, balanced and understandable Annual Report	119, 123, 156
• Going concern basis of accounting	162
• Viability statement	82

Section 5: Remuneration	*See page*
P. Remuneration policies and practices to support strategy and promote long-term sustainable success with executive remuneration aligned to Company purpose and values Q. Procedure for Executive Director and senior management remuneration R. Authorisation of remuneration outcomes	
• Remuneration Committee report	128

UK Corporate Governance Code 2018 *continued*

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

The Swiss corporate rules regarding the 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 member of the Board and the Executive Leadership Team, 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 corporate rules regarding the compensation in Listed Companies and have amended our Articles of Association to that effect.

Anastassis David was originally appointed as non-Executive Director in 2006 at the request of Kar-Tess Holding and was not, at the time of his appointment as Chairman, in 2016, 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.

The Board is cognisant of the length of tenure of the Chairman and when he was first appointed to the Board. However, the Board continues to believe that the proven leadership of our Chairman in combination with his deep knowledge of the Coca-Cola System position him as unique to steer the Group at the current time.

Application of governance codes

Other corporate governance codes

There is no mandatory corporate governance code under Swiss law applicable to the Company. The main source of law for Swiss governance rules is the company law contained in article 620 ff. of the Swiss Code of Obligations, as well as the Swiss corporate rules regarding the compensation in listed companies.

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

Amending the Articles of Association

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

Share capital structure

The Company has ordinary shares in issue with a nominal value of CHF 6.70 each. Rights attaching to each share are identical and each share carries one vote. The Company's Articles of Association also allow, subject to shareholder approval, for the conversion of registered shares into bearer shares and bearer shares into registered shares. Details of the movement in ordinary share capital during the year can be found on page 215. There are no persons holding shares that carry special rights with regard to the control of the Company.

Powers of Directors to issue and buy back shares

Subject to the provisions of the relevant laws and the Articles of Association, the Board acting collectively has the ultimate responsibility for running the Company and the supervision and control of its executive management. The Directors may take decisions on all matters that are not expressly reserved to the shareholders by the Articles of Association. Pursuant to the provisions of the Articles of Association, the Directors require shareholder authority to issue and repurchase shares.

At the Annual General Meeting on 21 June 2022, the shareholders authorised the Directors to repurchase ordinary shares of CHF 6.70 each in the capital of the Company up to a maximum aggregate number of 10,000,000 representing less than 10% of the Company's issued share capital as of 10 May 2022. The authority will expire at the conclusion of the 2023 Annual General Meeting on 17 May 2023 or at midnight on 30 June 2023, whichever is earlier. Total shares held in treasury are 5,386,717 of which 1,956,582 shares are held by Coca-Cola HBC AG and 3,430,135 shares are held by its subsidiary, Coca-Cola HBC Services MEPE.

Board of Directors

The Board of Directors

Anastassis G. David

Non-Executive Chairman

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

External appointments: Anastassis is active in the international community. He serves as Vice Chairman of Aegean Airlines S.A., Vice Chairman of the Cyprus Union of Shipowners and Chairman of the Board of Sea Trade Holdings Inc, a shipowning company of dry cargo vessels. He is also a member of the Board of Trustees of College Year in Athens.

Nationality: British

Zoran Bogdanovic

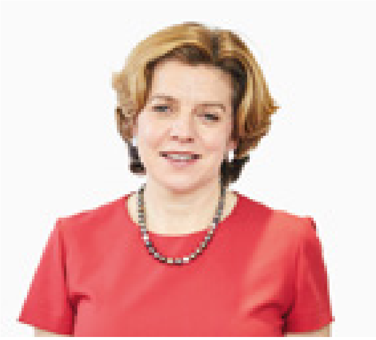
Chief Executive Officer, Executive Director

Appointed: June 2018.

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

External appointments: None

Nationality: Croatian



Charlotte J. Boyle

Independent non-Executive Director

Appointed: June 2017.

Skills, experience and contribution: After 14 years with The Zygos Partnership, an international executive search and board advisory firm, including nine years as a partner, she retired from her position in July 2017. Prior to that, Charlotte worked at Goldman Sachs International and at Egon Zehnder International, an international executive search and management assessment firm. Charlotte obtained an MBA from the London Business School and an MA from Oxford University and was a Bahrain British Foundation Scholar.

External appointments: Charlotte serves as Chair of UK for UNHCR, an independent non-executive director and chair of the Environment, Sustainability and Community Committee of Shaftesbury Capital PLC, a non-Executive Director of Thatchers Cider Company Ltd, a non-executive adviser to the Group Executive Board of Knight Frank LLP and as a Trustee and chair of the finance committee of Alfanar, the venture philanthropy organisation.

Nationality: British

Henrique Braun

Non-Executive Director

Appointed: June 2021.

Skills, experience and contribution: Henrique has vast experience in corporate functions as well as regional and business unit operations in The Coca-Cola Company. He joined The Coca-Cola Company in 1996 in Atlanta and progressed through increasing responsibilities in North America, Europe and Latin America. His career responsibilities have included supply chain, new business development, marketing, innovation, general management and bottling operations. From 2020 to 2022, Henrique served as President of the Latin America operating unit, from 2016 to 2020, he served as the President of the Brazil business unit and from 2013 to 2016, he was the President for Greater China and Korea. His other roles in The Coca-Cola Company in the past include Vice President of Innovation and Operations in Brazil and Director for Still Beverages (non-carbonated beverages) in Europe. He first joined The Coca-Cola Company as a trainee in Global Engineering in the US. Henrique holds a bachelor's degree in agricultural engineering from the University Federal of Rio de Janeiro, a master's in industrial engineering from Michigan State University and an MBA from Georgia State University.

External appointments: Henrique currently serves as President, International Development for The Coca-Cola Company, overseeing the company's operating units for Latin America, Japan and South Korea, ASEAN and South Pacific, Greater China and Mongolia, Africa, India and Southwest Asia and Eurasia and Middle East.

Nationality: American and Brazilian

Board committees

- Audit and Risk Committee 118
- Nomination Committee 124
- Social Responsibility Committee 126
- Remuneration Committee 128
- Committee Chair

Board of Directors *continued*

Olusola (Sola) David-Borha

Independent non-Executive Director

Appointed: June 2015.

Skills, experience and contribution: Sola has more than 30 years' experience in financial services and held several senior roles within the Stanbic Group, including the position of Chief Executive of Stanbic IBTC Bank from May 2011 to November 2012. She also served as Deputy Chief Executive Officer of Stanbic IBTC Bank and Head of Investment Banking Coverage Africa (excluding South Africa). Stanbic IBTC Holdings is listed on the Nigerian Stock Exchange and is a member of Standard Bank Group. Between January 2017 and March 2021, Sola has been 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 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: Sola serves as non-executive director on the boards of Stanbic IBTC Holdings Plc and Stanbic Uganda Holdings Limited, listed entities that are members of the Standard Bank Group. Finally, Sola was appointed Chairman of Stanbic IBTC Bank Plc, a non-listed subsidiary of Stanbic IBTC Holdings Plc in October 2021.

Nationality: Nigerian

Anna Diamantopoulou

Independent non-Executive Director

Appointed: June 2020.

Skills, experience and contribution: Anna, as a former European Commissioner, brings to the Group a unique expertise on matters of employment and equal opportunity together with deep knowledge of the European CSR agenda. Anna was an elected Member of the Greek Parliament for over a decade, during which time she served as Deputy Minister for Industries, Minister of Education, Lifelong Learning and Religious Affairs and Minister of Development, Competitiveness and Shipping of the Hellenic Republic. From 1999 to 2004, Anna served as a member of the European Commission in charge of Employment, Social Affairs and Equal Opportunities.

External appointments: Founder and President of DIKTIO-Network for Reform in Greece and Europe, a leading Athens-based independent, non-partisan policy institute. A Council Member of the European Council on Foreign Relations, an Advisory Board Member of Delphi Economic Forum and a member of the Honorary Board of the Bussola Institute, a foundation aiming to strengthen cooperation between the EU and the GCC. Finally, Anna is the Chair of the European Commission's High Level Group on the future of social protection and the welfare state in the EU.

Nationality: Greek

William W. (Bill) Douglas III

Independent non-Executive Director

Appointed: June 2016.

Skills, experience and contribution: Bill is a former Vice President of Coca-Cola Enterprises, a position in which he served from July 2004 until his retirement in June 2016. From 2000 until 2004, Bill served as Chief Financial Officer of Coca-Cola HBC. Bill has held various positions within the Coca-Cola System since 1985, including positions with responsibility for the IT function. Before joining the Coca-Cola System, Bill was associated with Ernst & Whinney, an international accounting firm. He received his undergraduate degree from the J.M. Tull School of Accounting at the University of Georgia.

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

Nationality: American

Reto Francioni

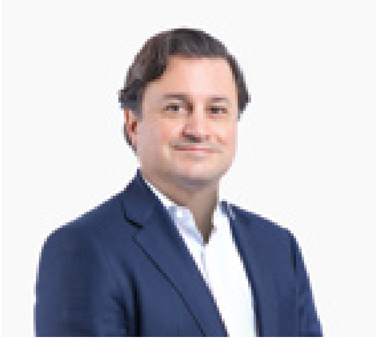
Senior Independent non-Executive Director

Appointed: June 2016.

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

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

Nationality: Swiss



Anastasios I. Leventis

Non-Executive Director

Appointed: June 2014.

Skills, experience and contribution: Anastasios began his career as a banking analyst at Credit Suisse and then American Express Bank. He has previously served on the boards of the Cyprus Development Bank and Papoutsanis SA. He holds a BA in Classics from the University of Exeter and an MBA from New York University's Leonard Stern School of Business.

External appointments: Anastasios is a board member of A.G. Leventis (Nigeria) Ltd. He is also a director of Alpheus Administration, a private company that administers assets for private clients and charitable foundations. In addition, he serves as a trustee of the A.G. Leventis Foundation, a member of the Board of Overseers of the Gennadius Library in Athens and a member of the Campaign board of the University of Exeter. He is a co-founder of the Cyclades Preservation Fund.

Nationality: British

Board of Directors *continued*

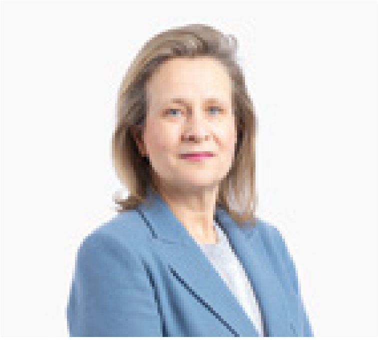
Christo Leventis
Non-Executive Director

Appointed: June 2014.

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

External appointments: Christo is the Chairman of Alpheus Capital, a single-family private equity investment office.

Nationality: British



Alexandra Papalexopoulou
Independent non-Executive Director

Appointed: June 2015.

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

External appointments: Alexandra is the Deputy Chair of the Group Executive Committee at Titan Cement Company S.A., with direct oversight of Group Strategy and Business Development, Trading, Legal and the Group's operations in the Eastern Mediterranean, where she has been employed since 1992 and has served as Executive Director since 1995. Alexandra is treasurer and a member of the board of directors of the Paul and Alexandra Canellopoulos Foundation, a member of the board of trustees of the INSEAD business school and, a member of the board of trustees of the American College of Greece and an independent non-executive director of Aegean Airlines.

Nationality: Greek

Bruno Pietracci
Non-Executive Director

Appointed: June 2021.

Skills, experience and contribution: Bruno has a more than 20-year track record of transforming businesses, people and communities and brings experience and knowledge of the Coca-Cola System, having held a number of roles at The Coca-Cola Company since 2008. From 2018 to 2020, he was President of The Coca-Cola Company's Southern and East Africa Business Unit and from 2016 to 2018, he served as the Vice-President of Operations in Europe, Middle East and Africa. Prior to that, he was the General Manager for Colombia, Venezuela and Ecuador (from 2014 to 2016) and General Manager of FU Center in Brazil (from 2012 to 2014). From 2010 to 2012, he was the General Manager of FU South in Brazil. Bruno joined The Coca-Cola Company in 2008 as Vice-President of Strategy, Insights and Innovation in Brazil. Prior to that he worked at McKinsey & Company in Brazil and Portugal from 1997 to 2008, working in marketing and sales with consumer-packaged goods and telecommunications clients.
He has served on the board of Coca-Cola Beverages Africa since 2017 and has also served on the boards of Toni Corp in Ecuador (2016) and Matte Leão in Brazil (2009).
In 2016, he was the Chairman of Corporación Juego y Niñez in Colombia. Bruno holds a bachelor's degree in mechanical engineering from the Universidade Estadual de Campinas in Brazil and an MBA from INSEAD in France.

External appointments: Bruno currently serves as President of the Africa Operating Unit for The Cola-Cola Company, a role which he has held since 2020.

Nationality: Brazilian and Italian

Ryan Rudolph
Non-Executive Director

Appointed: June 2016.

Skills, experience and contribution: From 2006 until 2019, Ryan was an attorney and partner at the law firm Oesch & Rudolph. From 1993 until 2006, he worked as an attorney at the business law firm Lenz & Staehelin in Zurich. Prior to that, he worked as a public relations consultant at the public relations agency Huber & Partner in Zurich, as marketing assistant and subsequently as manager at Winterthur Life Insurance as well as part-time with D&S, the Institute for Marketing and Communications Research in Zurich. Ryan obtained an LLM from the University of Zurich and is admitted to the Zurich bar. Ryan also studied at the Faculté des Lettres of the University of Geneva, as well as the Ecole Polytechnique in Lausanne.

External appointments: Ryan is an attorney and partner at the Zurich-based law firm RCS Trust & Legal AG. 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 and charitable foundations.

Nationality: Swiss

Corporate governance report

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.

Environmental, social and corporate governance (ESG) skills and experience

As evidenced by our commitment to achieve net zero emissions by 2040, which was announced in October 2021, the Company's approach to managing our environmental impact is ambitious. In support of this ambition, which builds on our long history of sustainability management, the Board approved a robust plan in 2021 that it continues to implement, in order to achieve its targets by 2040.

As part of this effort, the Social Responsibility Committee proposed, and the Board approved, science-based targets for the Company to reduce its value chain emissions in Scopes 1, 2 and 3 by 2040. Anna Diamantopoulou's familiarity with the social protection and welfare state at the EU Commission High-Level Group, in addition to the expertise of a number of our Board members that sit on the Boards of other multi-nationals that face similar challenges and have similar concerns on the ESG agenda, helped us identify the commitments that we want to make in the area and set the relevant targets.

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 29 countries, at different stages of development, on three continents	Broad international exposure, and emerging and developing markets experience	13
Our business involves the preparation, packaging, sale and distribution of the world's leading non-alcoholic beverage brands	Extensive knowledge of our business and the fast-moving consumer goods industry, as well as experience with manufacturing, route-to-market and customer relationships	6
Our Board's responsibilities include the understanding and oversight of the key risks we are facing, establishing our risk appetite and ensuring that appropriate policies and procedures are in place to effectively manage and mitigate risks	Risk oversight and management expertise	12
Building community trust through the responsible and sustainable management of our business is an indispensable part of our culture	Expertise in sustainable sourcing and packaging, CO_2 emissions and experience in wider stakeholder engagement	8
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 Environmental, social and corporate governance (ESG) are prominent in our business, in particular workforce matters, environmental and climate change issues and supply chain sustainability	Expertise in corporate governance and/or government relations Expertise in ESG matters and sustainable and responsible business practices	7

Corporate governance report *continued*

Board composition

Membership of the Board

On 31 December 2022, our Board comprised 13 Directors: the Chairman, one Senior Independent Director, 10 non-Executive Directors and one Executive Director. The biographies of each member of the Board are set out on pages 98.

The non-Executive Directors, of whom six (representing half of the members of the Board, excluding the Chairman) are determined by the Board to be independent, are experienced individuals from a range of backgrounds, countries and industries. The composition of the Board complies with the UK Corporate Governance Code's recommendation that at least half of the Board, excluding the Chairman, comprise independent Directors. There were no changes to the Board or committee memberships during 2022.

Outside appointments

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

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

Details of the external appointments of our non-Executive Directors are contained in their respective biographies set out on pages 114 to 116.

Our Chairman serves as Vice-Chairman of Aegean Airlines S.A., Vice-Chairman of the Cyprus Union of Ship-owners and Chairman of the Board of Sea Trade Holdings Inc., a ship owning company of dry cargo vessels. He is also a member of the Board of Trustees of College Year in Athens. In this context, the Board considers that fewer than four of the positions held by the Chairman are considered to be significant.

A number of our other Directors also have other external roles, but having considered the scope of the external appointments of all Directors, including the Chairman, our Board is satisfied that they do not compromise the effectiveness of the Board as each Director has sufficient time to devote to his or her role on the Board as the Board requires. According to the terms of appointment the Directors are expected to devote such time as necessary for the performance of their duties. This will include attendance annually at approximately 10 Board meetings, Annual General Meetings and other meetings. As can be seen in the table of attendance of Board and Board Committee meetings on page 105, the Directors were able to devote the time required of them to their role on the Board. The Board has determined that each member of the Board commits sufficient time and energy to the role and continues to make a valuable contribution to the Board and its committees.

Independence

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

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

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

The consensus and recommendation was that Anastassis David was the appropriate candidate to become Chairman and that he continues to be effective in his leadership of the Board. Anastassis David has the continuing support of the Board and major shareholders to remain as Chairman.

Shareholders' nominees

As described under the heading 'Major shareholders' on page 253, since the main listing of the Company on the Official List of the London Stock Exchange in 2013, Kar-Tess Holding, The Coca-Cola Company and their respective affiliates have no special rights in relation to the appointment or re-election of nominee Directors, and those Directors of the Company who were originally nominated at the request of The Coca-Cola Company or Kar-Tess Holding will be required to stand for re-election on an annual basis in the same way as the other Directors. The Nomination Committee is responsible for identifying and recommending persons for subsequent nomination by the Board for election as Directors by the shareholders on an annual basis.

As our Board currently comprises 13 Directors, neither Kar-Tess Holding nor The Coca-Cola Company is in a position to control (positively or negatively) decisions of the Board that are subject to simple majority approval. However, decisions of the Board that are subject to the special quorum provisions and supermajority requirements contained in the Articles of Association, in practice, require the support of Directors nominated at the request of at least one of either The Coca-Cola Company or Kar-Tess Holding in order to be approved.

Corporate governance report *continued*

In addition, based on their current shareholdings, neither Kar-Tess Holding nor The Coca-Cola Company is in a position to control a decision of the shareholders (positively or negatively), except to block a resolution to wind up or dissolve the Company or to amend the supermajority voting requirements. The latter requires the approval of 80% of shareholders where all shareholders are represented and voting. Depending on the attendance levels at Annual General Meetings, Kar-Tess Holding or The Coca-Cola Company may also be in a position to control other matters requiring supermajority shareholder approval.

Anastassis G. David, Anastasios I. Leventis, Christo Leventis and Ryan Rudolph were all originally appointed at the request of Kar-Tess Holding. Henrique Braun and Bruno Pietracci have been appointed at the request of The Coca-Cola Company.

Separation of roles

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

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.

Corporate governance report *continued*

Key roles and responsibilities

Board of Directors

Our Board has ultimate responsibility for our long-term success and for delivering sustainable shareholder value as well as contributing to wider society. The Board is responsible for setting the Company's purpose, values and strategy and ensures the alignment with its culture; this includes ensuring that workforce policies and practices are consistent with the Company's values and support its long-term sustainable vision. Further details are set out on pages 21 to 22. This is achieved by approving the corporate strategy, monitoring performance toward strategic objectives, overseeing implementation of the strategy by the Executive Leadership Team and approving matters reserved by the Articles of Association for decision by the Board. Specific tasks are delegated by the Board to its committees for audit and risk, nomination, remuneration and social responsibility.

The governance process of the Board is set out in our Articles of Association and the Organisational Regulations. These regulations define the role and responsibilities of the Board and its committees. These documents, together with the responsibilities of the Chairman, Chief Executive Officer and Senior Independent Director, can be found at https://www.coca-colahellenic.com/en/about-us/corporate-governance. In addition, the Swiss corporate rules regarding the compensation in listed companies imposes certain obligations on the Board, including a requirement to prepare and make available a Remuneration Report pursuant to Swiss law.

Chairman

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

Chief Executive Officer

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

Senior Independent Director

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

Non-Executive Directors

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

Company Secretary

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

Board committees

Our Board has delegated specific tasks to its committees as set out in the Organisational Regulations and reports from these committees are set out in this corporate governance report. Biographies of the Chairs of the Board committees and the other members of the Board, the Audit and Risk Committee, the Nomination Committee, the Remuneration Committee and the Social Responsibility Committee are set out on pages 118 to 127.

Audit and Risk Committee

Responsibilities

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

Remuneration Committee

Responsibilities

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

Nomination Committee

Responsibilities

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

Social Responsibility Committee

Responsibilities

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

Executive Leadership Team

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

Corporate governance report *continued*

Governance at a glance

Highlights

929.7(€m)
Comparable EBIT

The Board has remained focused on our medium-term Growth Story 2025 strategy and has been able to prioritise the actions and investments that have positioned the company for sustained success. Our performance in 2022 was testament to this with record levels of comparable EBIT, free cash flow and strong ROIC.

85%
employee engagement score

The engagement score remains stable and turnover rates have reduced to 11.4%. See page 109 for how the Board monitors and engages with our people and page 131 for more insight into our enhanced workforce remuneration arrangements in light of the cost of living crisis.

#1
Ranked the world's most sustainable beverage company by the 2022 Dow Jones Sustainability Index. This is the 12th consecutive year that Coca-Cola HBC has featured among the top three performers, and the sixth time it has been named the industry leader. See more on the work of the social responsibility committee on page 126.

Attendance table

Director	Appointed	Board Attended/ Total meetings	Audit and Risk Attended/ Total meetings	Remuneration Attended/ Total meetings	Nomination Attended/ Total meetings	Social Responsibility Attended/ Total meetings
Anastassis G. David[1]	January 2016	7/7				
Zoran Bogdanovic	June 2018	7/7				
Charlotte J. Boyle	June 2017	7/7		3/3	3/3	
Henrique Braun	June 2021	7/7				
Anna Diamantopoulou	June 2020	7/7		3/3	3/3	4/4
Olusola (Sola) David-Borha	June 2015	7/7	8/8			
William W. (Bill) Douglas III	June 2016	7/7	8/8			
Reto Francioni	June 2016	7/7		3/3	3/3	
Anastasios I. Leventis	June 2014	7/7				4/4
Christo Leventis	June 2014	7/7				
Alexandra Papalexopoulou	June 2015	7/7	8/8			
Bruno Pietracci[2]	June 2021	7/7				3/4
Ryan Rudolph	June 2016	7/7				

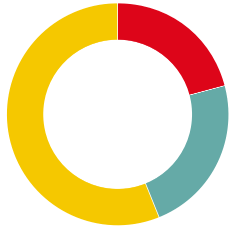
1. Anastassis David was appointed as Chairman in 2016 having been appointed to the Board in 2006.
2. Bruno attended the Board meeting in December 2022, but was not able to attend the Social Responsibility meeting due to other long-standing commitments.

Board composition dashboard

Board gender diversity

Men	9
Women	4

Shareholder structure (%)



The Coca-Cola Company	21
KAR-Tess Holding	23
Free float	56

Tenure (years)

1-2	2
2-3	1
4-5	1
5-6	1
6-7	3
7-8	2
8-9	2
15-16	1

Age profile (years)

40 to 49	1
50 to 59	7
60 to 69	5
70+	0

Board Independence

Independent non-executive directors	6
Non-independent directors	7
Executive directors	1

Nationalities

American	1
American/Brazilian	1
Brazilian/Italian	1
British	4
Croatian	1
Greek	2
Nigerian	1
Swiss	2

Experience

Corporate governance	7
Finance, investments and accounting	12
FMCG knowledge / experience	6
International exposure	13
Risk oversight and management	12
Sustainability and community engagement	8

Applied Governance

Key activities of the Board in 2022

The key activities of the Board during the year are set out opposite.

The Board recognises the value of maintaining close relationships with its stakeholders, understanding their views and the importance of these relationships in delivering our strategy. The Group's key stakeholders and their differing perspectives are taken into account as part of the Board's discussions. You can read more in our s172 statement on page 8. Board meeting discussions are structured using a carefully tailored agenda that is agreed in advance by the Chair in conjunction with the CEO and the Company Secretary. A typical Board meeting will comprise of the following elements:

- committee reports from the Chairs of our Board Committees on the proceedings of those meetings, including the key discussion points and particular matters to bring to the Board's attention;
- performance reports including CEO Overview, COO Overview, CFO Review and operational performance reports;
- deep-dive reports into areas of particular strategic importance to evaluate progress, provide insight and, where necessary, decide on appropriate action; and
- legal and governance updates including proxy agencies scoring and annual Board assessment.

Performance

Regions and functions
Deep dive reviews of regions and key functions

Business performance
Regular reviews of the business performance by reporting segments and monitoring of the performance of the coffee and snack businesses

Performance measurement
Focusing on the performance of the Revenue Growth Management, Route-to-Market and big data and advanced analytics programme in order to build the necessary insight capabilities

Innovation for Growth
Following the Group's Innovation for Growth plans

Culture and values

Employee engagement surveys
Discussing the employee engagement surveys and people plans

Organisational design
Reflecting on the implementation of the Group's organisational design

Engagement initiatives
Working with the designated non-Executive Director on issues that are identified through the employee engagement process

Risk management and internal control

Principal and emerging risks
Continued review of principal and emerging risks and mitigation programmes

Finance and IT
Reviewing the liquidity, financing status and commodity exposure of the Group and reviewing information technology plans, including cyber security

Modern Trade and e-commerce
Reviewing the execution initiatives in modern trade, e-commerce and growth results

New Sales Academy
Monitoring the progress of the new sales academy for the Group's business developers

Digital Strategy
Review of the digital strategy and its key priorities around consumer and customer centricity, employee experience and operational productivity

Succession planning and diversity

Succession planning
Reviewing succession planning for Board and senior management

Talent development
Reviewing the Company's talent development plans

Operational

Cost optimisation and investment
Ongoing review of the Group's cost optimisation and investment programmes

New acquisitions
Consolidation and integration of Egypt, including review and approval of the acquisition of the craft adult sparkling business, Three Cents

Capital expenditure
Review of material capital expenditure projects

Russia/Ukraine
Reviewing the business model in Russia following The Coca-Cola Company's decision to suspend its business there

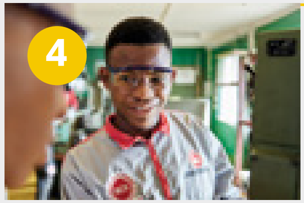
Establishing a crisis management plan for Ukraine focusing on protecting the Group's people and assets

Net Zero initiatives
Review of projects involving the in-house production of PET from recycled PET (rPET) flakes and production of CO_2 collected from the air

NGO

Corporate governance report *continued*

Overseeing Strategic Delivery

Our growth pillars		What did the Board consider?	What did the Board discuss and approve?	What were the material stakeholder considerations?
	1 Leverage our unique 24/7 portfolio	Reviewing the accelerators for the future including initiatives in sparkling, energy and coffee	Continued acceleration of our sparkling, energy and coffee portfolios	Segmented portfolio can play critical role to accelerate revenue
	2 Win in the marketplace	Customer portals and digital marketing initiatives	Considering B2B models	Developing advanced reporting and analytics tools for on-line commerce
	3 Fuel growth through competitiveness and investment	Investments in returnable glass in Austrian operations, as well as, investments in on-line platforms rPET conversion facilities in Italy, Romania and Poland	The CapEx required and timelines for investments	Consumer needs and recycling
	4 Cultivate the potential of our people	Collaborating for Impact survey	A new initiative discussed: "Collaborating for Impact" measuring cross-department collaboration opportunities	Online, anonymous democratised survey where every single employee had the opportunity to provide feedback
	5 Earn our licence to operate	100% rPET launch in Switzerland and Italy with other Group countries to follow in 2023	All primary and secondary packaging for products produced in Switzerland	Fully fledged 360 plan engaging consumers, shoppers, customers and stakeholders

Corporate governance report *continued*

Oversight of the Company's culture

How the Board measures and assesses culture

The Board is responsible for monitoring and assessing our culture. The Chairman ensures that the Board is operating appropriately and sets the Board's culture, which in turn forms the culture of the Company. The Chief Executive Officer, supported by members of the Executive Leadership Team, is responsible for ensuring culture is embedded throughout the business and its operations and in all our dealings with our stakeholders.

The Board measures the culture of the Group using internal and external metrics which also enable it to identify further actions to ensure culture remains appropriate. The Board also monitors the Group's performance against its peer group within the same sector. The Board considers the following:

- Health and safety – an area of paramount importance to our people, customers, partners, and consumers of our products, especially given the continuing impact of the conflict between Russia and Ukraine. We continue to focus on the health and safety of our people in all countries. We closely monitored the situation and challenges in Ukraine to ensure we provided the appropriate support.
- Employee retention – our employees are our greatest asset and it is important that we do everything we can to retain them. We conduct an annual employee engagement survey of the workforce, and during 2022 an additional two all-employee surveys were conducted to provide feedback to senior management to identify whether further actions were required. The feedback was reviewed by the Executive Leadership Team with the findings reported to the Board.
- Customer retention – assessments of customer satisfaction. In 2021 we adopted a new approach and we continued to monitor customer feedback in 2022 by use of Customer Gauge across all our markets to receive customer feedback on an ongoing basis. This software-as-a-service tool gives us deeper, more frequent insight than our annual customer survey, leading to more actionable insights that can be addressed quickly. We continue to work with our customers, consumers, suppliers, local community representatives and other business partners across the value chain every day. Their input, cooperation and trust factors into Board decision-making and the success of the business. Examples of governance in action are on page 107.

Culture in action

Doing the right thing

We continue to prioritise the safety of our people and their families impacted by the war in Ukraine. We are providing immediate financial support to our people in Ukraine and continue to work through The Coca-Cola Foundation and Red Cross to provide humanitarian relief in the region. This includes cash grants to our people through the Coca-Cola Disaster Relief and Coca-Cola HBC Employee Donation Funds, on top of salary advance payments and refugee assistance centres across Ukraine. We temporarily closed our plant in Ukraine and stopped production for safety reasons, but progressively restarted manufacturing when it was safe to do so. This demonstrated our commitment to our people and to the countries in which we do business.

Throughout, our actions have been guided by our values. Below are some examples of culture in action during 2022:

Resilience, adaptability and agility

- We stood by our people and focused on the health and safety of those who were impacted by the conflict between Russia and Ukraine. Following The Coca-Cola Company's suspension of business in Russia, we adapted our Russian business to focus on the production and sale of existing local brands. The Group is continuously monitoring performance of its Russian and Ukrainian operations as well as the developments in the region, to ensure timely actions and initiatives are undertaken to minimise potential adverse impact for the Group.
- We implemented a group-wide organisational structure redesign, Project Dolphin, to ensure that we have an efficient and adaptable structure which serves local customers and prioritises our most critical capabilities for the future.
- We launched Project Oxygen, a Group-wide initiative to reduce bureaucracy, simplify our processes and allow more time for value-added tasks.

Sustainability

- We accelerated our #YouthEmpowered programme using both in-person and online modules. The programme reached more than 246,000 people in 2022.
- To improve our supply of rPET we repurposed an existing site, building a new plant that can convert 30,000 tonnes of plastics per annum into 100% rPET preform bottles.
- We continued to prioritise a circular approach to packaging. For example, in Switzerland, we successfully moved our entire, locally produced portfolio to rPET and rolled out label-free bottles for our carbon-neutral water brand, Valser.
- We are committed to achieving a net positive impact on biodiversity in critical areas by 2040 and eliminate deforestation in our supply chain by 2030. In June 2022, we joined the Science Based Targets Network corporate engagement programme.
- In September 2022, we raised €500 million through the issue of our first green bond. The net proceeds will be allocated to projects that meet the eligibility criteria outlined in our Green Finance Framework and will accelerate progress of our NetZeroby40 and Mission 2025 commitments.

Corporate governance report *continued*

Workforce engagement

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

Our workforce is core to our strategy and is one of our most important stakeholder groups. The Company's success largely depends on the passion of our people and our ability to attract, retain and develop the best talent. The Board therefore understands the importance of engaging with its workforce. The safety of our workforce continued to be a focus throughout 2022, ensuring appropriate measures were in place so that they could continue in their roles and that we were supporting a healthy working environment. Our workforce continued extraordinary efforts to support and aid our customers and consumers during uncertain times caused by the conflict between Russia and Ukraine.

The Board closely monitors and reviews the results of the Company's Employee Engagement surveys.

In addition, the Board reviews talent development initiatives designed to support long-term success. For further details please see below and the Growth Pillar 4 section of the report on pages 38 to 42.

Charlotte Boyle, our designated non-Executive Director for workforce engagement, attended a number of meetings with our European Works Council (EWC). Senior leadership present key information on business and other changes at these meetings and hear feedback directly from employee representatives. All meetings are attended by selected members of the senior leadership team, depending on subjects covered, including our CEO at our meeting in September.

Workforce engagement mechanism

Charlotte Boyle, our designated non-Executive Director for workforce engagement, attended the meetings during the year with our European Works Council. During the course of these meetings Charlotte heard from elected employee representatives from our businesses in EU countries. These meetings allow employee representatives to understand business updates from senior leaders – including the CEO – about significant matters affecting our people, and to ask questions and give feedback. Charlotte was able to listen to employee representatives about topics raised by employees and their experience of the Company's approach to the workforce, particularly during the last couple of years, and was able to bring these insights to the Board's discussions.

During 2022, the insights gained from these engagement activities continued to be of great importance, contributing to the Board's decisions in relation to ensuring the appropriate support and resources for our people, not only for their own safety but to aid them in their roles in helping our customers and consumers.

Charlotte also frequently interacted with our Head of Labor Relations Director, who is also responsible for monitoring diversity, equity and inclusion, to better understand the steps that the Company is taking to become more diverse and inclusive (see page 41 for activities in this area). To embed these attributes within the Company's culture, multiple initiatives have been launched to increase awareness and understanding and improve policies and practices to create a more equitable and inclusive workplace for all. The Board takes the lead by recognising good practices and driving accountability.

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

Corporate governance report *continued*

Engaging with our stakeholders

Description	How the Board is kept informed	*Read more*
Our people	To understand what our people needed to work in continually changing circumstances, the Company conducted in total three all-employee surveys in 2022. There is a designated non-Executive Director for engagement with our people but the practice, which began during the beginning of the COVID-19 pandemic, of presenting survey results to the full Board continued. The CEO also held engagement sessions with employees during the year, including several calls with Q&A sessions.	38
Our customers	Regular visits, dedicated account teams, joint business planning, joint value-creation initiatives, customer care centres, customer satisfaction surveys.	28
Our consumers	Consumer hotlines, local websites, plant tours, research, surveys, insights, focus groups.	24
Governments	Trade Associations, recycling and recovery initiatives, EU Platform for Action on Diet, Physical Activity and Health, foreign investment advisory councils, chambers of commerce.	45
Our communities	Plant visits, community meetings, partnerships on common issues, sponsorship activities, lectures at universities, training opportunities and support to young people currently not in education, training or employment.	45
NGOs	Dialogue, policy work, partnerships on common issues, membership of business and industry associations.	45
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.	18
Our shareholders	Annual General Meetings, investor roadshows and results briefings, webcasts, ongoing dialogue with analysts and investors.	16
Our suppliers	Engagement with our suppliers, consultants and counterparts in related industries.	32

Listening to our stakeholders, and making a meaningful response, is crucial for continued success.

Considering stakeholders in principal decisions

Russia and Ukraine conflict: Putting our people and customers first

The Russia-Ukraine conflict created a number of issues for the Group and in particular for its people. We continue to prioritise the safety of our people, customers, partners and communities who have been affected by the conflict between Russia and Ukraine.

In February 2022, in Ukraine, we temporarily closed our plant and stopped production for safety reasons. In May, we progressively restarted manufacturing in Ukraine and are currently distributing and selling beverages where it is safe to do so. We are providing financial support to our people in Ukraine and continue to work through The Coca-Cola Foundation and Red Cross to provide humanitarian relief in the region. We continuously monitor the situation in Ukraine.

Following the decision of The Coca-Cola Company on 8 March to suspend its business in Russia, we immediately stopped placing orders for concentrate in the country and stopped all investment from the Group. We depleted the brands of The Coca-Cola Company in the market and transitioned to a 100%, self-sufficient business in Russia, which is managed by a local team and focused on local brands. This decision was the best way to protect our people and assets.

Stakeholder considerations in the context of acquisitions

Stakeholder interests and matters were carefully considered by the Board in the context of the recent acquisition and subsequent integration of the Coca-Cola Bottling Company of Egypt S.A.E. (CCBCE), a leading producer of non-alcoholic ready-to-drink beverages in Egypt. The acquisition completed on 13 January 2022. It has expanded the Group's existing footprint on the African continent and further increased its exposure to high-growth markets, as it provided access to one of the largest non-alcoholic ready-to-drink markets by volume in Africa. In addition, sharing of the Group's proven capabilities, experience and best practices with CCBCE, is expected to unlock growth opportunities, creating value for all stakeholders. As part of the post-acquisition integration of CCBCE, we have engaged, and are continuing to engage, with a wide range of stakeholders notably, with the employees, suppliers and customers of the business, with regulators and the Government in Egypt and with local communities, working closely with them as we plan and implement the integration. Engagement with stakeholders in Egypt including our active participation in the 27th Annual United Nations Climate Change Conference of the Parties (COP27), which took place in Egypt in November 2022.

Similarly, broader stakeholder interests and customer expectations were also considered by the Board in the context of the acquisition of ESM Effervescent Sodas Management Limited, the owner of the super-premium adult sparkling beverage and mixer product line under the Three Cents brand. The acquisition of Three Cents will strengthen our premium brand offerings and was completed in October 2022.

Future stakeholder engagement

The Board regularly reviews the stakeholder engagement activities undertaken both by it and the Group as whole and is satisfied that the activities outlined above and on pages 16 to 18 remain effective for the mutual benefit of the Company and its stakeholders. Going forward focus on our people, customers and our communities will remain high in Board's agenda.

Corporate governance report *continued*

Shareholder engagement

The Chairman, the Senior Independent Director and the Chair of the Audit and Risk Committee will be available at the Annual General Meeting of the Company to answer questions from shareholders. The Board encourages shareholders to attend as it provides an opportunity to engage with the Board. However, the 2022 Annual General Meeting was not held in the usual format as no shareholders were permitted to attend due to pandemic-related considerations. The Chief Executive Officer chaired the meeting with a number of other Directors, including the Chairman, as well as members of the Executive Leadership Team and the statutory auditors participating remotely.

At the 2022 Annual General Meeting, more than 20% of votes were cast against three resolutions being the advisory votes on the UK remuneration report (resolution 7), The Swiss remuneration report (resolution 9), and the re-election of Charlotte J. Boyle, Chair of the Remuneration Committee (Resolution 4.3). In accordance with Provision 4 of the 2018 UK Corporate Governance Code, in December 2022 we published an update on the key actions that have been taken by the Board of Directors and Remuneration Committee in response to this. In addition to the comprehensive shareholder consultation subsequently undertaken, the Chair of the Remuneration Committee has further engaged with shareholders to understand their feedback regarding the votes. From this engagement, it is understood that the significant factor regarding the votes was the adjustment, due to the impact of COVID, of targets contained in the Company's incentive arrangements, in particular the original targets relating to the 2019 Performance Share Plan awards. More information on the actions taken in response to this vote is included in the Remuneration Report on page 128.

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

Key investor relations activities in 2022

February
- Europe & UK Management Roadshow

May
- US Management Roadshow

June
- Annual General Meeting in Steinhausen
- dbAccess Global Consumer Conference 2022

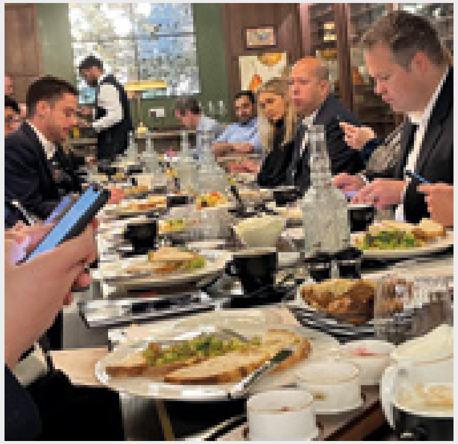
September
- Barclays Global Consumer Staples Conference
- Fixed Income Investors Deal Roadshow

November
- UK Roadshow
- Jefferies Miami Consumer Conference
- BofA Global Research Consumer & Retail Conference in Paris
- CFO analyst breakfast in London

December
- Morgan Stanley Global Consumer & Retail Conference in NYC
- Citi's Global Consumer Conference 2022

CFO analyst breakfast in London

On 10 November 2022, our CFO, Ben Almanzar and the investor relations team hosted a breakfast meeting for twenty of our financial analysts in London. There were insightful questions from analysts and a good discussion on Q3 results and longer-term strategic issues. The analysts appreciated the opportunity to meet Ben to hear from him first-hand about the opportunities and challenges we face as a business. The analyst breakfast was an key part of the investor relations engagement programme with this important stakeholder group. Following the meeting, Ben and the investor relations team continued to meet investors in London during the Q3 roadshow.



Corporate governance report *continued*

Board, committee and Director performance evaluation

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

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

For the past seven years, the evaluation of the Board's effectiveness has been facilitated by Lintstock, and details of the 2022 Lintstock report are set out on page 113. Lintstock has no other connection to the Company or individual directors. A summary of the Board evaluation findings for 2021, the actions taken in response to improve Board effectiveness in 2022, the Board evaluation findings for 2022, and the resulting priorities for 2023 is as follows:

2021 Board evaluation findings	2022 actions
• Strengthening the technology expertise on the Board • Undertaking site visits and meeting in person • Understanding of broader stakeholder views	• Reviewing the acquisitions • Oversight of people and talent • Strategic discussions • Monitoring integration process of Egypt • Holding Board meetings in Italy in order to have market visits in the country and meet with local team members
2022 Board evaluation findings	**2023 priorities**
• Considering macro factors • Managing the conflict between Russia and Ukraine • Prioritising digital agenda • People and talent	• Oversight of risk especially around macro factors • Oversight of people and talent

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. The Chairman also holds meetings with the non-Executive Directors without the Chief Executive Officer present.

Information and training

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

All Directors have full access to the Chief Executive Officer and senior management, as well as the external auditor and internal audit team.

The Board has in place an induction programme for new Directors. Generally, it involves meeting with the Chairman, members of the Executive Leadership Team and other senior executives, as well as receiving orientation training in relation to the Group and its corporate governance practices. The induction programme also includes meetings with representatives of our sales force, customers and major shareholders, and visits to our production plants.

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

Board appointments and succession planning

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

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

In making such recommendations, the Nomination Committee and the Board must consider objective criteria including the overall balance of skills, experience, independence and knowledge of the Board member, as well as diversity considerations including gender but also social and ethnic backgrounds. Consideration is also given to the overall length of service of the Board as a whole when refreshing its membership. See the Nomination Committee report on page 124 for further information on the role and work of the Nomination Committee, including the Board Diversity Policy. Through this process, the Board is satisfied that the Board and its committees have the appropriate balance of experience and skills, diversity, independence and knowledge of the Company to enable them to discharge their duties and responsibilities effectively, including sufficient time commitment.

Corporate governance report *continued*

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.

Lintstock report

In 2022, we once again engaged the advisory firm Lintstock to facilitate an evaluation of the performance of the Board. Lintstock specialises in Board performance reviews and has no other connection with Coca-Cola HBC.

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

The 2022 surveys addressed core aspects of the Board's performance, and had a particular focus on the following areas:

- The Board's oversight of progress with regard to the Company's growth pillars, and the priorities for successfully delivering Growth Story 2025
- The Board's understanding of, and engagement with, key stakeholder groups, including shareholders, customers, regulators, and suppliers
- The effectiveness with which the Board monitors employee sentiment and the culture throughout the business
- The dynamics on the Board, and the extent to which the Board provides effective support and constructive challenge to management
- The effectiveness of the Board's meetings, and the focus in meetings on key strategic areas such as sustainability and technology
- The Board's oversight of risk management, including the Company's response to the challenges associated with the conflict between Russia and Ukraine
- The Board's exposure to potential successors for key positions from within the business, and the effectiveness of the Company's talent management processes
- The Board's composition in the context of the Company's strategic ambitions, including the skills represented and the diversity among members

The performance of the committees of the Board was also evaluated, as was the performance of the Chairman. The anonymity of all responses was guaranteed throughout the process to promote open and honest feedback.

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

The results of the review were positive overall, and the Board was felt to have performed effectively and maintained a strong working dynamic, including its response to the Russia-Ukraine conflict. Other priority areas for 2023 were identified as continuing the Board's focus on: macro factors; the integration of recent acquisitions; people issues, including succession planning and talent; strengthening technology expertise on the Board; and risk management, including any lessons that can be learned from the conflict between Russia and Ukraine.

Corporate governance report *continued*

The Executive Leadership Team

Zoran Bogdanovic

Chief Executive Officer, Executive Director

Appointed: December 2017

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

Nationality: Croatian

Naya Kalogeraki

(53) Chief Operating Officer

Senior management tenure: Appointed July 2016 (6 years), appointed Chief Operating Officer September 2020

Previous Group roles: Chief Customer and Commercial Officer from 2016 to 2020. From 1998, when Naya joined the Company, she built her career assuming roles of increased scale and scope, including Marketing Director, Trade Marketing Director, Sales Director and Country Commercial Director, Greece. She has been heavily involved in Group strategic projects and task forces addressing mission-critical business imperatives. In September 2013, Naya was appointed to the role of General Manager, Greece and Cyprus.

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

Nationality: Greek

Ben Almanzar

(48) Chief Financial Officer

Senior management tenure: Appointed April 2021 (1 year)

Previous Group roles: None

Previous relevant experience: Ben has a proven track record and broad experience gained from senior financial positions in the global fast-moving consumer goods industry. This includes 10 years with Mars Incorporated, where he was Regional CFO, Europe & Southern Africa and most recently Vice President for Financial Planning, Analytics and Financial Strategy. Prior to joining Mars, Ben spent 10 years with Nestlé in a variety of finance roles in Europe, including CFO of Nestlé Czech-Slovak, and CFO for Nestlé Waters in the UK.

Nationality: Dominican Republic and British

Ivo Bjelis

(55) Chief Supply Chain Officer

Senior management tenure: Appointed January 2022 (1 year)

Previous Group roles: Ivo joined the Group in 1996 as Plant Manager in Croatia, while in 2002 he took over the position of Country Supply Chain Manager. Since 2006 Ivo built his career assuming roles of increased scale and scope across the board, including Strategic Initiative Leader for Customer Centric Supply Chain, Group Supply Chain Processes and Capabilities Director, Regional Supply Chain Director, Group Supply Chain Services Director and Group Supply Chain Operations Director, leading the development and the transformation of the Supply Chain strategy over the years.

Nationality: Croatian

Corporate governance report *continued*

Sanda Parezanovic
(58) Chief People and Culture Officer

Senior management tenure: Appointed June 2015 (7 years)

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

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

Nationality: Serbian

Jan Gustavsson
(57) General Counsel, Company Secretary and Chief Corporate Development Officer

Senior management tenure: Appointed August 2001 (21 years)

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

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

Nationality: Swedish

Marcel Martin
(64) Chief Corporate Affairs and Sustainability Officer

Senior management tenure: Appointed Chief Supply Chain Officer January 2015, appointed Chief Corporate Affairs & Sustainability Officer January 2022 (8 years)

Previous Group roles: Marcel joined the Group in 1993, holding positions with increasing responsibility in the supply chain and commercial functions. Since 1995, he has held general management assignments in several of our markets, including as General Manager for Eastern Romania, Regional Manager Russia, Country General Manager Ukraine and General Manager Nigeria. He became General Manager of our Irish operations in 2010, Supply Chain Director in 2015 and is now our Chief Corporate Affairs and Sustainability Officer.

Nationality: Romanian

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

Senior management tenure: Appointed April 2019 (3 years)

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

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

Nationality: Greek

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

Senior management tenure: Appointed May 2018 (4 years)

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

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

Nationality: Greek

Corporate governance report *continued*

Barbara Tönz
(52) Chief Customer and Commercial Officer

Senior management tenure: Appointed May 2021 (1 year)

Previous Group roles: Barbara joined the Group in 1998, building her career first in Switzerland as Trade Marketing Director, Sales Director and Commercial Director, and then in Austria from 2012 as Commercial Director and Interim General Manager.

Previous relevant experience: In 2016 Barbara enriched her experience within the Cola-Cola System as Country Director Sweden for The Coca-Cola Company, with responsibility expanded to Norway and Iceland in 2019 before she assumed the role of Commercial Execution Director Europe. Prior to joining the Group in 1998, she held positions in brand and customer development at Unilever.

Nationality: Swiss

Vitaliy Novikov
(43) Digital Commerce Business Development Director

Senior management tenure: Appointed September 2020 (2 years)

Previous Group roles: Vitaliy joined the Group in 2011 as General Manager of the Baltics business unit. Since then, he has held General Manager roles in Poland and Italy.

Previous relevant experience: Prior to joining the Group, Vitaliy spent four years at Johnson & Johnson as Managing Director of the Ukrainian operation and prior to this he spent seven years at Henkel in managerial positions of growing responsibility in Austria and Ukraine.

Nationality: Ukrainian

Mourad Ajarti
(46) Chief Digital and Technology Officer

Senior management tenure: Appointed October 2019 (3 years)

Previous Group roles: None.

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

Nationality: British and Moroccan

Spyros Mello
(48) Strategy and Transformation Director

Senior management tenure: Appointed November 2021 (1 year)

Previous Group roles: Spyros served as Deputy General Counsel and Chief Compliance Officer from 2010 to 2021. He was Deputy General Counsel from 2007 to 2009 and Senior Corporate Counsel from 2005 to 2007.

Previous relevant experience: Spyros was an associate with the law firm of Sullivan & Cromwell LLP practising securities law and M&A first in New York from 1999 to 2001 and then in London from 2001 to 2004.

Nationality: Greek

Executive Leadership Team gender diversity

Men	10
Women	3

Executive Leadership Team tenure (years)

1-2	4
2-3	3
3-4	1
6-7	2
7-8	1
9-10	1
21-22	1

Corporate governance report *continued*

Key responsibilities of the Executive Leadership Team

The key responsibilities and elements of the Executive Leadership Team role are:

- the day-to-day executive management of the Group and its businesses, including all matters not reserved for the Board or other bodies;
- the development of Group strategies and implementation of the strategies approved by the Board;
- providing adequate head-office support for each of the Group's countries;
- 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 Regional 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 performance of the Group; and
- leading the Group's talent and capability development programmes.

Key activities and decisions in 2022

Long-term direction setting

- Supporting the redesign of the Company's new leadership model, purpose and values.
- Assessing, approving and reviewing key initiatives related to processes and projects optimization (project Oxygen).
- Evaluating and evolving our 24/7 portfolio strategy together with our brand partners.
- Reviewing Coffee expansion across the Group's markets.
- Assessing our sustainability priorities and initiatives on the way to deliver 2025 commitments.
- Setting long-term capability building priorities and programmes.
- Approving and reviewing deployment of major automation and digitalisation initiatives.

Business planning

- Aligning key priorities and investment strategy with TCCC.
- Aligning key priorities with strategic partners – Monster Energy, Premium Spirit and Coffee partners.
- Reviewing progress of the aligned priorities, investments and spending.
- Reviewing and approving annual business plans for 2023 for all operations and central functions.
- Approving Group and country talent, capabilities development and succession plans.

Risk, safety and business resilience

- Evaluating the Group's business resilience strategies.
- Evaluating and strengthening Group's Incident Management and Crisis Resolution capabilities.
- Evaluating the Group's Risk Register of major business risks as well as associated risk response plans.
- Reviewing the Group's health & safety policies and material incidents.
- Reviewing the corporate audit plan for 2023.

Business case reviews and approvals

- Reviewing and approving progress of selected key initiatives – Data, Insights & Analytics (DIA), Digital Commerce, Digital & Technology, Sustainability, Diversity & Inclusion (D&I) and Culture.
- Overseeing the strategic evolution of Supply Chain, Human Resources, Commercial, Finance and BSS departments.
- Capital expenditure proposals review and approval.

Priority projects

- Oxygen Strategic Projects
- Culture – redesign of new company PURPOSE, Values and leadership competencies
- Customer Satisfaction (External and internal client satisfaction via NPS)
- Sustainability initiatives
- Engagement
- Diversity & Inclusion
- Cybersecurity
- Business Resilience
- Venturing
- eCommerce tools

Monitoring liquidity and emerging risks

Letter from the Chair of the Audit and Risk Committee

Highlights this year

- Risk management response to the Russia-Ukraine conflict.
- Integration of Egypt.
- Monitoring of Cyber Security Program.

Priorities for 2023

- monitoring the developments in accounting and regulatory matters, including potential changes to IFRS accounting standards and respective disclosures;
- ongoing monitoring of risks as well as impairment testing of goodwill and intangible assets;
- ongoing monitoring of internal financial controls, anti-fraud systems and Code of Business Conduct compliance; and
- ongoing monitoring of the Group's enterprise risk management and quality assurance, and information system security processes
- overview of the Egypt integration process and related controls and risk management.

Dear Stakeholder

The Audit and Risk Committee focused its work during 2022 on enhancing and strengthening the Group's existing financial controls, risk management and compliance systems, which the Board recognises as essential components of effective corporate governance. During 2022, the Audit and Risk Committee worked closely with the internal audit and finance teams in overseeing the implementation of the Group's internal control framework and addressing issues related to the Russia and Ukraine conflict.

Conflict between Russia and Ukraine

The conflict between Russia and Ukraine continues to affect our business in those countries with some continuing impact on our supply chain. In March 2022, The Coca-Cola Company announced that it was suspending its business in Russia which has had, and will continue to have, a significant impact on our business in Russia. The Group has adjusted its Russian business to focus on local brands. The conflict created a number of risks for the Group, including, in particular, health and safety risks for our people in Ukraine and increased commodity prices and inflation for our operations in Ukraine and beyond. We expect the geopolitical environment to remain volatile for some time.

We have monitored and discussed our risk management processes, including our risk profile and mitigation but also principal risks and risk appetite. The Audit and Risk Committee reviewed updates on new auditing standards, accounting developments and regulatory developments, including a public statement by the European Securities Markets Authority (ESMA) promoting transparency about the impact of the conflict between Russia and Ukraine. As a result of the conflict, revisions to the 2022 audit plan were made.

Emerging risks identified by the Group were discussed by the Audit and Risk Committee, including Russia-Ukraine related risks and the deteriorating macroeconomic environment.

Other areas of focus during 2022 are included in the sections about the work and activities of the Audit and Risk Committee and the areas of key significance in the preparation of the Financial Statements in this report.

The Audit and Risk Committee report describes in more detail the work of the Audit and Risk Committee during 2022. In performing its work, the Committee balances independent oversight with support and guidance to management. I am confident to report that the Committee, supported by senior management and the external auditor, consistently carried out its duties to a high standard during the reporting year.

William W. (Bill) Douglas III
Committee Chair

Corporate governance report *continued*

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 https://www.coca-colahellenic.com/en/about-us/corporate-governance. The key responsibilities and elements of the Audit and Risk Committee's role are:

- providing advice to the Board on whether the Annual Report including the consolidated Financial Statements, taken as a whole, is a fair, balanced and understandable assessment of the Company's position and prospects and provides the information necessary for shareholders to assess the Group's position and performance, including whether there is consistency throughout the report including the financial reporting, whether the report will form a good basis of information for the shareholders, and that important messages are highlighted appropriately throughout the report;
- monitoring the quality, fairness and integrity of the consolidated Financial Statements of the Group, and reviewing significant financial reporting issues and judgements contained in them;
- reviewing the Group's internal financial control and anti-fraud systems as well as the Group's broader enterprise risk management and legal and ethical compliance programmes (including computerised information system controls and security) with the input of the external auditor and the internal audit department;
- reviewing and evaluating the Group's major areas of financial risk and the steps taken to monitor and control such risk, as well as guidelines and policies governing risk assessment; and
- monitoring and reviewing the external auditor's independence, quality, adequacy and effectiveness, taking into consideration the requirements of all applicable laws in Switzerland and the UK, the listing requirements of the London Stock Exchange and Athens Stock Exchange, and applicable professional standards.

Members	Membership status
William W. (Bill) Douglas-III (Chair)	Member since 2016 Chair since 2016
Olusola (Sola) David-Borha	Member since 2015
Alexandra Papalexopoulou	Member since 2020

The Audit and Risk Committee comprises three independent non-Executive Directors: Bill Douglas (Chair), Olusola (Sola) David-Borha and Alexandra Papalexopoulou, who were each re-elected for a one-year term by the shareholders at the Annual General Meeting (AGM) in June 2022.

The Board remains satisfied that Bill Douglas, Sola David-Borha and Alexandra Papalexopoulou possess recent and relevant financial and sector experience in compliance with the UK Corporate Governance Code. Bill Douglas was formerly Executive Vice President and Chief Financial Officer of Coca-Cola Enterprises, Sola David-Borha has held a number of senior financial positions and Alexandra Papalexopoulou has served as a treasurer. The Board is also satisfied that the members of the Committee as a whole have competence in the sector in which the Company operates in compliance with the UK Corporate Governance Code and UK listing regime requirements.

Further details on their experience are set out in their respective biographies on pages 98 to 100.

The Group Chief Financial Officer, as well as the General Counsel, external auditor, the Head of Corporate Audit, and the Group Financial Controller, normally attend all meetings of the Audit and Risk Committee. Other officers and employees are invited to attend meetings when appropriate. Two non-Executive Directors, Henrique Braun and Christo Leventis were invited to attend all meetings during 2022. The Head of Corporate Audit, and, separately, the external auditor, meet regularly with the Audit and Risk Committee without the presence of management to discuss the adequacy of internal controls over financial reporting and any other matters deemed relevant to the Audit and Risk Committee. The Chair of the Audit and Risk Committee attended our AGM in June 2022 and regularly interacts with representatives of our shareholders.

Work and activities

The Audit and Risk Committee met eight times, four of which were by video conference call, during 2022 and discharged the responsibilities defined under Annex C of the Organisational Regulations. The work of the Audit and Risk Committee during the accounting year included evaluation of and review of the respective matters, as well as assessment of management's mitigating actions and response plans, in the areas below:

- the Integrated Annual Report including the consolidated Financial Statements and the full-year results announcement for the year ended 31 December 2021 prior to their submission to the Board for approval, and compliance with Group policies;
- the interim consolidated Financial Statements and interim results announcement for the six-month period ended 1 July 2022, prior to their submission to the Board for approval;
- the trading updates for the three-month period ended 1 April 2022 and the nine-month period ended 30 September 2022;
- areas of significance in the preparation of the consolidated Financial Statements;
- the internal control environment, principal risks and risk management systems (including the nature and extent of the principal risks resulting from the conflict in Russia and Ukraine), and the Group's statement on the effectiveness of its internal controls prior to endorsement by the Board, concluding that management has carried out a robust risk assessment process;
- the Viability Statement scenarios and underlying assumptions and recommendations to the Board that the Viability Statement be approved, including discussion of management's conclusions with respect to Going Concern and the Viability Statement;
- the external auditor's report on the Group's IFRS earnings release for the financial year ended 31 December 2021; including assessment of the auditor's enhanced audit report and key audit matters and conclusion that there was nothing that warranted the attention of the Board; and review of external auditor's report on the Group's interim report for the six-month period ended 1 July 2022;
- report on tax audits undertaken during 2022 in a number of territories;
- quarterly reports on internal audit matters across the Group's business regions, concluding that no material failings were identified;
- consideration and discussion of the guidance to FRC's Practice Aid on audit quality;
- direct procurement matters and initiatives for 2022, including the Group's commodities risk management initiatives for 2022;
- regular reports on health and safety, GDPR compliance, cybersecurity, business continuity, security, quality assurance, environmental protection, asset protection, treasury and financial risks, anti-bribery and fraud control, insurance (including placing strategy), enterprise risk management processes and internal control framework (including any adjustments to the 2022 schedule and updates to the controls as a result of the conflict between Russia and Ukraine);

Corporate governance report *continued*

- progress on internal control assessment and integration of newly acquired CCBCE;
- reports on litigation and regulatory investigations;
- matters arising under the Group's Code of Business Conduct and the actions taken to address any identified issues;
- an external quality assessment of the internal audit function, in accordance with the Institute of Internal Auditors Attribute Standards 1312;
- an assessment of the skills of the internal auditors and the sufficiency of the internal audit budget, confirming of the Internal Auditor's quality, experience and expertise for the business. The Audit & Risk Committee is satisfied that internal audit has the appropriate resources for the business;
- updates on risk management and business resilience, including the Group's response to the conflict between Russia and Ukraine, the activation and development of Business Continuity strategies and the streamlining of the Group's risk management processes. Review of the Group's Principal Risks and the Group's updated Strategic Risk Summary;
- reports on the Group's impairment assessment processes in connection with the operations affected by the conflict between Russia and Ukraine for the interim financial report;
- regular updates from the external auditor on accounting and regulatory developments. Also, an update on Swiss regulatory developments,
- tax issues including:
  - developments with the OECD Pillar 2 project;
  - reviewing current challenges and risk areas for the Group, including, the entering into force of sweeping changes to Polish withholding tax regulations, ongoing tax audits in Russia and Poland and an arbitration under the EU Arbitration Convention involving the Romanian and Dutch tax authorities;
  - a review of the tax disputes in Italy, Nigeria and Romania;
  - an update on the tax integration of CCBCE; and
  - a summary of all open tax audits involving the Group.
- approval of changes to chart of authority and delegation for operational activities;
- external audit plan and pre-approval of audit fees for 2023;
- consideration of the external auditor's independence, quality, adequacy and effectiveness of its audit of the financial statements; and
- assessed the Company's external reporting to ensure it is fair, balanced and understandable as a result of the Board's obligation under the Corporate Governance Code. The Audit and Risk Committee was responsible for the review of the 2022 Integrated Annual Report including the Consolidated Financial Statements and associated reports and information. The Committee received assurances from management and details on the processes underlying the preparation of published financial information.

  Following evaluation of all available information, the Audit and Risk Committee concluded and advised the Board that the 2022 Integrated Annual Report including the Consolidated Financial Statements is fair, balanced and understandable.

In November 2022 the Group received a request for information from the Financial Reporting Council ('FRC') following their review of the Group's annual report and accounts to 31 December 2021. The FRC asked questions in the areas of impairment testing, taxation and contributions from The Coca-Cola Company, to which we have responded by enhancing our relevant disclosures in the 2022 annual report and accounts. The FRC's review was concluded in February 2023. The FRC's review is intended to consider compliance with reporting requirements and is conducted by staff who have an understanding of the relevant legal and accounting framework, however lacking detailed knowledge of the Group's business or understanding of the underlying transactions entered into. As such, the FRC's review provides no assurance that the Group's reports and accounts are correct in all material respects and it should not be relied upon by the Group or any third party.

Finally, the Board receives and reviews a report from the Audit and Risk Committee on its activities and discussions at the Board meeting following each Audit and Risk Committee meeting.

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 2022, including the following:

- appropriateness of critical accounting judgements and estimates that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in the consolidated Financial Statements (detailed in Notes 5,14,16,22 and 30 to the consolidated financial statements), identified by management;
- review of the trading environment and resilience of the Group's business in light of the conflict between Russia and Ukraine and strategic actions implemented to mitigate risks and restructure business operations;
- review of impairment testing performed by management and reviewed by the external auditor under IAS 36 as well as the related sensitivity analysis with confirmation that management had undertaken a robust impairment testing process, relying on both internal information, and other publicly available metrics to perform their assessment; review key assumptions for specific countries, challenging management drivers of relevant deviations and performance to date, as well as countries WACC rates development vs prior year;
- review of the contingencies, legal proceedings, competition law and regulatory procedures, including cases involving the national competition authorities of Greece and litigation matters in Nigeria and Greece, and the impact of these on the consolidated Financial Statements and accompanying notes;
- assessment of management's judgement on relevant areas for additional disclosures, to address IAS 34 requirement for explanation of significant events in light of the conflict between Russia and Ukraine;
- review of accounting standard IAS 34 that required an explanation of significant events implying that additional disclosure should be made to reflect the financial impact of the conflict between Russia and Ukraine and mitigating measures;
- review of guidance provided from the UK Financial Conduct Authority and Financial Reporting Council related to areas of focus for the 2022/2023 reporting season, including financial reporting, sustainability and climate-related disclosures, TCFD disclosures, viability and going concerns, corporate governance matters and The European Single Electronic Format standard;
- review of interim judgements performed by management and in alignment with the external auditor, regarding the impairment of indefinite-lived intangibles in light of the conflict between Russia and Ukraine;
- assessed management's work in conducting a robust assessment of the risks that impact the Viability and Going Concern Statements, including review of scenarios and underlying assumptions;
- recommended to the Board to approve the Viability Statement; and
- deemed appropriate that the Group continues to apply the going concern basis for the preparation of the financial statements.

Corporate governance report *continued*

External auditor

PricewaterhouseCoopers AG, Birchstrasse 160, CH 8050 Zurich, Switzerland (PwC AG) has been elected by the shareholders as the statutory auditor for the Group's statutory consolidated and standalone Financial Statements. The signing partner, for the second year, for the statutory Financial Statements on behalf of PwC AG is Sandra Boehm Uglow, for the year ended 31 December 2022.

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 2022. For the second year, the signing partner, the Financial Statements (for the year ended 31 December 2022) on behalf of PwC S.A. is Fotis Smyrnis.

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 on a regular basis with the appointed PwC signing partners, both with and without management being present. This provided the Audit and Risk Committee with an opportunity for open dialogue, to question and be satisfied as to the quality of the audit work performed by PwC and challenge PwC's professional skepticism.

During the meetings, the appointed PwC signing partners demonstrated their understanding of the group's business risks and the consequential impact on the financial statement risks, especially around areas of key significance in the preparation of the Financial Statements including but not limited to the trading environment and resilience of the Group's business in light of the conflict between Russia and Ukraine, the annual impairment testing, contingencies and legal proceedings including taxes. 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 Head of Corporate Audit, to review the performance of PwC without PwC being present. Following this review process, the Audit and Risk Committee has recommended to the Board that a proposal to reappoint PwC be put to a shareholders' vote at the next Annual General Meeting.

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

Non-audit services provided by the external auditor

The Audit and Risk Committee considers the independence, in both fact and appearance, of the external auditor as critical and has long had an auditor independence policy providing definitions of the services that the external auditor may and may not provide. In line with the relevant FRC Guidance, the policy requires the Audit and Risk Committee's pre-approval of all audit and permissible non-audit services provided by the external auditor, and only for matters that are clearly trivial to the Company. 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 2022.

Audit fees and all other fees

Audit fees

The total fees for audit services to PwC and affiliates were approximately €6.2 million for the year ended 31 December 2022, compared to approximately €4.8 million for the year ended 31 December 2021. The total fees for 2022 include fees associated with the annual audit and review of the Group's half-year reports, prepared in accordance with IFRS and local statutory audits. Fees for audit services to firms other than PwC and affiliates were €0.7 million for the year ended 31 December 2022 (2021: € nil).

Audit-related fees

Fees for audit-related services to PwC and affiliates for the year ended 31 December 2022 were €1.1 million, compared to €0.7 million for the year ended 31 December 2021.

Tax-related fees

There were no fees to PwC and affiliates for tax services for the years ended 31 December 2022 and 2021.

All other fees

There were no fees were to PwC or affiliates for non-audit services for the years ended 31 December 2022 and 2021.

Risk management

During 2022, the Company continued to revise and strengthen its approach to risk management as described in detail on pages 61-81. 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. Risk assessments are conducted and discussed at monthly Senior Leadership Team meetings in all our business units. These assessments are reviewed by regional management teams and the Chief Risk Officer twice a year. In addition, corporate functions conduct broader risk assessments across the business with the Chief Risk Officer biannually.

Corporate governance report *continued*

The Company's Group Risk and Compliance Committee reviews the emerging as well as the identified risks biannually and the emerging and material risks as well as mitigating actions are presented by the Chief Risk Officer to Executive Leadership Team and the Audit and Risk Committee. This process is both top-down and bottom-up and is designed to ensure that risks arising from business activities are appropriately managed. The Audit and Risk Committee confirms that the risk management and internal control systems have been in place for the year under review and up to the approval of the annual report and accounts. 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 reporting control. Systems of financial reporting control can provide only reasonable and not absolute assurance against material misstatements or loss. In certain of the countries in which we operate, our businesses are exposed to a heightened risk of loss due to fraud and criminal activity. We review our systems of financial control regularly in order to minimise such losses.

Internal audit

Our internal audit function reports directly to the Audit and Risk Committee, which reviews and approves the internal audit plan for each year. The internal audit function consists of approximately 40 full-time professional audit staff mainly based in Athens, Sofia, Moscow and Lagos, covering a range of disciplines and business expertise.

One of the responsibilities of the internal audit function is to provide risk-based and objective assurance to the Board as to whether the Group's framework of risk management, including internal control framework, is operating effectively. For this purpose, the Head of Corporate Audit makes quarterly presentations to the Audit and Risk Committee and meets regularly with the Audit and Risk Committee without the presence of our management.

In addition, the internal audit function reviews the internal financial, operational and compliance control systems across all the jurisdictions in which we operate and reports its findings to management and the Audit and Risk Committee on a regular basis.

The internal audit function focuses its work on the areas of greatest risk to us, as determined by a risk-based approach to audit planning. As part of our commitment to maintaining and strengthening best practice in corporate governance matters, we also consistently seek to enhance our internal control environment and risk management capability.

The internal audit function carries out work across the Group, providing independent assurance, advice and insight to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. In December 2022, the Audit and Risk Committee agreed the FY23 audit plan to be undertaken by the internal audit team. The audit plan coverage is based on risk, strategic priorities and consideration of the strength of the control environment. The internal audit function prepares audit reports and recommendations following each audit, and appropriate measures are then taken to ensure that all recommendations are implemented. Significant issues, if any, are raised at once. There were no such issues in 2022.

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

We have conducted an annual review of the effectiveness of our risk management system and internal control systems in accordance with the UK Corporate Governance Code. The review included bi-annual reviews with the Chief Risk Officer on the operation of the ERM program, regular review of our financial operations and compliance controls and consideration of the Company's principal risks. Part of this review involves regular review of our financial, operational and compliance controls, following which we report back to the Board on our work and findings as described above. This allowed us to provide positive assurance to the Board to assist it in making the statements that our risk management and internal control systems are effective, as required by the UK Corporate Governance Code. Further information is set out on pages 96-97.

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

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

A particular focus during 2022 was the robustness of the internal control systems and processes around risk management, in light of the conflict between Russia and Ukraine. The Audit and Risk Committee was kept informed of any changes or adaptations to ensure full functionality as the Company continued to operate under the circumstances and uncertainties of the conflict between Russia and Ukraine.

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

Where internal or external circumstances give rise to an increased level of risk, the audit plan is modified accordingly. Nevertheless, no significant cases occurred this year. Any changes to the agreed audit plan are presented to and agreed by the Audit and Risk Committee. As a result of the conflict between Russia and Ukraine, revisions were made to the audit plan, including freezing audit activities in Ukraine, Armenia and Moldova and deferring the Russia risk-based audit.

Corporate governance report *continued*

Whistleblowing measures

Business ethics and anti-corruption

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

We have mandatory training for all our people, including our executive leadership team, so that everyone understands our Code of Business Conduct, and we hold additional targeted anti-bribery training for employees working in areas we assess as high risk. A Code of Business Conduct and Anti-Bribery Policy course is available on-line to all employees and includes a knowledge test, acknowledgement and re-commitment to compliance with the Code and its related policies. At the end of last training wave in 2021, 26,319 employees passed the course, which was 97.7% of total active population. Since then, we continued to train every newly hired employee. In 2022 n. 9.937 more employees were trained, including n. 5908 employees in the newly acquired Egypt BU. As in the past, this training will be a regular requirement for all employees. In 2022 our communication plan on compliance included several initiatives to continue raising awareness on business ethics among our people, like our annual Ethics and Compliance Week that was rolled out across our business units. We have also an established anti-bribery due diligence process for third parties who have contact with public authorities on behalf of our Company.

For further information please see the Anti-Bribery Policy and Code of Business Conduct on our website: https://www.coca-colahellenic.com/en/about-us/corporate-governance/policies. We have established grievance mechanisms, including an independently operated whistleblower 'Speak Up! line', available in all Coca-Cola HBC countries in local languages to ensure any concerns can be raised. In 2022, we investigated 589 allegations (2021: 344) of which 324 (2021: 210) were received through the 'Speak Up Hotline'. All allegations involving potential Code of Business Conduct violations were investigated in accordance with the Group Code of Business Conduct Handling Guidelines. Of those investigated, 219 (2021: 105) matters were substantiated as code violations of which 20 (2021: 15) involved an employee in a managerial position or involved a loss greater than €10,000. For details concerning the handling of allegations received in 2022, see our website.

You can find more on allegations investigated and violations uncovered in our GRI index: https://www.coca-colahellenic.com/content/dam/cch/us/documents/oar-2022/2022-GRI-Content-Index.pdf. Through the 'Speak Up! line' we receive, retain, investigate and act on employee complaints or concerns regarding accounting, internal control or ethical matters. This includes any matters regarding the circumvention or attempted circumvention of internal controls, including matters that would constitute a violation of our Code of Business Conduct or matters involving fraudulent behaviour by officers or employees of the Group. All such allegations, complaints or concerns may be communicated in a variety of ways, in local languages and on an anonymous basis, to our Head of Corporate Audit.

Communications received by the Head of Corporate Audit, or directly through the 'Speak Up! line', are kept confidential and, where requested, anonymous. The Head of Corporate Audit liaises regularly with the General Counsel and communicates all significant allegations to the Chair of the Audit and Risk Committee.

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

Disclosure Committee

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

Performance reporting

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

Ensuring business continuity and growth

Letter from the Chair of the Nomination Committee

Highlights this year

- Succession planning and talent review
- Sales and Supply Chain capability-building academy
- Women and leadership

Priorities for 2023

- continuous work on succession plans for Board and senior management positions;
- close monitoring of the Group's talent and development frameworks in order to ensure the continued strength of the current talent pipeline;
- engagement surveys
- externally facilitated Board and committee assessments; and
- follow up actions on outcome of 2022 evaluation assessment.

Dear Stakeholder

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

In 2022, the Committee continued to review the balance of skills, experience and diversity of the Board and focused on the talent development, employee engagement and gender diversity initiatives necessary to ensure that the Group has the people and skills to deliver on its strategy. The Committee also considers the overall length of service of the Board as a whole as part of its succession planning and keeps under review the need to refresh Board membership. In addition, the Committee oversaw an externally facilitated self-assessment process.

A summary of the Group's Nomination Policy for the recruitment of Board members is available online at: https://www.coca-colahellenic.com/content/dam/cch/us/documents/about-us/corporate-governance/summary-of-nomination-policy-for-recruitment-of-board-members.pdf.downloadasset.pdf. The Board Diversity Policy is described on page 125.

Reto Francioni
Committee Chair

Role and responsibilities

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

Key elements of the Nomination Committee's role are:

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

Corporate governance report *continued*

Members	Membership status
Reto Francioni (Chair)	Member since 2016 Chair since 2016
Charlotte J. Boyle	Member since 2017
Anna Diamantopoulou	Member since 2020

The members of the Nomination Committee are Reto Francioni, Charlotte Boyle and Anna Diamantopoulou. All members of the Nomination Committee are independent non-Executive Directors. At the Annual General Meeting in June 2022, Reto Francioni, Charlotte Boyle and Anna Diamantopoulou were re-elected for a one-year term by the shareholders.

The Chair of the Nomination Committee attended our AGM in June 2022 and regularly interacts with representatives of our shareholders.

Work and activities

The Nomination Committee met four times during 2022 and discharged the responsibilities defined under Annex C of the Company's Organisational Regulations. The Chief Executive Officer and the Chief People and Culture Officer 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 2022, the General Counsel also met with the Nomination Committee on several occasions. During 2022, the work of the Nomination Committee included consideration of:

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

Performance evaluation of the Board

The Nomination Committee led the annual assessment of the performance of the Board and its committees during the year with the support of Lintstock, an external advisory firm. The key areas included in the assessment were Board structure and diversity, timeliness and quality of information, Board discussions, and effective contributions of each Director, the performance of the Board, committees, succession planning, risk appetite and risk management, and remuneration and performance. The scores were high overall, and the results of the evaluation were presented at the December 2022 Board meeting. Further details on the internal Board evaluation are set out on page 95.

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

Diversity

The Group continues to have a firm commitment to policies promoting diversity, equal opportunity and talent development at every level throughout the organisation, 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 D&I Policy applies to all people who work for us. Further details on the Group's D&I Policy are set out on page 41 in the Strategic Report.

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

The requirements and objectives of the Board Diversity Policy, include that the Nomination Committee is required to take into account all aspects of diversity, including age, ethnicity, gender, educational and professional background and social background when considering succession planning and new Board appointments; seek a wide pool of candidates, with a broad range of previous experience, skills and knowledge; and give preference to executive search firms that are accredited under the Enhanced Code of Conduct for Executive Search Firms. Board appointments are evaluated on merit against objective criteria with due regard for diversity to ensure that candidates contribute to the balance of skills, experience, knowledge and diversity of the Board. The Board also considers the overall length of service of the Board as a whole when considering refreshment of the membership.

The Board understands the benefits of diversity of gender, ethnicity, knowledge and experience, and this is reflected in the Board Diversity Policy. The objectives of the Board Diversity Policy include ensuring female representation on the Board and as such both the Board and Nomination Committee are mindful of the target set for FTSE 350 companies by the FTSE Women Leaders Review (minimum of 40% of women on the Board and Leadership teams; and at least one woman in the Chair or Senior Independent Director role on the Board and/or one woman in the Chief Executive or Finance Director role by 2025) as well as the reporting requirements of the UK Listing Rules. The Board currently has 30% female representation and also meets the target set by the Parker Review having had a person of colour on the Board since 2015. The Board will prioritise improving the Board gender balance and the Nomination Committee has, and will continue to, consider this in the context of its continuous work on succession plans for the Board, as well as senior management. The Executive Leadership Team has 23% female representation while 39.5% of our senior leaders are women. Figures showing Board and senior management gender diversity are shown on page 105. The Board is committed to appointing the best people with the right skill set, regardless of gender, ethnicity, religion or disability, and as such does not think it is appropriate to set specific targets for Board appointments.

The Board recognises the importance of diversity in its business. It is the Board's responsibility to oversee senior management succession planning for a diverse pipeline of managers and talent identified from the management talent development programme. This links to our strategy to develop our people and ensure we attract and retain a diverse talent pool, and is one of the five pillars of our growth strategy. Further information on pages 38-42. The Nomination Committee, in conjunction with the Executive Leadership Team, 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.

Committee at work

Succession planning → Board composition → Recruitment → Shortlisting → Interview → Balance of skills assessment → Appointment → Induction

Overseeing the journey to net zero

Letter from the Chair of the Social Responsibility Committee

Activity highlights 2022

- close oversight of the 'Earn our licence to operate, pillar as part of our Growth Story 2025 including progress of public Mission 2025 commitments
- review of the actions, initiatives, and progress versus the roadmap of NetZeroby40, the Company's commitment to reaching net zero greenhouse gas emissions by 2040, combined with science-based carbon reduction targets by 2030
- endorsement of the first Group biodiversity commitment – to achieve a net positive impact on biodiversity in critical areas in our direct operations and supply chain by 2040 and eliminate deforestation in our supply chain by 2030, and adoption of the updated Biodiversity Statement
- endorsement of the food loss and food waste internal goal
- deep review of sustainable packaging progress, including status of in-house recycled PET (rPET) production, move of portfolio in three countries to 100% rPET, approach to packageless and refillables, and packaging collection models
- endorsement of humanitarian support to Ukraine and related volunteering activities
- deep-dive analysis of Group results in various environmental, social and corporate governance (ESG) benchmarks
- update of the Climate Change Policy and environmental policy
- monitor innovation projects and partnerships that support our ESG agenda
- ongoing updates on plastic packaging levies and product tax developments
- active involvement in Annual Stakeholder Forum

Priorities for 2023

- progress public Mission 2025 commitments with a focus on NetZeroby40, biodiversity and packaging initiatives
- outcomes from the implementation of the first two steps of the Science-Based Targets for Network (SBTN) methodology, namely biodiversity mapping of the value chain, identification of the nature hotspots and quantifying their impacts
- partnerships for innovation in the area of ESG, both with customers and startups
- implementation of 2023 roadmap related to 2030 science-based carbon reduction targets
- continue our social impact programmes with particular focus on supporting employees and communities in Ukraine
- plans for calorie reduction and added sugar reduction across beverage categories
- stakeholder outreach activities
- reviewing and streamlining Company disclosure and reporting standards based on EU Taxonomy, Corporate Social Responsibility Directive (CSRD), European Sustainability Reporting Standards (ESRS) and standards issued by the International Sustainability Standards Board (ISSB)
- ongoing activities related to ESG benchmarking activities, plastic packaging levies and product tax developments

Dear Stakeholder,

In light of the tragic events in Ukraine, the company has focused its efforts on supporting our employees and the wider community. The Company has provided humanitarian support to those affected, in collaboration with the Coca-Cola System and NGOs and through massive efforts of employee volunteering. The Social Responsibility Committee has endorsed the team to take related actions and has regularly monitored the implementation of these actions.

In 2022, the Social Responsibility Committee continued its focus on the implementation of the Mission 2025 sustainability commitments and the overall integration of sustainability in the business strategy, with a core focus on Net Zero performance including a roadmap for in-house rPET production and progress against the recently introduced Global Reuse pledge of The Coca-Cola Company.

The Committee reviewed the progress across sustainable packaging areas – the proposed solutions of returnable glass bottles and packageless beverages, exploration of reusable vessels for dispensed solutions, the pilots for Freestyle Compact® machines and reusable bottle returning services. Special attention has been paid to the results of the first Sustainability Challenge with startups, where potential future partnerships will be considered for sustainable packaging and collection.

The Committee has monitored regulatory changes in the domain of sustainability, including the EU Green Deal, the updated EU Packaging and Packaging Waste Directive with its new reuse targets, and all other developments related to the circular economy, deposit return systems, evolved nutrition labelling, instruments to reduce energy consumption and price caps, and sustainability reporting.

Corporate governance report *continued*

We are very proud that during 2022 the Company achieved its highest ever score of 94 (out of 100) at the S&P Global Corporate Sustainability Assessment (a base for the DJSI membership), an improvement of seven percentage points compared to 2021. Coca-Cola HBC has been among the top-rated companies globally in the S&P Corporate Sustainability Assessment (DJSI) for over 12 years. The Company continues to have leading scores in MSCI ESG rating, ISS ESG, V.E., FTSE4Good, and received an A- (Leadership) in its CDP Climate and Water submissions.

During the year we reviewed the approach to step up our customer partnerships in sustainability that will accelerate our sustainability agenda and drive value at scale, and also we reviewed our integrated capabilities plan, aimed to equip our frontliners and overall organisation with sustainability knowledge in a tailored, engaging and simple way.

Going forward in 2023, the Committee will ensure that the business strategy is fully aligned with the Company's ESG agenda and that the Company continues to create value for employees, communities, society and the environment. Biodiversity, the EU Taxonomy, the requirements of the Corporate Sustainability Reporting Directive (CSRD), initiatives to support the Company's Packaging Mix of the Future journey, human rights, our social agenda and impact, customer partnerships in sustainability as well as the full ESG integration of the Egyptian operations, will be among the focus areas in 2023.

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 Company's social and environmental goals, as set out in the charter for the committees of the Board of Directors Annex C to the Company's Organisational Regulations.

Key areas of responsibility are:

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

Members	Membership status
Anastasios I. Leventis (Chair)	Member since 2016 Chair since 2016
Anna Diamantopoulou	Member since June 2020
Bruno Pietracci	Member since June 2021

Work and activities

The Social Responsibility Committee met four times during 2022. Along with Committee members, those meetings were attended by other members of the Board, namely Charlotte J. Boyle and Ryan Rudolph, the CEO, the Chief Corporate Affairs & Sustainability Officer, and additional senior leaders subject to the discussion topics.

During 2022, the Social Responsibility Committee reviewed and provided guidance and insights to advance the Group's sustainability approach in the following areas:

- progress and the action plans made against the 17 publicly communicated 2025 sustainability commitments and their six focus areas;
- biodiversity net positive goal-setting and joined Corporate Engagement Programme of the Science Based Target Network (SBTN);
- sustainable packaging cross-functional team agenda and progress towards more sustainable packaging (rPET, packageless, refillables, and other), and packaging collection and recovery;
- detailed plans and initiatives for delivery of science-based carbon reduction targets and NetZeroby40 commitment;
- innovative opportunities related to green hydrogen, rPET in-house production, potential enzymatic recycling of packaging etc.;
- low-sugar and zero-sugar products and reformulations as part of the Group's commitment to reduce calories, and added sugar reduction and nutrition strategy;
- supporting activities for our employees and communities in Ukraine;
- volunteering activities across our BUs;
- diversity, equity, and inclusion topics;
- employee assistance programme;
- social impact community programmes such as #YouthEmpowered programmes and curriculum, Water Stewardship projects, and Youth Sport Games;
- materiality assessment process and results of the annual materiality survey;
- Egyptian operations sustainability plans and reporting;
- review of stakeholder engagement plan and the feedback from the Annual Stakeholder Forum; and
- ESG reporting frameworks and benchmarks such as GRI Universal Standards, UN SDGs, Dow Jones Sustainability Indices, CDP Climate & Water, Task Force on Climate-related Financial Disclosures (TCFD), and the Sustainability Accounting Standards Board (SASB).

Directors' remuneration report

Maintaining our performance focus during a challenging year

Highlights this year

Our People

- Higher merit increases than originally budgeted in order to mitigate inflation trends
- Two pay increases across the board during the year with a special focus on frontline workers
- One-off additional energy bonus to non-managerial employees
- Financial education and well-being support sessions
- Enhanced flexible working

Our Company

- Business performance surpassed expectations
- Acquisitions to support future growth
- Rated the world's most sustainable beverage company in the Dow Jones Sustainability Index for the 6th time
- In May 2022, received the top "AAA" rating from MSCI ESG for the eighth year in a row. MSCI ESG rates companies across the world based on their exposure to industry-specific ESG risks and their ability to manage those risks relative to peers.

Our Community

- Contributions and support provided to employees and to the humanitarian effort in Ukraine
- Via our #YouthEmpowered sessions, we increased employability of young people
- Invested approximately €7.4 million in local community initiatives
- €100k Sustainability Challenge- a startup challenge designed to identify the most innovative packaging and packaging recovery technologies in the consumer packaged goods space.

Our Shareholders

- Dividends of €0.78 per share proposed, an increase of 9.9% versus previous year
- Proposed dividend will represent a pay-out ratio of 46%, within our target pay-out ratio of 40% to 50% of comparable EPS
- Delivered strong financial performance in 2022, with organic revenue up 14.2% and reported revenue up 28.3%

Our Customers & Suppliers

- Remained the number one contributor, to revenue growth within fast moving consumer goods across our retail customers
- Spent circa €5 billion with local suppliers and contractors
- Increased the frequency of our customer engagement, providing customers with the best support

Our Environment

- Investing behind our Mission 2025 sustainability commitments and our goal to achieve net zero emissions across our value chain by 2040
- Invested €45 million to date in-house rPET facilities
- Issued our first green bond for €500 million in 2022, to be allocated towards eligible green projects that accelerate towards our sustainability goals

Directors' remuneration report *continued*

Letter from the Chair of the Remuneration Committee

Dear Shareholder,

2022 was a year in which we continued to make clear progress in our vision to be The Leading 24/7 Beverage Partner. We delivered excellent results reflecting the strength of our business, our culture, and our team spirit despite the challenges of the war. Our Growth Story 2025 priorities continued to drive performance in 2022. The strength of our portfolio and capabilities ensures we continue to win in our markets. Our continued focus on our customers at the heart of what we do has led to us remaining the number one contributor to revenue growth within fast moving consumer goods across our retail customers in 2022. We have navigated through record high inflation while delivering strong financial performance: record levels of comparable EBIT, excellent ROIC and a strong balance sheet.

We have seized opportunities such as investments in Egypt, in digital commerce and data capabilities and accelerated the sustainability agenda with our first green bond and the opening of another rPet facility. Throughout 2022 our people have remained our priority, especially as we faced the unimaginable consequences of war.

The Remuneration Committee's decisions during the year were considered in the context of the remuneration of all our employees and reflect the importance of incentivising and rewarding those most critical employees on the front lines serving our customers.

As the Chair of the Remuneration Committee, I am pleased to present our Directors' Remuneration Report for the year ended 31 December 2022. Our primary listing is on the London Stock Exchange, and our Company is domiciled in Switzerland. We therefore ensure, that we comply with UK regulations, except where these conflict with Swiss law. The format of this year's Remuneration Report is consistent with the format of last year's as there were no significant changes in relevant regulations. As always, I welcome your feedback and suggestions regarding anything we can do to improve the report.

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 remains fair, transparent, and competitive in comparison with our peers, and that remuneration helps drive our growth strategy and sustainable performance.

Free cash flow (€m)
645.1
(2021: 601.3)

Comparable EBIT (€m)
929.7
(2021: 831.0)

NSR (Net sales revenue) (€m)
9,198.4
(2021: 7,168.4)

Comparable EPS (€)
1.706
(2021: 1.584)

ROIC
14.1%
(2021: 14.8%)

● Included in MIP ● Included in PSP

Directors' remuneration report *continued*

Remuneration in context

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

The overall business has remained resilient despite the impact of COVID-19 and the Russia-Ukraine war and this is testament to the leadership and commitment of the management team and all of our talented people. We have made the right decisions with investments in our core strategic capabilities, digital commerce, data insights and analytics, route-to- market and revenue growth management, with effective execution and focus on categories and channels where we can drive the best growth.

We continue to invest in opportunities that position us well for the future, with the goal of delivering sustainable growth and creating shareholder value. This includes making progress on our environmental goals, now furthered with the issuance of our first ever green bond in 2022.

Our key financial highlights include:

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

Our financial results reflect our success in creating value for all of our stakeholders-from our customers to the communities where we operate. Despite logistical challenges posed by the pandemic and the Russia-Ukraine war, we continued to provide extraordinary service to our customers, as demonstrated by our net promoter score which increased 5 percentage points in 2022 compared with the prior year.

We also continued to deliver on our ambitious environmental objectives, continuing to reduce emissions from our direct operations and making further progress on packaging:

- Cumulatively, our absolute score 1 and 2 emissions have been reduced by 21% in 2022 vs. our baseline year of 2017.
- We made new commitments to achieve a net positive impact on biodiversity in critical areas in our operations and supply chain by 2040 and eliminate deforestation in our supply chain by 2030.
- As part of a pack/price architecture adjustment, we launched our entire Swiss product portfolio in recycled PET (rPET) packaging, and are moving forward with additional rPET launches in additional markets in 2023.

To navigate the limited supply of rPET, we invested in a new rPET facility in Italy and are working with stakeholders in a number of markets to launch well-designed, industry-led, deposit return or collection schemes.

To combat youth unemployment in our markets and address inequalities in education, we continued to develop and expand our #YouthEmpowered programme. By the end of 2022, we had reached 790,000 young people since the programme's inception in 2017.

Participants benefit from in-person and online training as well as networking and mentoring sessions alongside Coca-Cola HBC senior managers. While many aspects of the programme moved online during the pandemic, the commitment of our people remained steadfast.

Stakeholder experience

Our shareholders

The Committee acknowledges that although, at our 2022 Annual General Meeting (AGM) all resolutions were successfully passed with the requisite majority, there were nevertheless significant minority votes against Resolutions 7 and 9, the advisory votes to approve the UK Remuneration Report and the Swiss Remuneration Report. Each was passed with the support of 67.2% of the votes cast.

Following the AGM, we extended our engagement with shareholders and their proxy advisers on remuneration issues. We reached out to the top majority and minority shareholders as well as all those who had contacted the Board to express their views, particularly with regard to the adjustment of targets for the 2019 Performance Share Plan awards. I was pleased to have the opportunity to meet shareholders and hear their views on actions the Committee might consider to provide retention and incentivisation to the workforce. I would like to thank them for taking the time to meet with me and provide their feedback both on the approach to Executive Director remuneration as well as the important topic of our approach to the wider workforce.

In terms of the shareholder experience, our investors have benefited from recent and historical strong financial performance. We have returned €4.5 billion to shareholders since 2001 with a progressive dividend policy complemented by extraordinary returns through special dividends. In 2022, we paid the 2021 dividend of €0.71 per share, an 11% increase. This represented a payout ratio of 45%, in line with our target of 40-50%, and was proposed to ensure we rewarded shareholders and maintained our commitment to a progressive dividend. While there is continued geopolitical turmoil and macroeconomic uncertainty, based on our business's resilience and future opportunities, the Board has proposed a dividend of €0.78 per share for 2022, a 9.9% increase compared with last year. We have committed to continue to make progressive dividend payments in the future.

Our employees and their remuneration

Our absolute focus during 2022 was to keep our people safe during the turbulent geopolitical events that ensued during the year as well as continuing initiatives to support the workforce, building on feedback from our regular employee surveys. A clear indicator of our success is that engagement levels continued to remain high at 85%. We listen closely to our people and act on their feedback, simplifying processes and investing in the capabilities necessary to achieve our Growth Story 2025 strategy. We continued our efforts to build an inclusive workplace and a diverse workforce to reflect our customer base and communities.

Directors' remuneration report *continued*

Our strategy starts from retention, complemented by external hiring to create a gender-balanced organisation and we've committed to have at least 50% of manager positions held by women by 2025. The entire Executive Leadership Team volunteered to sponsor participants of our Women in Leadership programmes, which involve sponsors helping participants navigate common career barriers.

I continue to attend the majority of the Works Council meetings and plenary during the year, which covers approximately half of our employee population. I speak with the employee representatives to discuss their thoughts on the Company's relationship with them. The discussions and outcomes are shared in the Remuneration Committee meetings as input for taking wider decisions related to remuneration for the workforce and executives. Much of the discussions in 2022 focused around the rising cost of living and employee work-life balance. As a Committee, we were alert to these concerns, and ensured we were kept informed regarding the Company-driven initiatives to address them.

Our remuneration structure was designed to apply to all our employees, not just the Executive Director, which is a material factor in defining and shaping the policy and implementation of the policy. With inflationary pressure high in 2022, our intention was to protect our frontline workers who were most impacted.

In reviewing our wider workforce remuneration practices and to reward performance and recognise the challenging circumstances faced by our employees, we provided salary increases across the majority of our markets above the original plan. We did this by providing disproportionately higher increases to our business developers and line operators and by providing a second pay increase during the year in the majority of our markets to the frontline.

In addition to these increases, we paid a special one-off bonus to assist our non-managerial population (approximately 30,000 employees) across the Group to manage the rising energy costs, with an exceptional higher one-off payment for our employees in Ukraine.

Full details of how we cultivated the potential of our people in 2022 can be found on pages 38-42.

Incentive outcomes

The formulaic MIP (management incentive plan) outcome for the CEO was 77.5% of the maximum opportunity, with both the performance targets and actual performance determined excluding Russia and Ukraine given the ongoing war. The Committee agreed it was appropriate to remove the impact of Russia and Ukraine both in the targets and performance of the business given the announcement by The Coca-Cola Company to suspend its business operations in Russia. The outcome reflects record levels of revenue, comparable EBIT and free cash flow, which the 2022 MIP was based on, against a challenging backdrop when set.

When determining performance, the Committee took into account the strong results and business context highlighted above, including; the handling of the challenges posed by the Russia-Ukraine war, including the humanitarian support provided to Ukraine, overall exceptional business performance, the successful acquisition of Egypt, engagement of our employees and overall progress towards our sustainability goals.Taking this performance in the round, the Committee determined that this outcome is a fair reflection of wider performance. 50% of the MIP pay-out will be deferred into shares for three years, ensuring further shareholder alignment. Details of the targets, performance against them and the plan outcomes are set out on pages 148-149.

Performance against the stretching EPS and ROIC targets over the period 2020 to 2022 resulted in a formulaic vesting level of 48% of the maximum PSP (performance share plan) award granted in 2020.

As noted earlier in my letter, the complex nature of the Group's operations, and the impact of external events, has meant that the Committee felt it appropriate to exercise discretion in the past to adjust the level of vesting under the performance share plan to ensure the targets remained relevant and appropriately stretching and that the overall outcome was reflective of the underlying performance of the Group.

The Committee considered whether an exercise of positive discretion would be appropriate for awards made to the CEO in relation to the performance period ending in 2022, and raised this with shareholders before making any final decisions. Whilst the Committee felt that such an exercise of discretion might be appropriate to ensure that the overall level of pay-out was reflective of the business performance, reflecting on feedback received from shareholders, the Committee has decided not to exercise positive discretion in relation to the PSP awards for the CEO.

The Committee also assessed whether there had been any perceived 'windfall gains' for this award as part of the wider performance in the round assessment. As part of this, the Committee noted that recent PSP awards have been made at varying share prices and this has resulted in a level of variation in the number of shares granted (in some cases more shares are granted and other cases fewer shares are granted). The Committee also factored in share price performance and noted that the share price has not followed a typical V-shape or U-shape recovery that other companies have experienced, with our share price performance impacted by a series of external events over the past three years, including but not limited to COVID-19 and the Ukraine-Russia war.

In addition to share price performance between grant and the end of the performance period (equivalent to CAGR of 9.5%), the Committee reflected on the trend in long-term performance from the management team over the course of the performance period, and given the consistent delivery of exceptional business performance over the performance period, including:

- Organic revenue growth of 14.2%;
- Comparable EPS growth of 7.7%;
- Cumulative free cash flow of €645.1 million, with 2022 representing another year of record free cash flow;
- All in the context of delivering on our ambitious environment objectives, with absolute CO_2 emissions down by 6%

the Committee did not consider the share price increase to be excessive, but commensurate with underlying business performance. As such, the Committee determined not to apply an adjustment to the level of vesting.

Looking ahead

The Remuneration Committee will continue to keep policies under review so as to ensure that plans and programmes relating to remuneration support the Company's strategy and objectives and are closely linked to shareholders' interests.

We will continue to review the wider workforce remuneration arrangements with a special focus on our frontline and specifically our business developers' salaries and incentives. We will look to the remuneration strategy for our talents and big bet capabilities and continue our journey in diversity, equity, and inclusion (DEI) by ensuring balance in our pay equity practices and flexible work arrangements.

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

Directors' remuneration report *continued*

Whilst the Remuneration Committee believes that the Remuneration Policy approved by shareholders at the AGM in June 2022 remains appropriate and carefully balances alignment with the Company's business strategy and our response to evolving corporate governance requirements, the Committee intends to keep the Remuneration Policy under review to ensure that it remains fit for purpose both in driving business performance being an appropriate motivation and retention tool for the senior management team over the coming year. We welcome feedback and are committed to continuing engagement with shareholders on this important topic during the year.

In light of the current macro-economic environment, 2023 salary increase levels for employees have not yet been finalized. It is anticipated that the Chief Executive Officer's increase will not be higher than the increases provided for the wider workforce. The increase will be effective 1 May 2023 and will be communicated in the following Directors' remuneration report.

As in 2022, for the purposes of the 2023 MIP business performance will be measured based on performance against three KPIs: revenue (40% weighting), comparable EBIT (40% weighting) and free cash flow (20% weighting). There will be no change to the maximum MIP opportunity for 2023.

To achieve our growth ambitions and to deliver continued financial performance that creates the desired returns, the Committee believes strongly that we must continue to retain and incentivise the management team in a fair manner.

In particular, we considered the performance of the CEO over the last year, his performance since his appointment as CEO in 2017 and his pivotal role in leading the company to achieve our 2025 Growth Story Commitments. Key achievements for our CEO between 2017 and 2022 include:

- Net Sales Revenue (NSR) growth of 28.3% (YoY), with NSR having grown by over 40% since his appointment
- Comparable EPS growth of 7.7% in 2022, with comparable EPS having grown by c.40% since his appointment
- Record free cash flow in 2022 of €645.1m (+7.3% YoY), with free cash flow having grown by over 50% since his appointment
- Dividend pay-out in 2022 of 46% (+9.9% YoY on dividend per share), with an average of c.46% dividend pay-out since his appointment (excluding the extraordinary dividend in 2019). The total dividend paid to shareholders since his appointment amounts to approx. €2.1bn.

To recognise the CEO's exceptional efforts, leadership, commitment and continued delivery of strong business performance, in spite of the challenging external environment, the Committee felt it was appropriate to review the overall remuneration opportunity for the CEO for 2023.

The Committee considered a number of options available to it within the remuneration policy agreed with shareholders. It concluded that an increase in the PSP award in 2023 was the optimal solution in part for its simplicity but importantly as it creates direct shareholder alignment. The awards will be delivered in shares and only where stretch long-term performance against EPS, ROIC and reduction in CO_2 emissions targets are delivered. These targets are aligned to the delivery of our 2025 Growth Story Commitments. Meeting these commitments will require, amongst other things, an acceleration in the Group's business performance in our largest markets, a rebalancing of the business priorities of the Group following the war between Russia and Ukraine, and an increased focus on the successful integration of Egypt within the Group as well as growing market share opportunities in the region.

In line with our existing Remuneration Policy and in order to appropriately incentivise the CEO to continue the exceptional performance of the business and address the challenges the business will need to address in the medium term, the Remuneration Committee is proposing a PSP award of 450% of base salary for 2023 which will be subject to stretching long-term performance targets. The proposed award level is within the range allowable under the PSP in our Directors' Remuneration Policy, as approved by shareholders. Whilst market positioning is not a primary reference point, even once the increased award level is factored in, the overall remuneration opportunity for the CEO will be positioned around median vs the FTSE 100.

The targets for the 2023 award, have been set at very stretching levels commensurate with the award opportunity, taking into account our long-term business plan (guided by the 2025 Growth Story Commitments), market practice in listed peers, and external expectations of performance (adjusted to remove the impact of Russia and Ukraine, over the next three years, which is in line with what we did with the 2022 award).

	Threshold	Maximum
Comparable EPS (EUR)	1.40	1.63
ROIC	11.0%	12.9%
Reduction in CO_2 emissions (kilotonnes)	4,037	3,851

A maximum Comparable EPS (excluding Russia and Ukraine) of 1.63EUR in 2025 represents significant growth of c.39% on 2022 (adjusted to exclude Russia and Ukraine so that the base year is on a comparable basis to year end measurement). The ROIC targets have been set to reflect the drive in earnings growth whilst reflecting the planned capital investments over the period, including the Egypt acquisition and its integration; and a substantial reduction in CO_2 emissions to 3,851 kilotonnes is required for a maximum pay-out.

The role of the Remuneration Committee

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

Members	Membership status
Charlotte J. Boyle (Chair)	Member since 2017 Chair since June 2020
Reto Francioni	Appointed June 2016
Anna Diamantopoulou	Appointed June 2020

In accordance with the UK Corporate Governance Code, the Remuneration Committee consists of three independent non- Executive Directors: Charlotte J. Boyle (Chair), Reto Francioni and Anna Diamantopoulou, who were each last elected by the shareholders for a one-year term on 22 June 2022.

The Remuneration Committee met four times in 2022; in March, June, September and December. Please refer to the Corporate Governance Report on page 105 for details of the Remuneration Committee meetings.

Directors' remuneration report *continued*

Q&A

Chair of the Remuneration Committee

Q: What was the reason behind the significant minority vote against the remuneration report last year and what has the Committee done to address any issues?

A: We adjusted the PSP targets that impacted the vesting of the 2019-2021 plan as these targets were set prior to the onset of COVID. In order to ensure the PSP continued to be effective in its core purpose – to motivate and retain employees (including executives) over a long period – the Committee decided to adjust the targets to maintain relevancy. In doing so, the Committee put in place safeguards to ensure the revised targets led to outcomes which were fair for all employees and considered the broader stakeholder environment. We understand that some of our shareholders did not support this adjustment as was evident in the vote at the Annual General Meeting. With the business performing at levels exceeding those of the pre-pandemic period, the Remuneration Committee took this decision to ensure the targets were still fair, meaningful and achievable. The Committee applied the same treatment to the 2019 PSP for all employees, with no preference given to any population. As set out in my letter, following the AGM, we met with shareholders and proxy advisers to discuss their concerns on the decisions made in relation to 2019. Reflecting on the feedback received, the Committee agreed that whilst the underlying performance of the Group in a challenging environment may support an exercise of discretion in relation to the 2020 PSP, this would not be appropriate for the CEO.

Q: Did the Committee make any adjustments to the CEO's incentive outcomes for 2022?

A: No, we have not made any adjustments to the CEO's incentive outcomes in respect of 2022. Further context is provided in the Remuneration Committee Chair's letter.

Q: How does the Committee engage with the workforce?

A: In my role as designated director for the workforce I attend the European Works Council (EWC) meetings which gives me the opportunity to interact and discuss the issues raised by employees. I also take the opportunity to meet with employees during the year outside of the board calendar. At the most recent EWC the topics discussed concerned work-life balance and inflation. The well-being of employees is a key priority of the Company, evidenced by the well-being framework for all employees, the support provided to employees and their families in Ukraine and special sessions focusing on work-life balance, stress, burnout and financial well-being.

To support the employees with their inflationary concerns, there was an additional pay increase during the year and a one-time energy bonus to all non-managerial employees.

Q: Why did the Committee decide to award an increased PSP grant in 2023 to the CEO?

A: This increased PSP grant takes into account our growth ambitions over the next three-year period and the performance of the Company and CEO since appointment. Further detail on the rationale and the targets is set out in the Remuneration Committee Chair's letter.

Q: Is the Committee satisfied with the use of ESG metrics in its executive incentives?

A: The Company has used ESG metrics for either short-term or long-term incentives for a number of years, reflecting our approach to responsible, long-term management and the importance of ensuring our licence to operate. The CEO's individual performance is measured in key strategic areas, including ESG benchmarks, and these are taken into account for the MIP.

In 2022, the Company received the highest scores in 8 of the 10 most recognised ESG benchmarks, including DJSI, MSCI ESG, V.E., ISS ESG, and FTSE4GOOD. The PSP contains metrics linked to a reduction in CO_2 emissions.

The CO_2 emissions target in the PSP implicitly captures reduction in plastics, which was a key driver of its selection as a metric.

These selected metrics directly align with and incentivise delivery of the Company's ESG objectives, particularly our ambitious goal to achieve net zero emissions across our entire value chain by 2040.

The achievement of ESG metrics has an impact on the overall MIP opportunity and account for 15% of the PSP opportunity. The Committee is satisfied that this is sufficient focus in order to achieve our ambitious sustainability targets, without diluting focus on financial and growth objectives.

Charlotte J. Boyle
Chair of the Remuneration Committee

Directors' remuneration report *continued*

Remuneration throughout the organisation – a snapshot

Attracting
Finding the people we want and need

Retaining
Continuing to attract the best talent

Recognising
Adopting behaviours that produce exceptional performance

Motivating
Achieving business, financial and non-financial targets

Reward strategy and objective

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

Variable pay is an important element of our reward philosophy. A significant proportion of total remuneration for top managers (including the Chief Executive Officer and the members of the Executive Leadership Team) 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 Executive Leadership Team and senior managers are aligned with those of shareholders.

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

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

Clarity
Remuneration arrangements should be transparent and promote effective engagement with shareholders and workforce.

We believe that our policy provides transparency for Executives and shareholders about what performance we are looking for across our portfolio.

The Remuneration Committee has aimed to incorporate simplicity and transparency into the design and delivery of our Remuneration Policy.

We aim for disclosure of the policy and how it is implemented to be in a clear and succinct format.

Simplicity
Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.

Our remuneration arrangements for executive directors are purposefully simple, comprising fixed pay (salary, benefits, pension), a short-term incentive plan (Management Incentive Plan) and a long-term incentive plan (Performance Share Plan).

The remuneration structure is simple to understand for both participants and shareholders and is aligned to the strategic priorities of the business.

Risk
Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.

The Remuneration Policy includes a number of points to mitigate potential risks:

- There are defined limits on the maximum opportunity levels under incentive plans.
- Performance targets are calibrated appropriately, ensuring they are adequately stretching but sustainable.
- The Remuneration Committee considers formulaic incentive outcomes and determines whether to make any adjustments, including to take into account the experience of wider stakeholders such as employees and shareholders.
- Incentive plans include provisions to allow malus and clawback to be applied, where appropriate. The use of deferral, holding periods, in-employment and post-employment shareholding requirements ensures that there is an alignment of interests between the Chief Executive and shareholders and encourages sustainable performance.

Predictability
The range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving policy.

We aim for our disclosure to be clear to allow shareholders to understand the range of potential values which may be earned under the remuneration arrangements. Our Remuneration Policy clearly sets out relevant limits and potential for discretion.

Directors' remuneration report *continued*

Proportionality The link between individual awards, delivery of strategy and long-term performance of the company should be clear. Outcomes should not reward poor performance.	We believe that the link between individual awards, the delivery of strategy and the long-term performance of the Company is clearly explained in this report and that our approach ensures proportionate pay outcomes that do not reward poor performance. A significant part of the CEO's reward is linked to performance with a clear line of sight between business performance and the delivery of shareholder value. The Remuneration Committee may adjust formulaic outcomes of incentive arrangements if they do not appropriately align with performance achieved or the experience of wider stakeholders such as employees and shareholders.
Alignment to culture Incentive schemes should drive behaviours consistent with company purpose, values and strategy.	We want our Executives to make decisions that support the long-term performance and health of the business. The incentive arrangements and the performance measures used are strongly aligned to those that the Board considers when determining the success of the implementation of the Company's purpose, values and strategy.

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.

We regularly review our reward strategy to ensure it remains relevant and effective in meeting the needs of our employees, especially our frontline workers. During 2022 we provided higher increases to our business developers and line operators in comparison to other employees. In addition, in the majority of our markets we provided increases twice during the year to our frontline workers.

Chief Executive Officer and Executive Leadership Team	Chief Executive Officer, Executive Leadership Team and selected senior management	Selected middle and senior management	All management	All employees
Shareholding guidelines Support the alignment with shareholder interests ensuring sustainable performance: Chief Executive Officer – required to hold shares in the Company equal in value to 300% of annual base salary within a five-year period and a post-employment shareholding requirement applying from this year. Executive Leadership Team – required to hold shares in the Company equal in value to 100% of annual base salary within a five-year period.	**Performance Share Plan** Performance share awards vest over three years. PSP awards are cascaded down to select senior managers, promoting a focus on long-term performance and aligning them to shareholders' interests,	**Long-Term Incentive Plan** Cash long-term incentive awards vest over three years. LTIP awards are cascaded down to select middle and senior management to reinforce long-term performance and ensure retention of our talents.	**Management Incentive Plan** Management employees may be eligible to receive an award under the annual bonus scheme that promotes a high-performance culture. Performance conditions are bespoke to each role and business unit.	**Employee Share Purchase Plan (dependent on country practice)** The Employee Share Purchase Plan encourages share ownership and aligns the interests of our employees with those of shareholders. **Fixed pay and benefits (base salary, retirement and other benefits – dependent on country practice)** Base salaries may reflect the market value of each role as well as the individual's performance and potential. Retirement and other benefits are subject to local market practice.

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

Directors' remuneration report *continued*

Remuneration arrangements for the Chief Executive Officer – at a glance

Base salary | Retirement benefits | Other benefits | ESPP + MIP | PSP = Total compensation

Fixed pay — Variable pay subject to performance

The table below summarises the remuneration arrangements in place for our Chief Executive Officer. See page 148 for total compensation figures.

Pay element	Detail
Base salary	The base salary of the Chief Executive Officer is €840,000. 2023 salary increase levels for employees have not been finalized at the date of this report. It is anticipated that the Chief Executive. Officer's increase will not be higher than the increases provided for the wider workforce and will be effective from 1 May 2023.
Retirement benefits	The Chief Executive Officer participates in a defined benefit pension plan under Swiss law. Employer contributions are 15% of annual base salary. 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.
Other benefits	Other benefits include (but are not limited to) medical insurance, housing allowance, company car/allowance, cost of living adjustment, trip allowance, partner allowance, exchange rate protection, tax equalisation and tax filing support and advice. Benefit levels vary each year depending on need.
ESPP (Employee Share Purchase Plan)	The Chief Executive Officer may participate in the Company's Employee Share Purchase Plan. As a scheme participant, the Chief Executive Officer has the opportunity to invest a portion of his base salary and/or MIP payments in shares. The Company matches employee contributions on a one-to-one basis up to 3% of base salary and/or MIP payout. Awards are subject to potential application of malus and clawback provisions.
MIP (Management Incentive Plan)	The MIP consists of a maximum annual bonus opportunity of up to 140% of base salary. Payout is based on business performance targets and individual performance. The business performance element will result in an outcome between 0% and 200% of the target MIP and the individual performance element will result in an outcome of up to 100%, with the overall payout as a percentage of salary being based on the multiplication of these two figures. For 2023, business performance will be measured based on performance against three KPIs: revenue (40% weighting), comparable EBIT (40% weighting) and free cash flow (20% weighting). 50% of any MIP payout will be deferred into shares for a further three-year period. Payments are subject to potential application of malus and clawback provisions.
PSP (Performance Share Plan)	The PSP is an annual share award which vests after three years. For the award in 2023, vesting will be based on performance conditions measured over a three-year period against: (i) comparable earnings per share (EPS) (42.5% weighting); (ii) return on invested capital (ROIC) (42.5% weighting); (iii) reduction of CO_2 emissions (15% weighting). An additional two-year holding period will apply following vesting. Awards are subject to potential application of malus and clawback provisions. As explained in the Chair letter, in 2023 it is intended to make a one-off award (within shareholder-approved Policy limits) of 450% of salary.

Directors' remuneration report *continued*

Remuneration policy

Introduction

The following section (pages 137-140) sets out our Directors' remuneration policy as approved by shareholders at the Annual General Meeting in June 2022. No changes are being proposed to the policy this year and the 2022 policy will continue to apply.

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 with UK regulations, except where 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 was created during the term of this remuneration policy. In that case, references in this section to the Chief Executive Officer should be read as being to each Executive Director.

Fixed

Base salary

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

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

The following parameters are considered when reviewing the 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. These circumstances may include: business and individual performance; material changes to the business; internal promotions; accrual of experience; changes to the role; or other material factors.

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

The annual base salary for the Chief Executive Officer is set out on page 136.

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. However, we have adjusted the pension scheme to be co-contributory, in line with the pension scheme for the wider Swiss workforce, for new Executive Directors' appointments from 2020 onwards.

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

Malus and clawback provisions do not apply to retirement benefits.

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

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

Performance metrics
None.

Directors' remuneration report *continued*

Fixed *continued*

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 the shareholders.

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

The Company matches the Chief Executive Officer's contributions on a one-to-one basis up to 3% of the employee's base salary and/or MIP payout. Matching contributions are used to purchase shares one year after the purchase of shares by employees. 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 141.

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.

Directors' remuneration report *continued*

Variable pay

MIP (Management Incentive Plan)

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

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

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

Stretching targets for business performance are set annually, based on the business plan of the Group as approved by the Board of Directors. The Remuneration Committee will determine the business performance metrics and weightings on an annual basis.

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

Malus and clawback provisions apply. Further details may be found in the Additional notes to the Executive Director's remuneration policy table section on page 141.

Maximum opportunity
The Chief Executive Officer's maximum MIP opportunity is set at 140% of annual base salary. The business performance element will result in an outcome between 0% and 200% of the target MIP and the individual performance element will result in an outcome of up to 100%, with the overall payout as a percentage of salary being based on the multiplication of these two figures.

Threshold, target and maximum achievement for the Business Performance element will result in an outcome as follows:

- Threshold: 0% of base salary
- Target: 70% of base salary
- Maximum: 140% of base salary
- The maximum opportunity level will therefore only pay out for both a stretch level of business performance and full achievement of the individual performance element.

PSP (Performance Share Plan)

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

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

Performance metrics and the associated targets are reviewed and determined around the beginning of each performance period to ensure that they support the long-term strategy 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 141.

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.

Directors' remuneration report *continued*

Variable pay *continued*

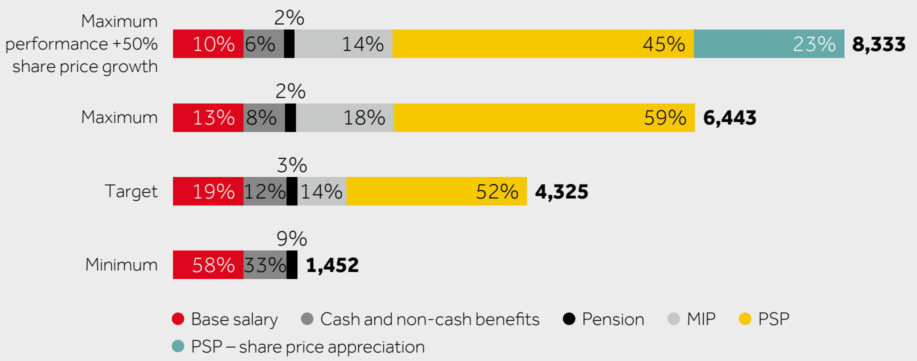
MIP (Management Incentive Plan)	PSP (Performance Share Plan)
Performance metrics The MIP awards are based on business metrics linked to our business strategy. These may include, but are not limited to, measures of revenue, profit, profit margins and operating efficiencies. The weighting of individual performance metrics shall be determined by the Remuneration Committee around the beginning of the MIP performance period. Details related to the key performance indicators can be found in the Annual Report on Remuneration on page 148. **Deferral of MIP** 50% of any MIP award is to be deferred into shares which will be made available after a three-year deferral period which commences on the first day 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 this incentive award) to the extent deemed appropriate by the Remuneration Committee, in line with best practice.	**Performance metrics** Vesting of awards is subject to the three-year Group performance metrics. For each award, the Remuneration Committee will determine the applicable metrics, weightings and target calibration making up the performance condition. 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 each performance metric, achieving threshold performance results in vesting of 25% of the award and maximum performance results in vesting of 100% of the award. There will be a straight-line vesting between these performance levels. Performance share awards will lapse if the Remuneration Committee determines that the performance metrics have not been met. The Remuneration Committee will have discretion to reduce or negate PSP award vesting, in the case of significant adverse environmental, social or governance impacts regarding the Company's activities. **Holding period** Any vested award (net of shares sold to cover tax liability) is subject to a further two-year holding period following the end of the three-year performance period. During this two-year period, these beneficially owned shares are subject to a no-sale commitment. Any shares subject to the holding period count towards the shareholding requirement. **Adjustments** In the event of an equity restructuring, the Remuneration Committee may make an equitable adjustment to the terms of the performance share award by adjusting the number and kind of shares which have been granted or may be granted and/or making provision for payment of cash in respect of any outstanding performance share award. Where exceptional circumstances exist such that the original targets no longer meet the intent at the time of grant, the Committee will have the discretion to adjust targets in a manner that is considered to be no less stretching than the original performance condition. Where any such adjustment is made, the details will be fully disclosed in the following Remuneration Report. **Change of control** In the event of change of control, unvested performance share awards held by participants vest immediately on a pro-rated basis if the Remuneration Committee determines that the performance metrics have been satisfied or would have been likely to be satisfied at the end of the performance period, unless the Remuneration Committee determines that substitute performance share awards may be used in place of the previous awards. For vested shares subject to the additional holding period, the holding period will lapse and the participants are no longer subject to the no-sale commitment.

Directors' remuneration report *continued*

Additional notes to the Executive Director's remuneration policy table

Chief Executive Officer's remuneration policy illustration

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



Minimum performance	Fixed remuneration only, i.e. base salary, pension and other benefits (including ESPP participation). No payout under the MIP or PSP.
Target performance	Fixed remuneration. MIP payout of 70% of base salary. PSP vesting at 270% of base salary.
Maximum performance	Fixed remuneration. MIP payout of 140% of base salary. PSP vesting at 450% of base salary.
Maximum performance + 50% share price growth	Fixed remuneration. MIP payout of 140% of base salary. PSP vesting at 450% of base salary. 50% assumed share price growth over three-year PSP performance period.

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

	Component	Minimum (€ 000s)	Target (€ 000s)	Maximum (€ 000s)	Maximum performance + 50% share price growth (€ 000s)
Fixed	Base salary[1]	€840	€840	€840	€840
	Pension	€126	€126	€126	€126
	Cash and non-cash benefits[2]	€486	€503	€521	€521
Variable	MIP	–	€588	€1,176	€1,176
	PSP	–	€2,268	€3,780	€3,780
	PSP – 50% share price appreciation	–	–	–	€1,890
Total		**€1,452**	**€4,325**	**€6,443**	**€8,333**

1. Represents the annual base salary as at the last review in May 2022.
2. ESPP employer contributions may vary depending on the MIP payout provided that the Chief Executive Officer decides to contribute a portion of the MIP towards the ESPP. The figures provided have been calculated on the basis of the applicable MIP payout and the Chief Executive Officer deciding to contribute 3% to the ESPP.

Directors' remuneration report *continued*

ESOP (Employee Stock Option Plan)

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

Malus and clawback provision for variable pay plans

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

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

Shareholding guidelines

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

The Policy contains a post-employment shareholding requirement whereby the Chief Executive Officer would, if leaving the Company, be required to hold shares equivalent to 200% of base salary (or actual shareholding at termination date if lower than this) for a period of two years after leaving employment.

Remuneration arrangements across the Group

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

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

Policy table – non-Executive Directors

Base fees

Purpose and link to strategy

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

Operation

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

Maximum opportunity

Fee levels for non-Executive Directors include an annual fixed fee plus additional fees for membership of Board committees when applicable, as summarised below for the period from the AGM June 2022 to AGM May 2023:

- Base Chairman's fee: €150,000
- Base non-Executive Director's fee: €82,000
- Senior Independent Director's fee: €18,000
- Audit and Risk Committee Chair fee: €32,000
- Audit and Risk Committee member fee: €16,000
- Remuneration, Nomination and Social Responsibility Committee Chair fees: €13,000
- Remuneration, Nomination and Social Responsibility Committee member fees: €6,500

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

Other benefits

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

Variable remuneration

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

Directors' remuneration report *continued*

Legacy arrangements

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

Policy on recruitment/appointment

Executive Directors

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

The maximum level of variable pay that may be offered will follow the rules of the MIP and is capped at 140% of the relevant individual's annual base salary. The maximum level of equity-related pay that may be offered will follow the PSP rules and is capped at 450% of the relevant individual's annual base salary. The typical award is not expected to surpass 330% of base salary. Different performance measures may be set initially for the annual bonus taking into consideration the point in the financial year that a new Executive Director joins. The above limits do not include the value of any buyout arrangements.

Benefits will be provided in line with 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, and housing, cost of living, schooling, travel and relocation costs.

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

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

Non-Executive Directors

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

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

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

Termination payments

The Swiss corporate rules regarding the Compensations in Listed Companies limits the authority of the Remuneration Committee and the Board to determine compensation. Limitations include the prohibition of certain types of severance compensation.

Our governance framework ensures that the Group uses the right channels to support reward decisions. In the case of early termination, the non-Executive Directors would be entitled to their fees accrued as of the date of termination, but are not entitled to any additional compensation. The Chief Executive Officer's employment contract does not contain any provisions for payments on termination.

Notice periods are set for up to six months and non-compete clauses are 12 months. 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 144.

Directors' remuneration report *continued*

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

Corporate events

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

In the event of a change of control, unvested performance share awards held by participants vest immediately on a pro-rated basis if the Remuneration Committee determines that the performance conditions 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.

Directors' remuneration report *continued*

Service contracts

Zoran Bogdanovic, the Chief Executive Officer, has a service contract with the Company with a six-month notice period. As noted in the Termination payments section on page 143, 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	21 June 2022	One year
Zoran Bogdanovic	Chief Executive Officer	11 June 2018	21 June 2022	Indefinite, terminable on six months' notice
Charlotte J. Boyle	Non-Executive Director	20 June 2017	21 June 2022	One year
Henrique Braun	Non-Executive Director	22 June 2021	21 June 2022	One year
Olusola (Sola) David-Borha	Non-Executive Director	24 June 2015	21 June 2022	One year
Anna Diamantopoulou	Non-Executive Director	16 June 2020	21 June 2022	One year
William W. (Bill) Douglas III	Non-Executive Director	21 June 2016	21 June 2022	One year
Reto Francioni	Senior Independent non-Executive Director	21 June 2016	21 June 2022	One year
Anastasios I. Leventis	Non-Executive Director	25 June 2014	21 June 2022	One year
Christo Leventis	Non-Executive Director	25 June 2014	21 June 2022	One year
Alexandra Papalexopoulou	Non-Executive Director	24 June 2015	21 June 2022	One year
Bruno Pietracci	Non-Executive Director	22 June 2021	21 June 2022	One year
Ryan Rudolph	Non-Executive Director	21 June 2016	21 June 2022	One year

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

Consideration of employee views

The remuneration structure has been designed to apply to all Group employees, not just the Executive Directors, which is a material factor in defining and shaping the policy and implementation of the policy. 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. The Chair of the Remuneration Committee is also the designated non-Executive Director for workforce engagement. As such, she attends meetings of our European Works Council and meets with elected employee representatives from our businesses in EU countries. She then reports back to the Board on her observations and matters raised by employees, ensuring Board and Remuneration Committee deliberations and decision-making are fully informed. Our engagement levels continue to remain high at 85%.

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 institutional investors to gather feedback on the Company's remuneration strategy and corporate governance. The Company would be happy to engage with shareholders in the future to discuss the outcomes of the remuneration policy.

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

- the business strategies and needs of the Company;
- the views of shareholders on Group policies and programmes of remuneration;
- the alignment of remuneration policy with the principles of clarity, simplicity, risk, predictability, proportionality and alignment with culture;
- market comparisons and the positioning of the Group's remuneration relative to other comparable companies;
- input from employees regarding our remuneration programmes;
- the need for similar, performance-related principles for the determination of executive remuneration and the remuneration of other employees; and
- the need for objectivity. Board members, the Chief Executive Officer and Executive Leadership Team 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 for other employees in the organisation.

Directors' remuneration report *continued*

Annual Report on Remuneration

Introduction

This section of the report provides detail on how we have implemented our remuneration policy in 2022 which, in accordance with the UK remuneration reporting regulations, will be subject to an advisory shareholder vote at our 2023 Annual General Meeting.

Activities of the Remuneration Committee during 2022

During 2022, the key Remuneration Committee activities were to:

- undertake extensive shareholder consultation to understand different views on our remuneration approach and explain the Committee's decisions;
- review and sign off the 2021 Directors' Remuneration Report;
- review the 2022 base salary for the Chief Executive Officer;
- review and approve the 2022 base salaries for the Executive Leadership Team members and general managers;
- review and approve the 2021 MIP payout for the Chief Executive Officer;
- review and approve payout levels for the 2021 MIP in relation to Executive Leadership Team members and general managers;
- review and approve the performance achievement of the 2019 PSP award, number of shares vesting and dividend equivalents;
- set and approve 2022 PSP targets;
- review award levels for 2022 PSP awards;
- review short- and long-term incentive arrangements for the wider workforce;
- review the assets of the Company's Irish defined benefit pension plans;
- review pay evolution for the wider workforce including actions taken to deal with inflation; and
- meet with our shareholders for remuneration related matters.

Advisers to the Remuneration Committee

The Chief People and Culture Officer, the Head of Rewards and the General Counsel regularly attend meetings of the Remuneration Committee.

While the Remuneration Committee does not have external advisers, in 2022 it authorised management to work with external consultancy firms Willis Towers Watson and Deloitte which provided independent advice on ad hoc remuneration issues during the year. These services are considered to have been independent, objective and relevant to the market. Other than employee engagement benchmarking services, Willis Towers Watson does not provide any other services to the Company or to any individual director, Deloitte provides tax advisory and payroll services to the Company. The total cost in connection with Willis Towers Watson's work was €41,540 and for Deloitte €9,355, invoiced on a time spent basis. Willis Towers Watson and Deloitte are members of the Remuneration Consultants Group and provide advice in line with its Code of Business Conduct. Considering this, and the level and nature of the service received, the Committee remains satisfied that the advice is objective and independent.

Directors' remuneration report *continued*

Non-Executive Directors' remuneration for the years ended 31 December 2022 and 2021

	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	**FY2022**	**150,000**	–	–	–	–	–	–	**150,000**
	FY2021	73,500	–	–	–	–	–	–	73,500
Charlotte J. Boyle	**FY2022**	**82,000**	–	13,000	6,500	–	–	–	**101,500**
	FY2021	73,500	–	11,600	5,800	–	–	–	90,900
Henrique Braun[3]	**FY2022**	**82,000**	–	–	–	–	–	6,586	**88,586**
	FY2021	36,750	–	–	–	–	–	2,988	39,738
Olusola (Sola) David-Borha	**FY2022**	**82,000**	16,000	–	–	–	–	7,871	**105,871**
	FY2021	73,500	14,500	–	–	–	–	7,156	95,156
Anna Diamantopoulou	**FY2022**	**82,000**	–	6,500	6,500	6,500	–	8,152	**109,652**
	FY2021	73,500	–	5,800	5,800	5,800	–	7,392	98,292
William W. (Bill) Douglas III	**FY2022**	**82,000**	32,000	–	–	–	–	–	**114,000**
	FY2021	73,500	28,900	–	–	–	–	–	102,400
Reto Francioni	**FY2022**	**82,000**	–	6,500	13,000	–	18,000	7,123	**126,623**
	FY2021	73,500	–	5,800	11,600	–	15,800	6,399	113,099
Anastasios I. Leventis	**FY2022**	**82,000**	–	–	–	13,000	–	–	**95,000**
	FY2021	73,500	–	–	–	11,600	–	–	85,100
Christo Leventis	**FY2022**	**82,000**	–	–	–	–	–	–	**82,000**
	FY2021	73,500	–	–	–	–	–	–	73,500
Alexandra Papalexopoulou	**FY2022**	**82,000**	16,000	–	–	–	–	–	**98,000**
	FY2021	73,500	14,500	–	–	–	–	–	88,000
Bruno Pietracci[4]	**FY2022**	**82,000**	–	–	–	6,500	–	7,108	**95,608**
	FY2021	36,750	–	–	–	2,900	–	3,224	42,874
José Octavio Reyes[5]	**FY2022**	**–**	–	–	–	–	–	–	**–**
	FY2021	36,750	–	–	–	2,900	–	2,249	41,899
Alfredo Rivera[6]	**FY2022**	**–**	–	–	–	–	–	–	**–**
	FY2021	36,750	–	–	–	–	–	–	36,750
Ryan Rudolph	**FY2022**	**82,000**	–	–	–	–	–	6,586	**88,586**
	FY2021	73,500	–	–	–	–	–	5,977	79,477

1. Non-Executive Director fees for 2022 were in line with the fees that were revised in 2022.
2. Social security employer contributions as required by Swiss legislation.
3. Henrique Braun was appointed to the Board of Directors on 22 June 2021. The Group applied a half-year period base fee.
4. Bruno Pietracci was appointed to the Board of Directors on 22 June 2021. The Group applied a half-year period base fee.
5. José Octavio Reyes retired from the Board of Directors on 22 June 2021. The Group applied a half-year period base fee.
6. Alfredo Rivera retired from the Board of Directors on 22 June 2021. The Group applied a half-year period base fee.

Non-Executive Directors do not participate in any of the Group's incentive plans, nor do they receive any retirement or other taxable benefits. Fee levels in the table above were last reviewed in 2022.

Directors' remuneration report *continued*

Single figure table

Single total figure of remuneration for the Chief Executive Officer for the years ended 31 December 2022 and 2021.

	Base pay[1] €000s		Cash and non-cash benefits[2] €000s		Annual bonus[3] €000s		Employee Share Purchase Plan[4] €000s		Long-term incentives[5] €000s		Retirement benefits[6] €000s		Total fixed remuneration €000s		Total variable remuneration €000s		Total single figure €000s	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Zoran Bogdanovic	**832**	807	**461**	853	**911**	1,038	**41**	30	**1,684**	1,342	**144**	133	**1,437**	1,793	**2,636**	2,410	**4,073**	4,203

1. Base pay' includes the monthly instalments linked to the base salary for 2022 and 2021.
2. 'Cash and non-cash benefits' includes the value of all benefits paid during 2022. These are outlined in the 'Cash and non-cash benefits' section below and include any gross-ups for the tax benefits.
3. Annual bonus fr 2022 includes the MIP payout, receivable early in 2023 for the 2022 performance year, including the amount deferred in shares. Refer to 'MIP performance outcomes-2022' for details.
4. 'Employee Share Purchase Plan' reflects the value of Company matching share contributions under the ESPP.
5. 'Long-term incentives' for 2022 reflects the 2020 awards made under the Performance Share Plan and the dividend equivalent shares paid on PSP shares that will vest in early 2023. The number of shares due to vest to the Chief Executive Officer for the 2020 award is 70,044. The Chief Executive Officer will also get 5,733 shares representing the dividend equivalents for the awarded shares for 2020, 2021 and 2022. The value reflects the number of shares multiplied by the average market price over the last three months of the financial year. The figure will be restated in next year's report based on the share price at vesting (as has been done for the 2019 award in the 2021 figure above). €329,512 of the €1,683,647 total vested value of the 2020 award was due to increase in share price since date of grant.
6. 'Retirement benefits' includes the pension plan under Swiss law. Employer contributions are 15% of annual base salary. The disclosed figure also includes risk and administration costs of €18,911.
7. No malus and clawback was operated.

Fixed pay for 2022

Base salary

In 2022, Zoran Bogdanovic's salary was increased to €840,000 representing an increase of 3.1% effective May 2022. Following the freeze in 2021, the Committee believed that as the Company emerged from the COVID-19 pandemic, an increase for the CEO in line with other employees was appropriate. The average increase for our employees was 4.4%.

Retirement benefits

Zoran Bogdanovic receives 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, €143,661 of retirement benefit was received inclusive of €18,911 for risk and administration costs.

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.

Cash and non-cash benefits

Zoran Bogdanovic received additional benefits during 2022. These included cost of living and foreign exchange rate adjustment (€330,151), private medical insurance (€5,255), partner allowance (€1,000), home trip allowance (€2,600), tax support (€10,772), company car (€21,425), housing allowance (€105,952), Company matching contribution related to the ESPP (€40,525 – reflecting the maximum match of 3% under the plan), tax equalisation (€-146,188), and the value of social security contributions (€129,567).

Variable pay for 2022

MIP performance outcomes – 2022

The Business Performance element for the 2022 MIP was based on the following metrics:

- Net Sales Revenue, with an opportunity of 56% of salary for maximum performance (28% of salary for target performance).
- Comparable EBIT, with an opportunity of 56% of salary for maximum performance (28% of salary for target performance).
- Free cash flow, with an opportunity level of 28% of salary for maximum performance (14% of salary for target performance).

The outcome of the business performance element is multiplied by the outcome for the individual performance element.

Directors' remuneration report *continued*

The CEO's individual performance metrics were measured versus the following priorities in 2022.

	Priorities	Achievement
Business Performance	Increase volume	Volume increased 12.3% versus 2021
	Increase organic revenue growth by 6%	Organic revenue growth 14.2% increase, excluding Russia and Ukraine it is 22.7%
	Increase comparable EBIT	Comparable EBIT 11.9% increase and 1.3% organic
New acquisitions	Acquisition of Egypt Acquisition of Three Cents	Successful completion of the acquisition of Egypt and Three Cents
Employee Engagement	Maintain or increase employee engagement versus prior year	Employee engagement remained stable at 85% versus prior year
Sustainability Commitments	Reduction in CO_2 and increase energy efficient coolers	Energy efficient coolers from 49% in 2022 versus 42% in 2021
	Progress towards World without waste	48% primary packaging collected for recycling versus 46% in 2021
	Increase in number of women in management	Overall women in management increased from 39,2% to 39.6% and women in Senior leader positions increased from 36.5% to 39.5%
	Increase the number that have access to #YouthEmpowered	Over 790,000 young people from 2017 to 2022 have access versus 548,000 in 2021

The Remuneration Committee took into account the following additional achievements during 2022.

- Handling of the challenges posed by the Russia-Ukraine war and the humanitarian support to Ukraine during the war.
- First ever green bond issued (500m EUR).
- Number one contributor to revenue growth for our retail customers.
- Recognised in the DJSI as leading Beverage company and top scores in S&P Global Sustainability Yearbook.

Due to the onset of the war in Ukraine, we have taken the decision to exclude Ukraine and Russia from both the targets as well as the actuals in calculating the payout. None of our business units have received government aid in 2022.

The CEO's individual financial metrics were measured as follows:

Metric	Performance level (payout % of Target opportunity)			Achievement	Payout (% of base salary)
	Threshold (0%)	Target (100%)	Maximum (200%)		
Net Sales Revenue (€m)	**6,348.5**	**6,900.5**	**7,452.6**	**7,857.3**	**56.0%**
					
Comparable EBIT (€m)	**643.9**	**699.9**	**755.9**	**692.4**	**24.5%**
					
Free Cash Flow (€m)	**411.5**	**447.2**	**492.0**	**503.7**	**28.0%**
					
Total (business performance multiplied by individual performance)					**108.5%**

The Remuneration Committee considered the above formulaic outcome to ensure that it was both fair and appropriate given the wider stakeholder experience described above and the wider performance assessment as set out in the Remuneration Committee Chair's letter earlier on in this report. The annual bonus award in respect of the 2022 financial year for the Chief Executive Officer was therefore €911,400 and 108.5% of salary. The Committee judged that this outcome was appropriate and did not apply a discretionary adjustment.

In accordance with the terms of the MIP, 50% of the award will be paid out in March 2023 and the remaining 50% will be deferred into shares for a period of three years. MIP payouts are not driven by share price appreciation.

Performance Share Plan (PSP) awards – 2022

The PSP is the Company's primary long-term incentive vehicle. In March 2022, the Chief Executive Officer was granted a performance share award over 140,502 shares under the PSP, representing 330% of base salary at date of grant.

The award is subject to a three-year performance period, aligned to the Company's financial year, with performance measured to the end of financial year 2024, and vesting anticipated in March 2025. These vested shares will then be subject to a further two-year holding period, and the Chief Executive Officer agrees to a no-sale commitment during this time.

The Committee was mindful of share price volatility at the time of grant and will retain the right to appropriately apply discretion to the share award outcome at the time of vesting, if the level of vesting and value delivered is not considered to be appropriate taking into account an assessment of performance.

The following table sets out the details of the performance share award made to the Chief Executive Officer under the PSP for 2022.

Type of award made	Performance share award over 140,502 shares, receivable for nil cost
Share price at date of grant	€19.14 (£15.98)
Date of grant	16 March 2022
Performance period	1 January 2022 to 31 December 2024
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)	€2,689,208
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	10.625% (EPS or ROIC) / 3.75% (reduction in CO_2 emissions) of maximum award

Directors' remuneration report *continued*

Similar to the award made in March 2021, the 2022 award was subject to comparable earnings per share (EPS) and return on invested capital (ROIC) and reduction in CO_2 emissions targets as outlined below.

The financial measures are key measures of business performance. The reduction in greenhouse gas emissions metric was selected to directly align with and incentivise delivery of the Company's ESG objectives, particularly our ambitious goal to achieve net zero emissions across our entire value chain by 2040. The CO_2 emissions target in the PSP implicitly captures reduction in plastics, which was a key driver of its selection as a metric.

In light of the heightened uncertainty as a result of the Russia-Ukraine war, the Committee temporarily postponed target setting at the date of grant in March 2022 as the Group had significant operations in both countries ROIC and EPS. The targets summarised below were disclosed via the London Stock Exchange's regulatory news service (RNS) in September 2022. These targets exclude Russia and Ukraine.

			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.	42.5%	1.38p	25%	1.62p	100%
Return on invested capital (ROIC)	ROIC is the percentage return that a company makes on its invested capital. More specifically, we define ROIC as the percentage of comparable net profit excluding net finance costs divided by the capital employed. Capital employed is calculated as the average of net debt and shareholders' equity attributable to the owners of the parent through the year.	42.5%	11.5%	25%	13.4%	100%
Reduction in CO_2 emissions	This target supports the Company's ambitious goal to achieve net zero emissions across its entire value chain by 2040. 1.5 degree Celsius scenarios approved by the Science Based Targets initiative (SBTi) and calculated as thousand tonnes of CO_2 emissions equivalent.	15%	2,921	25%	2,720	100%

The vesting schedule for PSP performance conditions is a straight line between the threshold and maximum performance levels.

Performance Share Plan (PSP) outcomes of the 2020-2022 award

The table below summarises performance against the applicable targets for PSP awards made in 2020, which are due to vest in March 2023.

		Threshold		Maximum		Actual		Total (% of max)
Measure	Weighting	Target	Vesting	Target	Vesting	Achievement	Vesting	
Comparable EPS	50%	1.79p	25%	1.98p	100%	1.70p	0%	48%
ROIC	50%	13.9%	25%	15.9%	100%	15.8%	96%	

Based on performance against the targets, the formulaic outcome was a vesting level of 48%.

In light of the external challenges facing the business, the Committee believed that the financial outcomes achieved reflected strong performance and that the vesting outcome was appropriate. It therefore determined not to make any adjustment to the formulaic outcome. The above results include Russia and Ukraine but exclude Egypt as at the time that targets were set in March 2020, Egypt was not part of the Group. Further detail and additional context is provided in the Remuneration Committee Chair's letter.

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 2023

For 2023, we will continue to apply the remuneration policy approved by shareholders in 2022, as outlined on pages 137 to 140.

Directors' remuneration report *continued*

Base salary and fees

2023 salary increase levels for employees have not been finalised at the date of this report. It is anticipated that the Chief Executive Officer's increase will not be higher than the increases provided for the wider workforce.

Revised Chairman and Board fees effective June 2022 were approved during the AGM 2022. The new fees were disclosed in the 2021 IAR. They are as follows:

Non-Executive Directors' fees	Current fees
Chairman fee	€150,000
Basic fee	€82,000
Senior Independent Director	€18,000
Audit and Risk Committee Chair	€32,000
Audit and Risk Committee member	€16,000
Remuneration/Nomination/Social Responsibility Committee Chair	€13,000
Remuneration/Nomination/Social Responsibility Committee member	€6,500

The increase of fees for the Chairman better reflects the time commitment required for the role and the Committee notes that the new fees remain below market levels.

Management Incentive Plan (MIP)

The MIP operates on a multiplicative basis. The outcome will be determined by business performance multiplied by individual performance, which means that unless the business performance targets are achieved no bonus will be payable.

Business performance is measured based on performance against three KPIs: revenue (40% weighting), comparable EBIT (40% weighting) and free cash flow (20% weighting). Targets are considered to be commercially sensitive but will be disclosed on a retrospective basis in next year's remuneration report. For target performance against this element the outcome will be 70%, rising to 140% for maximum performance. For the CEO, individual performance will be assessed based on the achievement of defined strategic objectives. Based on the Remuneration Committee's assessment of performance against these strategic objectives, the outcome for the individual performance element may be up to 100%.

The maximum opportunity level (which would reflect both a stretch level of business performance and full achievement of the individual strategic objectives) for the CEO will be 140% of base salary, which is unchanged from 2022.

Performance Share Plan (PSP)

Taking account of our growth ambitions over the next three-year period, and the performance of the Company and CEO since appointment, we are proposing to grant a one-off higher performance share award to the CEO in 2023, representing 450% of base salary.

The proposed award level is in line with the maximum opportunity allowable under the PSP in our Directors' Remuneration Policy, as approved by shareholders (where a maximum award of 450% of salary is permitted in any financial year).

It is intended that, as in past years, the three-year performance conditions applicable to the award will continue to be based on ROIC and EPS as well as the reduction of CO_2 emissions metric which was first introduced in 2021.

The weightings will be 42.5% for ROIC, 42.5% for EPS and 15% for reduction of CO_2 emissions. These are unchanged from 2021 and 2022. Further detail on the rationale for the increased award and the stretch of the targets is provided in the Remuneration Committee Chair's letter.

The targets for the 2023 PSP award are as follows:

PSP 2023-2025

			Threshold		Stretch	
Measure	Description	Weighting	Target	Vesting (% of max)	Target	Vesting (% of max)
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.	42.5%	1.40	25.00%	1.63	100%
ROIC	ROIC is the percentage return that a company makes on its invested capital. More specifically, we define ROIC as the percentage of comparable net profit excluding net finance costs divided by the capital employed. Capital employed is calculated as the average of net debt and shareholders' equity attributable to the owners of the parent through the year.	42.5%	11.00%	25.00%	12.90%	100%
Reduction of CO_2 Emissions	This target supports the Company's ambitious goal to achieve net zero emissions across its entire value chain by 2040. Aligned with science and 1.5 degree Celsius scenarios and approved by the Science Based Targets initiative (SBTi) and calculated as thousand tonnes of CO_2 emissions equivalent.	15.0%	4,037	25.00%	3,851	100%

The performance period for 2023 awards will be the three years to the end of December 2025 and vesting will occur in March 2026. These vested shares will then be subject to a further two-year holding period, and the Chief Executive Officer agrees to a no-sale commitment during this time.

Directors' remuneration report *continued*

Annual percentage change in remuneration of Directors and employees

The following table sets out the percentage change in remuneration for each Director and average percentage change of employees on an annual basis.

	Salary/fees			Taxable benefits			Annual bonus		
	2021 to 2022 %	2020 to 2021 %	2019 to 2020[2] %	2021 to 2022 %	2020 to 2021 %	2019 to 2020 %	2021 to 2022 %	2020 to 2021 %	2019 to 2020 %
All Employees	4.39	4.59	0.00	16.34	4.19	-18.57[4]	96.50	-14.79	9.12
Director									
Anastassis G. David[1]	104.08	–	–	–	–	–	–	–	–
Zoran Bogdanovic	3.10	3.20	0.00	-36.53[3]	24.25	34.63	155.21	-28.87	23.00
Charlotte J. Boyle	11.66	–	–	–	–	–	–	–	–
Henrique Braun	11.46	–	–	–	–	–	–	–	–
Olusola (Sola) David-Borha	11.26	–	–	–	–	–	–	–	–
Anna Diamantopoulou	11.56	–	–	–	–	–	–	–	–
William W. (Bill) Douglas III	11.33	–	–	–	–	–	–	–	–
Reto Francioni	11.96	–	–	–	–	–	–	–	–
Anastasios I. Leventis	11.63	–	–	–	–	–	–	–	–
Christo Leventis	11.56	–	–	–	–	–	–	–	–
Alexandra Papalexopoulou	11.36	–	–	–	–	–	–	–	–
Bruno Pietracci	11.50	–	–	–	–	–	–	–	–
Jose Octavio Reyes[5]	–	–	–	–	–	–	–	–	–
Alfredo Rivera[5]	–	–	–	–	–	–	–	–	–
Ryan Rudolph	11.46	–	–	–	–	–	–	–	–

1. Change in Chairman's fee has been disclosed in the 2021 Remuneration Report as part of the policy for 2022 and approved in the June 2022 AGM. Last change to the Chairman's fee took place in 2018. The fee is well below the FTSE 100 median.
2. There were no salary increases in 2020 due to the COVID pandemic.
3. The decrease in taxable benefits for the Chief Executive Officer was due to tax equalization.
4. The decrease in the employee benefits figure in 2020 was due to the impact of COVID and related to the provision of office-based benefits which were not taken up due to the increase in remote working.
5. Jose Octavio Reyes and Alfredo Rivera retired from the Board of Directors on 22 June 2021.

CEO pay ratio

Coca-Cola HBC is domiciled in Switzerland. We are therefore not required to report a CEO pay ratio under UK regulations; however, we are voluntarily disclosing ratios below. We have chosen to make a comparison with employees in Switzerland as this is the market in which our CEO is based. The international nature of our business means that we operate in countries with a significant range in terms of market practice for levels of remuneration and cost of living.

Switzerland, for example, has a substantially higher cost of living and employment remuneration compared to other countries. For this reason, comparisons with our Swiss workforce are likely to be more informative about the pay distribution of our workforce.

The table below compares the 2022 single figure of remuneration for the CEO with that of the employees who are paid at the 25th percentile (lower quartile), 50th percentile (median) and 75th percentile (upper quartile) of the Company's workforce based in Switzerland, ranked based on total remuneration.

Year	Method	25th percentile pay ratio (P1)	Median pay ratio (P2)	75th percentile pay ratio (P3)
2022	Option A	46:1	37:1	31:1
2021	Option A	65:1	52:1	42:1
2020	Option A	39:1	33:1	26:1
2019	Option A	33:1	29:1	23:1

Option A is based on a sample of full-time Swiss employees. Their pay and benefits is calculated, and every Swiss employee is ranked to determine P25, P50 and P75. Several Swiss employees around each percentile were identified to ensure that they accurately represent the relevant percentile ranking.

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

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

	25th percentile in €	Median in €	75th percentile in €
Annual base salary	76,229	76,854	87,478
Total remuneration	88,694	110,524	133,480

Directors' remuneration report *continued*

Total remuneration of Swiss employees includes base salary, annual bonuses, other cash compensation (e.g. overtime), other cash and non-cash benefits (e.g. company car, tax support, relocation etc.), pension employer contributions and employer social security contributions during 2022.

We are satisfied that the pay ratios reported this year are consistent with our wider pay, reward and progression policies for employees.

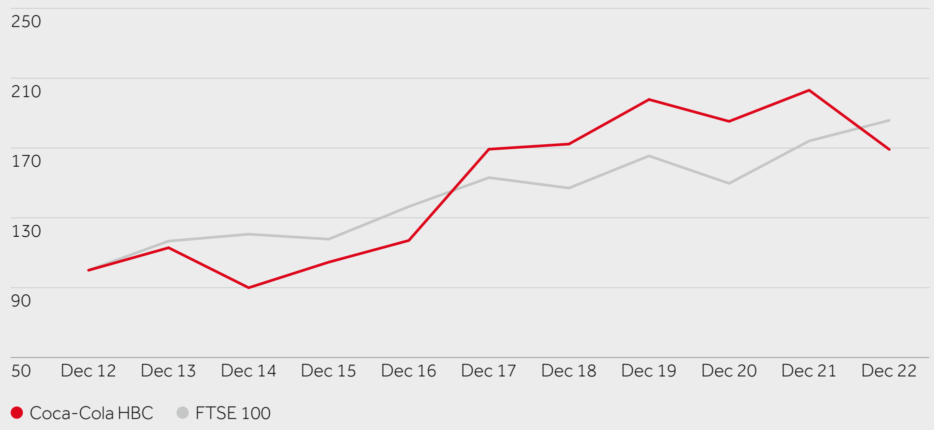
As described on page 137, we have an overall remuneration philosophy that operates throughout the Group, ensuring that employees are fairly rewarded and that their individual contributions are linked to the success of the Company.

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

Chief Executive Officer pay and performance comparison

The graph below shows the Total Shareholder Return (TSR) of the Company compared with the FTSE 100 index over a 10-year period to 31 December 2022, based on an initial investment of £100. The Remuneration Committee believes that the FTSE 100 Index is the most appropriate index to use for historic performance due to the size of the Company and our listing location.

Total Shareholder Return versus FTSE 100



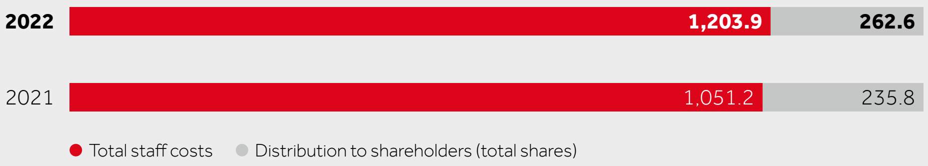
	2013	2014	2015	2016	2017		2018	2019	2020	2021	**2022**
	Dimitris Lois	Dimitris Lois	Dimitris Lois	Dimitris Lois	Dimitris Lois	Zoran Bogdanovic	Zoran Bogdanovic	Zoran Bogdanovic	Zoran Bogdanovic	Zoran Bogdanovic	Zoran Bogdanovic
Total remuneration – single figure (€ 000s)	1,928	1,918	3,012	2,923	15,378	410	3,710	2,499	3,340	4,203	**4,073**
MIP (% of maximum)	49%	45%	75%	55%	53%	5%	48%	56%	40%	91%	**78%**
PSP (% of maximum)	–	–	–	–	90%	–	100%	75%	50%	75%	**48%**

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

Directors' remuneration report *continued*

Relative importance of spend on pay (€m)

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



Compared with the prior year, the total staff costs have increased by 14.5%, while dividends distributed to shareholders have increased by 11.4%.

Shareholder voting outcomes

The table below sets out the result of the vote on the remuneration-related resolutions at the Annual General Meeting held in June 2022.

Resolution	Votes for	Votes against	Abstentions	Total votes cast	Voting rights represented
Advisory vote on the UK Remuneration Report	181,440,565 67.17%	88,630,436 32.82%	17,699 0.01%	270,088,670	73.71%
Advisory vote on the Swiss Remuneration Report	181,440,565 67.17%	88,630,436 32.82%	17,699 0.01%	270,088,670	73.71%
Advisory vote on the remuneration policy	259,376,317 96.03%	10,695,685 3.96%	16,668 0.01%	270,088,670	73.71%
Approval of the maximum aggregate amount of remuneration for the Board until the next Annual General Meeting	269,821,962 99.92%	204,088 0.08%	62,620 n.a	270,088,670	73.71%
Approval of the maximum aggregate amount of remuneration for the Executive Leadership Team for the next financial year	267,013,278 98.89%	2,998,680 1.11%	76,712 n.a.	270,088,670	73.71%

In reaction to the 67% in favour vote, the Committee decided to conduct an extensive shareholder consultation, reaching out to many shareholders and engaging with all shareholders who expressed concerns. We value our ongoing dialogue with shareholders and welcome any views on this report.

Payments to past Directors and payments for loss of office

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

Payments to appointed Directors

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

Outside appointments for the Chief Executive Officer

Zoran Bogdanovic does not hold any appointments outside the Company.

Total Directors' and Executive Leadership Team members' remuneration

The table below outlines the aggregated total remuneration figures for Directors and Executive Leadership Team members in the year.

	2022 € million	2021 € million
Total remuneration paid to or accrued for Directors, the Executive Leadership Team and the Chief Executive Officer	**28.3**	**23.6**
Salaries and other short-term benefits	**19.3**	**16.3**
Amount accrued for performance share awards	**8.0**	**6.4**
Pension and post-employment benefits for Directors, the Executive Leadership Team and the Chief Executive Officer	**1.0**	**0.9**

Credits and loans granted to governing bodies

In 2022, no credits or loans were granted to active or former members of the Company's Board, members of the Executive Leadership Team or any related persons.

Directors' remuneration report *continued*

Share ownership

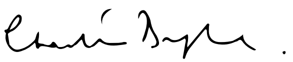
The table below summarises the total shareholding as at 17 March 2023, including any outstanding shares awarded through our incentive plans, for the Chief Executive Officer and other Directors.

		With performance measures			Without performance measures						
		PSP			ESOP			ESPP			
Name	Share interests	Performance shares granted in 2022	Unvested and subject to performance conditions	Vested	Number of stock options outstanding	Fully vested	Vesting at the end of 2022	Number of outstanding shares held as at 31 December 2022	Beneficially owned	Current shareholding as % of base salary[1]	Shareholding guideline met[1]
Zoran Bogdanovic[2]	Yes	144,826	380,685	69,759	132,743	132,743	–	60,711	299,614	797%	Yes
Anastassis G. David[3]		–	–	–	–	–	–	–	–	–	–
Charlotte J. Boyle	Yes	–	–	–	–	–	–	–	1,017	–	–
Henrique Braun		–	–	–	–	–	–	–	–	–	–
Olusola (Sola) David-Borha		–	–	–	–	–	–	–	–	–	–
Anna Diamantopoulou		–	–	–	–	–	–	–	–	–	–
William W. (Bill) Douglas III	Yes	–	–	–	–	–	–	–	10,000	–	–
Reto Francioni	Yes	–	–	–	–	–	–	–	7,000	–	–
Anastasios I. Leventis[4]		–	–	–	–	–	–	–	–	–	–
Christo Leventis[5]		–	–	–	–	–	–	–	–	–	–
Alexandra Papalexopoulou		–	–	–	–	–	–	–	–	–	–
Bruno Pietracci		–	–	–	–	–	–	–	–	–	–
José Octavio Reyes		–	–	–	–	–	–	–	–	–	–
Alfredo Rivera		–	–	–	–	–	–	–	–	–	–
Ryan Rudolph		–	–	–	–	–	–	–	–	–	–

1. The shareholding requirement was introduced from the date of the 2015 PSP award, 10 December 2015 and was updated to 300% in 2020.
2. During 2022, Zoran Bogdanovic exercised 29,734 options under the ESOP due to upcoming expiration.
3. Anastassis G. 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, that has an indirect interest with respect to 85,355,019 shares held by Kar-Tess Holding and
   (b) a further private discretionary trust, for the primary benefit of present and future members of the family of the late Anastasios George Leventis, that has an indirect interest with respect to 832,268 shares held by Ari Holdings Limited.
4. Anastasios I. Leventis is a beneficiary of:
   (a) a private discretionary trust, for the primary benefit of present and future members of the family of the late Anastasios George Leventis, that has an indirect interest with respect to 85,355,019 shares held by Kar-Tess Holding and
   (b) a further private discretionary trust, for the primary benefit of present and future members of the family of the late Anastasios George Leventis, that has an indirect interest with respect to 286,880 shares held by its trustee, Selene Treuhand AG and
   (c) a further private discretionary trust, for the primary benefit of present and future members of the family of the late Avgie Leventis, that has an indirect interest with respect to 2,138,277 shares held by Carlcan Holding Limited.
5. Christo Leventis is a beneficiary of:
   (a) a private discretionary trust, for the primary benefit of present and future members of the family of the late Anastasios George Leventis, that has an indirect interest with respect to 85,355,019 shares held by Kar-Tess Holding and
   (b) a further private discretionary trust, for the primary benefit of present and future members of the family of the late Anastasios George Leventis, that has an indirect interest with respect to 482,228 shares held by its trustee, Selene Treuhand AG and
   (c) a further private discretionary trust, for the primary benefit of present and future members of the family of the late Avgie Leventis, that has an indirect interest with respect to 2,138,277 shares held by Carlcan Holding Limited.

Approval of the Directors' Remuneration Report

The Directors' Remuneration Report set out on pages 128 to 155 was approved by the Board of Directors on 17 March 2023 and signed on its behalf by Charlotte J. Boyle, Chair of the Remuneration Committee.



Charlotte J. Boyle
Chair of the Remuneration Committee
17 March 2023

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 98-100, confirm to the best of their knowledge that:

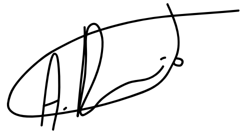
(a) The Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

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

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

The activities of the Group, together with the factors likely to affect its future development, performance, financial position, cash flows, liquidity position and borrowing facilities are described in the Strategic Report (pages 12-92). In addition, Notes 25 'Financial risk management and financial instruments', 36 'Net debt', and 27 '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 82.

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

March 2023

Disclosure of information required under Listing Rule 9.8.4R

For the purposes of Listing Rule 9.8.4CR, 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

FINANCIAL STATEMENTS

Contents

Independent auditor's report to Coca-Cola HBC AG

Report on the audit of the consolidated financial statements

Our opinion

In our opinion:

- Coca-Cola HBC AG's ('Coca-Cola HBC' or the 'Group') consolidated financial statements (the 'financial statements') give a true and fair view of the state of the Group's affairs as at 31 December 2022 and of its profit and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU').

We have audited the financial statements, included within the 2022 Integrated Annual Report (the 'Annual Report'), which comprise: the consolidated balance sheet as at 31 December 2022; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit & Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ('ISAs'). Our responsibilities under ISAs are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements, which include the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ('IESBA Code'), and the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the IESBA Code, the FRC's Ethical Standard and other applicable laws and regulations were not provided to the Group.

Other than those disclosed in Note 9 'Operating expenses' of the financial statements, we have provided no non-audit services to the Group in the period from 1 January 2022 to 31 December 2022.

Our audit approach

Overview

Audit scope	• We performed full scope audit procedures on the financial information of 17 subsidiary undertakings in 15 countries spread across all of the Group's reportable segments. • We also conducted procedures around specific account balances and transactions and analytical review procedures for other subsidiary undertakings and Group functions. • Taken together, the undertakings which were in scope for the purpose of our audit accounted for 83% of consolidated net sales revenue, 87% of consolidated profit before tax and 87% of consolidated total assets of the Group.
Key audit matters	• Goodwill and indefinite-lived intangible assets impairment assessment. • Geopolitical events in Russia and Ukraine. • Uncertain tax positions.
Materiality	• Overall materiality: €41.1 million based on 5% of adjusted profit before tax (2021: €36.7 million based on 5% of profit before tax). • Performance materiality: €30.8 million (2021: €27.5 million)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

We attended each of the eight Audit & Risk Committee meetings held during the year. Certain meetings involved a private discussion without management being present. We also met with the Chair of the Audit & Risk Committee on an ad-hoc basis. During these various conversations we discussed our observations on a variety of matters, for example the implications of the geopolitical events involving Russia and Ukraine, business combinations and PwC Russia's separation from the PwC Network. In September and December 2022, the Audit & Risk Committee discussed and challenged the audit plan. The plan included our key Audit Matters (as set out below) and other information on our audit approach such as our approach to specific balances and transactions and where the latest technology would be used to obtain better quality audit evidence.

Key audit matters are those matters that, in the auditor's professional judgement, were of most significance in the audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

'Geopolitical events in Russia and Ukraine' is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

Independent auditor's report to Coca-Cola HBC AG *continued*

Key audit matter	How our audit addressed the key audit matter
Goodwill and indefinite-lived intangible assets impairment assessment Refer to Note 14 'Intangible assets'. Goodwill and indefinite-lived intangible assets as at 31 December 2022 amount to €1,926.0 million and €612.4 million, respectively. The above amounts have been allocated to individual cash-generating units ('CGUs'), which in accordance with International Accounting Standard 36 'Impairment of Assets' ('IAS 36') require the performance of an impairment assessment at least annually or whenever there is an indication of impairment. The impairment assessment involves the determination of the recoverable amount of the CGU, being the higher of the value-in-use and the fair value less costs of disposal. This area was a key matter for our audit due to the size of goodwill and indefinite-lived intangible assets balances and because the determination of whether elements of goodwill and of indefinite-lived intangible assets are impaired involves complex and subjective estimates made by management about the future results of the CGUs. These estimates include assumptions surrounding revenue growth rates, costs, foreign exchange rates and discount rates. Management has identified the Egypt CGU to be sensitive to reasonably possible changes in the assumptions used, which could result in the calculated recoverable amount being lower in future periods than the carrying value of the CGU. Additional sensitivity disclosure has been included in the financial statements in respect of this CGU. As a result of the above assessments, management did not identify any impairments for goodwill and indefinite-lived assets, other than the impairment charge €13.7 million recognised for the Russia based operations that is discussed in the Key Audit Matter 'Geopolitical events in Russia and Ukraine.	We evaluated the appropriateness of management's identification of the Group's CGUs, related control activities and the process by which management prepared the CGUs' value-in-use calculations. We tested the mathematical accuracy of the CGUs' value-in-use calculations and compared the cash flow projections included therein to the financial budgets, approved by the directors, covering a one-year period, and management's projections for the subsequent four years. In addition, we assessed management's past forecasting accuracy by comparing key elements of the prior year projections with actual results. We challenged management's cash flow projections in relation to the assumptions applied to the value-in-use calculations, taking into account the elevated inflationary environment. With the support of our valuation specialists, we assessed the appropriateness of the methodology and valuation techniques used as well as certain assumptions including discount, annual revenue growth, perpetuity revenue growth and foreign exchange rates. We also evaluated management's assessment of the potential effect of climate change risks, such as the cost of water, carbon emissions and exposure to extreme weather events. We performed our independent sensitivity analyses on the key drivers of the value-in-use calculations for the CGUs with significant balances of goodwill and indefinite-lived intangible assets. As a result of our work, we found that the conclusions reached by management in relation to the impairment testing of goodwill and indefinite-lived intangible assets were supported by assumptions within reasonable ranges. We evaluated the related disclosures provided in the financial statements in Note 14 'Intangible assets' and concluded that these are appropriate.

Key audit matter	How our audit addressed the key audit matter
Geopolitical events in Russia and Ukraine Refer to Note 6 'Russia-Ukraine conflict impact' and Note 24 'Business combinations'. The geopolitical developments involving Russia and Ukraine alongside The Coca-Cola Company's ('TCCC') decision to suspend its business in Russia are indications of potential impairment of the operations in both countries where the Group operates in accordance with IAS 36. The Russia based operations consisted of the Group's subsidiary undertaking 'Multon Partners' and one joint venture 'Multon AO group of companies' ('Multon JV') accounted for under the equity method. In August 2022, TCCC unilaterally waived certain of its governance rights in connection with its 50% interest in Multon JV. As a result, the Group gained control of Multon JV in accordance with International Financial Reporting Framework 10 'Consolidated financial statements' ('IFRS 10'). The Group performed impairment exercises on its Russia and Ukraine based operations for both interim and year-end financial reporting purposes. As a result of the above, Multon Partners incurred impairment losses of €13.7 million for goodwill and of €60.9 million for tangible assets. In addition, the Multon JV was impaired by €52.8 million. No impairment losses were identified for the Ukrainian CGU. Given the significance of the events described above as well as the related financial impact on the Group's financial statements, we concluded that this area is a key audit matter.	In relation to the Multon Partners and Ukraine CGUs' impairment assessment, we followed the procedures described in the Key Audit Matter 'Goodwill and indefinite-lived intangible assets impairment assessment'. For the tangible assets, we understood the process that management followed for Multon Partners' impairment exercises. We worked closely with the component auditors in Russia to test the mathematical accuracy of the tangible assets impairment assessment and challenge management on the assumptions used in light of TCCC's suspension of the business and sanctions imposed. Furthermore, we leveraged the work performed for the discount, growth and foreign exchange rates as described in the Key audit matter 'Goodwill and indefinite-lived intangible assets impairment assessment'. With regards to the Multon JV, we assessed, with the support of our valuation specialists, the appropriateness of the methodology, the valuation techniques and the assumptions used by management as well as the mathematical accuracy of their impairment model. Based on our work, we found that the conclusions reached by management in relation to their impairment assessments were supported by assumptions within reasonable ranges. Moreover, we verified the appropriateness of the Multon JV's change of control accounting treatment and its financial impact. We evaluated the related disclosures provided in the financial statements in Note 6 'Russia-Ukraine conflict impact' and Note 24 'Business combinations' and concluded that these are appropriate.

Independent auditor's report to Coca-Cola HBC AG *continued*

Key audit matter	How our audit addressed the key audit matter
Uncertain tax positions Refer to Note 11 'Taxation' and Note 30 'Contingencies'. The Group operates in numerous tax jurisdictions and is subject to periodic tax inspections, in the normal course of business, by local tax authorities on a range of tax matters in relation to corporate tax, transfer pricing and indirect taxes. As at 31 December 2022, the Group has current tax liabilities of €114.4 million, while provisions for uncertain tax positions amount to €67.5 million. The impact of changes in local tax regulations and ongoing inspections by local tax authorities, could materially impact the amounts recorded in the financial statements. Where the amount of tax payable is uncertain, the Group establishes provisions based on management's estimates with respect to the likelihood of material tax exposures crystallising and the probable amount of the resultant liability. We consider this area as a key audit matter given the level of judgement and uncertainty involved in estimating tax provisions and the complexities of dealing with tax rules and regulations in numerous jurisdictions.	In order to understand and evaluate management's judgement, we considered the status of current tax authority inspections and enquiries, the outcome of previous tax authority inspections, judgemental positions taken in tax returns and current year estimates as well as recent developments in the tax jurisdictions in which the Group operates. We evaluated the group's monitoring process of the current tax authority inspections and challenged management's estimates, particularly in respect of cases where there had been significant developments with tax authorities. Our component audit teams, through the use of tax specialists with local knowledge and relevant expertise, assessed the tax positions taken by the subsidiary undertakings in scope, in the context of applying local tax laws and evaluating the local tax assessments. Additionally, with our group engagement team tax specialists we further evaluated management's estimation of tax exposures and contingencies in order to assess the adequacy of the Group's tax provisions. We held meetings with Group and local management to discuss the individual tax positions of the in-scope subsidiary undertakings and assessed with the support of our group engagement tax team the Group's overall tax exposure. From the evidence obtained we consider the provisions in relation to uncertain tax positions as at 31 December 2022 to be reasonable. We also evaluated the related disclosures provided in the financial statements in Note 11 'Taxation' and Note 30 'Contingencies' and concluded that these are appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed sufficient work to be able to provide an opinion on the financial statements as a whole, taking into account the operating structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group operates through its trading subsidiary undertakings in Nigeria, Egypt and 27 countries in Europe, as set out in Note 1 'Description of business' and Note 7 'Segmental analysis' of the financial statements. The processing of the accounting records for these subsidiary undertakings is largely centralised in a shared services centre in Bulgaria, except for the subsidiary undertakings in Armenia, Belarus, Egypt, Moldova, North Macedonia, Russia and Ukraine which process their accounting records locally. The Group also operates centralised treasury functions in the Netherlands and in Greece and a centralised procurement function for key raw materials in the Netherlands.

Based on their significance to the financial statements and in light of the key audit matters as noted above, we identified 17 subsidiary undertakings in 15 countries spread across all of the Group's reportable segments (including the significant trading subsidiary undertakings in Russia, Italy, Nigeria, Poland, Romania and Switzerland) which, based on our scoping analysis, required a full scope audit of their financial information. In addition, audit procedures were performed with respect to the centralised treasury functions by the group engagement team and with respect to the centralised procurement function by the component audit team in the Netherlands. The group engagement team also performed analytical review and other procedures on balances and transactions of subsidiary undertakings not covered by the procedures described above.

The undertakings which were in scope for the purpose of our audit accounted for 83% of consolidated net sales revenue, 87% of consolidated profit before tax and 87% of consolidated total assets of the Group. This, together with the additional procedures performed at Group level, gave us appropriate audit evidence for our opinion on the financial statements.

At the planning phase of the audit process, we held a one-day virtual audit planning workshop focusing on planning and risk assessment activities, fraud assessment, auditor independence, accounting and auditing developments, climate change considerations, geopolitical events involving Russia and Ukraine and centralised testing procedures. This audit planning workshop was attended by all audit teams, including those responsible for the Group's subsidiary undertakings that are subject only to a statutory audit. The group engagement team was also responsible for planning, designing and overseeing the audit procedures performed at the shared services centres in Bulgaria and Greece. In addition, we performed work centrally on IT general controls and cybersecurity risks and shared audit comfort with the component teams. The group engagement team performed audit procedures with respect to the Group consolidation, financial statements disclosures and a number of other areas that involve significant judgement and estimates, including goodwill and intangible assets and the Group's overall going concern assessment.

Independent auditor's report to Coca-Cola HBC AG *continued*

We issued formal, written instructions to the component teams setting out the work to be performed by each of them. We were in active dialogue throughout the year with the teams that conducted these component audits. In addition to holding formal periodic meetings, the group engagement team had ongoing informal interactions with the component audit teams to be continuously updated and to monitor their progress and the results of their procedures. Furthermore, the group engagement team reviewed component auditor working papers and undertook other forms of interaction as considered necessary, depending on the significance of the component and the extent of accounting and audit issues arising. We evaluated the sufficiency of the audit evidence obtained through discussions with each team and a review of the audit working papers. When travel restrictions eased, senior team members performed site visits in Bulgaria, Egypt, Italy, Poland, Romania, Switzerland and the Netherlands. These visits gave us an opportunity to meet with the local audit teams and management to discuss the business performance and outlook, regulations and taxation, and any specific accounting and auditing matters identified, including fraud and internal controls. Where physical attendance was not undertaken, senior team members participated in the final audit meetings for the trading subsidiary undertakings in Russia and Nigeria via video conference.

As part of our audit, we also made enquiries of management to understand the process adopted to assess the extent of the potential impact of climate change risk on the financial statements and support the disclosures made. In addition, we read the minutes of the governance processes in place to assess climate risk and the additional reporting made by the entity on climate. Management considers that climate change does not give rise to a potential material financial statement impact. We used our knowledge of the Group to evaluate management's assessment. We particularly considered how climate change risks would impact the assumptions made in the forecasts prepared by management used in their impairment analyses and going concern assessment. Our procedures did not identify any material impact on the financial statements for the year ended 31 December 2022. Where climate risk relates to a key audit matter our audit response is given in the key audit matters section of our audit report. We considered the consistency of the disclosures in relation to climate change made in the other information within the annual report with the financial statements and knowledge from our audit. We discussed with management and the Audit & Risk Committee the ways in which climate change disclosures should continue to evolve as greater understanding of the actual and potential impacts on the Group's business is obtained.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole, as follows:

Overall group materiality	€41.1 million (2021: €36.7 million).
How we determined it	5% of adjusted profit before tax (2021: 5% of profit before tax)
Rationale for benchmark applied	Our approach has changed from the previous year, where we used the reported profit before tax as the benchmark for determining overall materiality. We consider that the reported profit before tax still remains the principal measure used by the shareholders in assessing the underlying performance of the Group and is a generally accepted benchmark. However, we have adjusted this benchmark by items which, in our view, are considered unusual and infrequently occurring in nature driven by the geopolitical events involving Russia and Ukraine. An approach to materiality based on 5% of the adjusted profit before tax is within the range of acceptable quantitative materiality thresholds in generally accepted auditing practice.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was from €3.0 million to €18.0 million.

When planning the audit, we considered if multiple misstatements may exist which, when aggregated, could exceed our overall materiality level. In order to reduce the risk of multiple misstatements which could aggregate to this amount we used a lower level of materiality, known as performance materiality to identify the individual balances, classes of transactions and disclosures that were subject to audit. Our performance materiality was 75% of overall materiality, amounting to €30.8 million (2021: €27.5 million).

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

Where the audit identified any items that were not reflected appropriately in the financial information, we considered these items carefully to assess if they were individually or in aggregate material. We agreed with the Audit & Risk Committee that we would report to them misstatements identified exceeding €2.0 million (2021: €1.5 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent auditor's report to Coca-Cola HBC AG *continued*

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Verification that the cash flow projections used in the goodwill impairment, going concern and viability assessments were consistent;
- Review of management's assessment supporting the Group's ability to continue to adopt the going concern basis of accounting, ensuring that appropriate severe but plausible downside scenarios, including the potential impact from the geopolitical events involving Russia and Ukraine, were considered;
- Assessment of the reasonableness of management's assumptions used in the cash flow projections.
- Testing of the mathematical integrity of the cash flow forecasts and reconciliation with the Board approved budget and management's projections for the subsequent periods;
- Evaluation of the Group's liquidity for the period under assessment by considering the Group's available cash resources, committed undrawn credit facilities and other debt instruments in place as well as the maturity profile of the Group's debt. We confirmed the outstanding amounts of the financing facilities and verified their nature, terms and conditions;
- Consideration of whether climate change is expected to have any significant impact during the period of the going concern assessment; and
- Evaluation of the appropriateness of the related disclosures provided in the financial statements in Note 2 'Basis of preparation and consolidation'.

Based on the work performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's ability to continue as a going concern.

In relation to the Group's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements, our auditor's report thereon and the Swiss statutory reporting, which we obtained prior to the date of this auditor's report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code, which the Listing Rules of the Financial Conduct Authority specify for review by auditors of premium listed companies. Our additional responsibilities with respect to the corporate governance statement as other information, are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties relating to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent auditor's report to Coca-Cola HBC AG *continued*

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit & Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Group's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in the Annual Report, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and the industry in which it operates, we considered the extent to which non-compliance with applicable laws and regulations may have a material effect on the financial statements, including, but not limited to, the corporate regulations arising from its listings on the London Stock Exchange and Athens Exchange, tax laws and regulations applicable to Coca-Cola HBC and its subsidiaries and regulations relating to unethical and prohibited business practices. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and where management made subjective judgements in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included among others:

- Discussions with management, internal audit, internal legal counsel, management's experts and external legal advisors, where relevant, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing correspondence with regulators;
- Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities;
- Assessment of matters reported on the Group's whistleblowing helpline and the results of management's investigation of such matters;
- Reading the minutes of Board meetings to identify any inconsistencies with other information provided by management;
- Challenging assumptions and judgements made by management in significant accounting estimates, in particular in relation to the key audit matters;
- inspecting correspondence with legal advisors and internal audit reports in so far as they related to the financial statements;
- Identifying and testing journal entries, in particular any entries posted with unusual account combinations, journal entries posted by senior management and consolidation entries.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Independent auditor's report to Coca-Cola HBC AG *continued*

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. Those charged with governance are responsible for overseeing the Group's financial reporting process.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of this report

This report, including the opinions, has been prepared for and only for Coca-Cola HBC AG for the purpose of compliance with the Disclosure Guidance and Transparency Rules sourcebook and the Listing Rules of the FCA and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

Other required reporting

Appointment

We have been the Group's auditors since 2003 and following a tender process that the Group conducted in 2015, at the recommendation of the Audit & Risk Committee, we were reappointed by the directors on 11 December 2015 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods.

Assurance Report on the European Single Electronic Format pursuant to the Athens Exchange listing requirements

We have examined the digital files of Coca-Cola HBC, which were compiled in accordance with the European Single Electronic Format (ESEF) defined by the Commission Delegated Regulation (EU) 2019/815, as amended by Regulation (EU) 2020/1989 (hereinafter 'ESEF Regulation'), and which include the consolidated financial statements of the Group for the year ended 31 December 2022, in XHTML format 549300EFP3TNG7JGVE49-2022-12-31-en.xhtml, as well as the provided XBRL file 549300EFP3TNG7JGVE49-2022-12-31-en.zip with the appropriate marking up, on the aforementioned consolidated financial statements, including the other explanatory information (notes to the financial statements).

Regulatory framework

The digital files of the European Single Electronic Format are compiled in accordance with ESEF Regulation and 2020 / C 379/01 Interpretative Communication of the European Commission of 10 November 2020, as provided by the Greek Law 3556/2007 and the relevant announcements of the Hellenic Capital Market Commission and the Athens Exchange ('ESEF Regulatory Framework').

Independent auditor's report to Coca-Cola HBC AG *continued*

In summary, this Framework includes the following requirements:

- All annual financial reports should be prepared in XHTML format.
- For consolidated financial statements in accordance with International Financial Reporting Standards, the financial information stated the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity, as well as the financial information included in the other explanatory information, should be marked-up with XBRL 'tags' and 'block tag', according to the ESEF Taxonomy, as in force. The technical specifications for ESEF, including the relevant classification, are set out in the ESEF Regulatory Technical Standards.

The requirements set out in the current ESEF Regulatory Framework are suitable criteria for formulating a reasonable assurance conclusion.

Responsibilities of the management and those charged with governance

Management is responsible for the preparation and submission of the consolidated financial statements of the Group, for the year ended 31 December 2022 in accordance with the requirements set by the ESEF Regulatory Framework, as well as for those internal controls that management determines as necessary, to enable the compilation of digital files free of material error due to either fraud or error.

Auditor's responsibilities

Our responsibility is to plan and carry out this assurance work, in accordance with no. 214/4 / 11.02.2022 Decision of the Board of Directors of the Hellenic Accounting and Auditing Standards Oversight Board (HAASOB) and the 'Guidelines in relation to the work and the assurance report of the Certified Public Accountants on the European Single Electronic Format (ESEF) of issuers with securities listed on a regulated market in Greece' as issued by the Board of Certified Auditors on 14/02/2022 (hereinafter 'ESEF Guidelines'), providing reasonable assurance that the consolidated financial statements of the Group prepared by management in accordance with ESEF comply in all material respects with the applicable ESEF Regulatory Framework.

Our work was carried out in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standard Board for Accountants (IESBA Code).

The assurance work we conducted is limited to the procedures provided by the ESEF Guidelines and was carried out in accordance with International Standard on Assurance Engagements 3000, 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. Reasonable assurance is a high level of assurance, but it is not a guarantee that this work will always detect a material misstatement regarding non-compliance with the requirements of the ESEF Regulation.

Conclusion

Based on the procedures performed and the evidence obtained, we conclude that the consolidated financial statements of the Group for the year ended 31 December 2022, in XHTML file format 549300EFP3TNG7JGVE49-2022-12-31-en.xhtml, as well as the provided XBRL file 549300EFP3TNG7JGVE49-2022-12-31-en.zip with the appropriate marking up, on the aforementioned consolidated financial statements, including the other explanatory information, have been prepared, in all material respects, in accordance with the requirements of the ESEF Regulatory Framework.

Other matters

Swiss statutory reporting requirements

PwC Switzerland has reported separately on the Group and Company financial statements of Coca-Cola HBC AG for the year ended 31 December 2022 for Swiss statutory purposes. The reports are available in pages 223 and 228.

ESEF Regulatory Technical Standard pursuant to the London Stock Exchange listing requirements

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS which may differ from the ESEF as defined in section 'Other required reporting' above.

Fotis Smyrnis
the Certified Auditor, Reg. No. 52861
for and on behalf of PricewaterhouseCoopers S.A.
Certified Auditors, Reg. No. 113
Athens, Greece

20 March 2023

Notes:

a. The maintenance and integrity of the Coca-Cola HBC AG website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
b. Legislation in the UK, Greece and Switzerland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated financial statements

Consolidated income statement

For the year ended 31 December

	Note	2022 € million	2021 € million
Net sales revenue	7,8	**9,198.4**	7,168.4
Cost of goods sold		**(6,054.2)**	(4,570.2)
Gross profit		**3,144.2**	**2,598.2**
Operating expenses (excluding exceptional items related to Russia-Ukraine conflict)	9	**(2,354.6)**	(1,833.3)
Exceptional items related to Russia-Ukraine conflict	6	**(127.4)**	–
Operating expenses	9	**(2,482.0)**	**(1,833.3)**
Share of results of integral equity method investments	16	**41.6**	34.4
Operating profit	7	**703.8**	**799.3**
Finance income		**13.2**	5.3
Finance costs		**(95.9)**	(72.9)
Finance costs, net	10	**(82.7)**	**(67.6)**
Share of results of non-integral equity method investments	16	**2.5**	3.2
Profit before tax		**623.6**	**734.9**
Tax	11	**(208.0)**	(187.4)
Profit after tax		**415.6**	**547.5**
Attributable to:			
Owners of the parent		**415.4**	547.2
Non-controlling interests		**0.2**	0.3
		415.6	547.5
Basic earnings per share (€)	12	**1.13**	1.50
Diluted earnings per share (€)	12	**1.13**	1.49

Consolidated statement of comprehensive income

For the year ended 31 December

	Note	2022 € million	2021 € million
Profit after tax		**415.6**	547.5
Other comprehensive income:			
Items that may be subsequently reclassified to income statement:			
Cost of hedging	25	**(3.5)**	(2.7)
Net gain on cash flow hedges	25	**34.6**	69.5
Foreign currency translation (losses)/gains	13	**(252.6)**	73.6
Share of other comprehensive income of equity method investments	13, 16	**34.2**	14.6
Reclassification of share of other comprehensive income of equity method investments to the income statement, arising from business combination	24	**145.2**	–
Income tax relating to items that may be subsequently reclassified to income statement	13	**(3.9)**	(9.5)
		(46.0)	**145.5**
Items that will not be subsequently reclassified to income statement:			
Valuation loss on equity investments at fair value through other comprehensive income		**(0.1)**	–
Actuarial gains		**26.0**	16.1
Income tax relating to items that will not be subsequently reclassified to income statement	13	**1.8**	(6.1)
		27.7	10.0
Other comprehensive (loss)/income for the year, net of tax	13	**(18.3)**	**155.5**
Total comprehensive income for the year		**397.3**	**703.0**
Total comprehensive income attributable to:			
Owners of the parent		**406.1**	702.7
Non-controlling interests		**(8.8)**	0.3
		397.3	**703.0**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated financial statements *continued*

Consolidated balance sheet

As at 31 December

	Note	2022 € million	2021 € million
Assets			
Intangible assets	14	**2,542.5**	2,043.3
Property, plant and equipment	15	**3,266.3**	2,830.9
Equity method investments	16	**205.6**	365.8
Other financial assets	25	**9.4**	16.6
Deferred tax assets	11	**37.5**	31.0
Other non-current assets	19	**78.2**	69.8
Total non-current assets		**6,139.5**	**5,357.4**
Inventories	18	**770.0**	519.8
Trade, other receivables and assets	19	**1,147.9**	948.6
Other financial assets	25, 26	**1,063.8**	878.9
Current tax assets		**14.5**	26.7
Cash and cash equivalents	26	**719.9**	782.8
		3,716.1	3,156.8
Assets classified as held for sale	20	**0.1**	0.1
Total current assets		**3,716.2**	**3,156.9**
Total assets		**9,855.7**	**8,514.3**

	Note	2022 € million	2021 € million
Liabilities			
Borrowings	26	**337.0**	381.7
Other financial liabilities	25	**41.9**	11.6
Trade and other payables	21	**2,331.9**	1,885.8
Provisions and employee benefits	22	**181.5**	157.2
Current tax liabilities		**114.4**	80.1
Total current liabilities		**3,006.7**	**2,516.4**
Borrowings	26	**3,082.9**	2,555.7
Other financial liabilities	25	**3.7**	3.0
Deferred tax liabilities	11	**264.6**	197.7
Provisions and employee benefits	22	**106.9**	118.8
Other non-current liabilities		**5.3**	5.6
Total non-current liabilities		**3,463.4**	**2,880.8**
Total liabilities		**6,470.1**	**5,397.2**
Equity			
Share capital	27	**2,024.3**	2,022.3
Share premium	27	**2,837.4**	3,097.3
Group reorganisation reserve	27	**(6,472.1)**	(6,472.1)
Treasury shares	27	**(131.2)**	(146.6)
Exchange equalisation reserve	27	**(1,218.2)**	(1,154.0)
Other reserves	27	**292.5**	310.2
Retained earnings		**5,949.6**	5,457.4
Equity attributable to owners of the parent		**3,282.3**	**3,114.5**
Non-controlling interests		**103.3**	2.6
Total equity		**3,385.6**	**3,117.1**
Total equity and liabilities		**9,855.7**	**8,514.3**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated financial statements *continued*

Consolidated statement of changes in equity

	Attributable to owners of the parent									
	Share capital € million	Share premium € million	Group reorganisation reserve € million	Treasury shares € million	Exchange equalisation reserve € million	Other reserves € million	Retained earnings € million	**Total € million**	Non-controlling interests € million	**Total equity € million**
Balance as at 1 January 2021	2,014.4	3,321.4	(6,472.1)	(155.5)	(1,242.1)	266.7	4,897.9	**2,630.7**	2.6	**2,633.3**
Shares issued to employees exercising stock options	7.9	11.7	–	–	–	–	–	**19.6**	–	**19.6**
Share-based compensation:										
Performance shares	–	–	–	–	–	15.1	–	**15.1**	–	**15.1**
Movement in shares held for equity compensation plan	–	–	–	–	–	(0.1)	–	**(0.1)**	–	**(0.1)**
Appropriation of reserves	–	–	–	8.9	–	(9.0)	0.1	**–**	–	**–**
Dividends	–	(235.8)	–	–	–	–	2.2	**(233.6)**	(0.3)	**(233.9)**
Transfer of cash flow hedge reserve, including cost of hedging to inventories, net of tax[1]	–	–	–	–	–	(19.9)	–	**(19.9)**	–	**(19.9)**
	2,022.3	**3,097.3**	**(6,472.1)**	**(146.6)**	**(1,242.1)**	**252.8**	**4,900.2**	**2,411.8**	**2.3**	**2,414.1**
Profit for the year, net of tax	–	–	–	–	–	–	547.2	**547.2**	0.3	**547.5**
Other comprehensive income for the year, net of tax	–	–	–	–	88.1	57.4	10.0	**155.5**	–	**155.5**
Total comprehensive income for the year, net of tax[2]	–	–	–	–	88.1	57.4	557.2	**702.7**	0.3	**703.0**
Balance as at 31 December 2021	**2,022.3**	**3,097.3**	**(6,472.1)**	**(146.6)**	**(1,154.0)**	**310.2**	**5,457.4**	**3,114.5**	**2.6**	**3,117.1**
Shares issued to employees exercising stock options	2.0	2.7	–	–	–	–	–	**4.7**	–	**4.7**
Share-based compensation:										
Performance shares	–	–	–	–	–	16.6	–	**16.6**	–	**16.6**
Movement in shares held for equity compensation plan	–	–	–	–	–	1.2	–	**1.2**	–	**1.2**
Appropriation of reserves	–	–	–	15.4	–	(21.1)	5.7	**–**	–	**–**
Non-controlling interests on business combinations	–	–	–	–	–	–	–	**–**	259.6	**259.6**
Purchase of shares held by non-controlling interests	–	–	–	–	–	–	40.9	**40.9**	(149.8)	**(108.9)**
Dividends	–	(262.6)	–	–	–	–	2.4	**(260.2)**	(0.3)	**(260.5)**
Transfer of cash flow hedge reserve, including cost of hedging to inventories, net of tax[3]	–	–	–	–	–	(41.5)	–	**(41.5)**	–	**(41.5)**
	2,024.3	**2,837.4**	**(6,472.1)**	**(131.2)**	**(1,154.0)**	**265.4**	**5,506.4**	**2,876.2**	**112.1**	**2,988.3**
Profit for the year, net of tax	–	–	–	–	–	–	415.4	**415.4**	0.2	**415.6**
Other comprehensive loss for the year, net of tax	–	–	–	–	(64.2)	27.1	27.8	**(9.3)**	(9.0)	**(18.3)**
Total comprehensive income for the year, net of tax[4]	–	–	–	–	(64.2)	27.1	443.2	**406.1**	(8.8)	**397.3**
Balance as at 31 December 2022	**2,024.3**	**2,837.4**	**(6,472.1)**	**(131.2)**	**(1,218.2)**	**292.5**	**5,949.6**	**3,282.3**	**103.3**	**3,385.6**

1. The amount included in other reserves of €19.9 million gain for 2021 represents the cash flow hedge reserve, including cost of hedging, transferred to inventories of €24.0 million gain, and the deferred tax expense thereof amounting to €4.1 million.
2. The amount included in the exchange equalisation reserve of €88.1 million gain for 2021 represents the exchange gain attributable to owners of the parent, including €14.5 million gain relating to the share of other comprehensive income of equity method investments.
   The amount of other comprehensive income, net of tax included in other reserves of €57.4 million gain for 2021 consists of cash flow hedges gain of €66.8 million, share of other comprehensive income of equity method investments of €0.1 million gain and the deferred tax expense thereof amounting to €9.5 million.
   The amount of €557.2 million gain attributable to owners of the parent comprises profit for the year, net of tax of €547.2 million, actuarial gains of €16.1 million and deferred tax expense thereof amounting to €6.1 million.
   The amount of €0.3 million gain included in non-controlling interests for 2021 represents the share of non-controlling interests in profit for the year, net of tax.
3. The amount included in other reserves of €41.5 million gain for 2022 represents the cash flow hedge reserve, including cost of hedging, transferred to inventories of €51.4 million gain, and the deferred tax expense thereof amounting to €9.9 million.
4. The amount included in the exchange equalisation reserve of €64.2 million loss for 2022 represents the exchange loss attributable to owners of the parent, including €34.8 million gain relating to the share of other comprehensive income of equity method investments and €144.6 million relating to reclassification of share of other comprehensive loss of equity method investments to the income statement arising from business combination.
   The amount of other comprehensive income, net of tax included in other reserves of €27.1 million gain for 2022 consists of cash flow hedges gain of €31.1 million, share of other comprehensive income of equity method investments of €0.6 million loss, valuation losses of €0.1 million on equity investments at fair value through other comprehensive income, €0.6 million gain relating to reclassification of share of other comprehensive income of equity method investments to the income statement arising from business combination, and the deferred tax expense thereof amounting to €3.9 million.
   The amount of €443.2 million gain attributable to owners of the parent comprises profit for the year, net of tax of €415.4 million, actuarial gains of €26.0 million and the deferred tax income thereof amounting to €1.8 million.
   The amount of €8.8 million loss included in non-controlling interests for 2022 represents the exchange loss attributed to the non-controlling interests of €9.0 million, and the share of non-controlling interests in profit for the year, net of tax of €0.2 million.

For further details, refer to Note 13 'Components of other comprehensive income', Note 25 'Financial risk management and financial instruments', Note 27 'Equity', Note 24 'Business combinations and Note 29 'Share-based payments'.

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated financial statements *continued*

Consolidated cash flow statement

For the year ended 31 December

	Note	2022 € million	2021 € million
Operating activities			
Profit after tax		**415.6**	547.5
Finance costs, net	10	**82.7**	67.6
Share of results of non-integral equity method investments	16	**(2.5)**	(3.2)
Tax charged to the income statement	11	**208.0**	187.4
Depreciation of property, plant and equipment including right-of-use assets	15,17	**403.4**	330.3
Impairment of property, plant and equipment	15	**81.5**	6.0
Employee performance shares		**16.5**	14.9
Amortisation of intangible assets	14	**1.4**	1.0
Impairment of intangible assets	14	**13.7**	–
Impairment of equity method investments	6	**52.8**	–
Other non-cash items	24	**70.5**	–
		1,343.6	**1,151.5**
Share of results of integral equity method investments	16	**(41.6)**	(34.4)
Loss/(Gain) on disposals of non-current assets	9	**1.5**	(28.4)
Increase in inventories		**(241.1)**	(114.5)
Increase in trade and other receivables		**(104.7)**	(109.0)
Increase in trade and other payables		**472.6**	419.3
Tax paid		**(195.7)**	(142.3)
Net cash inflow from operating activities		**1,234.6**	**1,142.2**

The accompanying notes form an integral part of these consolidated financial statements

	Note	2022 € million	2021 € million
Investing activities			
Payments for purchases of property, plant and equipment		**(523.4)**	(506.5)
Proceeds from sales of property, plant and equipment		**7.5**	35.8
Payment for business combinations, net of cash acquired	24	**(399.2)**	(5.6)
Proceeds from settlement of derivatives relating to business combination	24	**13.0**	–
Payment for acquisition of joint operation		**–**	(0.9)
Payment for integral equity method investment	16,28	**(4.0)**	–
Receipts from integral equity method investments	28	**9.7**	47.8
Payments for non-integral equity method investments	16	**(6.5)**	(87.0)
Receipts from non-integral equity method investments	28	**1.8**	1.9
Net payments for investments in financial assets at amortised cost		**(333.4)**	(102.8)
Net proceeds from/(payments for) investments in financial assets at fair value through profit or loss		**142.6**	(640.6)
Loans to related parties		**(0.4)**	(0.9)
Repayments of loans by related parties		**2.0**	–
Interest received/(paid)		**7.2**	(0.3)
Net cash outflow from investing activities		**(1,083.1)**	**(1,259.1)**
Financing activities			
Proceeds from shares issued to employees exercising stock options	27	**4.7**	19.6
Purchase of shares from non-controlling interests	24	**(108.9)**	–
Proceeds from borrowings	26	**650.0**	129.3
Repayments of borrowings	26	**(358.6)**	(133.8)
Principal repayments of lease obligations	26	**(65.2)**	(63.1)
Dividends paid to owners of the parent	27	**(260.2)**	(233.6)
Dividends paid to non-controlling interests		**(0.2)**	(0.2)
Proceeds from settlement of derivatives regarding financing activities	26	**0.1**	4.9
Interest paid	26	**(60.4)**	(45.5)
Net cash outflow from financing activities		**(198.7)**	**(322.4)**
Net decrease in cash and cash equivalents		**(47.2)**	**(439.3)**
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 January		**782.8**	1,215.8
Net decrease in cash and cash equivalents		**(47.2)**	(439.3)
Effect of changes in exchange rates		**(15.7)**	6.3
Cash and cash equivalents at 31 December	26	**719.9**	**782.8**

Notes to the consolidated financial statements

1. Description of business

Coca-Cola HBC AG and its subsidiaries (the 'Group' or 'Coca-Cola HBC' or 'the Company') are principally engaged in the production, sales and distribution of primarily non-alcoholic ready-to-drink beverages, under franchise from The Coca-Cola Company. The Company distributes its products in Nigeria, Egypt and 27 countries in Europe. Information on the Company's operations by segment is included in Note 7.

On 11 October 2012, Coca-Cola HBC, a Swiss stock corporation (Aktiengesellschaft / Société Anonyme) incorporated by Kar-Tess Holding (a related party of the Group, refer to Note 28), announced a voluntary share exchange offer to acquire all outstanding ordinary registered shares and all American depositary shares of Coca-Cola Hellenic Bottling Company S.A. As a result of the successful completion of this offer, on 25 April 2013 Coca-Cola HBC acquired 96.85% of the issued Coca-Cola Hellenic Bottling Company S.A. shares, including shares represented by American depositary shares, and became the new parent company of the Group. On 17 June 2013, Coca-Cola HBC completed its statutory buy-out of the remaining shares of Coca-Cola Hellenic Bottling Company S.A. that it did not acquire upon completion of its voluntary share exchange offer. Consequently, Coca-Cola HBC acquired 100% of Coca-Cola Hellenic Bottling Company S.A. which was eventually delisted from the Athens Exchange, from the London Stock Exchange where it had a secondary listing and from the New York Stock Exchange where American depositary shares were listed.

The shares of Coca-Cola HBC started trading in the premium segment of the London Stock Exchange (Ticker symbol: CCH) and on the Athens Exchange (Ticker symbol: EEE) and regular way trading in Coca-Cola HBC American depositary shares commenced on the New York Stock Exchange (Ticker symbol: CCH) on 29 April 2013. On 24 July 2014 the Group proceeded to the delisting of its American depository shares from the New York Stock Exchange and terminated its reporting obligations under the US Securities Exchange Act of 1934. The deregistration of Coca-Cola HBC shares under the US Securities Exchange Act of 1934 and the termination of its reporting obligations became effective on 3 November 2014.

2. Basis of preparation and consolidation

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and in compliance with Swiss law.

These consolidated financial statements were approved for issue by the Board of Directors on 17 March 2023 and are expected to be verified at the Annual General Meeting to be held on 17 May 2023.

Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis for the preparation of these consolidated financial statements, management has considered the Group's financial performance in the year, the expected extension of the bottlers' agreements with The Coca-Cola Company beyond 31 December 2023, as well as a quantitative viability exercise linked to the Group's principal risks, including those relating to climate change and the geopolitical events involving Russia and Ukraine. Management has reviewed the financial forecasts and funding requirements with consideration given to the potential impact of severe but plausible downside scenarios. Even under these scenarios, the Group's cash position is still expected to remain strong over the period of the financial forecasts, considering also that there are mitigating actions the Group could take, should they be required, by making adjustments to its operating plans within the normal course of business.

After assessing the Group's current strong balance sheet and liquidity position, the committed funding facilities and the financial forecasts, management confirms the Group's ability to generate cash for a period of 12 months from the date of approval of these consolidated financial statements and beyond.

Therefore, it is deemed appropriate that the Group continues to adopt the going concern basis for the preparation of the consolidated financial statements under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, investments in equity instruments classified at fair value through other comprehensive income and derivative financial instruments.

Basis of consolidation

Subsidiary undertakings are those companies over which the Group, directly or indirectly, has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. Subsidiary undertakings are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant acquired share of the carrying value of net assets of the subsidiary is recorded in equity.

Inter-company transactions and balances between Group companies are eliminated. The subsidiaries' accounting policies are consistent with policies adopted by the Group.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when such control is lost, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognised in other comprehensive income, if any, are reclassified to the income statement.

Notes to the consolidated financial statements *continued*

3. Foreign currency and translation

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of each entity are expressed in Euro, which is the presentation currency for the consolidated financial statements.

The assets and liabilities of foreign subsidiaries are translated into Euro at the exchange rate prevailing at the balance sheet date. The results of foreign subsidiaries are translated into Euro using the average monthly exchange rate (being a reasonable approximation of the rates prevailing on the transaction dates). The exchange differences arising on translation are recognised in other comprehensive income.

On disposal of a foreign entity, accumulated exchange differences are recognised as a component of the gain or loss on disposal.

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are remeasured at the rate of exchange ruling at the balance sheet date. All gains and losses arising on remeasurement are included in the income statement, except for exchange differences arising on assets and liabilities classified as cash flow hedges, which are deferred in equity until the occurrence of the hedged transaction, at which time they are recognised in the income statement. Share capital denominated in a currency other than the functional currency is initially stated at the spot rate of the date of issue but is not retranslated.

The principal exchange rates used for translation purposes in respect of one Euro are:

	Average 2022	Average 2021	**Closing 2022**	Closing 2021
US Dollar	**1.05**	1.18	**1.06**	1.13
UK Sterling	**0.85**	0.86	**0.88**	0.84
Polish Zloty	**4.68**	4.56	**4.69**	4.60
Nigerian Naira	**448.99**	484.31	**493.61**	481.32
Hungarian Forint	**390.36**	358.49	**401.54**	370.08
Swiss Franc	**1.01**	1.08	**0.99**	1.04
Russian Rouble	**74.01**	87.23	**79.23**	83.87
Romanian Leu	**4.93**	4.92	**4.94**	4.95
Ukrainian Hryvnia	**33.92**	32.30	**38.94**	30.78
Czech Koruna	**24.56**	25.64	**24.21**	24.95
Serbian Dinar	**117.47**	117.57	**117.30**	117.56
Egyptian Pound	**20.09**	–	**26.35**	–

4. Accounting pronouncements

a) Accounting pronouncements adopted in 2022

The Group has adopted the following amendments which were endorsed by the EU that are relevant to its operations and effective for accounting periods beginning on 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Annual Improvements to IFRS Standards 2018 – 2020; and
- COVID-19-Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16

The adoption of these amendments did not have a material impact on the consolidated financial statements of the Group.

b) Accounting pronouncements not yet adopted

At the date of approval of these consolidated financial statements, the following amendments relevant to the Group's operations were issued but not yet effective and not early-adopted:

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (not endorsed by the EU)
- Disclosure of Accounting Policies – Amendments to IAS 1
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 (not endorsed by the EU); and
- Non-current Liabilities with Covenants – Amendments to IAS 1 (not endorsed by the EU)

The above amendments are not expected to have a material impact on the consolidated financial statements of the Group.

5. Critical accounting estimates and judgements

In conformity with IFRS, the preparation of the consolidated financial statements for Coca-Cola HBC requires management to make estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in the consolidated financial statements and accompanying notes. Although these estimates and judgements are based on management's knowledge of current events and actions that may be undertaken in the future, actual results may ultimately differ from estimates.

Estimates

The key items concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

- Impairment of goodwill and indefinite-lived intangible assets (refer to Note 14); and
- Employee benefits – defined benefit pension plans (refer to Note 22)

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations as described above, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- Joint arrangements (refer to Note 16)

Notes to the consolidated financial statements *continued*

6. Russia-Ukraine conflict impact

6.1. Exceptional items related to Russia-Ukraine conflict

The conflict between Russia and Ukraine has affected the Group's business in those countries resulting in significant non-recurring costs. More specifically, the Group has incurred significant net impairment losses for property, plant and equipment, intangible assets and equity method investments in Russia. These items have been presented in a separate line 'Exceptional items related to Russia-Ukraine conflict' in the consolidated income statement, to provide users with enhanced visibility over these items, considering their materiality. The exceptional items related to the Russia-Ukraine conflict for 2022 can be summarised as follows:

	Impairment losses € million	Reversals of impairment losses € million	Net impairment losses € million
Recoverability of individual assets in Russia[1]	102.1	**(42.8)**	59.3
Recoverability of the Russian cash-generating unit:			
Goodwill	13.7	–	13.7
Property, plant and equipment	15.0	**(13.4)**	1.6
Recoverability of equity method investments	52.8	–	52.8
Exceptional items related to Russia-Ukraine conflict	**183.6**	**(56.2)**	**127.4**

1. References to Russia, Russian operation or Russian cash-generating unit in this Note relate to Multon Partners LLC (formerly LLC Coca-Cola HBC Eurasia), the Group's bottler in Russia.

a) Operations in Russia

Recoverability of individual assets in Russia

The Coca-Cola Company announced in March 2022 the suspension of its business in Russia, following the Russia-Ukraine conflict. In response to this decision, the Group implemented a restructuring plan in connection with its Russian operation and transitioned to a self-sufficient business model focusing on local brands. This resulted in pre-tax impairment losses related to buildings, production and cold drink equipment of €102.1 million during the first half of 2022, that were recorded based on a value-in-use exercise, reported in line 'Exceptional items related to Russia-Ukraine conflict' of the condensed consolidated interim income statement and included under Emerging markets for segmental reporting purposes.

Following June 2022, whilst uncertainty levels remain high in Russia, the Group experienced more stable market conditions and demand than initially anticipated. As a result, an updated value-in-use exercise was performed for the Russian operation's property, plant and equipment, which resulted in a partial reversal of pre-tax impairment losses recognised during the first half of 2022, amounting to €42.8 million, considering also foreign currency translation impact. Net impairment losses amounted to €59.3 million for 2022, relating to buildings, production and cold drink equipment, which were reported in line 'Exceptional items related to Russia-Ukraine conflict' of the consolidated income statement and included under Emerging markets for segmental reporting purposes.

Following this, property, plant and equipment of the Russian operation, represented approximately 8% of the Group's total property, plant and equipment as at 31 December 2022.

Recoverability of the Russian cash-generating unit

During the first half of 2022, the Group experienced worsening macroeconomic factors in Russia, as sanctions and other regulations had an adverse impact in the country's economic environment, resulting in a material deterioration of the discount rate used to determine the recoverable amount of the Group's Russian cash-generating unit. The Group performed an interim impairment test of the Russian cash-generating unit's recoverable amount, including goodwill, in June 2022 as part of its condensed consolidated interim financial statements. As part of that exercise, the recoverable amount was determined based on value-in-use calculations consistent with those performed under the 2021 annual impairment test methodology, updated to consider management's revised best estimates of cash flow forecasts and a higher discount rate, reflective of the macroeconomic uncertainty in Russia. This exercise resulted in pre-tax impairment losses for goodwill and property, plant and equipment of €13.7 million and €15.0 million respectively, which were recorded in line 'Exceptional items related to Russia-Ukraine conflict' of the condensed consolidated interim income statement and included under Emerging markets for segmental reporting purposes.

Considering the relevant uncertainty in connection with its new business model in Russia and volatility in the market, the Group updated the impairment test of its Russian cash-generating unit's recoverable amount based on value-in-use calculations consistent with its 2022 annual impairment test methodology (refer to Note 14), using management's updated best estimates of cash flow forecasts taking into account the actual performance of the new business in the year and relevant market developments as described above. The recoverable amount of the Russian cash-generating unit resulting from this exercise amounted to approximately €1.1 billion as at 31 December 2022. In the context of this exercise, it was identified that the recoverable amount exceeded the carrying amount of the Russian cash-generating unit, resulting in the reversal of €13.4 million of pre-tax impairment losses of property, plant and equipment recognised in June 2022, considering also foreign currency translation impact. The reversal of the impairment charge was accordingly recorded in line 'Exceptional items related to Russia-Ukraine conflict' in the consolidated income statement and included under Emerging markets for segmental reporting purposes.

The following table sets out the key assumptions used in the impairment assessment of the Russian cash-generating unit for 2022 and 2021, as well as 2022 interim results:

	2022	2022 interim	2021
Growth rate in perpetuity	**4.0%**	4.0%	3.0%
Post-tax discount rate	**14.9%**	26.5%	6.5%

Growth rate in perpetuity is in line with management's expectation regarding industry growth in the country.

The Group applied post-tax discount rates to post-tax cash flows, as the valuation calculated using this method closely approximates to applying pre-tax discount rates to pre-tax cash flows. Relevant pre-tax discount rates are presented below:

	2022	2022 interim	2021
Pre-tax discount rate	**18.3%**	29.2%	7.7%

Notes to the consolidated financial statements *continued*

6. Russia-Ukraine conflict impact *continued*

The increase in discount rate used in the 2022 interim results compared to 2021, was mainly driven by higher bond yield spreads due to fears of potential default of Russia's debt, on the back of the imposed sanctions, which subsided in the second half of the year, thus resulting in a lower discount rate for 2022 compared to the first half of the year; however, still higher than 2021.

Recoverability of equity method investments

The impact of the Russia-Ukraine conflict on the macroeconomic environment of Russia as described above, was also considered an impairment indicator by the Group under IAS 36 'Impairment of assets', in connection with its integral, joint venture investment in Multon A.O. group of companies ('Multon'). Multon is engaged in the production and distribution of juices in Russia and was jointly controlled by the Group and The Coca-Cola Company. The Group performed an interim impairment test in connection with its investment in Multon in June 2022 as part of its condensed consolidated interim financial statements. The recoverable amount of the investment was determined based on a fair value exercise, considering management's best estimates of cash flow forecasts for a discrete period of five years. Cash flows beyond the five-year period were extrapolated using the following estimated growth and discount rates:

	2022 interim
Growth rate in perpetuity	**4.0%**
Post-tax rate	**28.6%**

The recoverable amount of the Group's investment in Multon resulting from this exercise, which was classified as a Level 3 fair value measurement, amounted to €174.2 million. This resulted in a pre-tax impairment loss of €52.8 million, which was recorded in line 'Exceptional items related to Russia-Ukraine conflict' in the consolidated income statement and included under Emerging markets for segmental reporting purposes.

In August 2022, The Coca-Cola Company unilaterally waived certain of its governance rights in connection with its 50% interest in Multon. Following this waiver and considering the criteria set out in IFRS 10 'Consolidated financial statements', the Group has concluded that it controls Multon and has been accordingly consolidating its financial performance effective from 11 August 2022 (refer to Note 24).

b) Operations in Ukraine

As a result of the Russia-Ukraine conflict, operations of the Group's Ukrainian subsidiary were temporarily suspended for the period March-April 2022. During May 2022, the Group resumed production and distribution of products in Ukraine, where safe to do so. Non-current assets of Ukraine represented approximately 1% of the Group's total non-current assets as at 31 December 2022. An impairment test of the Ukrainian cash-generating unit, based on a value-in-use exercise consistent with the Group's annual impairment testing methodology was performed both for the purposes of the Group's condensed consolidated interim financial statements and consolidated financial statements for 2022, as it was considered that, whilst operations have resumed, significant changes in the relevant market with an adverse effect on the cash-generating unit had taken place during the period. No impairment was identified as a result of this impairment testing. The Group's carrying amount of goodwill and other indefinite-lived intangibles for its Ukrainian cash-generating unit was €nil as at 31 December 2022 and 2021.

An amount of €4.4 million losses directly attributable to the Russia-Ukraine conflict, primarily related to inventory and property, plant and equipment write-offs, have been incurred by the Group's Ukrainian subsidiary during 2022, of which €3.3 million have been recorded in line 'Operating expenses (excluding exceptional items related to Russia-Ukraine conflict)' and €1.1 million in line 'Cost of goods sold' of the consolidated income statement.

6.2. Foreign-currency risk

The Group is exposed to the effect of foreign currency risk on future transactions, recognised monetary assets and liabilities that are denominated in currencies other than the local entity's functional currency, as well as net investments in foreign operations. The Group actively manages its foreign currency risk as described in Note 25 'Financial risk management and financial instruments'. The Russia-Ukraine conflict has, among other things, resulted in increased volatility in currency markets, especially in connection with the Russian Rouble.

The following tables present details of the Group's sensitivity to reasonably possible increases and decreases in the Euro and US Dollar against the Russian Rouble and Ukrainian Hryvnia. In determining reasonably possible changes, the historical volatility over a 12-month period of the respective foreign currencies in relation to the Euro and US Dollar has been considered. The sensitivity analysis determines the potential gains and losses in the income statement or equity arising from the Group's foreign exchange positions as a result of the corresponding percentage increases and decreases in the Group's main foreign currencies relative to the Euro and the US Dollar. The sensitivity analysis includes outstanding foreign-currency-denominated monetary items, external loans and loans between operations within the Group where the denomination of the loan is in a currency other than the functional currency of the local entity.

2022 exchange risk sensitivity to reasonably possible changes in Euro against Russian Rouble and Ukrainian Hryvnia

		Euro strengthens against local currency		Euro weakens against local currency	
	% historical volatility over a 12-month period	(Gain)/loss in income statement € million	(Gain)/loss in equity € million	Loss/(gain) in income statement € million	Loss/(gain) in equity € million
Russian Rouble	54.5%	(9.4)	(0.1)	31.9	0.2
Ukrainian Hryvnia	12.5%	2.9	–	(3.8)	–

2022 exchange risk sensitivity to reasonably possible changes in US Dollar against Russian Rouble and Ukrainian Hryvnia

		US Dollar strengthens against local currency		US Dollar weakens against local currency	
	% historical volatility over a 12-month period	(Gain)/loss in income statement € million	(Gain)/loss in equity € million	Loss/(gain) in income statement € million	Loss/(gain) in equity € million
Russian Rouble	53.0%	(18.7)	–	61.0	–
Ukrainian Hryvnia	4.1%	(0.1)	–	0.1	–

Notes to the consolidated financial statements *continued*

6. Russia-Ukraine conflict impact *continued*

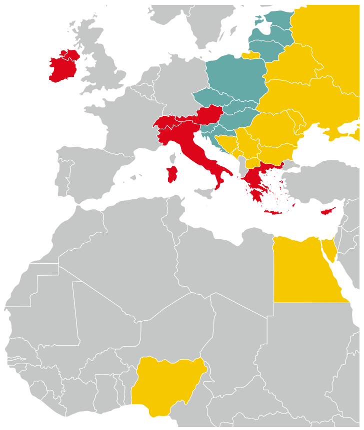
6.3. Other topics

As a result of sanctions and other regulations implemented in 2022, there have been changes in required regulatory approvals, potentially impacting the transfer and usage of cash outside of Russia. Cash and cash equivalents held by the Group's operations in Russia (including Multon) amounted to €155.3 million equivalent in Russian Rouble, US Dollar and Euro as at 31 December 2022. The aforementioned changes restrict the usage of cash held in Russia outside the country, however they are not expected to have a material impact on the Group's liquidity, as the cash and cash equivalents held in Russia are expected to be used in the forthcoming financial periods primarily for working capital purposes in the Russian operations.

The Group is continuously monitoring performance of its Russian and Ukrainian operations as well as the developments in the region, to ensure timely actions and initiatives are undertaken to minimise potential adverse impact for the Group.

7. Segmental analysis

The Group has essentially one business, being the production, sale and distribution of ready-to-drink, primarily non-alcoholic, beverages. The Group operates in 29 countries, which are aggregated in reportable segments as follows:



Established markets
Austria, Cyprus, Greece, Italy, Northern Ireland, the Republic of Ireland and Switzerland.

Developing markets
Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.

Emerging markets
Armenia, Belarus, Bosnia and Herzegovina, Bulgaria, Egypt, Moldova, Montenegro, Nigeria, North Macedonia, Romania, the Russian Federation, Serbia (including the Republic of Kosovo) and Ukraine.

The Group's operations in each of the three reportable segments have been aggregated on the basis of their similar economic characteristics, assessed by reference to their net sales revenue per unit case as well as disposable income per capita, exposure to political and economic volatility, regulatory environments, customers and distribution infrastructures. The accounting policies of the reportable segments are the same as those adopted by the Group. The Group's chief operating decision maker is its Executive Leadership Team, which evaluates performance and allocates resources based on volume, net sales revenue and operating profit.

a) Volume and net sales revenue

The Group's sales volume in million unit cases[1] for the years ended 31 December was as follows:

	2022	2021
Established	**643.9**	589.9
Developing	**478.8**	415.5
Emerging	**1,589.1**	1,407.3
Total volume	**2,711.8**	2,412.7

1. One unit case corresponds to approximately 5.678 litres or 24 servings, being a typically used measure of volume. For premium spirits volume, one unit case also corresponds to 5.678 litres. For biscuits volume, one unit case corresponds to 1 kilogram. For coffee volume, one unit case corresponds to 0.5 kilograms or 5.678 litres. Volume data is derived from unaudited operational data.

Net sales revenue per reportable segment for the years ended 31 December is presented in the graphs below:

2022

€9,198.4 million

Established	**€2,974.1m**
Developing	**€1,719.7m**
Emerging	**€4,504.6m**

2021

€7,168.4 million

Established	€2,479.0m
Developing	€1,365.6m
Emerging	€3,323.8m

Notes to the consolidated financial statements *continued*

7. Segmental analysis *continued*

Sales or transfers between the Group's segments are not material, nor are there any customers who represent more than 10% of net sales revenue for the Group.

In addition to non-alcoholic, ready-to-drink beverages and coffee ('NARTD'), the Group sells and distributes premium spirits. An analysis of volume and net sales revenue per product type for the years ended 31 December is presented below:

Volume in million unit cases[1]:	**2022**	2021
NARTD	**2,708.4**	2,409.3
Premium spirits	**3.4**	3.4
Total volume	**2,711.8**	**2,412.7**
Net sales revenue in € million:		
NARTD	**8,956.0**	6,944.5
Premium spirits	**242.4**	223.9
Total net sales revenue	**9,198.4**	**7,168.4**

1. One unit case corresponds to approximately 5.678 litres or 24 servings, being a typically used measure of volume. For premium spirits volume, one unit case also corresponds to 5.678 litres. For biscuits volume, one unit case corresponds to 1 kilogram. For coffee volume, one unit case corresponds to 0.5 kilograms or 5.678 litres. Volume data is derived from unaudited operational data.

Net sales revenue from external customers attributed to Switzerland (the Group's country of domicile), the Russian Federation, Italy and Nigeria was as follows for the years ended 31 December:

	2022 € million	2021 € million
Switzerland	**426.7**	354.3
Russian Federation[2]	**1,103.2**	953.3
Italy	**1,096.1**	901.6
Nigeria	**989.4**	702.0
All countries other than Switzerland, the Russian Federation, Italy and Nigeria	**5,583.0**	4,257.2
Total net sales revenue from external customers	**9,198.4**	**7,168.4**

2. Net sales revenue from external customers for 2022 includes Multon, the Group's juice business in Russia, for the period from 11 August 2022 to 31 December 2022 (refer to Note 24).

b) Other income statement items

Year ended 31 December	Note	**2022 € million**	2021 € million
Operating profit:			
Established		**310.4**	285.6
Developing		**113.1**	104.7
Emerging		**280.3**	409.0
Total operating profit		**703.8**	**799.3**
Finance costs:			
Established		**(15.6)**	(17.7)
Developing		**(18.1)**	(7.9)
Emerging		**(55.0)**	(15.0)
Corporate[3]		**(118.7)**	(120.1)
Inter-segment finance cost		**111.5**	87.8
Total finance costs	10	**(95.9)**	**(72.9)**
Finance income:			
Established		**2.4**	1.2
Developing		**1.0**	0.5
Emerging		**19.0**	9.7
Corporate[3]		**102.3**	81.7
Inter-segment finance income		**(111.5)**	(87.8)
Total finance income	10	**13.2**	**5.3**
Income tax expense:			
Established		**(75.7)**	(57.6)
Developing		**(28.5)**	(10.6)
Emerging		**(80.5)**	(91.1)
Corporate[3]		**(23.3)**	(28.1)
Total income tax expense	11	**(208.0)**	**(187.4)**
Reconciling items:			
Share of results of non-integral equity method investments	16	**2.5**	3.2
Profit after tax		**415.6**	**547.5**

3. Corporate refers to holding, finance and other non-operating subsidiaries of the Group.

Notes to the consolidated financial statements *continued*

7. Segmental analysis *continued*

Depreciation and impairment of property, plant and equipment and amortisation and impairment of intangible assets included in the measure of operating profit are as follows:

	Note	**2022 € million**	2021 € million
Depreciation and impairment of property, plant and equipment:			
Established		**(96.4)**	(92.1)
Developing		**(57.8)**	(54.1)
Emerging		**(330.7)**	(190.1)
Total depreciation and impairment of property, plant and equipment	15	**(484.9)**	**(336.3)**
Amortisation and impairment of intangible assets:			
Developing		**(0.6)**	(0.3)
Emerging		**(14.5)**	(0.7)
Total amortisation and impairment of intangible assets	14	**(15.1)**	**(1.0)**

c) Other items

The balance of non-current assets[1] attributed to Switzerland (the Group's country of domicile), Egypt, Italy and Nigeria was as follows for the years ended 31 December:

	2022 € million	2021 € million
Switzerland	**596.0**	557.5
Egypt	**615.7**	–
Italy	**1,137.4**	1,082.3
Nigeria	**744.7**	642.1
All countries other than Switzerland, Egypt, Italy and Nigeria	**2,946.0**	2,984.8
Total non-current assets[1]	**6,039.8**	**5,266.7**

1. Excluding other financial assets, deferred tax assets, pension plan assets and trade and loans receivable.

Expenditure on property, plant and equipment per reportable segment was as follows for the years ended 31 December:

	2022 € million	2021 € million
Established	**154.1**	104.7
Developing	**75.7**	89.5
Emerging[2]	**302.0**	319.4
Total expenditure on property, plant and equipment	**531.8**	**513.6**

2. Expenditure on property, plant and equipment for 2022 includes €8.4 million (2021: €7.1 million) relating to repayment of borrowings undertaken to finance the purchase of production equipment by the Group's subsidiary in Nigeria, classified as 'Repayment of borrowings' in the consolidated cash flow statement.

8. Net sales revenue

Accounting policy

The Group essentially produces, sells and distributes ready-to-drink, primarily non-alcoholic, beverages. Under IFRS 15 'Revenue from contracts with customers' the Group recognises revenue when control of the products is transferred, being when the products are delivered to the customer.

Net sales revenue is measured at the fair value of the consideration received or receivable and is stated net of sales discounts and consideration paid to customers. These mainly take the form of promotional incentives and are amortised over the terms of the related contracts as a deduction in revenue.

The Group provides volume rebates to customers once the quantity of goods purchased during the period exceeds a threshold specified in the contract. To estimate the variable consideration for the expected future rebates the Group uses the most likely amount method and the amount is recognised in net sales revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer).

Net sales revenue includes excise and other duties where the Group acts as a principal but excludes amounts collected by third parties such as value-added taxes as these are not included in the transaction price. The Group assesses these taxes and duties on a jurisdiction-by-jurisdiction basis to conclude on the appropriate accounting treatment.

Revenue recognised in 2022 that was included in the contract liability balance at the beginning of the year amounted to €11.6 million (2021: €10.4 million). For contract liabilities as at 31 December 2022 and 2021, refer to Note 21.

For an analysis of net sales revenue per reportable segment, refer to Note 7.

For the contributions received from The Coca-Cola Company, which are offset against consideration paid to customers, refer to Note 28.

Notes to the consolidated financial statements *continued*

9. Operating expenses

Operating expenses for the year ended 31 December comprised:

	2022 € million	2021 € million
Selling expenses	**1,045.7**	879.1
Delivery expenses	**698.8**	533.0
Administrative expenses	**518.5**	385.7
Restructuring expenses	**11.9**	21.2
Acquisition and integration costs (refer to Note 24)	**79.7**	14.3
Operating expenses (excluding exceptional items related to Russia-Ukraine conflict)	**2,354.6**	1,833.3
Exceptional items related to Russia-Ukraine conflict (refer to Note 6)	**127.4**	–
Operating expenses	**2,482.0**	**1,833.3**

In 2022, operating expenses included a net loss on disposals of non-current assets of €1.5 million (2021: €28.4 million net gain).

For the contributions received from The Coca-Cola Company, which are offset against expenses for general marketing programs, refer to Note 28.

a) Restructuring expenses

Accounting policy

Restructuring expenses are recorded in a separate line item within operating expenses and comprise costs arising from significant changes in the way the Group conducts its business such as significant supply chain infrastructure changes, outsourcing of activities and centralisation of processes. Restructuring provisions are recognised only when the Group has a present constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location, function and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, as well as when the employees affected have been notified of the plan's main features.

As part of the effort to optimise its cost base and sustain competitiveness in the marketplace, the Company undertakes restructuring initiatives. The restructuring expenses consist mainly of employees' termination benefits. Restructuring expenses per reportable segment for the years ended 31 December are presented below:

	2022 € million	2021 € million
Established	**(6.1)**	14.7
Developing	**(1.5)**	3.4
Emerging	**19.5**	3.1
Total restructuring expenses	**11.9**	**21.2**

b) Employee costs

Employee costs for the years ended 31 December comprised:

	2022 € million	2021 € million
Wages and salaries	**877.6**	724.7
Social security costs	**163.6**	138.3
Pension and other employee benefits	**147.6**	132.3
Termination benefits	**15.1**	19.9
Total employee costs	**1,203.9**	**1,015.2**

The average number of full-time equivalent employees in 2022 was 33,043 (2021: 26,787).

Employee costs for 2022 included in operating expenses and cost of goods sold amounted to €906.9 million and €297.0 million respectively (2021: €766.7 million and €248.5 million respectively).

c) Directors' and senior management's remuneration

The total remuneration paid or accrued for Directors and the senior management team for the years ended 31 December comprised:

	2022 € million	2021 € million
Salaries and other short-term benefits	**19.3**	16.3
Performance share awards	**8.0**	6.4
Pension and post-employment benefits	**1.0**	0.9
Total remuneration	**28.3**	**23.6**

d) Auditor fees

Audit and other fees charged in the income statement concerning the auditor of the consolidated financial statements, PricewaterhouseCoopers S.A. and affiliates, were as follows, for the years ended 31 December:

	2022 € million	2021 € million
Audit fees	**5.1**	4.8
Audit-related fees	**1.1**	0.7
Total audit and audit-related fees	**6.2**	**5.5**

Fees for audit services to firms other than PricewaterhouseCoopers S.A. and affiliates were €0.7 million for the year ended 31 December 2022 (2021: €nil).

Notes to the consolidated financial statements *continued*

10. Finance costs, net

Accounting policy

Interest income and interest expense are recognised using the effective interest rate method, and are recorded in the income statement within 'Finance income' and 'Finance cost' respectively. Interest expense includes finance charges with respect to leases, amortisation of the loss on the forward starting swaps and the net impact from swaptions recorded in other comprehensive income (refer to Note 25).

Finance costs, net for the years ended 31 December comprised:

	2022 € million	2021 € million
Finance income	**13.2**	**5.3**
Interest expense	**(77.8)**	(67.1)
Other finance costs	**(2.1)**	(1.7)
Net foreign exchange remeasurement losses	**(16.0)**	(4.1)
Finance costs	**(95.9)**	**(72.9)**
Finance costs, net	**(82.7)**	**(67.6)**

Finance income for 2022 and 2021 relates to interest income. Other finance costs include commitment fees on loan facilities (for the part not yet drawn down) and other similar fees.

For the interest expense incurred with respect to leases, refer to Note 17.

11. Taxation

Accounting policy

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or in equity. In this case, the tax is recognised in other comprehensive income or directly in equity.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, the deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Tax rates enacted or substantively enacted at the balance sheet date are those that are expected to apply when the deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the reduction of the future taxes is probable.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group, and it is probable that the temporary difference will not reverse in the foreseeable future. This includes taxation in respect of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future periods has been entered into by the subsidiary.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The income tax charge for the years ended 31 December was as follows:

	2022 € million	2021 € million
Current tax expense	**235.6**	183.5
Deferred tax (income) / expense	**(27.6)**	3.9
Income tax expense	**208.0**	**187.4**

Notes to the consolidated financial statements *continued*

11. Taxation *continued*

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2022 € million	2021 € million
Profit before tax	**623.6**	734.9
Tax calculated at domestic tax rates applicable to profits in the respective countries	**162.1**	155.7
Additional local taxes in foreign jurisdictions	**18.8**	13.0
Tax holidays in foreign jurisdictions	**(0.2)**	(5.8)
Expenses non-deductible for tax purposes	**28.6**	17.5
Income not subject to tax	**(3.6)**	(2.5)
Changes in tax laws and rates	**0.4**	3.1
Movement of accumulated tax losses	**2.9**	3.2
Movement of deferred tax asset not recognised	**0.1**	(0.6)
Other	**(1.1)**	3.8
Income tax expense	**208.0**	**187.4**

Non-deductible expenses for tax purposes include marketing and advertising expenses, service fees, loss allowances on trade receivables, entertainment expenses, certain employee benefits and other items that, partially or in full, are not deductible for tax purposes in certain of the Group's jurisdictions.

The Group is subject to income taxes in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination cannot be assessed with certainty in the ordinary course of business. The Group recognises a provision for potential cases that might arise in the foreseeable future based on assessment of the probabilities as to whether additional taxes will be due. Where the final tax outcome on these matters is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such determination is made, however, based on past experience, management expects that any such differences in the next financial year will be immaterial for the Group. The income tax provision amounted to €67.5 million as at 31 December 2022 (2021: €52.6 million), of which €67.2 million (2021: €52.6 million) are classified in line 'Current tax liabilities' and €0.3 million (2021: €nil) in line 'Current tax assets' of the consolidated balance sheet.

The income tax provision per reportable segment for the years ended 31 December was as follows:

	2022 € million	2021 € million
Established	**18.2**	16.8
Developing	**14.3**	4.9
Emerging	**25.4**	21.5
Corporate[1]	**9.6**	9.4
Total income tax provision	**67.5**	**52.6**

1. Corporate refers to holding, finance and other non-operating subsidiaries of the Group.

Deferred tax assets and liabilities presented in the consolidated balance sheet as at 31 December can be further analysed as follows:

Deferred tax assets:	2022 € million	2021 € million
To be recovered after 12 months	**62.6**	32.9
To be recovered within 12 months	**73.7**	71.5
Gross deferred tax assets	**136.3**	**104.4**
Offset of deferred tax	**(98.8)**	(73.4)
Net deferred tax assets	**37.5**	**31.0**
Deferred tax liabilities:		
To be recovered after 12 months	**(339.6)**	(255.0)
To be recovered within 12 months	**(23.8)**	(16.1)
Gross deferred tax liabilities	**(363.4)**	**(271.1)**
Offset of deferred tax	**98.8**	73.4
Net deferred tax liabilities	**(264.6)**	**(197.7)**

A reconciliation of net deferred tax is presented below:

	2022 € million	2021 € million
As at 1 January	**(166.7)**	(147.4)
Taken to the income statement	**27.6**	(3.9)
Arising from business combinations (refer to Note 24)	**(128.1)**	–
Taken to other comprehensive income	**(2.1)**	(15.6)
Taken directly to equity	**9.9**	4.1
Foreign currency translation	**32.3**	(3.9)
As at 31 December	**(227.1)**	**(166.7)**

Notes to the consolidated financial statements *continued*

11. Taxation *continued*

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction where applicable, are as follows:

Deferred tax assets	Provisions € million	Pensions and benefit plans € million	Tax losses carry-forward € million	Book in excess of tax depreciation € million	Leasing € million	Other deferred tax assets € million	Total € million
As at 1 January 2021	28.4	16.1	1.9	5.7	26.5	23.6	**102.2**
Taken to the income statement	4.4	(5.5)	(0.1)	(0.6)	(2.8)	7.4	**2.8**
Taken to other comprehensive income	–	0.6	–	–	–	(0.5)	**0.1**
Transfers between assets/liabilities	–	–	–	(1.7)	–	–	**(1.7)**
Foreign currency translation	0.7	0.1	–	–	0.1	0.1	**1.0**
As at 31 December 2021	**33.5**	**11.3**	**1.8**	**3.4**	**23.8**	**30.6**	**104.4**
Taken to the income statement	7.8	1.5	10.0	2.5	6.6	6.8	**35.2**
Arising from business combinations (refer to Note 24)	0.1	–	–	–	0.5	10.6	**11.2**
Taken to other comprehensive income	–	(2.0)	–	–	–	0.7	**(1.3)**
Transfers between assets/liabilities	–	0.1	–	–	–	(5.1)	**(5.0)**
Foreign currency translation	(0.6)	(0.1)	(5.2)	(0.4)	(0.3)	(1.6)	**(8.2)**
As at 31 December 2022	**40.8**	**10.8**	**6.6**	**5.5**	**30.6**	**42.0**	**136.3**

Deferred tax liabilities	Tax in excess of book depreciation € million	Derivative instruments € million	Other deferred tax liabilities € million	Total € million
As at 1 January 2021	(232.8)	(1.4)	(15.4)	**(249.6)**
Taken to the income statement	(14.5)	2.1	5.7	**(6.7)**
Taken to other comprehensive income	–	(9.0)	(6.7)	**(15.7)**
Taken directly to equity	–	4.1	–	**4.1**
Transfers between assets/liabilities	1.7	–	–	**1.7**
Foreign currency translation	(3.8)	–	(1.1)	**(4.9)**
As at 31 December 2021	**(249.4)**	**(4.2)**	**(17.5)**	**(271.1)**
Taken to the income statement	19.8	(3.3)	(24.1)	**(7.6)**
Arising from business combinations (refer to Note 24)	(137.7)	(0.7)	(0.9)	**(139.3)**
Taken to other comprehensive income	–	(4.6)	3.8	**(0.8)**
Taken directly to equity	–	9.9	–	**9.9**
Transfers between assets/liabilities	–	–	5.0	**5.0**
Foreign currency translation	34.5	(0.1)	6.1	**40.5**
As at 31 December 2022	**(332.8)**	**(3.0)**	**(27.6)**	**(363.4)**

Deferred tax assets recognised for tax losses carry-forward in accordance with the relevant local rules applying in the Group's jurisdictions can be analysed as follows:

	2022 € million	2021 € million
Attributable to tax losses that expire within five years	**2.1**	0.5
Attributable to tax losses that can be carried forward indefinitely	**4.5**	1.3
Recognised deferred tax assets attributable to tax losses	**6.6**	**1.8**

The Group has unrecognised deferred tax assets attributable to tax losses that are available to carry-forward against future taxable income of €29.1 million (2021: €28.1 million). These are analysed as follows:

	2022 € million	2021 € million
Attributable to tax losses that expire within five years	**18.7**	19.5
Attributable to tax losses that expire after five years	**10.4**	8.6
Unrecognised deferred tax assets attributable to tax losses	**29.1**	**28.1**

The aggregate amount of distributable reserves arising from the realised earnings of the Group's operations was €3,574.8 million in 2022 (2021: €3,111.0 million). No deferred tax liabilities have been recognised on such reserves given that their distribution is controlled by the Group or, in the event of plans to remit overseas earnings of subsidiaries, such distribution would not give rise to a tax liability.

12. Earnings per share

Accounting policy

Basic earnings per share is calculated by dividing the net profit attributable to the owners of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time-weighting factor. Diluted earnings per share incorporates stock options for which the average share price for the year is in excess of the exercise price of the stock option and which create a dilutive effect.

The calculation of the basic and diluted earnings per share attributable to the owners of the parent entity is based on the following data:

	2022	2021
Net profit attributable to the owners of the parent (€ million)	**415.4**	547.2
Weighted average number of ordinary shares for the purposes of basic earnings per share (million)	**366.4**	365.0
Effect of dilutive stock options on number of shares (million)	**0.5**	1.3
Weighted average number of ordinary shares for the purposes of diluted earnings per share (million)	**366.9**	366.3
Basic earnings per share (€)	**1.13**	**1.50**
Diluted earnings per share (€)	**1.13**	**1.49**

Notes to the consolidated financial statements *continued*

13. Components of other comprehensive income

The components of other comprehensive income for the years ended 31 December comprise:

	2022			2021		
	Before tax €million	**Income tax €million**	**Net of tax €million**	Before tax €million	Income tax €million	Net of tax €million
Cost of hedging (refer to Note 25)	**(3.5)**	**–**	**(3.5)**	(2.7)	–	(2.7)
Cash flow hedges (refer to Note 25)	**34.6**	**(3.9)**	**30.7**	69.5	(9.5)	60.0
Foreign currency translation (losses)/gains	**(252.6)**	**–**	**(252.6)**	73.6	–	73.6
Valuation loss on equity investments at fair value through other comprehensive income	**(0.1)**	**–**	**(0.1)**	–	–	–
Actuarial gains	**26.0**	**1.8**	**27.8**	16.1	(6.1)	10.0
Share of other comprehensive income of equity method investments	**34.2**	**–**	**34.2**	14.6	–	14.6
Reclassification of share of other comprehensive income of equity method investments to the income statement, arising from business combination (refer to Note 24)	**145.2**	**–**	**145.2**	–	–	–
Other comprehensive (loss) / income	**(16.2)**	**(2.1)**	**(18.3)**	**171.1**	**(15.6)**	**155.5**

The foreign currency translation losses for 2022 primarily related to the Egyptian Pound and the Russian Rouble, while the gains from the foreign currency translation for 2021 primarily related to the Russian Rouble and the Swiss Franc.

14. Intangible assets

Accounting policy

Intangible assets consist of goodwill, franchise agreements, trademarks and water rights. Goodwill and other indefinite-lived intangible assets are carried at cost less accumulated impairment losses, while intangible assets with finite lives are amortised over their useful economic lives. The useful lives, both finite and indefinite, assigned to intangible assets are evaluated on an annual basis.

Intangible assets with indefinite lives ('not subject to amortisation')

Intangible assets not subject to amortisation consist of goodwill, franchise agreements and trademarks.

Goodwill is the excess of the consideration transferred over the fair value of the share of net assets acquired. Goodwill and fair value adjustments arising on the acquisition of subsidiaries are treated as the assets and liabilities of those subsidiaries. These balances are denominated in the functional currency of the subsidiary and are translated to Euro on a basis consistent with the other assets and liabilities of the subsidiary.

The useful life of franchise agreements is usually based on the term of the respective franchise agreements. The Coca-Cola Company does not grant perpetual franchise rights outside the United States. However, given the Group's strategic relationship with The Coca-Cola Company and consistent with past experience, the Group believes that franchise agreements will continue to be renewed at each expiration date with no significant costs. The Group has concluded that the franchise agreements are perpetual in nature and they have therefore been assigned indefinite useful lives.

The Group's trademarks are assigned an indefinite useful life when they have an established sales history in the applicable region, it is the intention of the Group to receive a benefit from them indefinitely and there is no indication that this will not be the case.

Goodwill and other indefinite-lived intangible assets are tested for impairment annually and whenever there is an indication of impairment.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the business combination in which the goodwill arose. Other indefinite-lived intangible assets are also allocated to the Group's cash-generating units expected to benefit from those intangibles. The cash-generating units ('unit') to which goodwill and other indefinite-lived intangible assets have been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount (i.e. the higher of the value-in-use and fair value less costs to sell) of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro-rata to the other assets of the unit on the basis of the carrying amount of each asset in the unit. Impairment losses recognised against goodwill are not reversed in subsequent periods.

Intangible assets with finite lives

Intangible assets with finite lives mainly consist of water rights and certain brands, are amortised over their useful economic lives and are carried at cost less accumulated amortisation and impairment losses. Intangible assets with finite lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Critical accounting estimates

Determining whether goodwill or indefinite-lived intangible assets are impaired requires an estimation of the value-in-use of the cash-generating units to which they have been allocated in order to determine the recoverable amount of the cash-generating units. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit, discounted at an appropriate rate. Estimating the discounted future cash flows involves a significant degree of uncertainty. The value-in-use estimation is sensitive to the discount rate used as well as the perpetuity growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash-generating units, including a sensitivity analysis where possible changes to these key assumptions could eliminate the remaining headroom, are disclosed and further explained below under 'Annual impairment test for goodwill and other indefinite-lived intangible assets' section.

Notes to the consolidated financial statements *continued*

14. Intangible assets *continued*

The movements in intangible assets by classes of assets during the year are as follows:

	Goodwill € million	Franchise agreements € million	Trademarks € million	Other intangible assets € million	**Total € million**
Cost					
As at 1 January 2021	1,886.6	144.8	137.3	14.8	**2,183.5**
Additions (refer to Note 16)	16.4	–	–	–	**16.4**
Arising from business combinations	1.0	–	–	3.1	**4.1**
Foreign currency translation	37.7	–	–	–	**37.7**
As at 31 December 2021	**1,941.7**	**144.8**	**137.3**	**17.9**	**2,241.7**
Amortisation					
As at 1 January 2021	182.4	–	7.2	7.8	**197.4**
Charge for the year	–	–	0.4	0.6	**1.0**
As at 31 December 2021	**182.4**	**–**	**7.6**	**8.4**	**198.4**
Net book value as at 1 January 2021	1,704.2	144.8	130.1	7.0	**1,986.1**
Net book value as at 31 December 2021	**1,759.3**	**144.8**	**129.7**	**9.5**	**2,043.3**
Cost					
As at 1 January 2022	1,941.7	144.8	137.3	17.9	**2,241.7**
Arising from business combinations (refer to Note 24)	220.1	367.7	83.4	–	**671.2**
Impairment (refer to Note 6)	(13.7)	–	–	–	**(13.7)**
Foreign currency translation	(39.7)	(116.7)	(0.5)	–	**(156.9)**
As at 31 December 2022	**2,108.4**	**395.8**	**220.2**	**17.9**	**2,742.3**
Amortisation					
As at 1 January 2022	182.4	–	7.6	8.4	**198.4**
Charge for the year	–	–	0.5	0.9	**1.4**
As at 31 December 2022	**182.4**	**–**	**8.1**	**9.3**	**199.8**
Net book value as at 1 January 2022	1,759.3	144.8	129.7	9.5	**2,043.3**
Net book value as at 31 December 2022	**1,926.0**	**395.8**	**212.1**	**8.6**	**2,542.5**

Additions of goodwill in 2021 were attributable to the demerger of the Group's mineral water and adult sparkling beverages integral joint venture in Italy as well as the formation of a joint operation in Romania, amounting to €15.6 million and €0.8 million respectively (refer to Note 16).

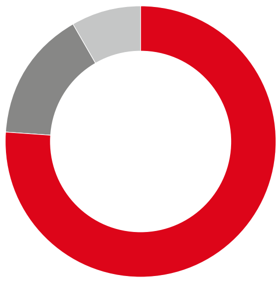
Goodwill and other intangible assets of €1.0 million and €3.1 million respectively, arising from business combinations in 2021, related to the acquisition by the Group of a self-serve coffee-vending business in its developing markets segment (the 'Costa Express Business'), which was integrated into the Group's operations.

Impairment losses of €13.7 million relate to the impairment of goodwill of the Group's Russian cash-generating unit recognised as part of 2022 interim results (refer to Note 6).

Intangible assets not subject to amortisation amounted to €2,529.7 million (2021: €2,028.9 million), and are presented in the charts below:

2022

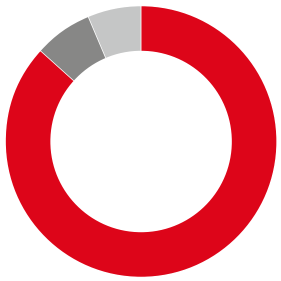
€2,529.7 million



Goodwill	**€1,926.0 million**
Franchise agreements	**€395.8 million**
Trademarks	**€207.9 million**

2021

€2,028.9 million



Goodwill	€1,759.3 million
Franchise agreements	€144.8 million
Trademarks	€124.8 million

The carrying value of intangible assets subject to amortisation amounted to €12.8 million (2021: €14.4 million) and comprised water rights of €6.0 million, trademarks of €4.2 million and other intangible assets of €2.6 million (2021: €6.4 million water rights, €4.9 million trademarks and €3.1 million other intangible assets).

Notes to the consolidated financial statements *continued*

14. Intangible assets *continued*

Annual impairment test for goodwill and other indefinite-lived intangible assets

The recoverable amount of each cash-generating unit was determined through a value-in-use calculation. This calculation uses cash flow forecasts based on financial budgets approved by the Board of Directors covering a one-year period and cash flow forecasts for four additional years. Cash flows for years two to five are forecasted by management based on operation and market-specific assumptions including growth rates, forecast selling prices, direct costs and operating expenses. Management determined gross margins based on past performance, expectations for the development of the market and expectations about raw material costs. Cash flows for the subsequent years after the forecast period are extrapolated using perpetuity growth rates which reflect management's best estimate of industry growth, considering long-term inflation and gross domestic product forecasts specific to the countries of operation. The discount rates used by management represent the current market assessment of the risks specific to each cash-generating unit, taking into consideration the time value of money and are derived from the weighted average cost of capital. The Group applies post-tax discount rates to post-tax cash flows as the valuation calculated using this method closely approximates to applying pre-tax discount rates to pre-tax cash flows.

Management also considered the potential adverse impact to future cash flows arising from climate change risk, under different scenarios. These scenarios included the increased capital expenditure required to mitigate climate-related risks and focused on the impact from disruptions to production and distribution due to extreme weather as well as the increased cost of water and carbon emissions. The Group will continue to refine its approach on climate-related risks and opportunities in the impairment assessment, as greater understanding of the potential impacts on the Group's business is obtained.

No impairment of goodwill and other indefinite-lived assets was identified during the annual impairment test of 2022, or that of 2021.

The following chart and accompanying table set forth the percentage and carrying value respectively of goodwill and other indefinite-lived intangible assets for those cash-generating units whose carrying value is greater or equal to 9% of the total, as at 31 December 2022.

Intangible assets not subject to amortisation as at 31 December 2022
(%)

Italy	**30%**
Switzerland	**18%**
The Republic of Ireland and Northern Ireland	**10%**
Egypt	**16%**
Koncern Bambi a.d. Požarevac	**9%**
Other	**17%**

	Goodwill € million	Franchise agreements € million	Trademarks € million	**Total € million**
Italy	640.9	126.9	–	**767.8**
Switzerland	467.3	–	–	**467.3**
The Republic of Ireland and Northern Ireland	241.5	–	–	**241.5**
Egypt	141.9	251.2	–	**393.1**
Koncern Bambi a.d. Požarevac	115.2	–	118.5	**233.7**
All other cash-generating units	319.2	17.7	89.4	**426.3**
Total	**1,926.0**	**395.8**	**207.9**	**2,529.7**

The key assumptions for these cash-generating units are presented below:

	Growth rate in perpetuity (%)		**Post-tax discount rate (%)**		**Pre-tax discount rate (%)**	
	2022	2021	**2022**	2021	**2022**	2021
Egypt	**5.0**	–	**15.2**	–	**17.8**	–
Italy	**2.0**	1.5	**8.6**	6.5	**11.4**	8.7
Switzerland	**0.8**	0.9	**6.7**	5.7	**8.0**	6.7
The Republic of Ireland and Northern Ireland	**4.0**	4.0	**6.6**	5.6	**7.1**	6.0
Koncern Bambi a.d. Požarevac	**4.5**	4.5	**10.9**	6.6	**11.9**	6.9

For the cash-generating units of the Republic of Ireland and Northern Ireland and Koncern Bambi a.d. Požarevac, the growth rate in perpetuity as estimated by management was higher than that expected for the industry in general. This is attributable to the strength of the Group's brand portfolio, which is amongst the strongest and broadest in the industry. The Group has historically achieved higher revenue growth than the industry leveraging the strength of its portfolio, while it continually invests in brand-related innovations to remain relevant, be able to cater to all consumption occasions and increase market share.

Notes to the consolidated financial statements *continued*

14. Intangible assets *continued*

Sensitivity analysis

In the cash-generating unit of Egypt, which as at 31 December 2022 held €141.9 million and €251.2 million of goodwill and franchise agreements respectively, reasonably possible changes in key assumptions of the 2022 impairment test would remove the remaining headroom. As at 31 December 2022, the recoverable amount of the Egyptian cash-generating unit calculated based on value-in-use exceeded its carrying value by €83.7 million; changes per key assumption that would eliminate remaining headroom are summarised in the table below:

	Growth rate in perpetuity	Discount rate
Egypt	170bps	120bps

As at 31 December 2022, the recoverable amount of the Italian cash-generating unit calculated based on value-in-use significantly exceeded its carrying value. As a result, the key assumptions of the Italian cash-generating unit's 2022 impairment test are not sensitive to possible changes that would eliminate the remaining headroom.

The Group will continue to closely monitor these cash-generating units in order to ensure that timely actions and initiatives are undertaken to minimise potential adverse impact on their expected performance.

15. Property, plant and equipment

Accounting policy

All property, plant and equipment is initially recorded at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Subsequent expenditure is added to the carrying value of the asset when it is probable that future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the operation and the costs can be measured reliably. All other subsequent expenditure is expensed in the period in which it is incurred.

Assets under construction are recorded as part of property, plant and equipment and depreciation on these assets commences when the assets are made available for use.

Depreciation is calculated on a straight-line basis to allocate the depreciable amount over the estimated useful life of the assets as follows:

Freehold buildings and improvements	40 years
Leasehold buildings and improvements	Over the lease term, up to 40 years
Production equipment	4 to 20 years
Vehicles	5 to 8 years
Computer hardware and software	3 to 10 years
Marketing equipment	3 to 10 years
Fixtures and fittings	8 years
Returnable containers	3 to 12 years

Freehold land is not depreciated as it is considered to have an indefinite life.

Deposits received for returnable containers by customers are accounted for as deposit liabilities (refer to Note 21).

Residual values and useful lives of assets are reviewed and adjusted if appropriate at each balance sheet date.

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's fair value less cost to sell and its value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest level of separately identifiable cash flows.

For accounting policy regarding right-of-use assets, refer to Note 17 'Leases'.

Notes to the consolidated financial statements *continued*

15. Property, plant and equipment *continued*

The movements of property, plant and equipment by class of assets are as follows:

	Land and buildings € million	Plant and equipment € million	Returnable containers € million	Assets under construction € million	**Total € million**
Cost					
As at 1 January 2021	1,412.7	3,597.0	420.7	199.8	**5,630.2**
Additions[1]	7.6	137.0	40.9	297.1	**482.6**
Arising from business combinations	–	1.3	–	–	**1.3**
Disposals	(9.2)	(166.8)	(12.3)	(0.1)	**(188.4)**
Reclassified to assets held for sale (refer to Note 20)	–	(1.8)	–	–	**(1.8)**
Reclassifications	90.8	247.7	–	(338.5)	**–**
Foreign currency translation	28.1	76.2	1.6	0.8	**106.7**
As at 31 December 2021	**1,530.0**	**3,890.6**	**450.9**	**159.1**	**6,030.6**
Depreciation and impairment					
As at 1 January 2021	498.6	2,440.8	255.1	1.2	**3,195.7**
Charge for the year	42.9	206.5	27.6	–	**277.0**
Impairment	1.0	4.0	0.5	0.5	**6.0**
Disposals	(2.1)	(165.4)	(9.7)	–	**(177.2)**
Reclassified to assets held for sale (refer to Note 20)	–	(1.7)	–	–	**(1.7)**
Foreign currency translation	11.8	50.1	0.6	–	**62.5**
As at 31 December 2021	**552.2**	**2,534.3**	**274.1**	**1.7**	**3,362.3**
Net book value as at 31 December 2021 excluding right-of-use assets	**977.8**	**1,356.3**	**176.8**	**157.4**	**2,668.3**
Net book value of right-of-use assets as at 31 December 2021	**63.2**	**99.4**	**–**	**–**	**162.6**
Net book value as at 31 December 2021	**1,041.0**	**1,455.7**	**176.8**	**157.4**	**2,830.9**

1. Additions line for 2021 includes €13.8 million on a net book value basis relating to the impact from the demerger of the Group's mineral water and adult sparkling beverages integral joint venture in Italy (refer to Note 16).

	Land and buildings € million	Plant and equipment € million	Returnable containers € million	Assets under construction € million	**Total € million**
Cost					
As at 1 January 2022	1,530.0	3,890.6	450.9	159.1	**6,030.6**
Additions	4.1	143.6	59.8	373.2	**580.7**
Arising from business combinations (refer to Note 24)	198.5	125.9	4.5	13.5	**342.4**
Disposals	(5.7)	(141.7)	(10.8)	(1.2)	**(159.4)**
Reclassified from right-of-use assets[2]	4.2	12.1	–	–	**16.3**
Reclassified to assets held for sale (refer to Note 20)	–	(0.6)	–	–	**(0.6)**
Reclassifications	84.5	205.2	–	(289.7)	**–**
Foreign currency translation	(63.3)	(66.7)	(7.4)	(5.8)	**(143.2)**
As at 31 December 2022	**1,752.3**	**4,168.4**	**497.0**	**249.1**	**6,666.8**
Depreciation and impairment					
As at 1 January 2022	552.2	2,534.3	274.1	1.7	**3,362.3**
Charge for the year	49.9	252.4	38.9	–	**341.2**
Impairment	19.0	61.0	0.7	0.8	**81.5**
Disposals	(4.5)	(134.0)	(6.6)	(0.2)	**(145.3)**
Reclassified from right-of-use assets[2]	1.5	2.3	–	–	**3.8**
Reclassified to assets held for sale (refer to Note 20)	–	(0.5)	–	–	**(0.5)**
Foreign currency translation	(5.2)	(30.2)	(3.2)	–	**(38.6)**
As at 31 December 2022	**612.9**	**2,685.3**	**303.9**	**2.3**	**3,604.4**
Net book value as at 31 December 2022 excluding right-of-use assets	**1,139.4**	**1,483.1**	**193.1**	**246.8**	**3,062.4**
Net book value of right-of-use assets as at 31 December 2022	**82.7**	**121.2**	**–**	**–**	**203.9**
Net book value as at 31 December 2022	**1,222.1**	**1,604.3**	**193.1**	**246.8**	**3,266.3**

2. Line 'Reclassified from right-of-use assets' for 2022 relates to the reclassification from right-of-use assets to land and buildings and plant and equipment of €12.5 million on a net book value basis, following the exercise of purchase options included in the lease contracts.

Assets under construction at 31 December 2022 include advances for equipment purchases of €63.2 million (2021: €41.8 million). The depreciation charge for the year, including that for right-of-use assets (refer to Note 17), recognised in operating expenses and cost of goods sold amounted to €209.6 million (2021: €181.4 million) and €193.8 million (2021: €148.9 million) respectively.

Notes to the consolidated financial statements *continued*

15. Property, plant and equipment *continued*

Impairment of property, plant and equipment

In 2021 the Group recorded impairment losses of €3.7 million, €0.9 million and €3.8 million and reversals of impairment of €0.2 million, €0.3 million and €1.9 million relating to property, plant and equipment in the Established, Developing and Emerging segments respectively. The impaired assets, being mainly buildings and production equipment, were written down based mainly on value-in-use calculations.

In 2022 the Group recorded impairment losses of €1.6 million, €0.9 million and €81.4 million and reversals of impairment of €0.6 million, €0.2 million and €1.6 million relating to property, plant and equipment in the Established, Developing and Emerging segments respectively. Net impairment losses of €60.9 million, relating to property, plant and equipment in the Emerging segment are included in the exceptional items related to Russia-Ukraine conflict (refer to Note 6). The impaired assets, being mainly buildings, production and cold-drink equipment, were written down based mainly on value-in-use calculations.

16. Interests in other entities

List of principal subsidiaries

The following are the principal subsidiaries of the Group as at 31 December:

		% of voting rights		% ownership	
	Country of registration	**2022**	2021	**2022**	2021
Adelink Ltd[1]	Cyprus	**50.0%**	50.0%	**50.0%**	50.0%
AS Coca-Cola HBC Eesti	Estonia	**100.0%**	100.0%	**100.0%**	100.0%
CCB Management Services GmbH	Austria	**100.0%**	100.0%	**100.0%**	100.0%
CCHBC Armenia CJSC	Armenia	**100.0%**	100.0%	**100.0%**	100.0%
CCHBC Bulgaria AD	Bulgaria	**99.4%**	99.4%	**99.4%**	99.4%
CCHBC IT Services Limited	Bulgaria	**100.0%**	100.0%	**100.0%**	100.0%
CCHBC Reinsurance Designated Activity Company	Republic of Ireland	**100.0%**	100.0%	**100.0%**	100.0%
CCH CirculaRPET S.r.l.	Italy	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Austria GmbH	Austria	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola Beverages Belorussiya	Belarus	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola Beverages Ukraine Ltd	Ukraine	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola Imbuteliere Chisinau SRL	Moldova	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC B-H d.o.o. Sarajevo	Bosnia and Herzegovina	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Česko a Slovensko, s.r.o.	Czech Republic	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Česká a Slovensko, s.r.o. – organizačná zložka	Slovakia	**100.0%**	100.0%	**100.0%**	100.0%
CC Beverages Holdings II B.V.	The Netherlands	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola Bottling Company of Egypt (S.A.E.)[2]	Egypt	**94.7%**	–	**94.7%**	–
Coca-Cola HBC Cyprus Ltd	Cyprus	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Finance B.V.	The Netherlands	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Greece S.A.I.C.	Greece	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Holdings B.V.	The Netherlands	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Hrvatska d.o.o.	Croatia	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Hungary Ltd	Hungary	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Ireland Limited	Republic of Ireland	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Italia S.r.l.	Italy	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Kosovo L.L.C.	Kosovo	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Northern Ireland Limited	Northern Ireland	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Polska sp. z o.o.	Poland	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Romania Ltd	Romania	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Services MEPE	Greece	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Slovenija d.o.o.	Slovenia	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Sourcing B.V.	The Netherlands	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Switzerland Ltd	Switzerland	**99.9%**	99.9%	**99.9%**	99.9%
Coca-Cola HBC-Srbija d.o.o.	Serbia	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola Hellenic Bottling Company-Crna Gora d.o.o., Podgorica	Montenegro	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola Hellenic Business Service Organisation	Bulgaria	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola Hellenic Procurement GmbH	Austria	**100.0%**	100.0%	**100.0%**	100.0%
ESM Effervescent Sodas Management Limited[3]	Cyprus	**100.0%**	–	**100.0%**	–
Koncern Bambi a.d. Požarevac	Serbia	**100.0%**	100.0%	**100.0%**	100.0%
Multon AO[1]	Russia	**50.0%**	50.0%	**50.0%**	50.0%
Multon Partners LLC[4]	Russia	**100.0%**	100.0%	**100.0%**	100.0%
Nigerian Bottling Company Ltd	Nigeria	**100.0%**	100.0%	**100.0%**	100.0%
SIA Coca-Cola HBC Latvia	Latvia	**100.0%**	100.0%	**100.0%**	100.0%
Three Cents Hellas Single Member S.A.[3]	Greece	**100.0%**	–	**100.0%**	–
UAB Coca-Cola HBC Lietuva	Lithuania	**100.0%**	100.0%	**100.0%**	100.0%

1. Following unilateral waiver by The Coca-Cola Company of certain of its governance rights, Coca-Cola HBC acquired control of Multon AO Group of companies effective 11 August 2022 (refer to Note 24).
2. Coca-Cola Bottling Company of Egypt (S.A.E.) was acquired on 13 January 2022 (refer to Note 24).
3. ESM Effervescent Sodas Management Limited and its subsidiary Three Cents Hellas Single Member S.A. were acquired on 21 October 2022 (refer to Note 24).
4. LLC Coca-Cola HBC Eurasia was renamed to Multon Partners LLC as of 29 July 2022.

Notes to the consolidated financial statements *continued*

16. Interests in other entities *continued*

Equity method investments

Accounting policies

Equity method investments comprise investments in associates and joint arrangements and are classified into integral and non-integral on the basis of whether they are considered part of the Group's core operations and strategy.

Investments in associates

Investments in associated undertakings are accounted for by the equity method of accounting. Associated undertakings are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% to 50% of the voting rights.

The equity method of accounting involves recognising the Group's share of the associates' post-acquisition profit or loss and movements in other comprehensive income for the period in the income statement and other comprehensive income respectively. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's interest in each associate is carried in the balance sheet at an amount that reflects its share of the net assets of the associate and includes goodwill on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associate.

Investments in joint arrangements

Joint arrangements are arrangements in which the Group has contractually agreed sharing of control, which exists only when decisions about the relevant activities require unanimous consent. Joint arrangements are classified as joint ventures or joint operations depending upon the rights and obligations arising from the joint arrangement.

The Group classifies a joint arrangement as a joint venture when the Group has rights to the net assets of the arrangement. The Group accounts for its interests in joint ventures using the equity method of accounting as described in the section above.

The Group classifies a joint arrangement as a joint operation when the Group has the rights to the assets, and obligations for the liabilities, of the arrangement and accounts for each of its assets, liabilities, revenues and expenses, including its share of those held or incurred jointly, in relation to the joint operation.

If facts and circumstances change, the Group reassesses whether it still has joint control and whether the type of joint arrangement in which it is involved has changed.

Critical accounting judgements

The Group participates in several joint arrangements. Judgement is required in order to determine their classification as a joint venture where the Group has rights to the net assets of the arrangement, or a joint operation where the Group has rights to the assets and obligations for the liabilities of the arrangement. In making this judgement, consideration is given to the legal form of the arrangement, and the contractual terms and conditions, as well as other facts and circumstances (including the economic rationale of the arrangement and the impact of the legal framework).

Changes in the carrying amounts of equity method investments for 2021 and 2022 are as follows:

	Joint ventures € million	Associates € million	**Total € million**
As at 1 January 2021	284.1	29.6	**313.7**
Additions	–	88.0	**88.0**
Decrease	(34.6)	–	**(34.6)**
Share of results of equity method investments	34.4	3.2	**37.6**
Share of other comprehensive income of equity method investments	14.6	–	**14.6**
Share of total comprehensive income	49.0	3.2	**52.2**
Return of capital	(6.1)	–	**(6.1)**
Dividends	(45.5)	(1.9)	**(47.4)**
As at 31 December 2021	**246.9**	**118.9**	**365.8**
Impairment (refer to Note 6)	**(52.8)**	**–**	**(52.8)**
Gain on remeasurement of previously held equity interest arising from business combination	**70.8**	**–**	**70.8**
Deemed disposal arising from business combination (refer to Note 24)	**(249.9)**	**–**	**(249.9)**
Capital increase	**4.0**	**7.0**	**11.0**
Share of results of equity method investments	**42.1**	**2.0**	**44.1**
Share of other comprehensive income of equity method investments	**34.6**	**(0.4)**	**34.2**
Share of total comprehensive income	**76.7**	**1.6**	**78.3**
Dividends	**(9.7)**	**(7.9)**	**(17.6)**
As at 31 December 2022	**86.0**	**119.6**	**205.6**

Notes to the consolidated financial statements *continued*

16. Interests in other entities *continued*

The carrying amount of equity method investments as at 31 December 2022 comprises integral and non-integral equity method investments as follows:

	Joint ventures € million	Associates € million	**Total € million**
Integral equity method investments	**81.9**	**–**	**81.9**
Non-integral equity method investments	**4.1**	**119.6**	**123.7**
Total equity method investments	**86.0**	**119.6**	**205.6**

a) Investments in joint ventures

In January 2021, a demerger of Acque Minerali S.r.l., our mineral water and adult sparkling beverages integral joint venture with The Coca-Cola Company in Italy, was completed. As part of the demerger, certain operating activities were transferred to the Group, resulting in the recognition of €15.6 million of goodwill and €14.0 million of property, plant and equipment, including right-of-use assets, as part of the Group's Italian cash-generating unit (refer to Note 14 and Note 15 respectively) and the decrease of equity method investments by €34.6 million, presented in line 'Decrease' of the table on page 187 regarding 2021 changes in the carrying amounts of equity method investments. There was no significant impact to the Group's net assets or income statement from this transaction. Also, there was no cash flow impact for the Group as a result of the transaction.

The Group has a 50% interest in Multon AO Group of companies ('Multon'), which is engaged in the production and distribution of juices in Russia and was jointly controlled by the Group and The Coa-Cola Company. The joint arrangement was classified as a joint venture, as its structure provided the Group with rights to its net assets. In March 2022, in response to the Russia-Ukraine conflict, The Coca-Cola Company announced that it was suspending its business in Russia. In August 2022, The Coca-Cola Company unilaterally waived certain of its governance rights in connection with its 50% interest in Multon, which were accordingly assumed by the Group, while retaining consent rights in respect of certain limited board and shareholder reserved matters that are protective in nature. As a result, considering the criteria set out in IFRS 10 'Consolidated financial statements', the Group has concluded that, effective 11 August 2022, it controls Multon (refer to Note 24).

As a result of the change in control of Multon described above, on 11 August 2022 the Group remeasured the previously held equity interest in Multon at its fair value (refer to Note 24), which resulted in a gain of €70.8 million, which was presented in line 'Gain on remeasurement of previously held equity interest arising from business combination' of the table on page 187, regarding 2022 changes in the carrying amount of equity method investments. The Group then proceeded to derecognise the resulting carrying amount of Multon investment of approximately €250 million, against the fair value of the identifiable net assets recognised (refer to Note 24), which was presented in line 'Deemed disposal arising from business combination' of the table on page 187 regarding 2022 changes in the carrying amount of equity method investments.

Apart from Multon, the Group has a significant joint venture with Heineken, through its 50% interest in AD Pivara Skopje which is engaged in the bottling and distribution of soft drinks and beer in North Macedonia. The structure of the joint venture provides the Group with rights to its net assets.

Summarised financial information of the Group's significant joint ventures is presented below. This information reflects the amounts presented in the IFRS financial statements of the joint venture, amended to reflect adjustments made when using the equity method, including fair value adjustments and not the Group's share in these amounts.

Multon A.O. Group of companies	2021 € million
Summarised balance sheet[1]:	
Non-current loans to related parties	5.1
Other non-current assets	137.9
Non-current assets	143.0
Cash and cash equivalents	9.0
Current loans to related parties	54.1
Other current assets	131.5
Total current assets	194.6
Other current liabilities (including trade payables)	(76.0)
Total current liabilities	(76.0)
Total non-current liabilities	(7.4)
Net assets	254.2

	2022 € million	2021 € million
Summarised statement of comprehensive income[1]:		
Revenue	**307.3**	417.0
Depreciation	**(3.4)**	(5.4)
Interest income	**6.6**	7.7
Interest expense	**(1.1)**	(1.5)
Profit before tax	**80.5**	65.0
Income tax expense	**(15.9)**	(12.6)
Profit after tax	**64.6**	52.4
Other comprehensive income	**69.8**	29.0
Total comprehensive income	**134.4**	81.4
Dividends received and capital returns	**–**	34.8

	2021 € million
Reconciliation of net assets to carrying amount:	
Closing net assets	254.2
Interest in joint venture at 50%	127.1
Goodwill	37.6
Carrying value	164.7

1. Further to the Group obtaining control over Multon, the latter's balance sheet as at 31 December 2022 has been consolidated. The summarised statement of comprehensive income presented for 2022 reflects the period up to 11 August 2022, during which Multon was classified as a joint venture.

Notes to the consolidated financial statements *continued*

16. Interests in other entities *continued*

AD Pivara Skopje	2022 € million	2021 € million
Summarised balance sheet:		
Non-current assets	**66.1**	56.7
Cash and cash equivalents	**0.5**	0.2
Other current assets	**14.4**	13.6
Total current assets	**14.9**	**13.8**
Borrowings	(3.6)	(2.2)
Other current liabilities (including trade payables)	(20.8)	(18.5)
Total current liabilities	**(24.4)**	**(20.7)**
Borrowings	(7.0)	(0.1)
Other non-current liabilities	(0.3)	(0.6)
Total non-current liabilities	**(7.3)**	**(0.7)**
Net assets	**49.3**	**49.1**
Summarised statement of comprehensive income:		
Revenue	**91.8**	79.3
Depreciation	**(5.7)**	(5.3)
Profit before tax	**17.9**	17.2
Income tax expense	**(2.1)**	(2.0)
Profit after tax	**15.8**	15.2
Total comprehensive income	**15.8**	**15.2**
Dividends received	**7.7**	**13.0**
Reconciliation of net assets to carrying amount:		
Closing net assets	**49.3**	49.1
Interest in joint venture at 50%	**24.7**	24.6
Goodwill	**16.9**	16.9
Non-controlling interest	**(1.6)**	(1.6)
Carrying value	**40.0**	**39.9**

Summarised financial information of the Group's investment in other joint ventures is as follows:

	2022 € million	2021 € million
Carrying amount	**46.0**	42.3
Share of profit	**1.9**	0.6
Share of other comprehensive income	**(0.3)**	0.1
Share of total comprehensive income	**1.6**	**(0.7)**

b) Investments in associates

On 7 October 2021, the Group acquired a 30% equity shareholding in Casa Del Caffè Vergnano S.p.A. ('Caffè Vergnano'), a premium Italian coffee company. The Group also entered into an exclusive distribution agreement for Caffè Vergnano's products in all its territories outside of Italy. The corresponding investment was classified as an associate in accordance with the requirements of IAS 28 'Investments in Associates and Joint Ventures' since the terms of the transaction gave the Group significant influence over the investee. The investment is accounted for using the equity method and was further classified as a non-integral equity method investment in the consolidated financial statements of the Group, considering that the distribution agreement was separate to the shareholding. The total consideration paid in 2021 amounted to €87.0 million, including acquisition costs of €0.1 million. Total acquisition costs incurred in 2021 amounted to €1.1 million, out of which €0.8 million were paid in 2022. Consideration including acquisition costs paid was presented in line 'Payments for non-integral equity method investments' of the consolidated cash flow statement, in 2021 and 2022 accordingly. Total consideration and acquisition costs were presented in line 'Additions' of the table on page 187 regarding 2021 changes in the carrying amount of equity method investments.

The information below reflects the amounts presented in the financial statements of Caffè Vergnano under Italian law, amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and not the Group's share in these amounts.

Caffè Vergnano	2022 € million	2021 € million
Summarised balance sheet:		
Non-current assets	**125.2**	122.6
Cash and cash equivalents	**1.0**	5.2
Other current assets	**54.5**	52.7
Total current assets	**55.5**	**57.9**
Borrowings	**(19.6)**	(16.2)
Other current liabilities (including trade payables)	**(30.6)**	(33.0)
Total current liabilities	**(50.2)**	**(49.2)**
Borrowings	**(2.4)**	(1.8)
Other non-current liabilities	**(27.5)**	(28.1)
Total non-current liabilities	**(29.9)**	**(29.9)**
Net assets	**100.6**	**101.4**

Notes to the consolidated financial statements *continued*

16. Interests in other entities *continued*

	2022 € million	2021 € million
Summarised statement of comprehensive income[1]:		
Revenue	**105.1**	22.3
Depreciation	**(7.6)**	(1.7)
(Loss) / profit before tax	**(3.6)**	0.3
Income tax	**0.3**	(0.3)
(Loss) / profit after tax	**(3.3)**	–
Total comprehensive income	**(3.3)**	–
Reconciliation of net assets to carrying amount:		
Closing net assets	**100.6**	101.3
Interest in associate at 30%	**30.2**	30.4
Acquisition costs	**1.1**	1.1
Goodwill	**56.5**	56.5
Carrying value	**87.8**	**88.0**

1. Summarised statement of comprehensive income for 2021 relates to the period following acquisition of the associate.

Summarised financial information of the Group's investment in other associates is as follows:

	2022 € million	2021 € million
Carrying amount	**31.8**	30.9
Share of profit	**3.0**	3.2
Share of other comprehensive income	**(0.4)**	–
Share of total comprehensive income	**2.6**	**3.2**

Frigoglass Industries (Nigeria) Limited, a non-integral associate in which the Group holds an effective interest of 23.9% (2021: 23.9%) through its subsidiary Nigerian Bottling Company Ltd, is guarantor under the amended banking facilities and notes issued by the Frigoglass Group, as part of the debt restructuring of the latter. The Group has no direct exposure arising from this guarantee arrangement, but the Group's investment in this associate, which stood at €21.1 million as at 31 December 2022 (31 December 2021: €25.2 million), would be at potential risk if there was a default under the terms of the amended banking facilities or the notes and the Frigoglass Group (including the guarantor) was unable to meet its obligations thereunder.

c) Joint operations

Other joint operations of the Group with The Coca-Cola Company comprise mainly a 50% interest in each of the water businesses listed below, which are engaged in the production and distribution of water in the respective countries.

Country	Joint operation
Austria	Römerquelle
Italy	Fonti del Vulture
Romania	Dorna
Baltics	Neptuno Vandenys

Country	Joint operation
Poland	Multivita
Switzerland	Valser
Serbia	Vlasinka

In addition, in April 2021 the Group acquired a 50% interest in Stockday S.R.L., an online business-to-business platform and distributor in Romania, which was up until that point wholly owned by Heineken Romania S.A. The transaction resulted in the two shareholders jointly controlling Stockday S.R.L. The joint arrangement was classified as a joint operation in accordance with the requirements of IFRS 11 'Joint arrangements', as it provides the shareholders with rights to the assets and obligations for the liabilities of the joint arrangement. As a result of the above transaction, goodwill of €0.8 million was recognised as part of the Group's Emerging segment (refer to Note 14).

17. Leases

Accounting policy

Leases for which the Group is in a lessee position are recognised as a right-of-use asset and a corresponding lease liability at the date at which the lease asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a net-present-value basis and are recognised as part of 'Property, plant and equipment', 'Current borrowings' and 'Non-current borrowings' in the consolidated balance sheet, respectively.

Lease contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components as appropriate. Consideration relevant to the non-lease component is recognised as an expense in the consolidated income statement over the period of the lease.

Lease liabilities include the net present value of the following lease payments:

a) fixed payments (including in-substance fixed payments) over the lease term, less any lease incentives receivable;

b) variable lease payments that are based on an index or a rate;

c) amounts expected to be payable by the lessee under residual value guarantees;

d) the exercise price of a purchase option if the Group is reasonably certain it will exercise that option; and

e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Notes to the consolidated financial statements *continued*

17. Leases *continued*

Accounting policy *continued*

When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease (if that rate can be determined), or the incremental borrowing rate of the lease, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms, security and conditions. In determining the incremental borrowing rate to be used, the Group applies judgement to establish the suitable reference rate and credit spread.

Each lease payment is allocated between the liability (principal) and finance cost. The interest expense is charged to the consolidated income statement as part of 'Finance costs' over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

a) the amount of the initial measurement of lease liability;

b) any lease payments made at or before the commencement date less any lease incentives received;

c) any initial direct costs; and

d) any restoration costs.

The right-of-use assets are depreciated over the shorter of the assets' useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group utilises a number of practical expedients permitted by the standard, namely:

1) applying the recognition exemption to short-term leases (i.e. leases with a term of 12 months or less) that do not contain a purchase option; and

2) applying the recognition exemption to leases of underlying assets with a low value, which mainly comprise IT equipment.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is revised if a significant event or a significant change in circumstances occurs, which affects this assessment and which is within the control of the lessee.

Lease payments are presented as follows in the consolidated cash flow statement:

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities;
- payments for the interest element of recognised lease liabilities are included in 'Interest paid' within cash flows from financing activities; and
- payments for the principal element of recognised lease liabilities are presented within cash flows from financing activities.

Leasing activities

The leases which are recorded on the consolidated balance sheet are principally in respect of vehicles and buildings. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Extension options considered reasonably certain to be exercised relate to both buildings and motor vehicles and do not exceed three years. Most termination options have not been considered reasonably certain to be exercised.

The Group's carrying amount of lease liability is presented below as at 31 December:

	2022 € million	2021 € million
Current lease liability	**53.9**	50.9
Non-current lease liability	**152.1**	109.4
Total lease liability (refer to Note 26)	**206.0**	**160.3**

For the carrying amount of right-of-use assets per class of underlying asset, refer to Note 15.

The Group's additions to right-of-use assets for the years ended 31 December are as follows:

	2022 € million	2021 € million
Land and buildings	**32.0**	10.4
Plant and equipment	**59.2**	31.6
Total additions	**91.2**	**42.0**

Right-of-use assets arising on business combinations in 2022 amounted to €40.1 million (2021: €nil).

The consolidated income statement includes the following amounts relating to depreciation of right-of-use assets:

	2022 € million	2021 € million
Land and buildings	**21.4**	19.5
Plant and equipment	**40.8**	33.8
Total depreciation charge	**62.2**	**53.3**

Notes to the consolidated financial statements *continued*

17. Leases *continued*

The following expenses have been included in cost of goods sold and operating expenses:

	2022 € million	2021 € million
Expense relating to short-term leases	**22.7**	15.1
Expense relating to leases of low-value assets	**2.5**	1.4
Expense relating to variable lease payments	**10.8**	7.4

Interest expense on leases in 2022 was €16.4 million (2021: €9.9 million) and is recorded within 'Finance costs' in the consolidated income statement (refer to Note 10).

The total cash outflow for leases in 2022 was €103.6 million (2021: €91.0 million).

Expenses relating to short-term leases in 2022 and 2021 comprise consideration for leases with a term of 12 months or less used to cover seasonal business needs.

18. Inventories

Accounting policy

Inventories are stated at the lower of cost and net realisable value.

Cost for raw materials and consumables is determined on a weighted average basis. Cost for work in progress and finished goods comprises the cost of direct materials and labour plus attributable overhead costs. Cost of inventories includes all costs incurred to bring the product to its present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to complete and sell the inventory.

Inventories consisted of the following as at 31 December:

	2022 € million	2021 € million
Finished goods	**331.1**	244.0
Raw materials and work in progress	**329.3**	208.0
Consumables	**109.6**	67.8
Total inventories	**770.0**	**519.8**

The amount of inventories recognised as an expense during 2022 was €4,509.6 million (2021: €3,420.4 million). This includes €1.1 million of write-offs related to the Russia-Ukraine conflict (refer to Note 6). During 2022 provision for obsolete inventories recognised as an expense amounted to €19.2 million (2021: €16.2 million), whereas provision reversed in the year amounted to €0.4 million (2021: €0.6 million).

19. Trade, other receivables and assets

Accounting policies

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. The normal credit terms are between 7-90 days upon delivery.

The Group applies the IFRS 9 simplified approach for trade and other receivables and follows an Expected Credit Losses ('ECLs') approach for measuring the allowance of its trade receivables. The expected loss rate is assessed on the basis of historical credit losses of 24 months before the year end and adjusted to reflect current and forward-looking information. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The carrying amount of the receivable is reduced by the loss allowance, which is recognised as part of operating expenses. If a trade receivable ultimately becomes uncollectible, it is written off initially against any loss allowance made in respect of that receivable with any excess recognised as part of operating expenses. Subsequent recoveries of amounts previously written off or loss allowance no longer required are credited against operating expenses.

The Group has entered into a contract that provides insurance coverage against defaulted trade receivables.

This contract meets the definition of a financial guarantee contract, which is in substance part of the contract terms (that is, integral to the trade receivables) and is not recognised separately. Therefore, the expected cash flows from the credit insurance are included in the measurement of ECLs of trade receivables.

Loans are initially recognised at the fair value net of transaction costs incurred. After initial recognition, all interest-bearing loans are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method whereby any discount, premium or transaction costs associated with a loan are amortised to the income statement over the lending period.

Notes to the consolidated financial statements *continued*

19. Trade, other receivables and assets *continued*

Trade, other receivables and assets consisted of the following as at 31 December:

	Current assets		Non-current assets	
	2022 € million	2021 € million	**2022 € million**	2021 € million
Trade receivables	**804.8**	705.5	**0.1**	0.1
Receivables from related parties (refer to Note 28)	**56.5**	60.4	**–**	–
Loans receivable	**1.1**	0.5	**0.8**	1.0
Receivables from sale of property, plant and equipment	**0.4**	0.5	**–**	–
Loans and advances to employees	**10.1**	6.0	**–**	–
Other receivables	**144.1**	89.3	**1.4**	–
Total trade and other receivables	**1,017.0**	**862.2**	**2.3**	**1.1**
Prepayments	**88.6**	69.4	**14.3**	10.4
Pension plan assets (refer to Note 22)	**–**	–	**51.9**	42.0
Non-current income tax receivable	**–**	–	**9.7**	16.3
VAT and other taxes receivable	**42.3**	17.0	**–**	–
Total other assets	**130.9**	**86.4**	**75.9**	**68.7**
Total trade, other receivables and assets	**1,147.9**	**948.6**	**78.2**	**69.8**

An amount of €50.0 million (2021: €43.9 million) included in 'Other receivables' relates to receivables from brand partners in the sale and distribution of premium spirits and energy drinks.

Non-current trade receivables relate to renegotiated receivables, which are expected to be settled within the new contractual due date.

For offsetting impact on trade receivables, refer to Note 23.

Trade receivables

Trade receivables classified as current assets consisted of the following as at 31 December:

	2022 € million	2021 € million
Trade receivables	**880.6**	781.6
Less: Loss allowance	**(75.8)**	(76.1)
Total trade receivables	**804.8**	**705.5**

The ageing analysis of trade receivables classified as current assets is as follows:

	2022 € million			2021 € million		
	Gross carrying amount	**Loss allowance**	**Trade receivables**	Gross carrying amount	Loss allowance	Trade receivables
Within due date	**720.2**	**(1.1)**	**719.1**	636.7	(2.9)	633.8
Past due – Up to three months	**70.5**	**(0.5)**	**70.0**	54.2	(1.2)	53.0
Past due – Three to six months	**7.0**	**(1.2)**	**5.8**	6.9	(1.0)	5.9
Past due – Six to nine months	**3.6**	**(1.3)**	**2.3**	3.3	(1.0)	2.3
Past due – More than nine months	**79.3**	**(71.7)**	**7.6**	80.5	(70.0)	10.5
Total trade receivables	**880.6**	**(75.8)**	**804.8**	781.6	(76.1)	705.5

The movement in the loss allowance during the year is as follows:

	2022 € million	2021 € million
As at 1 January	**(76.1)**	(87.8)
Amounts written off during the year	**1.7**	14.7
Amounts recovered during the year	**7.3**	3.7
Increase in allowance recognised in income statement	**(13.6)**	(6.1)
Foreign currency translation	**4.9**	(0.6)
As at 31 December	**(75.8)**	**(76.1)**

Receivables from related parties

The related party receivables, net of the loss allowance, are as follows:

	2022 € million	2021 € million
Within due date	**50.9**	57.3
Past due	**5.7**	3.3
Less: Loss allowance	**(0.1)**	(0.2)
Total related party receivables	**56.5**	**60.4**

The ageing analysis of these receivables is as follows:

	2022 € million	2021 € million
Within due date	**50.8**	57.2
Past due – Up to three months	**1.8**	2.6
Past due – Three to six months	**3.6**	0.4
Past due – More than nine months	**0.3**	0.2
Total	**56.5**	**60.4**

Notes to the consolidated financial statements *continued*

19. Trade, other receivables and assets *continued*

Net impairment

Net impairment loss on trade and other receivables recognised in the income statement is analysed as follows:

	2022 € million	2021 € million
Trade receivables	**6.2**	3.7
Other receivables and assets	**2.8**	1.4
Net impairment loss	**9.0**	**5.1**

20. Assets classified as held for sale

Accounting policy

Non-current assets and disposal groups are classified as held for sale if it is considered highly probable that their carrying amount will be principally recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. In order for a sale to be considered highly probable, management must be committed to a plan to sell the asset, an active programme to locate a buyer and complete the plan must have been initiated, and the sale should be expected to be completed within one year from the date of classification.

In the event that the criteria for continued classification as held for sale are no longer met, the assets are reclassified to property, plant and equipment and the depreciation charge is adjusted for the depreciation that would have been recognised had the assets not been classified as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the individual assets' previous carrying amount and their fair value less costs to sell.

As at 31 December 2022, the Group's assets classified as held for sale amounted to €0.1 million, comprising the net book value of plant and equipment in the Group's Established segment (2021: €0.1 million in our Emerging segment), that has been written down to fair value less costs to sell (refer to Note 15). The fair value of assets classified as held for sale was determined through the use of a sales comparison approach and is a non-recurring fair value measurement within level 3 of the fair value hierarchy. Assets classified as held for sale in 2021 were disposed of during 2022.

21. Trade and other payables

Accounting policy

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Trade and other payables consisted of the following at 31 December:

	2022 € million	2021 € million
Trade payables	**947.2**	678.3
Accrued liabilities	**727.9**	565.6
Payables to related parties (refer to Note 28)	**268.6**	326.1
Deposit liabilities	**112.6**	92.6
Other tax and social security liabilities	**159.2**	126.0
Salaries and employee-related payables	**69.2**	56.9
Contract liabilities (refer to Note 8)	**14.7**	11.8
Other payables	**32.5**	28.5
Total trade and other payables	**2,331.9**	**1,885.8**

The Group facilitates a supply chain financing programme under which the supplier can elect on an invoice-by-invoice basis to either receive a discounted early payment from the partner bank, or continue to be paid in line with the agreed payment terms; in either case the value and due date of the liability payable by the Group remain unchanged and as such the liability remains classified as trade and other payables. At 31 December 2022 invoices included in the programme amounted to €175.3 million (2021: €139.9 million).

Accrued liabilities regarding volume, marketing and promotional incentives as well as listing fees and other incentives provided to customers as at 31 December 2022 amounted to €287.3 million (2021: €239.9 million).

Notes to the consolidated financial statements *continued*

22. Provisions and employee benefits

Provisions and employee benefits consisted of the following as at 31 December:

	2022 € million	2021 € million
Current:		
Employee benefits	**131.5**	115.2
Restructuring provisions	**3.2**	23.6
Other provisions	**46.8**	18.4
Total current provisions and employee benefits	**181.5**	**157.2**
Non-current:		
Employee benefits	**103.8**	115.5
Restructuring provisions	**1.1**	1.2
Other provisions	**2.0**	2.1
Total non-current provisions and employee benefits	**106.9**	118.8
Total provisions and employee benefits	**288.4**	**276.0**

a) Provisions

Accounting policy

Provisions are recognised when: the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset only when such reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: a) when the Group can no longer withdraw the offer of those benefits and b) when the Group recognises costs for a restructuring that is within the scope of IAS 37 'Provisions, contingent liabilities and contingent assets' and involves the payment of termination benefits (refer to Note 9). In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

The movements in restructuring and other provisions comprise:

	2022 €million		2021 €million	
	Restructuring provision	**Other provisions**	Restructuring provision	Other provisions
As at 1 January	**24.8**	**20.5**	26.0	9.9
Arising during the year	**19.3**	**22.5**	21.7	13.5
Utilised during the year	**(32.1)**	**(1.4)**	(21.5)	(2.8)
Unused amount reversed	**(7.8)**	**(3.1)**	(1.4)	(0.1)
Arising from business combinations	**0.1**	**15.1**	–	–
Foreign currency translation	–	**(4.8)**	–	–
As at 31 December	**4.3**	**48.8**	**24.8**	**20.5**

During 2022 a restructuring provision of €3.9 million was recognised in connection with the new business model in Russia, following the Russia-Ukraine conflict (refer to Note 6), which was utilised during the year. Other provisions primarily comprise provisions in relation to employee litigation, legal and other tax provisions.

b) Employee benefits

Accounting policies

The Group operates a number of defined benefit and defined contribution pension plans in its territories.

The defined benefit plans are made up of both funded and unfunded pension plans and employee leaving indemnities. The assets of funded plans are generally held in separate trustee-administered funds and are financed by payments from employees and/or the relevant Group companies.

The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets.

For defined benefit pension plans, pension costs are assessed using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Such actuarial gains and losses are not reclassified to the income statement in subsequent periods. The defined benefit obligations are measured at the present value of the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. Past service cost is recognised immediately in the income statement. A number of the Group's operations have other long-service benefits in the form of jubilee plans. These plans are measured at the present value of the estimated future cash outflows with immediate recognition of actuarial gains and losses in the income statement.

The Group's contributions to the defined contribution pension plans are charged to the income statement in the period to which the contributions relate.

Notes to the consolidated financial statements *continued*

22. Provisions and employee benefits *continued*

b) Employee benefits *continued*

Critical accounting estimates
The Group provides defined benefit pension plans as an employee benefit in certain territories. Determining the value of these plans requires several actuarial assumptions and estimates that may differ from actual developments in the future. These include the determination of the discount rates, rate of compensation increases, rate of pension increases and life expectancy of pensioners at the age of 65. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Details on the key assumptions used and a sensitivity analysis regarding the impact of reasonably possible changes in key assumptions on the defined benefit obligation are further presented below.

Employee benefits consisted of the following as at 31 December:

	2022 € million	2021 € million
Defined benefit plans:		
Employee leaving indemnities	67.9	78.9
Pension plans	3.4	6.2
Long-service benefits (jubilee plans) and other benefits	13.2	12.1
Total defined benefit plans	**84.5**	97.2
Other employee benefits:		
Annual leave	7.6	9.7
Other employee benefits	143.2	123.8
Total other employee benefits	**150.8**	133.5
Total employee benefits obligations	**235.3**	**230.7**

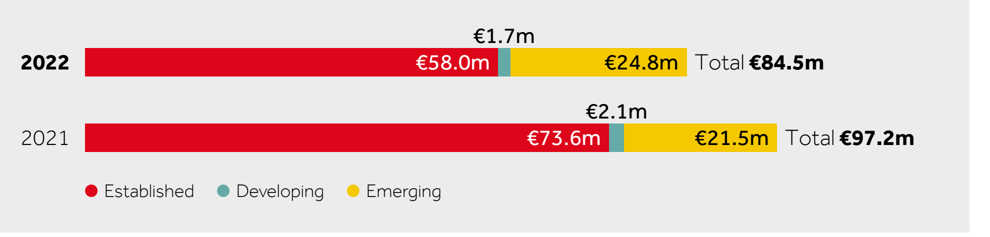
Other employee benefits are primarily comprised of employee bonuses which are linked to business and individual performance metrics.

Employees of Coca-Cola HBC's subsidiaries in Austria, Bulgaria, Croatia, Greece, Italy, Montenegro, Nigeria, Poland, Romania, Serbia and Slovenia are entitled to employee leaving indemnities, generally based on each employee's length of service, employment category and remuneration. These are unfunded plans where the Company meets the payment obligation as it falls due.

Coca-Cola HBC's subsidiaries in Austria, Northern Ireland, the Republic of Ireland and Switzerland sponsor defined benefit pension plans. Of the three plans in the Republic of Ireland, two have plan assets, as do the two plans in Northern Ireland, and one plan out of the three in Switzerland. The Austrian plans do not have plan assets and the Company meets the payment obligation as it falls due. The defined benefit plans in Austria, Republic of Ireland and Northern Ireland are closed to new members.

Coca-Cola HBC provides long-service benefits in the form of jubilee plans to its employees in Austria, Croatia, Nigeria, Poland, Serbia, Slovenia and Switzerland.

Defined benefit obligation by segment is as follows for the years ended 31 December:



The average duration of the defined benefit obligations is 14 years and the total employer contributions expected to be paid in 2023 are €11.6 million.

Notes to the consolidated financial statements *continued*

22. Provisions and employee benefits *continued*

The reconciliation of plan assets and plan liabilities for the years ended 31 December is as follows:

	Plan assets € million	Plan liabilities € million	Net (deficit) / surplus € million
As at 1 January 2021	481.3	(538.1)	**(56.8)**
Current service cost	–	(10.8)	**(10.8)**
Past service cost	–	(1.6)	**(1.6)**
Administrative expenses	(0.3)	–	**(0.3)**
Curtailment/settlement	(16.4)	14.2	**(2.2)**
Interest income/(expense)	2.3	(4.0)	**(1.7)**
Actuarial gains	–	0.6	**0.6**
Total expense recognised in income statement	**(14.4)**	**(1.6)**	**(16.0)**
Gains from change in demographic assumptions	–	1.4	**1.4**
Gains from change in financial assumptions	–	16.0	**16.0**
Experience adjustments	–	(2.4)	**(2.4)**
Return on plan assets excluding interest income	34.6	–	**34.6**
Total remeasurements recognised in other comprehensive income	**34.6**	**15.0**	**49.6**
Benefits paid	(23.1)	23.1	**–**
Employer's contributions	16.4	–	**16.4**
Participants' contributions	4.6	(4.6)	**–**
Net increase in defined benefit obligation from other movements	–	(0.7)	**(0.7)**
Foreign currency translation	20.0	(19.4)	**0.6**
As at 31 December 2021	**519.4**	**(526.3)**	**(6.9)**

	Plan assets € million	Plan liabilities € million	Net (deficit) / surplus € million
As at 1 January 2022	**519.4**	**(526.3)**	**(6.9)**
Current service cost	**–**	**(11.8)**	**(11.8)**
Past service cost	**–**	**(3.0)**	**(3.0)**
Administrative expenses	**(0.3)**	**–**	**(0.3)**
Curtailment/settlement	**(2.9)**	**2.8**	**(0.1)**
Interest income/(expense)	**4.4**	**(6.1)**	**(1.7)**
Actuarial gains	**–**	**2.0**	**2.0**
Total income/(expense) recognised in income statement	**1.2**	**(16.1)**	**(14.9)**
Loss from change in demographic assumptions	**–**	**(2.9)**	**(2.9)**
Gains from change in financial assumptions	**–**	**145.2**	**145.2**
Experience adjustments	**–**	**(8.7)**	**(8.7)**
Return on plan assets excluding interest income	**(91.9)**	**–**	**(91.9)**
Total remeasurements recognised in other comprehensive income	**(91.9)**	**133.6**	**41.7**
Benefits paid	**(22.4)**	**22.4**	**–**
Employer's contributions	**13.1**	**–**	**13.1**
Participants' contributions	**4.8**	**(4.8)**	**–**
Net increase in defined benefit obligation from other movements	**–**	**(0.8)**	**(0.8)**
Foreign currency translation	**7.7**	**(6.5)**	**1.2**
As at 31 December 2022	**431.9**	**(398.5)**	**33.4**

Notes to the consolidated financial statements *continued*

22. Provisions and employee benefits *continued*

The effect of the asset ceiling on plan assets and net deficit for the years ended 31 December is as follows:

	2022 € million	2021 € million
Fair value of plan assets at 31 December excluding asset ceiling	**431.9**	519.4
Opening unrecognised asset due to the asset ceiling	**(48.3)**	(14.1)
Change in asset ceiling recognised in other comprehensive income	**(15.7)**	(33.5)
Exchange rate gain	**(1.8)**	(0.7)
Interest income on unrecognised asset recognised in income statement	**(0.2)**	–
Fair value of plan assets at 31 December including asset ceiling	**365.9**	**471.1**

	2022 € million	2021 € million
Present value of funded obligations	**316.6**	434.1
Fair value of plan assets	**(431.9)**	(519.4)
Defined benefit obligations of funded plans	**(115.3)**	**(85.3)**
Present value of unfunded obligations	**81.9**	92.2
Unrecognised asset due to asset ceiling	**66.0**	48.3
Defined benefit obligations	**32.6**	**55.2**
Plus: Amounts recognised within non-current assets (refer to Note 19)	**51.9**	42.0
Total defined benefit obligations	**84.5**	**97.2**

Funding levels are monitored in conjunction with the agreed contribution rate. The funding level of the funded plans as at 31 December 2022 was 116% (2021: 109%).

Five of the plans have funded status surplus totalling €51.9 million as at 31 December 2022 (2021: five plans, totalling €42.0 million) that is recognised as an asset on the basis that the Group has an unconditional right to future economic benefits either via a refund or a reduction in future contributions.

Defined benefit plan expense is included in employee costs and presented in cost of goods sold and operating expenses.

The assumptions (weighted average for the Group) used in computing the defined benefit obligation comprised the following for the years ended 31 December:

	2022 %	2021 %
Discount rate	**3.6**	1.2
Rate of compensation increase	**2.8**	2.5
Rate of pension increase	**0.9**	1.0
Life expectancy for pensioners at the age of 65 in years:		
Male	**22**	22
Female	**24**	24

Asset liability matching: Plan assets allocated to growth assets are monitored regularly to ensure they remain appropriate and in line with the Group's long-term strategy to manage the plans. As the plans mature, the level of investment risk will be reduced by investing more in assets such as bonds that better match the liabilities.

Pension plan assets are invested in different asset classes in order to maintain a balance between risk and return. Investments are well diversified to limit the financial effect of the failure of any individual investment. Through its defined benefit plans the Group is exposed to a number of risks, as outlined below:

- Asset volatility: The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, a deficit will be created. The Northern Ireland, the Republic of Ireland and Swiss plans hold a significant proportion of growth assets (equities), which are expected to outperform corporate bonds in the long term while being subject to volatility and risk in the short term.
- Changes in bond yields: A decrease in corporate bond yields will increase the plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings. Conversely an increase in corporate bond yields will decrease the plan liabilities, although this will be partially offset by a decrease in the value of the plans' bond holdings.
- Inflation: The Northern Ireland, the Republic of Ireland and Swiss plans' benefit obligations are linked to inflation, which is used as a basis to determine the rate of compensation increases. As a result, higher inflation will lead to higher liabilities, although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation. The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
- Life expectancy: The majority of the pension plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The sensitivity analysis presented below is based on a change in a single assumption while all other assumptions remain constant.

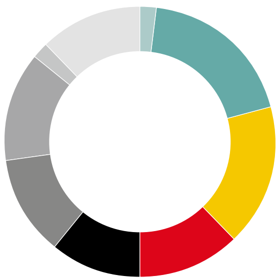
		Impact on defined benefit obligation (%)			
		Increase in assumption		Decrease in assumption	
	Change in assumption	2022	2021	2022	2021
Discount rate	0.50%	**(5.5%)**	(8.2%)	**7.1%**	9.4%
Rate of compensation increase	0.50%	**1.5%**	1.8%	**(1.4%)**	(1.5%)
Rate of pension increase	0.50%	**3.8%**	5.2%	**(3.8%)**	(4.9%)
Life expectancy	1 year	**2.4%**	2.8%	**(2.4%)**	(2.8%)

Notes to the consolidated financial statements *continued*

22. Provisions and employee benefits *continued*

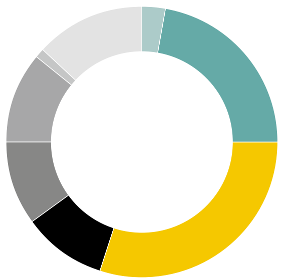
Plan assets are invested as follows:

Assets category 2022 (%)



Equity securities – Eurozone	**2%**
Equity securities – Non-Eurozone	**19%**
Government bonds – Eurozone	**17%**
Government bonds – Non-Eurozone	**12%**
Corporate bonds – Eurozone	**11%**
Corporate bonds – Non-Eurozone	**12%**
Real estate	**13%**
Cash	**2%**
Other	**12%**

Assets category 2021 (%)



Equity securities – Eurozone	3%
Equity securities – Non-Eurozone	22%
Government bonds – Eurozone	30%
Corporate bonds – Eurozone	10%
Corporate bonds – Non-Eurozone	10%
Real estate	11%
Cash	1%
Other	13%

The assets of funded plans are generally held in separately administered trusts, either as specific assets or as a proportion of a general fund, or are insurance contracts. Plan assets held in trust are governed by local regulations and practice in each country. The category 'Other' mainly includes investments in funds holding a portfolio of assets. Plan assets relate predominantly to quoted financial instruments.

Equity securities were not invested in ordinary shares of the Company as at 31 December 2022 or 31 December 2021.

Defined contribution plans

The expense recognised in the income statement in 2022 for the defined contribution plans is €22.5 million (2021: €19.4 million). This is included in employee costs and recorded in cost of goods sold and operating expenses.

23. Offsetting financial assets and financial liabilities

Accounting policy

The Group offsets financial assets and financial liabilities to the net amount reported in the balance sheet when it currently has a legally enforceable right to offset the recognised amounts and it intends to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements or other similar agreements. In general, under such agreements the counterparties can elect to settle as one single net amount the aggregated amounts owed by each counterparty on a single day with respect to all outstanding transactions of the same currency and the same type of derivative. In the event of default or early termination all outstanding transactions under the agreement are terminated and subject to any set-off. These agreements do not meet all of the IAS 32 criteria for offsetting in the balance sheet as the Group does not have any current legally enforceable right to offset amounts since the right can only be applied if elected by both counterparties.

The financial assets and financial liabilities presented below are subject to offsetting, enforceable master netting or similar agreements. The column 'Net amount' shows the impact on the Group's balance sheet if all set-off rights were exercised.

Financial liabilities offset against trade receivables mainly relate to accrued customer rebates.

a) Financial assets

As at 31 December 2022

	Gross amounts of recognised financial assets €million	Gross amounts of recognised financial liabilities set off in the balance sheet €million	Net amounts of financial assets presented in the balance sheet €million	Related amounts not set off in the balance sheet: Financial instruments €million	Net amount €million
Derivative financial assets	**36.1**	**–**	**36.1**	**(16.7)**	**19.4**
Trade receivables	**876.1**	**(71.3)**	**804.8**	**–**	**804.8**
Total	**912.2**	**(71.3)**	**840.9**	**(16.7)**	**824.2**

Notes to the consolidated financial statements *continued*

23. Offsetting financial assets and financial liabilities *continued*

As at 31 December 2021

	Gross amounts of recognised financial assets € million	Gross amounts of recognised financial liabilities set off in the balance sheet € million	Net amounts of financial assets presented in the balance sheet € million	Related amounts not set off in the balance sheet: Financial instruments € million	**Net amount € million**
Derivative financial assets	48.2	–	48.2	(8.1)	**40.1**
Trade receivables	764.0	(58.5)	705.5	–	**705.5**
Total	**812.2**	**(58.5)**	**753.7**	**(8.1)**	**745.6**

b) Financial liabilities

As at 31 December 2022

	Gross amounts of recognised financial liabilities € million	**Gross amounts of recognised financial assets set off in the balance sheet € million**	**Net amounts of financial liabilities presented in the balance sheet € million**	**Related amounts not set off in the balance sheet: Financial instruments € million**	**Net amount € million**
Derivative financial liabilities	**45.6**	**–**	**45.6**	**(16.7)**	**28.9**
Trade payables	**1,018.5**	**(71.3)**	**947.2**	**–**	**947.2**
Total	**1,064.1**	**(71.3)**	**992.8**	**(16.7)**	**976.1**

As at 31 December 2021

	Gross amounts of recognised financial liabilities € million	Gross amounts of recognised financial assets set off in the balance sheet € million	Net amounts of financial liabilities presented in the balance sheet € million	Related amounts not set off in the balance sheet: Financial instruments € million	**Net amount € million**
Derivative financial liabilities	14.6	–	14.6	(8.1)	**6.5**
Trade payables	736.8	(58.5)	678.3	–	**678.3**
Total	**751.4**	**(58.5)**	**692.9**	**(8.1)**	**684.8**

24. Business combinations

Accounting policy

The acquisition method of accounting is used to account for business combinations. The consideration transferred is the fair value of any asset transferred, shares issued and liabilities assumed. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. The excess of the consideration transferred and the fair value of non-controlling interest over the net assets acquired and liabilities assumed is recorded as goodwill. In a business combination achieved without the transfer of consideration, the acquisition-date fair value of the previously held interest in the acquiree is used in place of the acquisition-date fair value of the consideration transferred to measure goodwill or a gain on a bargain purchase. Acquisition costs comprise costs incurred to effect a business combination such as finder's, advisory, legal, accounting, valuation and other professional or consulting fees. Integration costs comprise direct incremental costs necessary for the acquiree to operate within the Group. All acquisition and integration-related costs are expensed as incurred.

For each business combination, the Group elects to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss, within operating expenses in line 'Acquisition and integration costs'. Any accumulated amounts regarding the Group's share of other comprehensive income of the previously held equity interest are reclassified to the income statement, within operating expenses in line 'Acquisition and integration costs'. The Group has also elected to present gains on bargain purchase within operating expenses in line 'Acquisition and integration costs'.

Refer also to Note 2 for accounting policy regarding basis of consolidation.

Acquisition of Coca-Cola Bottling Company of Egypt S.A.E.

On 12 August 2021, the Group entered into a sale and purchase agreement to acquire approximately 52.7% of Coca-Cola Bottling Company of Egypt S.A.E. ('CCBCE'), the bottling partner of The Coca-Cola Company in Egypt, from MAC Beverages Limited and certain of its affiliated entities ('MBL acquisition'). The MBL acquisition was completed on 13 January 2022 and resulted in the Group obtaining control over CCBCE.

The acquisition of CCBCE expands the Group's existing footprint on the African continent and further increases its exposure to high-growth markets, as it provides access to one of the largest non-alcoholic ready-to-drink markets by volume in Africa. In addition, sharing of the Group's proven capabilities, experience and best practices with CCBCE is expected to unlock growth opportunities, creating value for all stakeholders.

The operating results and assets and liabilities of CCBCE have been consolidated from 14 January 2022.

Notes to the consolidated financial statements *continued*

24. Business combinations *continued*

The fair value of the consideration for the MBL acquisition consisted of US Dollar 303.7 million (€264.9 million), which was transferred on acquisition, and an additional payment of US Dollar 124.0 million (€119.1 million), based on CCBCE's past performance, net financial position and working capital movement, which was transferred in October 2022. Foreign exchange loss arising on settlement of the consideration payable for the MBL acquisition amounted to €11.3 million and was presented in line 'Payment for business combinations, net of cash acquired' of the consolidated cash flow statement, while proceeds from settlement of derivatives used to hedge the relevant foreign currency risk amounted to €13.0 million and were presented in line 'Proceeds from settlement of derivatives relating to business combination' of the consolidated cash flow statement.

As part of the MBL acquisition completion, a convertible loan which had been granted to CCBCE from a wholly-owned affiliate of TCCC, one of its major shareholders, was also transferred to the Group for a consideration of €19.1 million, which was presented in line 'Repayments of borrowings' in the consolidated cash flow statement. The consideration was equal to the outstanding principal amount of the convertible loan and any unpaid interest at the time of its transfer. The loan was convertible at its original maturity in March 2022 into new CCBCE shares at fair market value and was eliminated upon consolidation of CCBCE. The conversion option was not subsequently exercised.

Details of the MBL acquisition with regard to the determined fair values of the net assets acquired, non-controlling interests and goodwill are presented in the below table.

	Fair value € million
Franchise agreements	367.7
Property, plant and equipment	318.7
Inventories	59.3
Trade, other receivables and assets	64.5
Cash and cash equivalents	15.9
Borrowings	(217.0)
Trade and other payables	(129.6)
Net deferred tax liabilities	(122.7)
Net identifiable assets acquired	**356.8**
Less: Non-controlling interests	(168.9)
Add: Goodwill arising on acquisition	196.1
Net assets acquired	**384.0**

No significant changes to net identifiable assets acquired have been identified compared to the relevant amounts disclosed as part of the Group's 2021 Integrated Annual Report.

The goodwill is attributable to CCBCE's strong market position and growth potential. The line 'Borrowings' in the above table includes the convertible loan as well as third-party loans of €122.7 million, which have been repaid and replaced with intra-group borrowings. The Group has chosen to recognise the non-controlling interests at their proportional share of the fair value of CCBCE's net identifiable assets acquired.

The Group incurred acquisition and integration costs of €8.8 million in 2022 (2021: €13.9 million) regarding the acquisition of CCBCE, which were included in operating expenses.

On 12 August 2021, the Group entered into an additional sale and purchase agreement to acquire approximately 42% of CCBCE, from a wholly-owned affiliate of TCCC ('TCCC acquisition'). The TCCC acquisition was completed on 25 January 2022.

The fair value of the consideration paid for the TCCC acquisition amounted to US Dollar 122.7 million (€108.9 million). The transaction was treated as separate to the MBL acquisition, considering that whilst the transactions above were entered into at the same time and in contemplation of each other, they are separate from a commercial and contractual perspective. The TCCC acquisition was accordingly accounted for as an equity transaction.

Following the completion of both the transactions, the Group holds a 94.7% interest in CCBCE.

The acquired business contributed revenue of €483.5 million to the Group for the period from 14 January 2022 to 31 December 2022, while it recorded a total net loss of €17.0 million for the same period. If the acquisition had occurred on 1 January 2022, consolidated revenue for 2022 would have been higher by €18.8 million, while net loss recorded would not have been significantly different.

The fair value of trade, other receivables and assets acquired includes trade receivables with a fair value of €28.3 million. The gross contractual amount for trade receivables acquired was €42.0 million, of which €13.7 million was considered to be uncollectible.

Multon A.O. group of companies ('Multon')

The Group holds a 50% interest in Multon, which is engaged in the production and distribution of juices in Russia and was jointly controlled by the Group and TCCC. On 8 March 2022, as a result of the Russia-Ukraine conflict, TCCC announced that it was suspending its business in Russia.

On 10 August 2022, TCCC unilaterally waived certain of its governance rights in connection with its 50% interest in Multon, while retaining consent rights in respect of certain limited board and shareholder reserved matters that are protective in nature (the 'Waiver'). The waived rights include, among others, TCCC's appointment rights over Multon's board and management, TCCC's approval rights over Multon's financial budgets and rights to receive any dividends or other distributions declared or paid by Multon, which were accordingly assumed by the Group. The Waiver is irrevocable for a two-year period, while there was no consideration transferred in connection with the Waiver. For the duration of the Waiver period, TCCC waives any rights to receive any dividends or other distributions declared or paid by Multon.

Given that TCCC waived the aforementioned rights, the Group has power over Multon, exposure to variable returns and the ability to use its power to affect its returns from Multon. Moreover, the irrevocable period of the Waiver is considered long enough so as not to prevent control by the Group. Hence, considering the criteria set out in IFRS 10 'Consolidated financial statements', the Group concluded that, effective 11 August 2022, it controlled Multon. The change in control of Multon was accounted for as a business combination achieved in stages in line with IFRS 3 'Business combinations' requirements.

Notes to the consolidated financial statements *continued*

24. Business combinations *continued*

The fair value of the Group's previously held equity interest in Multon, following TCCC unilaterally waiving certain of its governance rights, amounted to approximately €250 million and was estimated based on discounted forecasted cash flows of the business, using a discount rate of 27.8%. As a result of the change in control of Multon, a gain on remeasurement of the previously held equity interest to fair value amounting to €70.8 million and a loss regarding the reclassification to the income statement of the Group's share of Multon's other comprehensive income amounting to €145.2 million were recognised in 2022. The arising net loss of €74.4 million was recognised within 'Operating expenses' line of the consolidated income statement, included under Emerging markets for segmental reporting purposes and within 'Other non-cash items' line of the consolidated cash flow statement.The Group incurred acquisition costs of €0.1 million in 2022 regarding the change in control of Multon, which were included in operating expenses.

Information on the fair values of the net assets acquired, non-controlling interests and gain from bargain purchase arising on the business combination is presented in the below table.

	Fair value € million
Trademarks	60.8
Property, plant and equipment	63.6
Inventories	37.5
Trade, other receivables and assets	212.4
Cash and cash equivalents	24.2
Borrowings	(1.2)
Trade and other payables	(50.1)
Net deferred tax liability	(2.7)
Net identifiable assets acquired	**344.5**
Less: Non-controlling interests	(90.7)
Less: Gain from bargain purchase arising on business combination	(3.9)
Net assets acquired	**249.9**

The cash and cash equivalents acquired amounting to €24.2 million was presented in line 'Payment for business combinations, net of cash acquired' in the consolidated cash flow statement. Trade balances between the Group and Multon were effectively settled on acquisition, with no gain or loss recognised on the settlement, as the balances were effectively settled at the recorded amount.

The gain from bargain purchase arises mainly due to the deferred tax asset recognised on the economic obsolescence attributed to Multon's machinery and equipment and was presented in line 'Operating expenses' in the consolidated income statement and line 'Other non-cash items' in the consolidated cash flow statement. More specifically, the business enterprise value, which was estimated based on discounted forecasted cash flows of the business, was lower than the estimated fair value of the net identifiable assets acquired, using the cost of depreciated replacement to new methodology for the machinery and equipment of Multon. The Group considered that a market participant would not be willing to buy the net assets of the business at the estimated fair value, as described above, if the utility of the same, measured by the discounted forecasted cash flows of the business is smaller.

Therefore, a downward adjustment of €39.8 million was made on the fair value of the identifiable assets as economic obsolescence in connection with Multon's machinery and equipment, representing the difference between the business enterprise value and the fair value of net identifiable assets. This in turn resulted in the recognition of a deferred tax asset, which is considered recoverable based on the future economic performance of Multon and was included in the value of net identifiable assets acquired.

The Group has chosen to recognise the non-controlling interests in Multon (TCCC's 50% share) at their fair value. This was determined based on discounted forecasted cash flows of the business and a scenario-based approach altering the potential dates at which TCCC could potentially reinstate its rights in Multon, based on the terms of the unilateral Waiver described above. The discount rate used in discounting the forecasted cash flows was 27.8%.

More specifically, the Group has considered the following scenarios:

- a Waiver ranging from two years to eight years with an exit (of the agreement) in each of the years; and
- a perpetuity Waiver of rights.

In addition to the exit-year range for the revocability of the Waiver, the Group assigned a set of probabilities to each of the years within this range in which the Waiver could be revoked, including a probability for the indefinite Waiver scenario. Both the range for the revocability of the Waiver and the associated probabilities assigned were established based on management's best estimate regarding TCCC resuming its business in Russia, considering also the outcomes of historical cases of sanctions.

As described above, following the Waiver TCCC effectively has no entitlement over Multon's profit or loss generated in the ordinary course of business as it has contractually waived its rights over dividend or other distributions made by Multon. As a result Multon's net profit or loss will not be allocated to non-controlling interests during the period of the Waiver.

Net sales revenue and profit after tax contributed by Multon to the Group for the period from 11 August 2022 to 31 December 2022 amounted to €271.8 million and €77.7 million respectively. If the business combination had occurred on 1 January 2022, consolidated net sales revenue for the year ended 31 December 2022 would have been higher by €307.3 million, while net profit recorded would have been higher by €32.3 million.

Acquisition of Three Cents

On 21 October 2022, the Group acquired 100% of the issued shares of ESM Effervescent Sodas Management Limited and its subsidiary Three Cents Hellas Single Member S.A. (together 'Three Cents'), the owner of the super-premium adult sparkling beverage and mixer product line under the Three Cents brand, for a consideration of €45.9 million. The acquisition complements and further premiumises the Group's existing adult sparkling beverage portfolio and will better position the Group to address a wider range of consumer tastes and segments.

Notes to the consolidated financial statements *continued*

24. Business combinations *continued*

Details of the acquisition with regard to the provisionally determined fair values of the net assets acquired and goodwill are presented in the table below:

	Fair value € million
Trademarks	22.6
Property, plant and equipment	0.2
Trade, other receivables and assets	1.9
Cash and cash equivalents	1.9
Borrowings	(0.1)
Trade and other payables	(1.9)
Net deferred tax liabilities	(2.7)
Net identifiable assets acquired	**21.9**
Add: Goodwill arising on acquisition	24.0
Net assets acquired	**45.9**

The acquisition resulted in the Group recording €24.0 million of goodwill and €22.6 million of trademarks in its Established segment. The goodwill arising is attributable to the brand's growth potential across the Group's markets. Acquisition-related costs of €0.3 million were included in the 2022 operating expenses, as a result of the above acquisition.

The fair value of trade, other receivables and assets acquired includes trade receivables with a fair value of €0.8 million, while there was no significant amount of trade receivables acquired considered to be uncollectible.

Net sales revenue and loss after tax contributed by Three Cents to the Group for the period from 21 October 2022 to 31 December 2022, amounted to €0.9 million and €2.3 million respectively. If the business combination had occurred on 1 January 2022, consolidated net sales revenue for the year ended 31 December 2022 would have been higher by €9.2 million, while net profit recorded would have been higher by €0.8 million.

25. Financial risk management and financial instruments

Accounting policies

Financial assets

On initial recognition financial assets are recorded at fair value plus, in the case of financial assets not at fair value through profit or loss (FVTPL), any directly attributable transaction costs. Transaction costs of financial assets at FVTPL are expensed.

Financial assets are classified into three categories:

a) Financial assets at amortised cost (debt instruments)

The classification of debt instruments at amortised cost depends on two criteria: a) the Group's business model for managing assets and b) whether the instruments' contractual cash flows represent solely payments for principal and interest on the principal amount outstanding (the 'SPPI criterion'). If both criteria are met the financial assets of the Group are subsequently measured at amortised cost whereby any interest income is recognised using the effective interest method. This category includes trade receivables, treasury bills and time deposits. The accounting policy for trade receivables is described in Note 19.

b) Financial assets through other comprehensive income (FVOCI)

The Group also has investments in financial assets at FVOCI. These include equity investments that are not of a trading nature and which are subsequently recorded at fair value. The Group intends to hold these equity instruments for the foreseeable future and has irrevocably elected to classify them as financial assets at FVOCI upon initial recognition. Upon derecognition of these financial assets, there is no recycling of gains or losses to the income statement.

c) Financial assets through profit or loss (FVTPL)

The Group also has investments in financial assets at FVTPL, which are subsequently measured at fair value and where changes in fair value are recognised in the income statement. Financial assets at FVTPL mainly comprise money market funds.

For those financial assets that are not subsequently held at fair value, the Group assesses whether there is evidence of impairment at each balance sheet date.

Derivative financial instruments

The Group uses derivative financial instruments, including currency, commodity and interest rate derivatives, to manage currency, commodity price and interest rate risk associated with the Group's underlying business activities. The Group does not enter into derivative financial instruments for trading activity purposes.

All derivative financial instruments are initially recognised on the balance sheet at fair value and are subsequently remeasured at their fair value. Changes in the fair value of derivative financial instruments are recognised at each reporting date either in the income statement or in equity, depending on whether the derivative financial instrument qualifies for hedge accounting as a cash flow hedge.

Notes to the consolidated financial statements *continued*

25. Financial risk management and financial instruments *continued*

Embedded derivatives in financial host contracts are recorded at fair value through profit or loss together with the host contracts.

All derivative financial instruments that are not part of an effective hedging relationship (undesignated hedges) are classified as assets or liabilities at fair value through profit or loss.

At the inception of a hedge transaction the Group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objective and strategy for undertaking the hedge transaction. This process includes linking the derivative financial instrument designated as a hedging instrument to the specific asset, liability, firm commitment or forecast transaction. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the hedging instruments are identical to the hedged risks component. The economic relationship between the hedged item and the hedging instrument is assessed on an ongoing basis. Ineffectiveness may arise if the timing or the notional value of the forecast transaction changes, or if the credit risk changes impacting the fair value movements of the hedging instruments.

Changes in the fair value of derivative financial instruments (both the intrinsic value and the aligned time value) that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income and the ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement as the related hedged asset acquired or liability assumed affects the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

Derivatives embedded in non-financial host contracts are accounted for as separate derivatives and recorded at fair value if:

- their economic characteristics and risks are not closely related to those of the host contracts;
- the host contracts are not designated as at fair value through profit or loss; and
- a separate instrument with the same terms as the embedded derivative meets the definition of a derivative.

These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Regular purchases and sales of investments are recognised on the trade date, which is the day the Group commits to purchase or sell. The investments are recognised initially at fair value plus transaction costs, except in the case of FVTPL. For investments traded in active markets, fair value is determined by reference to stock exchange quoted bid prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying net assets.

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, commodity price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management programme focuses on the volatility of financial markets and seeks to minimise potential adverse effects on the Group's cash flows. The Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by Group Treasury in a controlled manner, consistent with the Board of Directors' approved policies. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's subsidiaries. The Board of Directors has approved the Treasury Policy which provides the control framework for all treasury and treasury-related transactions.

Market risk

a) Foreign currency risk

The Group is exposed to the effect of foreign currency risk on future transactions, recognised monetary assets and liabilities that are denominated in currencies other than the local entity's functional currency, as well as net investments in foreign operations. Foreign currency forward, option and futures contracts are used to hedge a portion of the Group's foreign currency risk. The majority of the foreign currency forward, option and futures contracts have maturities of less than one year after the balance sheet date.

Management has set up a policy that requires Group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future transactions and recognised monetary assets and liabilities, entities in the Group use foreign currency forward, option and futures contracts transacted by Group Treasury. Group Treasury's risk management policy is to hedge, on an average coverage ratio basis, between 25% and 80% of anticipated cash flows for the next 12 months by using a layer strategy and 100% of balance sheet remeasurement risk in each major foreign currency for which hedging is applicable. Each subsidiary designates contracts with Group Treasury as fair value hedges or cash flow hedges, as appropriate. External foreign exchange contracts are designated at Group level as hedges of foreign exchange risk on specific monetary assets, monetary liabilities or future transactions on a gross basis.

The following tables present details of the Group's sensitivity to reasonably possible increases and decreases in the Euro and US Dollar against the relevant foreign currencies. In determining reasonably possible changes, the historical volatility over a 12-month period of the respective foreign currencies in relation to the Euro and the US Dollar has been considered. The sensitivity analysis determines the potential gains and losses in the income statement or equity arising from the Group's foreign exchange positions as a result of the corresponding percentage increases and decreases in the Group's main foreign currencies relative to the Euro and the US Dollar. The sensitivity analysis includes outstanding foreign-currency denominated monetary items, external loans and loans between operations within the Group where the denomination of the loan is in a currency other than the functional currency of the local entity.

Notes to the consolidated financial statements *continued*

25. Financial risk management and financial instruments *continued*

2022 exchange risk sensitivity to reasonably possible changes in the Euro against relevant other currencies

		Euro strengthens against local currency		Euro weakens against local currency	
	% historical volatility over a 12-month period	Loss/(gain) in income statement € million	Loss/(gain) in equity € million	(Gain)/loss in income statement € million	(Gain)/loss in equity € million
Egyptian Pound	23.35%	4.0	15.7	(6.4)	(25.3)
Nigerian Naira	15.54%	12.9	–	(17.6)	–
Russian Rouble	54.49%	(9.4)	(0.1)	31.9	0.2
UK Sterling	7.74%	(1.1)	(0.4)	1.2	0.2
Ukrainian Hryvnia	12.52%	2.9	–	(3.8)	–
Other	–	2.3	(4.4)	(3.1)	5.1
Total		11.6	10.8	2.2	(19.8)

2022 exchange risk sensitivity to reasonably possible changes in the US Dollar against relevant other currencies

		US Dollar strengthens against local currency		US Dollar weakens against local currency	
	% historical volatility over a 12-month period	(Gain)/loss in income statement € million	(Gain)/loss in equity € million	Loss/(gain) in income statement € million	Loss/(gain) in equity € million
Euro	10.06%	(7.2)	–	8.8	–
Egyptian Pound	22.23%	9.9	–	(15.6)	–
Nigerian Naira	5.94%	11.0	–	(12.4)	–
Russian Rouble	52.99%	(18.7)	–	61.0	–
Ukrainian Hryvnia	4.15%	(0.1)	–	0.1	–
Other	–	(0.4)	–	0.3	–
Total		(5.5)	–	42.2	–

2021 exchange risk sensitivity to reasonably possible changes in the Euro against relevant other currencies

		Euro strengthens against local currency		Euro weakens against local currency	
	% historical volatility over a 12-month period	Loss/(gain) in income statement € million	(Gain)/loss in equity € million	(Gain)/loss in income statement € million	Loss/(gain) in equity € million
Nigerian Naira	16.03%	6.2	–	(8.5)	–
Russian Rouble	9.90%	(0.7)	(0.2)	0.9	0.3
UK Sterling	5.23%	0.9	–	(1.0)	–
Ukrainian Hryvnia	6.80%	0.3	–	(0.2)	–
Other	–	(0.2)	(1.5)	(0.2)	1.7
Total		**6.5**	**(1.7)**	**(9.0)**	**2.0**

2021 exchange risk sensitivity to reasonably possible changes in the US Dollar against relevant other currencies

		US Dollar strengthens against local currency		US Dollar weakens against local currency	
	% historical volatility over a 12-month period	(Gain)/loss in income statement € million	(Gain)/loss in equity € million	Loss/(gain) in income statement € million	Loss/(gain) in equity € million
Euro	5.72%	(1.8)	–	2.0	–
Nigerian Naira	5.89%	0.6	–	(0.5)	–
Russian Rouble	9.86%	0.1	(3.2)	(0.1)	3.9
Other	–	(0.4)	–	0.4	–
Total		**(1.5)**	**(3.2)**	**1.8**	**3.9**

b) Commodity price risk

The Group is affected by the volatility of certain commodity prices (being mainly sugar, aluminium, aluminium premium, plastic and gas oil) in relation to certain raw materials necessary for the production of the Group's products.

Due to the significantly increased volatility of commodity prices, the Group's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation. Although the Group continues to contract prices with suppliers in advance, to reduce its exposure to the effect of short-term changes in the price of sugar, aluminium, aluminium premium, gas oil and plastic the Group hedges the market price of these commodities using commodity swap contracts based on a rolling forecast for a period up to 36 months. Group Treasury's Risk management policy is to hedge a minimum of 25% and a maximum of 80% of commodity exposure for the next 12 months with the exception of certain types of plastic for which lower compliance ratios apply.

The following table presents details of the Group's income statement and equity sensitivity to increases and decreases in sugar, aluminium, aluminium premium, plastic and gas oil prices. The table does not show the sensitivity to the Group's total underlying commodity exposure or the impact of changes in volumes that may arise from increase or decrease in the respective commodity prices. The sensitivity analysis determines the potential effect on profit or loss and equity arising from the Group's commodity swap contract positions as a result of the reasonably possible increases or decreases of the respective commodity price.

Notes to the consolidated financial statements *continued*

25. Financial risk management and financial instruments *continued*

2022 commodity price risk sensitivity to reasonably possible changes in the commodity price of relevant commodities

		Commodity price increases with all other variables held constant		Commodity price decreases with all other variables held constant	
	% historical volatility over a 12-month period per contract maturity	(Gain)/loss in income statement € million	(Gain)/loss in equity € million	Loss/(gain) in income statement € million	Loss/(gain) in equity € million
Sugar	**14.3%**	**(0.9)**	**(19.8)**	**0.9**	**19.8**
Aluminium	**32.3%**	**(2.1)**	**(34.3)**	**2.1**	**34.3**
Aluminium premium	**70.6%**	**(0.2)**	**(5.7)**	**0.2**	**5.7**
Gas oil	**72.5%**	**–**	**(15.4)**	**–**	**15.4**
Plastic	**28.1%**	**(8.9)**	**–**	**8.9**	**–**
Total		**(12.1)**	**(75.2)**	**12.1**	**75.2**

2021 commodity price risk sensitivity to reasonably possible changes in the commodity price of relevant commodities

		Commodity price increases with all other variables held constant		Commodity price decreases with all other variables held constant	
	% historical volatility over a 12-month period per contract maturity	(Gain)/loss in income statement € million	(Gain)/loss in equity € million	Loss/(gain) in income statement € million	Loss/(gain) in equity € million
Sugar	20.8%	(0.4)	(22.6)	0.4	22.6
Aluminium	24.1%	(0.8)	(19.8)	0.8	19.8
Aluminium premium	46.1%	(0.2)	(3.0)	0.2	3.0
Gas oil	31.3%	–	(5.6)	–	5.6
Plastic	27.0%	(25.7)	–	25.7	–
Total		**(27.1)**	**(51.0)**	**27.1**	**51.0**

c) Interest rate risk

The sensitivity analysis in the following table has been determined based on exposure to interest rates of both derivative and non-derivative instruments existing at the balance sheet date and assuming constant foreign exchange rates. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease for 2022 (2021: 50 basis point) represents management's assessment of a reasonably possible change in interest rates.

Interest rate risk sensitivity to reasonably possible changes in interest rates

	Loss /(gain) in income statement	
	2022 € million	2021 € million
Increase in basis points	**0.3**	0.2
Decrease in basis points	**(0.3)**	(0.2)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its obligations under the contract or arrangement. The Group has limited concentration of credit risk across trade and financial counterparties. Credit policies are in place and the exposure to credit risk is monitored on an ongoing basis.

The Group's maximum exposure to credit risk in the event that counterparties fail to meet their obligations at 31 December 2022 in relation to each class of recognised financial asset is the carrying amount of those assets as indicated on the balance sheet.

Under the credit policies, before accepting any new credit customers, the Group investigates the potential customer's credit quality, using either external agencies and in some cases bank references and/or historic experience, and defines credit limits for each customer. Customers that fail to meet the Group's benchmark credit quality may transact with the Group only on a prepayment or cash basis. Customers are reviewed on an ongoing basis and credit limits are adjusted accordingly. There is no significant concentration of credit risk with regard to loans, trade and other receivables as the Group has a large number of customers which are geographically dispersed.

The Group has policies that limit the amount of credit exposure to any single financial institution. The Group only undertakes investment and derivative transactions with banks and financial institutions that have a minimum credit rating of 'BBB-' from Standard & Poor's and 'Baa3' from Moody's, unless the investment is in countries where the Sovereign Credit Rating is below the 'BBB-/Baa3'. The Group also uses Credit Default Swaps of a counterparty in order to measure in a timelier way the creditworthiness of a counterparty and set up its counterparties in tiers in order to assign maximum exposure and tenor per tier. If the Credit Default Swaps of a certain counterparty exceed 400 basis points the Group will stop trading derivatives with that counterparty and will try to cancel any deposits on a best-effort basis. In addition, the Group regularly makes use of time deposits, treasury bills and money market funds to invest excess cash balances and to diversify its counterparty risk. As at 31 December 2022, an amount of €529.5 million (2021: €423.9 million) is invested in time deposits, €nil in treasury bills (2021: €6.2 million) and €497.2 million (2021: €638.8 million) in money market funds.

Liquidity risk

The Group actively manages liquidity risk to ensure there are sufficient funds available for any short-term and long-term commitments. Bank overdrafts and bank facilities, both committed and uncommitted, are used to manage this risk.

The Group manages liquidity risk by maintaining adequate cash reserves and committed banking facilities, access to the debt and equity capital markets, and by continuously monitoring forecast and actual cash flows. In Note 26, the undrawn facilities that the Group has at its disposal to manage liquidity risk are discussed under the headings 'Commercial paper programme', 'Committed credit facilities' and 'Uncommitted loan agreement'.

As at 31 December 2022, the Group has a net debt of €1.7 billion (refer to Note 26). There are no bond maturities until November 2024. In addition, the Group has an undrawn revolving credit facility of €800 million available, €0.8 billion available out of the €1.0 billion commercial paper facility, as well as undrawn uncommitted loan agreement of €200 million.

The following tables detail the Group's remaining contractual maturities for its financial liabilities. The tables include both interest and principal undiscounted cash flows, assuming that interest rates remain constant from 31 December 2022.

Notes to the consolidated financial statements *continued*

25. Financial risk management and financial instruments *continued*

	Up to one year € million	One to two years € million	Two to five years € million	Over five years € million	Total € million
Borrowings	**314.4**	**657.9**	**1,310.1**	**1,145.3**	**3,427.7**
Derivative liabilities	**41.9**	**3.5**	**0.2**	**–**	**45.6**
Trade and other payables (excluding other tax & social security and contract liabilities)	**2,158.0**	**0.4**	**1.1**	**3.8**	**2,163.3**
Leases	**67.2**	**55.5**	**85.6**	**49.1**	**257.4**
As at 31 December 2022	**2,581.5**	**717.3**	**1,397.0**	**1,198.2**	**5,894.0**

	Up to one year € million	One to two years € million	Two to five years € million	Over five years € million	Total € million
Borrowings	365.2	48.4	707.3	1,875.2	2,996.1
Derivative liabilities	11.6	3.0	–	–	14.6
Trade and other payables (excluding other tax & social security and contract liabilities)	1,748.0	0.4	1.1	4.1	1,753.6
Leases	58.9	43.2	62.9	29.6	194.6
As at 31 December 2021	**2,183.7**	**95.0**	**771.3**	**1,908.9**	**4,958.9**

Capital risk

The Group monitors its financial capacity and credit ratings by reference to a number of key financial ratios including net debt to comparable adjusted EBITDA, which provides a framework within which the Group's capital base is managed. This ratio is calculated as net debt divided by comparable adjusted EBITDA.

Adjusted EBITDA is calculated by adding back to operating profit the depreciation and impairment of property, plant and equipment, the amortisation and impairment of intangible assets, the employee performance share costs, the impairment of equity method investments and other non-cash items, if any. Comparable adjusted EBITDA refers to adjusted EBITDA excluding restructuring expenses, the Russia-Ukraine conflict impact, acquisition and integration costs and the unrealised gains or losses resulting from the mark-to-market valuation of derivatives and embedded derivatives related to commodity hedging.

Refer to Note 26 for definition of net debt.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may increase or decrease debt, issue or buy back shares, adjust the amount of dividends paid to shareholders, or return capital to shareholders.

The Group's goal is to maintain a conservative financial profile. This is evidenced by the credit ratings maintained with Standard and Poor's and Moody's, which were reaffirmed in 2022, with the exception of Standard and Poor's outlook, which was negative in 2022 compared to stable in 2021.

Rating agency	Publication date	Long-term debt	Outlook	Short-term debt
Standard and Poor's	March 2022	BBB+	Negative	A2
Moody's	May 2022	Baa1	Stable	P2

The Group's medium to long-term target is to maintain the net debt to comparable adjusted EBITDA ratio within a 1.5 to 2.0 range.

The ratios as at 31 December were as follows:

	2022 € million	2021 € million
Net debt (refer to Note 26)	**1,673.3**	**1,319.7**
Operating profit	**703.8**	799.3
Depreciation and impairment of property, plant and equipment, including right-of-use assets	**484.9**	336.3
Amortisation and impairment of intangible assets	**15.1**	1.0
Employee performance shares	**16.5**	14.9
Impairment of equity method investments	**52.8**	–
Other non-cash items	**70.5**	–
Adjusted EBITDA	**1,343.6**	**1,151.5**
Other restructuring expenses (primarily redundancy costs)	**11.8**	21.0
Unrealised loss/(gain) on commodity derivatives	**2.5**	(3.8)
Russia-Ukraine conflict impact (refer to Note 6.1b)	**4.4**	–
Acquisition and integration costs	**9.2**	14.3
Total comparable adjusted EBITDA	**1,371.5**	**1,183.0**
Net debt/comparable adjusted EBITDA ratio	**1.22**	**1.12**

Other non-cash items for 2022 relate to the net loss recognised in the income statement from the remeasurement to fair value of the Group's previously held equity interest, the reclassification to the income statement of the Group's share of other comprehensive income and the gain from bargain purchase in connection with the change in control of Multon Z.A.O. group of companies (refer to Note 24). These non-cash items were classified as part of acquisition and integration costs within operating expenses.

The reconciliation of other restructuring expenses to total restructuring expenses for the years ended 31 December was as follows:

	2022 € million	2021 € million
Total restructuring expenses included in operating expenses (refer to Note 9)	**11.9**	21.2
Less: Impairment of property, plant and equipment	**(0.1)**	(0.2)
Other restructuring expenses (primarily redundancy costs)	**11.8**	**21.0**

Notes to the consolidated financial statements *continued*

25. Financial risk management and financial instruments *continued*

Hedging activity

The carrying amounts of the derivative financial instruments are included in lines 'Other financial assets' and 'Other financial liabilities' of the consolidated balance sheet.

a) Cash flow hedges

The impact of the hedging instruments on the consolidated balance sheet was:

As at 31 December 2022	Notional amount € million	Carrying amount € million	Period of maturity date
Contracts with positive fair values	**172.6**	**19.2**	
Non-current	**24.1**	**0.8**	
Commodity swap contracts	**24.1**	**0.8**	**Jan24 – Feb25**
Current	**148.5**	**18.4**	
Foreign currency forward contracts	**61.6**	**0.4**	**Jan23 – Sep23**
Commodity swap contracts	**86.9**	**18.0**	**Jan23 – Dec23**
Contracts with negative fair values	**221.3**	**(14.4)**	
Non-current	**54.7**	**(3.6)**	
Commodity swap contracts	**54.7**	**(3.6)**	**Jan24 – Nov25**
Current	**166.6**	**(10.8)**	
Foreign currency forward contracts	**66.6**	**(0.8)**	**Jan23 – Jun23**
Commodity swap contracts	**100.0**	**(10.0)**	**Jan23 – Dec23**

As at 31 December 2021	Notional amount € million	Carrying amount € million	Period of maturity date
Contracts with positive fair values	**182.6**	**40.4**	
Non-current	**26.8**	**9.0**	
Commodity swap contracts	26.8	9.0	Jan23 – Nov23
Current	**155.8**	**31.4**	
Foreign currency forward contracts	48.3	1.3	Jan22 – Aug22
Commodity swap contracts	107.5	30.1	Jan22 – Dec22
Contracts with negative fair values	**59.3**	**(1.2)**	
Non-current	**2.5**	**(0.1)**	
Commodity swap contracts	2.5	(0.1)	Jan23 – Nov23
Current	**56.8**	**(1.1)**	
Foreign currency forward contracts	37.9	(0.6)	Jan22 – Dec22
Commodity swap contracts	18.9	(0.5)	Jan22 – Nov22

The impact on the hedging reserve as a result of applying cash flow hedge accounting was:

	Spot component of foreign currency forward contracts € million	Cost of hedging reserve of currency derivatives € million	Commodity swap contracts € million	Interest rate swap contracts € million	Total € million
Opening balance 1 January 2021	**(1.6)**	**0.7**	**6.5**	**(32.5)**	**(26.9)**
Net gain of cash flow hedges	**1.0**	**–**	**60.8**	**7.7**	**69.5**
Change in fair value of hedging instruments recognised in OCI	1.0	–	60.8	–	**61.8**
Reclassified to income statement	–	–	–	7.7	**7.7**
Cost of hedging recognised in OCI	–	(2.7)	–	–	**(2.7)**
Reclassified to inventories cost	(0.8)	2.4	(25.6)	–	**(24.0)**
Closing balance 31 December 2021	**(1.4)**	**0.4**	**41.7**	**(24.8)**	**15.9**
Net gain of cash flow hedges	**4.8**	**–**	**17.4**	**12.4**	**34.6**
Change in fair value of hedging instruments recognised in OCI	4.8	–	20.6	5.1	**30.5**
Reclassified to income statement	–	–	(3.2)	7.3	**4.1**
Cost of hedging recognised in OCI	**–**	**(1.8)**	**–**	**(1.7)**	**(3.5)**
Reclassified to inventories cost	**(5.1)**	**1.8**	**(48.1)**	**–**	**(51.4)**
Closing balance 31 December 2022	**(1.7)**	**0.4**	**11.0**	**(14.1)**	**(4.4)**

The effect of the cash flow hedges in the consolidated income statement was:

	2022 (Gain)/Loss € million	2021 Loss/(Gain) € million
Net amount reclassified from other comprehensive income to cost of goods sold	**(3.2)**	–
Net amount reclassified from other comprehensive income to finance costs	**7.3**	7.7
Total	**4.1**	**7.7**

The ineffectiveness on the cash flow hedges for the year ended 31 December 2022 was €2.6 million loss, recorded within cost of goods sold, while there was no significant ineffectiveness on the cash flow hedges in 2021.

Notes to the consolidated financial statements *continued*

25. Financial risk management and financial instruments *continued*

b) Undesignated hedges

The fair values of derivative financial instruments as at 31 December which economically hedge the Group's risks and for which hedge accounting has not been applied were:

As at 31 December 2022	Notional amount € million	Carrying amount € million	Period of maturity date
Contracts with positive fair values	**276.4**	**16.9**	
Current	**276.4**	**16.9**	
Foreign currency futures contracts	**146.8**	**3.9**	**Jan23 – Nov23**
Foreign currency forward contracts	**117.9**	**10.7**	**Jan23 – Dec23**
Commodity swap contracts	**11.7**	**2.3**	**Oct23 – Dec23**
Contracts with negative fair values	**552.8**	**(31.2)**	
Non-current	**3.6**	**(0.1)**	
Commodity swap contracts	**3.6**	**(0.1)**	**Jun24 – Sep 25**
Current	**549.2**	**(31.1)**	
Foreign currency futures contracts	**84.1**	**(2.5)**	**Apr23 – Dec23**
Foreign currency forward contracts	**433.8**	**(21.9)**	**Jan23 – Dec23**
Commodity swap contracts	**31.3**	**(6.7)**	**Feb23 – Nov23**

As at 31 December 2021	Notional amount € million	Carrying amount € million	Period of maturity date
Contracts with positive fair values	**203.2**	**7.8**	
Current	**203.2**	**7.8**	
Embedded derivatives	4.9	0.1	Jan22-Aug22
Foreign currency forward contracts	165.3	1.1	Jan22-Nov22
Commodity swap contracts	33.0	6.6	Jan22-Dec22
Contracts with negative fair values	**431.3**	**(13.4)**	
Non-current	**33.4**	**(2.9)**	
Foreign currency futures contracts	13.9	(0.6)	Jan23
Commodity swap contracts	19.5	(2.3)	Jan23-Nov23
Current	**397.9**	**(10.5)**	
Foreign currency futures contracts	94.7	(3.3)	Apr22-Oct22
Foreign currency forward contracts	246.5	(2.6)	Jan22-Nov22
Commodity swap contracts	56.7	(4.6)	Jan22-Nov22

The effect of the undesignated hedges in the consolidated income statement was:

	2022 (Gain)/loss € million	2021 (Gain)/loss € million
Net amount recognised in cost of goods sold	**(34.9)**	(14.1)
Net amount recognised in operating expenses	**(26.0)**	(4.4)
Total	**(60.9)**	**(18.5)**

Financial instruments' categories

Categories of financial instruments as at 31 December were as follows (in € million):

2022

						Analysis of total assets	
Assets	Debt financial assets at amortised cost	Assets at FVTPL	Derivatives designated as hedging instruments	Equity financial assets at FVOCI	Total current and non-current	Current	Non-current
Investments including loans to related parties	**534.8**	**498.7**	**–**	**3.6**	**1,037.1**	**1,028.5**	**8.6**
Derivative financial instruments	**–**	**16.9**	**19.2**	**–**	**36.1**	**35.3**	**0.8**
Trade and other receivables	**1,019.3**	**–**	**–**	**–**	**1,019.3**	**1,017.0**	**2.3**
Cash and cash equivalents	**719.9**	**–**	**–**	**–**	**719.9**	**719.9**	**–**
Total	**2,274.0**	**515.6**	**19.2**	**3.6**	**2,812.4**	**2,800.7**	**11.7**

					Analysis of total liabilities	
Liabilities	Liabilities held at amortised cost	Liabilities at FVTPL	Derivatives designated as hedging instruments	Total current and non-current	Current	Non-current
Trade and other payables (excluding other tax & social security and contract liabilities)	**2,163.3**	**–**	**–**	**2,163.3**	**2,158.0**	**5.3**
Borrowings	**3,419.9**	**–**	**–**	**3,419.9**	**337.0**	**3,082.9**
Derivative financial instruments	**–**	**31.2**	**14.4**	**45.6**	**41.9**	**3.7**
Total	**5,583.2**	**31.2**	**14.4**	**5,628.8**	**2,536.9**	**3,091.9**

Notes to the consolidated financial statements *continued*

25. Financial risk management and financial instruments *continued*

2021

Assets	Debt financial assets at amortised cost	Assets at FVTPL	Derivatives designated as hedging instruments	Equity financial assets at FVOCI	Total current and non-current	Analysis of total assets: Current	Analysis of total assets: Non-current
Investments including loans to related parties	204.9	638.8	–	3.6	847.3	839.7	7.6
Derivative financial instruments	–	7.8	40.4	–	48.2	39.2	9.0
Trade and other receivables	863.3	–	–	–	863.3	862.2	1.1
Cash and cash equivalents	782.8	–	–	–	782.8	782.8	–
Total	**1,851.0**	**646.6**	**40.4**	**3.6**	**2,541.6**	**2,523.9**	**17.7**

Liabilities	Liabilities held at amortised cost	Liabilities at FVTPL	Derivatives designated as hedging instruments	Total current and non-current	Analysis of total liabilities: Current	Analysis of total liabilities: Non-current
Trade and other payables (excluding other tax & social security and contract liabilities)	1,753.6	–	–	1,753.6	1,748.0	5.6
Borrowings	2,937.4	–	–	2,937.4	381.7	2,555.7
Derivative financial instruments	–	13.4	1.2	14.6	11.6	3.0
Total	**4,691.0**	**13.4**	**1.2**	**4,705.6**	**2,141.3**	**2,564.3**

Interest rate swap contracts

The Group entered into forward starting swap contracts of €500.0 million in 2014 to hedge the interest rate risk related to its Euro-denominated forecast issuance of fixed rate debt in March 2016. In August 2015 the Group entered into additional forward starting swap contracts of €100.0 million. In March 2016 the forward starting swap contracts were settled and at the same time the new note was issued. The accumulated loss of €55.4 million recorded in other comprehensive income is being amortised to the income statement over the term of the new note (refer to Note 26).

The Group entered into swaption contracts of €350.0 million in 2018 and €1,050.0 million in 2019 to hedge the interest rate risk related to its Euro-denominated forecast issuance of fixed rate debt in 2019 and formally designated them as cash flow hedges. In May and November 2019 the swaption contracts were settled and, at the same time, the new notes were issued. The accumulated loss of €9.6 million recorded in other comprehensive income is being amortised to the income statement over the relevant period.

The Group entered into swaption contracts of €180.0 million in 2022 to hedge the interest rate risk related to its Euro-denominated forecast issuance of fixed rate debt in 2022 and formally designated them as cash flow hedges. In September 2022 the swaption contracts were settled and, at the same time, the new notes were issued. The accumulated gain of €3.4 million recorded in other comprehensive income is being amortised to the income statement over the relevant period.

Embedded derivatives

During 2015 the Group recognised embedded derivatives whose risks and economic characteristics were not considered to be closely related to the commodity contract in which they were embedded. The fair value of the embedded derivatives as at 31 December 2022 amounted to a financial asset of €nil (2021: €0.1 million).

Fair values of financial assets and liabilities

For financial instruments such as cash, deposits, debtors and creditors, investments, loans payable to related parties, short-term borrowings (excluding the current portion of bonds and notes payable) and other financial liabilities (other than bonds and notes payable), carrying values are a reasonable approximation of their fair values. According to the fair value hierarchy, the financial instruments measured at fair value are classified as follows:

Level 1

The fair value of FVOCI listed equity securities as well as FVTPL securities is based on quoted market prices at the reported date. The fair value of bonds is based on quoted market prices at the reported date.

Level 2

The fair value of foreign currency forward, option and futures contracts, commodity swap contracts, bonds and notes payable, interest rate option and swap contracts, cross-currency swap contracts and embedded foreign currency derivatives is determined by using valuation techniques. These valuation techniques maximise the use of observable market data. The fair value of the foreign currency forward, option and futures contracts, commodity swap contracts, embedded foreign currency derivatives and cross-currency swap contracts is calculated by reference to quoted forward exchange and deposit rates and forward rate curves of the underlying commodity at the reported date for contracts with similar maturity dates. The fair value of interest rate option contracts is calculated by reference to the Black-Scholes valuation model and implied volatilities. The fair value of interest rate swap contracts is determined as the difference in the present value of the future interest cash inflows and outflows based on observable yield curves.

Level 3

The fair value of FVOCI unlisted equity securities as well as convertible promissory note, certain undesignated derivatives and foreign currency contracts is determined through the use of estimated discounted cash flows or other valuation techniques. These valuation techniques estimate the fair value of undesignated derivatives using settlement and forward prices received from counterparty banks and subscription-based publications and the fair value of foreign currency contracts by using adjusted quoted prices.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the date of the event or change in circumstances that caused the transfer.

Notes to the consolidated financial statements *continued*

25. Financial risk management and financial instruments *continued*

The following table provides the fair value hierarchy levels into which fair value measurements are categorised for assets and liabilities measured at fair value as at 31 December 2022:

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial assets at FVTPL				
Foreign currency forward contracts	–	10.7	–	**10.7**
Foreign currency futures contracts	–	–	3.9	**3.9**
Commodity swap contracts	–	0.2	2.1	**2.3**
Money market funds	497.2	–	–	**497.2**
Convertible promissory note	–	–	1.5	**1.5**
Derivative financial assets used for hedging				
Cash flow hedges				
Foreign currency forward contracts	–	0.4	–	**0.4**
Commodity swap contracts	–	18.8	–	**18.8**
Assets at FVOCI				
Equity securities	0.7	–	2.9	**3.6**
Total financial assets	**497.9**	**30.1**	**10.4**	**538.4**
Financial liabilities at FVTPL				
Foreign currency forward contracts	–	(18.2)	(3.7)	**(21.9)**
Foreign currency futures contracts	–	–	(2.5)	**(2.5)**
Commodity swap contracts	–	(0.9)	(5.9)	**(6.8)**
Derivative financial liabilities used for hedging				
Cash flow hedges				
Foreign currency forward contracts	–	(0.8)	–	**(0.8)**
Commodity swap contracts	–	(13.6)	–	**(13.6)**
Total financial liabilities	**–**	**(33.5)**	**(12.1)**	**(45.6)**

There were no transfers between Level 1, Level 2 and Level 3 in the year.

The following table provides the fair value hierarchy levels into which fair value measurements are categorised for assets and liabilities measured at fair value as at 31 December 2021:

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial assets at FVTPL				
Foreign currency forward contracts	–	1.1	–	**1.1**
Embedded derivatives	–	0.1	–	**0.1**
Commodity swap contracts	–	0.6	6.0	**6.6**
Money market funds	638.8	–	–	**638.8**
Derivative financial assets used for hedging				
Cash flow hedges				
Foreign currency forward contracts	–	1.3	–	**1.3**
Commodity swap contracts	–	39.1	–	**39.1**
Assets at FVOCI				
Equity securities	0.7	–	2.9	**3.6**
Total financial assets	**639.5**	**42.2**	**8.9**	**690.6**
Financial liabilities at FVTPL				
Foreign currency forward contracts	–	(2.6)	–	**(2.6)**
Foreign currency futures contracts	–	–	(3.9)	**(3.9)**
Commodity swap contracts	–	–	(6.9)	**(6.9)**
Derivative financial liabilities used for hedging				
Cash flow hedges				
Foreign currency forward contracts	–	(0.6)	–	**(0.6)**
Commodity swap contracts	–	(0.6)	–	**(0.6)**
Total financial liabilities	**–**	**(3.8)**	**(10.8)**	**(14.6)**

There were no transfers between Level 1, Level 2 and Level 3 in 2021.

The following table presents the changes in Level 3 items for the years ended 31 December 2022 and 31 December 2021:

	Commodity swap contracts € million	Foreign currency contracts € million	Equity securities € million	Convertible promissory note € million	Total € million
Balance as at 1 January 2021	**(5.8)**	**4.9**	**2.8**	**–**	**1.9**
Gains recognised in income statement	13.6	0.4	–	–	**14.0**
Proceeds from settlement of derivatives	(8.7)	(9.2)	–	–	**(17.9)**
Gains recognised in other comprehensive income	–	–	0.1	–	**0.1**
Balance as at 31 December 2021	**(0.9)**	**(3.9)**	**2.9**		**(1.9)**
Gains/(losses) recognised in income statement	19.1	(1.7)	–	–	**17.4**
(Proceeds from)/payments for settlement of derivatives	(22.0)	3.3	–	–	**(18.7)**
Addition of financial assets at FVTPL	–	–	–	1.5	**1.5**
Balance as at 31 December 2022	**(3.8)**	**(2.3)**	**2.9**	**1.5**	**(1.7)**

Notes to the consolidated financial statements *continued*

26. Net debt

Accounting policy

Borrowings are initially recognised at the fair value net of transaction costs incurred.

After initial recognition, all interest-bearing borrowings are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method whereby any discount, premium or transaction costs associated with a borrowing are amortised to the income statement over the borrowing period.

Refer also to Note 17 for accounting policy on leases.

Cash and cash equivalents comprise cash balances and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value. Bank overdrafts are classified as short-term borrowings in the balance sheet and for the purpose of the cash flow statement. Time deposits and treasury bills which do not meet the definition of cash and cash equivalents are classified as short-term investments at amortised cost. Money market funds are classified as short-term investments at fair value through profit or loss. The Group has elected to report cash receipts and payments regarding investments at amortised cost and fair value through profit or loss respectively, on a net basis in the consolidated cash flow statement, considering that the relevant amounts are large, turnover is quick and maturities are short. These investments are expected to be continually renewed, taking into account market returns and cash generation by the Group.

Net debt is defined as current borrowings plus non-current borrowings less cash and cash equivalents, and certain other financial assets.

Net debt for the year ended 31 December comprised:

	2022 € million	2021 € million
Current borrowings	**337.0**	381.7
Non-current borrowings	**3,082.9**	2,555.7
Less: Cash and cash equivalents	**(719.9)**	(782.8)
• Financial assets at amortised cost	**(529.5)**	(196.1)
• Financial assets at fair value through profit or loss	**(497.2)**	(638.8)
Less: Other financial assets	**(1,026.7)**	(834.9)
Net debt	**1,673.3**	**1,319.7**

The financial assets at amortised cost include time deposits amounting to €529.5 million (31 December 2021: €189.9 million) as well as Nigerian treasury bills of €nil (31 December 2021: €6.2 million). The financial assets at fair value through profit or loss in 2022 relate to money market funds. The line item 'Other financial assets' of the consolidated balance sheet includes derivative financial instruments of €35.3 million (31 December 2021: €39.2 million) and related party loans receivable of €1.8 million (31 December 2021: €4.8 million).

a) Borrowings

The Group held the following borrowings as at 31 December:

	2022 € million	2021 € million
Commercial paper	**167.5**	235.0
Loans payable to related parties (refer to Note 28)	**–**	58.1
Other borrowings	**115.6**	37.7
	283.1	**330.8**
Obligations under leases falling due within one year	**53.9**	50.9
Total borrowings falling due within one year	**337.0**	**381.7**
Borrowings falling due within one to two years		
Bonds, bills and unsecured notes	**599.0**	–
Loans payable to related parties (refer to Note 28)	**–**	5.1
Borrowings falling due within two to five years		
Bonds, bills and unsecured notes	**1,192.5**	598.5
Borrowings falling due in more than five years		
Bonds, bills and unsecured notes	**1,091.9**	1,787.2
Other borrowings	**47.4**	55.5
	2,930.8	**2,446.3**
Obligations under leases falling due in more than one year	**152.1**	109.4
Total borrowings falling due after one year	**3,082.9**	**2,555.7**
Total borrowings	**3,419.9**	**2,937.4**

Notes to the consolidated financial statements *continued*

26. Net debt *continued*

Reconciliation of liabilities to cash flows arising from financing activities:

	Borrowings		Leases			
	Due within one year €million	Due in more than one year €million	Due within one year €million	Due in more than one year €million	Derivative assets/ (liabilities) €million	Total €million
Balance as at 1 January 2021	**260.4**	**2,480.9**	**54.8**	**129.4**	**–**	**2,925.5**
Cash flows						
Proceeds from borrowings	77.0	52.3	–	–	–	**129.3**
Repayments of borrowings	(102.6)	(31.2)	–	–	–	**(133.8)**
Principal repayments of lease obligations	–	–	(63.1)	–	–	**(63.1)**
Interest paid	(36.2)	–	(9.3)	–	–	**(45.5)**
Proceeds from/(payments for) settlement of derivatives regarding financing activities	–	–	–	–	4.9	**4.9**
Total cash flows	**(61.8)**	**21.1**	**(72.4)**	**–**	**4.9**	**(108.2)**
Leases increase	–	–	0.8	41.2	–	**42.0**
Effect of changes in exchange rates	0.2	0.2	0.4	1.0	–	**1.8**
Other non-cash movements	132.0	(55.9)	67.3	(62.2)	(2.6)	**78.6**
Balance as at 31 December 2021	**330.8**	**2,446.3**	**50.9**	**109.4**	**2.3**	**2,939.7**
Cash flows						
Proceeds from borrowings	150.0	500.0	–	–	–	**650.0**
Repayments of borrowings	(358.2)	(0.4)	–	–	–	**(358.6)**
Principal repayments of lease obligations	–	–	(65.2)	–	–	**(65.2)**
Interest paid	(40.9)	(5.2)	(14.3)	–	–	**(60.4)**
Proceeds from/settlement of derivatives regarding financing activities	–	–	–	–	0.1	**0.1**
Total cash flows	**(249.1)**	**494.4**	**(79.5)**	**–**	**0.1**	**165.9**
Leases increase	–	–	0.9	90.3	–	**91.2**
Arising from business combinations	179.3	–	5.0	34.0	–	**218.3**
Effect of changes in exchange rates	(15.5)	(0.9)	(1.6)	(12.0)	–	**(30.0)**
Other non-cash movements	37.6	(9.0)	78.2	(69.6)	(5.7)	**31.5**
Balance as at 31 December 2022	**283.1**	**2,930.8**	**53.9**	**152.1**	**(3.3)**	**3,416.6**

The 'Other non-cash movements' primarily include transfers from long-term to short-term liabilities and interest incurred as well as the decrease to borrowings in 2022, resulting from the change in control of Multon (refer to Note 16).

Commercial paper programme

In October 2013 the Group established a €1.0 billion Euro-commercial paper programme (the 'CP programme'), which was updated in September 2014, in May 2017 and then in May 2020, to further diversify its short-term funding sources. The Euro-commercial paper notes may be issued either as non-interest-bearing notes sold at a discount or as interest-bearing notes at a fixed or floating rate. All commercial paper issued under the CP programme must be repaid within 7 to 364 days. The CP programme has been granted the Short Term Euro Paper label (STEP) and commercial paper is issued through Coca-Cola HBC's fully owned subsidiary Coca-Cola HBC Finance B.V. and is fully, unconditionally and irrevocably guaranteed by Coca-Cola HBC AG. The outstanding amount under the CP programme as at 31 December 2022 was €167.5 million (2021: €235.0 million).

Committed credit facilities

In April 2019, the Group updated its then-existing €500.0 million syndicated revolving credit facility, which was set to expire in June 2021. The updated syndicated revolving credit facility has been increased to €800.0 million and has been extended to April 2024 with the option to be extended up to two more years until April 2026. In March 2020, the Company exercised its extension option and the facility was extended to April 2025. In April 2021, the Company exercised its second option to further extend the maturity of the syndicated loan facility to April 2026. This facility can be used for general corporate purposes and carries a floating interest rate over EURIBOR. No amounts have been drawn under the syndicated revolving credit facility since inception. The borrower in the syndicated revolving credit facility is Coca-Cola HBC's fully owned subsidiary Coca-Cola HBC Finance B.V. and any amounts drawn under the facility are fully, unconditionally and irrevocably guaranteed by Coca-Cola HBC AG.

In December 2019 the Group established a loan facility of US Dollar 85.0 million to finance the purchase of production equipment by the Group's subsidiary in Nigeria. The facility has been drawn down by Nigerian Bottling Company (NBC) over the course of 2020 and 2021 maturing in 2027. The obligations under this facility are guaranteed by Coca-Cola HBC AG. As at 31 December 2022, the outstanding liability amounted to €59.3 million (2021: €63.2 million).

Uncommitted loan agreement

In August 2022, the Group established an uncommitted money market loan agreement of €250.0 million which was subsequently reduced to €200.0 million from October 2022 onwards. The loan agreement can be used for general corporate purposes. No amounts have been drawn under the money market loan agreement since its inception. The borrower in the money market loan agreement is Coca Cola HBC's fully owned subsidiary Coca-Cola HBC Finance B.V.

Notes to the consolidated financial statements *continued*

26. Net debt *continued*

Euro medium-term note programme

In June 2013, the Group established a new €3.0 billion Euro medium-term note programme (the 'EMTN programme'). The EMTN programme was updated in September 2014, September 2015, April 2019, when it was increased to €5.0 billion, April 2020, September 2021 and then September 2022. Notes are issued under the EMTN programme through Coca-Cola HBC's fully-owned subsidiary Coca-Cola HBC Finance B.V. and are fully, unconditionally and irrevocably guaranteed by Coca-Cola HBC AG.

In March 2016, Coca-Cola HBC Finance B.V. completed the issue of a €600 million Euro-denominated fixed rate bond maturing in November 2024. The coupon rate of the bond is 1.875%, which, including the amortisation of the loss on the forward starting swap contracts over the term of the fixed rate bond, results in an effective interest rate of 2.99%. The net proceeds of the new issue were used to partially repay €214.6 million of the 4.25%, €600 million seven-year fixed rate notes due in November 2016. The remaining €385.4 million was repaid in November 2016 upon its maturity.

In May 2019, Coca-Cola HBC Finance B.V. completed the issue of a €700 million Euro-denominated fixed rate bond maturing in May 2027 with a coupon rate of 1% and the issue of a €600 million Euro-denominated fixed rate bond maturing in May 2031 with a coupon rate of 1.625%. The net proceeds of the new issue were used to partially repay €236.6 million of the 2.375%, €800 million seven-year fixed rate bond due in June 2020, while the remaining €563.4 million was repaid in June 2020 upon its maturity.

In November 2019, Coca-Cola HBC Finance B.V. completed the issue of a €500 million Euro-denominated fixed rate bond maturing in November 2029 with a coupon rate of 0.625%.

In September 2022, Coca-Cola HBC Finance B.V. completed the issue of a €500 million Euro-denominated fixed rate green bond maturing in September 2025 with a coupon rate of 2.75%.

As at 31 December 2022, a total of €2.9 billion in notes issued under the EMTN programme were outstanding.

Summary of notes outstanding as at 31 December

				Book value		Fair value	
Note (in million)	Start date	Maturity date	Fixed coupon	2022 € million	2021 € million	2022 € million	2021 € million
€600	10 March 2016	11 November 2024	1.875%	**599.0**	598.5	**582.0**	631.8
€700	14 May 2019	14 May 2027	1.000%	**697.1**	696.5	**626.6**	717.8
€600	14 May 2019	14 May 2031	1.625%	**596.5**	596.0	**497.1**	640.7
€500	21 November 2019	21 November 2029	0.625%	**495.4**	494.7	**403.9**	496.2
€500	23 September 2022	23 September 2025	2.750%	**495.4**	–	**486.0**	–
Total				**2,883.4**	**2,385.7**	**2,595.6**	**2,486.5**

The weighted average effective interest rate of the Euro-denominated fixed rate bonds is 1.89% and the weighted average maturity is 4.9 years. The fair values are within Level 1 of the value hierarchy.

None of our debt facilities are subject to any financial covenants that would impact the Group's liquidity or access to capital.

Total borrowings at 31 December were held in the following currencies:

	Current		Non-current	
	2022 € million	2021 € million	2022 € million	2021 € million
Euro	**237.6**	289.5	**2,946.6**	2,438.8
US Dollar	**34.3**	13.7	**64.4**	73.5
Egyptian Pound	**39.3**	–	**23.5**	–
Nigerian Naira	**9.6**	7.5	**23.3**	15.5
Swiss Franc	**4.5**	4.6	**4.7**	4.4
Bulgarian Lev	**2.6**	2.2	**4.6**	5.0
Russian Rouble	**2.2**	57.6	**4.8**	5.0
UK Sterling	**1.7**	2.1	**2.4**	4.4
Czech Koruna	**1.3**	1.5	**2.6**	5.3
Polish Zloty	**1.2**	0.8	**2.6**	0.8
Romanian Leu	**1.4**	0.9	**1.5**	0.7
Hungarian Forint	**0.5**	0.6	**0.5**	0.4
Belarusian Rouble	**0.1**	–	**0.8**	0.8
Bosnian Mark	**0.3**	0.4	**–**	0.3
Croatian Kuna	**0.1**	0.1	**–**	–
Other	**0.3**	0.2	**0.6**	0.8
Total borrowings	**337.0**	**381.7**	**3,082.9**	**2,555.7**

The carrying amounts of interest-bearing borrowings held at fixed and floating interest rates as at 31 December 2022 were as follows:

	Fixed interest rate € million	Floating interest rate € million	Total € million
Euro	**3,144.1**	**40.1**	**3,184.2**
US Dollar	**78.6**	**20.1**	**98.7**
Egyptian Pound	**62.8**	**–**	**62.8**
Nigerian Naira	**32.9**	**–**	**32.9**
Swiss Franc	**9.2**	**–**	**9.2**
Bulgarian Lev	**7.2**	**–**	**7.2**
Russian Rouble	**7.0**	**–**	**7.0**
UK Sterling	**0.5**	**3.6**	**4.1**
Czech Koruna	**3.9**	**–**	**3.9**
Polish Zloty	**3.8**	**–**	**3.8**
Romanian Leu	**2.3**	**0.6**	**2.9**
Hungarian Forint	**1.0**	**–**	**1.0**
Belarusian Rouble	**0.9**	**–**	**0.9**
Bosnian Mark	**0.3**	**–**	**0.3**
Croatian Kuna	**0.1**	**–**	**0.1**
Other	**0.9**	**–**	**0.9**
Total interest-bearing borrowings	**3,355.5**	**64.4**	**3,419.9**

Notes to the consolidated financial statements *continued*

26. Net debt *continued*

b) Cash and cash equivalents

Cash and cash equivalents as at 31 December comprise the following:

	2022 € million	2021 € million
Cash at bank, in transit and in hand	**426.4**	548.8
Short-term deposits	**293.5**	234.0
Total cash and cash equivalents	**719.9**	**782.8**

Cash and cash equivalents are held in the following currencies:

	2022 € million	2021 € million
Euro	**348.9**	518.4
Nigerian Naira	**120.9**	161.4
Russian Rouble	**96.4**	9.5
US Dollar	**51.9**	8.4
Swiss Franc	**16.6**	7.3
Polish Zloty	**14.6**	28.1
Romanian Leu	**9.2**	6.0
Moldovan Leu	**8.8**	6.5
Belarusian Rouble	**8.3**	5.8
Serbian Dinar	**7.0**	5.8
Ukrainian Hryvnia	**6.6**	7.2
Egyptian Pound	**6.1**	–
Croatian Kuna	**4.4**	0.7
Bosnian Mark	**4.1**	3.3
UK Sterling	**2.6**	2.2
Czech Koruna	**2.3**	0.8
Hungarian Forint	**0.6**	6.5
Other	**10.6**	4.9
Total cash and cash equivalents	**719.9**	**782.8**

As at 31 December 2022, time deposits of €529.5 million (2021: €189.9 million), which do not meet the definition of cash and cash equivalents, and investment in Nigerian Treasury Bills of €nil (2021: €6.2 million), which relates to the outstanding balance held for the repayment of Nigerian Bottling Company former minority shareholders following the 2011 acquisition of non-controlling interests, are recorded as other financial assets.

Cash and cash equivalents of €120.9 million (2021: €161.4 million) equivalent in Nigerian Naira include an amount of €10.6 million (2021: €8.9 million), which relates to the outstanding balance held for the repayment of Nigerian Bottling Company former minority shareholders, following the 2011 acquisition of non-controlling interests.

The amount of dividends payable to the Company by its operating subsidiaries is subject to, among other restrictions, general limitations imposed by the corporate laws and exchange control restrictions of the respective jurisdictions where those subsidiaries are organised and operate. Also, there are fund transfer restrictions in certain countries in which we operate, in particular Belarus, Nigeria, Serbia and Ukraine, however these restrictions do not have a material impact on the Group's liquidity, as the amounts of cash and cash equivalents held in such countries are generally retained for capital expenditure, working capital and dividend distribution purposes. Intra-group dividends paid by certain of our subsidiaries are also subject to withholding taxes.

As a result of sanctions and other regulations implemented in 2022, there have been changes in required regulatory approvals, potentially impacting the transfer and usage of cash outside of Russia. Cash and cash equivalents held by the Group's operations in Russia amounted to €155.3 million equivalent in Russian Rouble, US Dollar and Euro as at 31 December 2022. The aforementioned changes restrict the usage of cash held in Russia outside the country, however they are not expected to have a material impact on the Group's liquidity, as the cash and cash equivalents held in Russia are expected to be used in the forthcoming financial periods primarily for working capital purposes by the Russian operations.

27. Equity

Accounting policies

Share capital

Coca-Cola HBC has only one class of shares, ordinary shares. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve. Incremental external costs directly attributable to the issue of new shares or to the process of returning capital to shareholders are recorded in equity as a deduction, net of tax, in the share premium reserve.

Dividends

Dividends are recorded in the Group's consolidated financial statements, against the relevant equity component, in the period in which they are approved by the Group's shareholders.

Notes to the consolidated financial statements *continued*

27. Equity *continued*

a) Share capital, share premium and Group reorganisation reserve

	Number of shares (authorised and issued)	Share capital € million	Share premium € million	Group reorganisation reserve € million
Balance as at 1 January 2021	370,512,597	2,014.4	3,321.4	(6,472.1)
Shares issued to employees exercising stock options (refer to Note 29)	1,282,821	7.9	11.7	–
Dividends	–	–	(235.8)	–
Balance as at 31 December 2021	**371,795,418**	**2,022.3**	**3,097.3**	**(6,472.1)**
Shares issued to employees exercising stock options (refer to Note 29)	**290,677**	**2.0**	**2.7**	**–**
Dividends	**–**	**–**	**(262.6)**	**–**
Balance as at 31 December 2022	**372,086,095**	**2,024.3**	**2,837.4**	**(6,472.1)**

The Group reorganisation reserve relates to the impact from adjusting share capital, share premium and treasury shares to reflect the respective statutory amounts of Coca-Cola HBC on 25 April 2013, together with the transaction costs incurred by the latter, relating primarily to the re-domiciliation of the Group and its admission to listing in the premium segment of the London Stock Exchange, following successful completion of the voluntary share exchange offer (refer also to Note 1). These transactions were treated as a reorganisation of an existing entity that has not changed the substance of the reporting entity.

In 2022, the share capital of Coca-Cola HBC increased by the issue of 290,677 (2021: 1,282,821) new ordinary shares following the exercise of stock options pursuant to the Coca-Cola HBC AG's employees stock option plan. Total proceeds from the issuance of the shares under the stock option plan amounted to €4.7 million (2021: €19.6 million).

Following the above changes, on 31 December 2022 the share capital of the Group amounted to €2.024,3 million and comprised 372,086,095 shares with a nominal value of CHF 6.70 each.

b) Dividends

On 22 June 2021, the shareholders of Coca-Cola HBC AG at the Annual General Meeting approved a dividend distribution of €0.64 per share. The total dividend amounted to €235.8 million and was paid on 3 August 2021. Of this an amount of €2.2 million related to shares held by the Group.

The shareholders of Coca-Cola HBC AG approved a dividend distribution of €0.71 per share at the Annual General Meeting held on 21 June 2022. The total dividend amounted to €262.6 million and was paid on 2 August 2022. Of this an amount of €2.4 million related to shares held by the Group.

The Board of Directors of Coca-Cola HBC AG has proposed a €0.78 dividend per share in respect of 2022. If approved by the shareholders of Coca-Cola HBC AG, this dividend will be paid in 2023.

c) Treasury shares and reserves

The reserves of the Group at 31 December were as follows:

	2022 € million	2021 € million
Treasury shares	**(131.2)**	**(146.6)**
Exchange equalisation reserve	**(1,218.2)**	**(1,154.0)**
Other reserves		
Hedging reserve, net	**(4.4)**	9.9
Tax-free reserve	**163.8**	163.8
Statutory reserves	**22.6**	28.3
Stock option, performance share and deferred management incentive share reserve	**87.5**	86.3
Financial assets at fair value through other comprehensive income reserve, net	**0.5**	0.6
Other	**22.5**	21.3
Total other reserves	**292.5**	**310.2**
Total reserves	**(1,056.9)**	**(990.4)**

Treasury shares

Treasury shares held by the Group represent shares acquired following approval of share buy-back programmes, forfeited shares under the equity compensation plan operated by the Group, as well as shares representing the initial ordinary shares of Coca-Cola HBC acquired from Kar-Tess Holding.

An amount of €15.4 million in 2022 (2021: €8.9 million) relates to treasury shares provided to employees in connection with vested performance share awards under the Group's employee incentive scheme, which was reflected as an appropriation of reserves between 'Treasury shares' and 'Other reserves', more specifically the 'Stock option, performance share and deferred management incentive share reserve' in the consolidated statement of changes in equity.

As at 31 December 2022, 5,386,717 (2021: 5,894,583) treasury shares were held by the Group.

Exchange equalisation reserve

The exchange equalisation reserve comprises all foreign exchange differences arising from the translation of the financial statements of Group entities with functional currencies other than the Euro.

Other reserves

Hedging reserve

The hedging reserve reflects changes in the fair values of derivatives accounted for as cash flow hedges, net of the deferred tax related to such balances.

Tax-free and statutory reserves

The tax-free reserve includes investment amounts exempt from tax according to incentive legislation, other tax-free income or income taxed at source. Statutory reserves are particular to the various countries in which the Group operates. The amount of statutory reserves of the parent entity, Coca-Cola HBC AG, is €nil. During 2022, a net amount of €5.7 million was reclassified from statutory reserves to retained earnings relating to the net release of additional reserves by the Group's subsidiaries.

Notes to the consolidated financial statements *continued*

27. Equity *continued*

Stock option, performance share and deferred management incentive share reserve

The stock option, performance share and deferred management incentive share reserve represents the cumulative charge to the income statement for employee stock option, performance share and deferred management incentive share awards less the vested performance share and deferred management incentive share awards.

Other

Other reserves are particular to the various countries in which the Group operates and include shares held for the Group's employee share purchase plan, which is an equity compensation plan in which eligible employees may participate as well as the Group's share of changes in other reserves of equity method investments.

28. Related party transactions

a) The Coca-Cola Company

As at 31 December 2022, The Coca-Cola Company indirectly owned 21.0% (2021: 21.0%) of the issued share capital of Coca-Cola HBC. The Coca-Cola Company considers Coca-Cola HBC to be a 'key bottler' and has entered into bottlers' agreements with Coca-Cola HBC in respect of each of the Group's territories. All the bottlers' agreements entered into by The Coca-Cola Company and Coca-Cola HBC are Standard International Bottlers' (SIB) agreements. The terms of the bottlers' agreements grant Coca-Cola HBC the right to produce and the exclusive right to sell and distribute the beverages of The Coca-Cola Company in each of the countries in which the Group operates. Consequently, Coca-Cola HBC is obliged to purchase all concentrate for The Coca-Cola Company's beverages from The Coca-Cola Company, or its designee, in the ordinary course of business. On 10 October 2012, The Coca-Cola Company agreed to extend the term of the bottlers' agreements for a further ten years until 2023.

The Coca-Cola Company owns or has applied for the trademarks that identify its beverages in each of the countries in which the Group operates. The Coca-Cola Company has authorised Coca-Cola HBC and certain of its subsidiaries to use the trademark 'Coca-Cola' in their corporate names.

Accounting policy

Contributions from The Coca-Cola Company

The Coca-Cola Company participates at its discretion in shared marketing programmes with the Group to promote the sale of The Coca-Cola Company products. Where such co-operative arrangements are entered into, the Group receives contributions from The Coca-Cola Company to offset the cost it has incurred for price support and marketing and promotional campaigns in respect of specific customers as well as general marketing programmes.

These contributions from The Coca-Cola Company are classified as other income and are accrued and matched to the expenditure to which they relate, in line with the substance of the arrangement with The Coca-Cola Company as described above. These contributions are presented as follows:

- to the extent that they relate to compensation for costs incurred by the Group for price support and marketing and promotional campaigns in respect of specific customers, which have been treated as a deduction from revenue from contracts with customers, they are presented as an offset against such deductions from revenue and accordingly, included within net sales revenue in the consolidated income statement;
- to the extent that they relate to compensation for expenditure incurred by the Group in connection with general marketing programmes, they are presented as an offset against this expenditure and accordingly, included within operating expenses in the consolidated income statement.

The below table summarises transactions with The Coca-Cola Company and its subsidiaries:

	2022 € million	2021 € million
Purchases of concentrate, finished products and other items	**1,808.7**	1,598.8
Net contributions received for marketing and promotional incentives	**108.6**	83.1
Sales of finished goods and raw materials	**4.2**	4.5
Other income	**8.6**	2.8
Other expenses	**4.7**	4.2

Contributions received from The Coca-Cola Company for marketing and promotional incentives during the year amounted to €108.6 million (2021: €83.1 million): contributions made by The Coca-Cola Company to Coca-Cola HBC for price support and marketing and promotional campaigns in respect of specific customers in 2022 totalled €59.9 million (2021: €52.6 million) and were recognised as an offset against the relevant incentives provided to those customers within net sales revenue (refer to Note 8), while contributions made by The Coca-Cola Company to Coca-Cola HBC for general marketing programmes in 2022 totalled €48.7 million (2021: €30.5 million) and were recognised against the relevant cost incurred within operating expenses (refer to Note 9). The Coca-Cola Company has also customarily made additional payments for marketing and advertising directly to suppliers as part of the shared marketing arrangements. The proportion of direct and indirect payments, made at The Coca-Cola Company's discretion, will not necessarily be the same from year to year.

Notes to the consolidated financial statements *continued*

28. Related party transactions *continued*

As at 31 December 2022, the Group had a total amount due from The Coca-Cola Company of €45.3 million (2021: €52.8 million), and a total amount due to The Coca-Cola Company of €226.9 million (2021: €223.1 million).

Also, refer to Note 24 regarding consideration paid to The Coca-Cola Company during 2022 for the purchase of a convertible loan and shares held by non-controlling interests in connection with the acquisition of Coca-Cola Bottling Company of Egypt S.A.E. In 2021, the Group paid a total consideration of €5.6 million to The Coca-Cola Company for the acquisition of Costa Express business.

b) Frigoglass S.A. ('Frigoglass'), Kar-Tess Holding and AG Leventis (Nigeria) Ltd

Truad Verwaltungs AG currently indirectly owns 48.4% of Frigoglass and 99.3% of AG Leventis (Nigeria) Ltd (2021: 48.6% and 99.3% respectively) and also indirectly controls Kar-Tess Holding, which holds approximately 23.0% (2021: 23.0%) of Coca-Cola HBC's total issued share capital.

The below table summarises transactions with the above entities:

Frigoglass and subsidiaries	**2022 € million**	2021 € million
Purchases of coolers, cooler parts, glass bottles, crowns and raw and other materials	**112.3**	117.6
Maintenance and other expenses	**33.1**	28.6
AG Leventis (Nigeria) Ltd		
Purchases of finished goods and other items	**3.6**	9.3
Other expenses	**0.1**	0.1

Frigoglass, a company listed on the Athens Exchange, is a manufacturer of coolers, cooler parts, glass bottles, crowns and plastics.

Frigoglass has a controlling interest in Frigoglass Industries (Nigeria) Limited, a company in which the Group has a 23.9% effective interest, through its investment in Nigerian Bottling Company Ltd.

The Group entered into a supply agreement with Frigoglass for the purchase of cooling equipment in 1999. The supply agreement was extended in 2004, 2008, 2013, 2018 and, most recently, in 2021, on substantially similar terms. The current agreement expires on 31 December 2025.

As at 31 December 2022, Coca-Cola HBC owed €30.9 million (2021: €14.9 million) to and was owed €4.4 million (2021: €0.8 million), including dividend receivable of €3.7 million (2021: €nil) by Frigoglass and its subsidiaries. During 2022, the Group received dividends of €1.2 million (2021: €1.4 million) from Frigoglass Industries (Nigeria) Limited, which are included in line 'Receipts from non-integral equity method investments' of the consolidated cash flow statement.

As at 31 December 2022, the Group owed €2.7 million (2021: €0.9 million) and had a lease liability of €4.2 million (2021: €6.0 million) to AG Leventis (Nigeria) Ltd.

Capital commitments to Frigoglass and its subsidiaries as at 31 December 2022 amounted to €25.5 million (€33.5 million as at 31 December 2021) including the Group's share of its joint ventures' capital commitments to Frigoglass.

c) Other related parties

The below table summarises transactions with other related parties:

	2022 € million	2021 € million
Purchases	**8.5**	1.5
Other expenses	**15.5**	15.1

During 2022, the Group incurred subsequent expenditure for fixed assets of €3.0 million (2021: €1.5 million) and purchased inventories of €5.5 million (2021: €nil) from other related parties. Furthermore, during 2022, the Group incurred expenses of €15.5 million (2021: €15.1 million) mainly related to maintenance services for cold drink equipment and installations of coolers, fountains, vending and merchandising equipment from other related parties.

As at 31 December 2022, the Group had a total amount due to other related parties of €3.7 million (2021: €0.6 million) and a total amount of dividend and loans receivable of €1.5 million and €nil respectively (2021: €nil and €0.9 million respectively).

During 2022, the Group received dividends of €0.6 million from non-integral associates (2021: €0.5 million), which are included in line 'Receipts from non-integral equity method investments' of the consolidated cash flow statement and paid €5.7 million (2021: €nil) in connection with capital increase of non-integral associates, which are included in line 'Payments for non-integral equity method investments' of the consolidated cash flows statement. Furthermore, during 2022, €1.3 million regarding loans receivable from non-integral associates were converted to equity.

d) Joint ventures

During 2022, the Group purchased €26.0 million of finished goods (2021: €5.2 million) from joint ventures. In addition, during 2022 the Group recorded sales of finished goods and raw materials of €9.2 million (2021: €4.8 million) to joint ventures. Furthermore, the Group recorded other income of €15.8 million (2021: €16.2 million) from joint ventures and other expenses of €15.7 million (2021: €13.4 million) including €7.8 million (2021: €7.3 million) of interest charges from loans with joint ventures.

As at 31 December 2022, the Group owed €4.4 million including loans payable of €nil (2021: €149.8 million including loans payable of €63.2 million) to, and was owed €9.6 million including loans receivable of €4.3 million (2021: €13.9 million including loans receivable of €7.1 million) by, joint ventures. During 2022, the Group received dividends of €9.7 million from integral joint ventures (2021: dividends and capital returns of €47.8 million), which are included in line 'Receipts from integral equity method investments' in the consolidated cash flow statement. Furthermore, during 2022, the Group paid €4.0 million (2021: €nil) in connection with capital increase of integral joint venture which is included in line 'Payment for integral equity method investment' in the consolidated cash flow statement.

e) Directors and senior management

There have been no transactions between Coca-Cola HBC and the Directors and senior management except for remuneration (refer to Note 9).

Notes to the consolidated financial statements *continued*

29. Share-based payments

Accounting policies

Stock option, performance share award and deferred management incentive share plan

Coca-Cola HBC provides equity-settled share-based payments to its senior managers in the form of an employee stock option, performance share award and deferred management incentive share plan (the 'Plan').

Stock options under the Plan are measured at fair value at the date of grant. Fair value reflects the parameters of the compensation plan, the risk-free interest rate, the expected volatility, the dividend yield and the early exercise experience under the Plan. Expected volatility is determined by calculating the historical volatility of Coca-Cola HBC's share price over previous years. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period.

The Plan offers a specified number of performance share awards and deferred management incentive plan shares that vest three years after the grant. The fair value is determined at the grant date and reflects the parameters of the compensation plan, the dividend yield and the closing share price on the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period. At the end of each reporting period the Group revises its estimates of the number of shares that are expected to vest based on non-market conditions, and recognises the impact of the revision to original estimates, if any, in the income statement with a corresponding adjustment to equity.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

Employee Share Purchase Plan

The Group operates an employee share purchase plan (the 'ESPP'), an equity compensation plan in which eligible employees can participate. The Group makes contributions to the plan for participating employees and recognises expenses over the vesting period of the contributions.

The charge included in employee costs regarding share-based payments for the years ended 31 December is analysed as follows:

	2022 € million	2021 € million
Performance share awards and deferred MIP shares	15.5	14.6
Employee Share Purchase Plan	6.1	5.5
Total share-based payments charge	**21.6**	**20.1**

Terms and conditions

Stock option, performance share award and deferred management incentive share plan

Based on Plan rules, senior managers are granted awards of stock options, based on performance, potentiality and level of responsibility. Options are granted at an exercise price equal to the closing price of the Company's shares trading on the London Stock Exchange on the day of the grant. Options vest in one-third increments each year for three years and can be exercised for up to 10 years from the date of award. When the options are exercised, the proceeds received by the Group, net of any transaction costs, are credited to share capital (at the nominal value) and share premium. The Group has not issued any new stock options since 2014.

Since 2015 performance shares are the primary long-term award. Senior managers are granted performance share awards, which have a three-year vesting period and are linked to Group-specific key performance indicators. The closing price of the Company's shares trading on the London Stock Exchange on the day of the grant is used to determine the number of performance share awards granted. In 2018 the Group modified the performance share plan, in order for eligible employees to receive upon vesting, additionally to the specific number of shares, the value of dividends corresponding to the years from grant till vest date, subject to the approval of the Remuneration Committee. Furthermore, 50% of the Chief Executive Officer's annual bonus awarded under the terms of the management incentive plan is deferred into shares (the 'deferred MIP shares') which vest over a three-year period, subject to service conditions. No dividend-equivalent shares corresponding to the years from grant till vest date are provided, in connection with the deferred shares granted.

Employee Share Purchase Plan

The Employee Share Purchase Plan is administered by a Plan Administrator. Under the terms of this plan, employees have the opportunity to invest 1% to 15% of their salary in ordinary Coca-Cola HBC shares by contributing to the plan through a payroll deduction. Employee deductions are used monthly to purchase ordinary Coca-Cola HBC shares in the open market (London Stock Exchange).

Coca-Cola HBC will match employee contributions up to a maximum of 3% of the employee's salary. Employer matching cash contributions vest one year after the grant, at which time they are used to purchase matching shares on the open market that are immediately vested. Dividends received in respect of shares held under this plan are used to purchase additional shares at the time of dividend distribution. Shares are held under the Plan Administrator. For employees resident in Greece, Coca-Cola HBC matches the employee's contribution with an annual employer contribution of up to 5% of the employee's salary that vests annually in December of each year.

Notes to the consolidated financial statements *continued*

29. Share-based payments *continued*

Stock option activity

The outstanding stock options are fully vested and are exercisable until 2025.

A summary of stock option activity in 2022 under all grants is as follows:

	Number of stock options 2022	Weighted[1] average exercise price 2022 (EUR)	Weighted average exercise price 2022 (GBP)
Outstanding at 1 January	**2,338,855**	**18.08**	**15.21**
Exercised	**(290,677)**	**16.05**	**14.17**
Expired	**(350,448)**	**24.01**	**21.20**
Outstanding at 31 December	**1,697,730**	**16.02**	**14.15**
Exercisable at 31 December	**1,697,730**	**16.02**	**14.15**

A summary of stock option activity in 2021 under all grants is as follows:

	Number of stock options 2021	Weighted[1] average exercise price 2021 (EUR)	Weighted average exercise price 2021 (GBP)
Outstanding at 1 January	3,621,676	15.97	14.49
Exercised	(1,282,821)	15.66	13.17
Outstanding at 31 December	**2,338,855**	**18.08**	**15.21**
Exercisable at 31 December	**2,338,855**	**18.08**	**15.21**

1. For convenience purposes, the prices are translated at the closing exchange rate.

Total proceeds from the issuance of the shares under the stock option plan in 2022 amounted to €4.7 million (2021: €19.6 million).

The weighted average remaining contractual life of stock options outstanding at 31 December 2022 was 1.9 years (2021: 2.5 years).

Performance shares and deferred MIP shares activity

A summary of performance shares and deferred MIP shares activity is as follows:

	Number of shares 2022	Number of shares 2021
Outstanding at 1 January	**2,475,367**	2,294,478
Granted[2]	**1,301,669**	835,477
Vested	**(516,156)**	(294,832)
Forfeited/cancelled	**(284,679)**	(359,756)
Outstanding at 31 December	**2,976,201**	**2,475,367**

2. Includes dividend-equivalent shares.

The weighted average remaining contractual life of performance shares and deferred MIP shares outstanding at 31 December 2022 was 1.3 years (2021: 1.3 years, regarding performance shares).

The weighted average fair value for the 2022 performance share and deferred MIP share plan was £15.95 per share (2021: £23.80, regarding performance shares). Relevant inputs into the valuation were as follows:

	2022	2021
Weighted average share price	**£15.98**	£23.80
Dividend yield[3]	**nil**	nil
Weighted average exercise period	**3 years**	3 years

3. Dividend yield in connection with the valuation of the deferred MIP shares granted during 2022 was 3.2%.

30. Contingencies

In relation to the Greek Competition Authority's decision of 25 January 2002, one of Coca-Cola Hellenic Bottling Company S.A.'s competitors had filed a lawsuit against Coca-Cola Hellenic Bottling Company S.A. claiming damages in an amount of €7.7 million. The court of first instance heard the case on 21 January 2009 and subsequently rejected the lawsuit. The plaintiff appealed the judgement and on 9 December 2013 the Athens Court of Appeals rejected the plaintiff's appeal. On 19 April 2014, the same plaintiff filed a new lawsuit against Coca-Cola Hellenic Bottling Company S.A. (following the spin-off, Coca-Cola HBC Greece S.A.I.C.) claiming payment of €7.5 million as compensation for losses and moral damages for alleged anti-competitive commercial practices of Coca-Cola Hellenic Bottling Company S.A. between 1994 and 2013. On 21 December 2018, the plaintiff served their withdrawal from the lawsuit. However, on 20 June 2019, the same plaintiff filed a new lawsuit against Coca-Cola HBC Greece S.A.I.C. claiming payment of €10.1 million as compensation for losses and moral damages again for alleged anti-competitive commercial practices of Coca-Cola Hellenic Bottling Company S.A. for the same period between 1994 and 2013. On 16 July 2021, the Athens Multimember Court of First Instance issued its judgement number 1929/2021 (hereinafter the 'Judgement'), which adjudicates that Coca-Cola HBC Greece S.A.I.C. is obliged to pay to the plaintiff an amount of circa €0.9 million plus interest as of 31 December 2003. Both Coca-Cola HBC Greece S.A.I.C and the plaintiff have appealed against this decision to the court of appeals. Both appeals were heard on 19 January 2023. The decision is pending to be issued. Management believes that any liability to the Group that may arise as a result of these pending legal proceedings will not have a material adverse effect on the results of operations, cash flows, or the financial position of the Group taken as a whole.

With respect to the investigation of the Greek Competition Commission initiated on 6 September 2016, regarding Coca-Cola HBC Greece S.A.I.C.'s operations in certain commercial practices in the non-alcoholic beverages market, the Rapporteur of the Greek Competition Commission appointed for this case issued her Statement of Objections on 5 July 2021, alleging that Coca-Cola HBC Greece S.A.I.C. undertook a series of anti-competitive practices in the market of instant consumption for cola and non-cola carbonated soft drinks, thereby excluding competitors and limiting their growth potential.

Notes to the consolidated financial statements *continued*

30. Contingencies *continued*

Coca-Cola HBC Greece S.A.I.C. has vigorously defended its commercial practices, in rebuttal of the allegations set out in the Statement of Objections. The hearing of the case, before the plenary session of the Greek Competition Commission, was concluded on 29 November 2021 and the supplementary briefs of the parties were submitted on 16 December 2021. On 3 November 2022, the Hellenic Competition Commission notified Coca-Cola HBC Greece S.A.I.C. of its ruling on the case, according to which Coca-Cola HBC Greece S.A.I.C. allegedly abused its dominant position in the Greek immediate consumption market segment for cola and non-cola carbonated soft drinks. The Hellenic Competition Commission ruling imposed on Coca-Cola HBC Greece S.A.I.C. a fine of €10.3 million, as well as a behavioural remedy in relation to beverage coolers valid until end of 2024. Coca-Cola HBC Greece S.A.I.C. has fully provided for the amount of the fine. Coca-Cola HBC Greece S.A.I.C. strongly disagrees with this ruling and has challenged it before the competent Court of Appeal. The hearing date of the case is not yet set.

In 1992, our subsidiary NBC acquired a manufacturing facility in Nigeria from Vacunak, a Nigerian company. In 1994, Vacunak filed a lawsuit against NBC, alleging that a representative of NBC had orally agreed to rescind the sale agreement and instead enter into a lease agreement with Vacunak. As part of its lawsuit, Vacunak sought compensation for rent and loss of business opportunities. NBC discontinued all use of the facility in 1995. On 19 August 2013, NBC received the written judgement of the Nigerian court of first instance issued on 28 June 2012 providing for damages of approximately €16.7 million. The Appeal Court dismissed NBC's appeal and Vacunak's cross-appeal and affirmed the judgement of the first instance court in 2023. NBC has filed an appeal against the judgement before the Supreme Court. Based on advice from NBC's outside legal counsel, we believe that it is unlikely that NBC will suffer material financial losses from this case. We have consequently not provided for any losses in relation to this case.

In May 2021, the European Commission sent CCH a questionnaire, initiating a preliminary investigation into a possible infringement by a CCH subsidiary, Coca-Cola European Partners and The Coca-Cola Company of EU competition rules through the granting of conditional rebates to 'off-trade' customers capable of foreclosing competition from other suppliers. On 28 February 2023, the European Commission publicly announced that it has decided to end this preliminary investigation and as a result this case has closed.

The tax filings of the Group and its subsidiaries are routinely subjected to audit by tax authorities in most of the jurisdictions in which the Group conducts business. These audits may result in assessments of additional taxes. The Group provides for additional tax in relation to the outcome of such tax assessments, to the extent that a liability is probable and estimable.

The Group is also involved in various other legal proceedings. Management believes that any liability to the Group that may arise as a result of these pending legal proceedings will not have a material adverse effect on the results of operations, cash flows, or the financial position of the Group taken as a whole.

Considering the above, there have been no significant adverse changes in contingencies since 31 December 2021 (as described in our 2021 Integrated Annual Report available on the Coca-Cola HBC's web site: www.coca-colahellenic.com).

31. Commitments

Capital commitments

As at 31 December 2022, the Group had capital commitments for property, plant and equipment amounting to €210.5 million (2021: €166.1 million). Of this, €0.5 million are related to the Group's share of the commitments arising from joint ventures (2021: €9.0 million).

Capital commitments for 2022 include total future minimum lease payments under leases not yet commenced to which the Group was committed at 31 December 2022 of €28.8 million (2021: €18.1 million).

32. Post balance sheet events

During 2023 the Egyptian Pound has depreciated against the Euro by approximately 24%. This has resulted in a foreign exchange loss of approximately €6 million for the Group. We are continuously monitoring the situation to ensure that timely actions are undertaken as needed to minimise any adverse impact from the devaluation to the business in Egypt.

On 17 March 2023, the Remuneration Committee granted performance share and deferred MIP share awards of €24.8 million equivalent, under the performance share award and deferred management incentive share plan, which have a three-year vesting period. The number of shares granted is calculated by dividing the value of the grant with the closing share price as of the date of the approval of the grant.

SWISS STATUTORY REPORTING

Contents

Report on the audit of the consolidated financial statements

Report of the statutory auditor
to the General Meeting of
Coca-Cola HBC AG
Steinhausen (Zug)

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Coca-Cola HBC AG and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2022, the consolidated balance sheet as at 31 December 2022 and the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, including the notes to the consolidated financial statements and a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 166 to 221) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall Group materiality:	EUR 41'100'000
Audit scope	We conducted full scope audit procedures on the financial information of 17 subsidiaries in 15 countries spread across all of the Group's reportable segments. We also conducted procedures around specific account balances and transactions and analytical review procedures for other subsidiaries and Group functions. Our audit scope addressed 83% of consolidated net sales revenue, 87% of consolidated profit before tax and 87% of consolidated total assets of the Group.
Key audit matters	As key audit matters the following areas of focus have been identified: • Goodwill and indefinite-lived intangible assets impairment assessment • Geopolitical events in Russia and Ukraine • Uncertain tax positions

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	EUR 41'100'000
Benchmark applied	Adjusted profit before tax
Rationale for the materiality benchmark applied	Our approach has changed from the previous year, where we used the reported profit before tax as the benchmark for determining overall materiality. We consider that the reported profit before tax still remains the principal measure used by the shareholders in assessing the underlying performance of the Group and is a generally accepted benchmark. However, we have adjusted this benchmark by items which, in our view, are considered unusual and infrequently occurring in nature driven by the geopolitical events involving Russia and Ukraine.

We agreed with the Audit and Risk Committee that we would report to them misstatements above EUR 2'000'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Report on the audit of the consolidated financial statements *continued*

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group operates through its trading subsidiaries in Nigeria, Egypt and 27 countries in Europe, as set out in Notes 1 and 7 to the consolidated financial statements. The processing of the accounting records for these subsidiaries is largely centralised in a shared services centre in Bulgaria, except for the subsidiaries in Armenia, Belarus, Egypt, Moldova, North Macedonia, Russia and Ukraine, which process their accounting records locally. The Group also operates centralised treasury functions in the Netherlands and in Greece and a centralised procurement function for key raw materials in the Netherlands.

Based on their significance to the consolidated financial statements and in light of the key audit matters as noted below, we identified 17 subsidiaries in 15 countries spread across all of the Group's reportable segments (including the trading subsidiaries in Russia, Italy, Nigeria, Poland, Romania, and Switzerland) which, based on our scoping analysis, required a full scope audit of their financial information. In addition, audit procedures were performed with respect to the centralised treasury functions by the group engagement team in Greece and with respect to the centralised procurement function by the component audit team in the Netherlands. The group engagement team also performed analytical review and other procedures on balances and transactions of subsidiaries not covered by the procedures described above.

As the Swiss statutory auditor, we issued group audit instructions to PwC Greece, who has the responsibility as the group engagement team for the Company's reporting requirements for the London and Athens Stock Exchange. These instructions covered the scope of our group audit to enable us to fulfil our responsibilities under Swiss law. As the Swiss statutory auditor, we had ongoing interactions with the group engagement team in Greece to be continuously updated and to monitor their progress and the results of their procedures. We reviewed the instructions which PwC Greece issued to component audit teams including centralised audit procedures performed at the shared services centres in Bulgaria and Greece and shared audit comfort with component teams as it relates to IT general controls and cybersecurity risks. We reviewed working papers and undertook additional interactions as considered necessary depending on the significance of the accounting and audit matters. The Group consolidation, financial statement disclosures and a number of other areas that involve significant judgement and estimates, including goodwill and intangible assets and the Group's overall going concern assessment, were audited by the Swiss statutory auditor and the group engagement team of PwC Greece.

As the Swiss statutory auditor, we held frequent virtual meetings to oversee the work performed by the group engagement and component audit teams. We attended such meetings for Italy, Russia (including Multon), Nigeria, Romania, Switzerland, Austria, Bulgaria, Greece, Hungary, Northern Ireland, Poland, Serbia, the Netherlands, and Egypt. As the Swiss statutory auditor, we also held physical meetings and discussions with the management of the trading subsidiaries in Italy and Switzerland to discuss business performance and outlook, matters relating to regulation and taxation, as well as any specific accounting and auditing matters identified, including fraud and internal controls.

Based on the above, the subsidiaries which were in the scope for the purposes of the group audit accounted for 83% of consolidated net sales revenue, 87% of consolidated profit before tax and 87% of consolidated total assets of the Group. This, together with the additional procedures performed at Group level, provided us with sufficient appropriate evidence for our audit opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Report on the audit of the consolidated financial statements *continued*

Goodwill and indefinite-lived intangible assets impairment assessment

Key audit matter

Refer to Note 14 'Intangible assets'.

Goodwill and indefinite-lived intangible assets as at 31 December 2022 amount to EUR 1,926.0 million and EUR 612.4 million, respectively.

The above amounts have been allocated to individual cash-generating units ('CGUs'), which in accordance with International Accounting Standard 36 'Impairment of Assets' ('IAS 36') require the performance of an impairment assessment at least annually or whenever there is an indication of impairment. The impairment assessment involves the determination of the recoverable amount of the CGU, being the higher of the value-in-use and the fair value less costs of disposal.

This area was a key matter for our audit due to the size of goodwill and indefinite-lived intangible assets balances and because the determination of whether elements of goodwill and of indefinite-lived intangible assets are impaired involves complex and subjective estimates made by management about the future results of the CGUs. These estimates include assumptions surrounding revenue growth rates, costs, foreign exchange rates and discount rates.

Management has identified the Egypt CGU to be sensitive to reasonably possible changes in the assumptions used, which could result in the calculated recoverable amount being lower in future periods than the carrying value of the CGU. Additional sensitivity disclosure has been included in the financial statements in respect of this CGU.

As a result of the above assessments, management did not identify any impairments for goodwill and indefinite-lived assets, other than the impairment charge of EUR 13.7 million recognised for the Russia based operations that is discussed in the Key Audit Matter 'Geopolitical events in Russia and Ukraine'.

How our audit addressed the key audit matter

We evaluated the appropriateness of management's identification of the Group's CGUs, related control activities and the process by which management prepared the CGUs' value-in-use calculations.

We tested the mathematical accuracy of the CGUs' value-in-use calculations and compared the cash flow projections included therein to the financial budgets, approved by the Board of Directors, covering a one-year period, and management's projections for the subsequent four years. In addition, we assessed management's past forecasting accuracy by comparing key elements of the prior year projections with actual results.

We challenged management's cash flow projections in relation to the assumptions applied to the value-in-use calculations, taking into account the elevated inflationary environment.

With the support of our valuation specialists, we assessed the appropriateness of the methodology and valuation techniques used as well as certain assumptions including discount, annual revenue growth, perpetuity revenue growth and foreign exchange rates.

We performed our independent sensitivity analyses on the key drivers of the value-in-use calculations for the CGUs with significant balances of goodwill and indefinite-lived intangible assets.

As a result of our work, we found that the conclusions reached by management in relation to the impairment testing of goodwill and indefinite-lived intangible assets were supported by assumptions within reasonable ranges.

We evaluated the related disclosures provided in the financial statements in Note 14 'Intangible assets' and concluded that these are appropriate.

Geopolitical events in Russia and Ukraine

Key audit matter

Refer to Note 6 'Russia-Ukraine conflict impact' and Note 24 'Business combinations'.

The geopolitical developments involving Russia and Ukraine alongside The Coca-Cola Company's ('TCCC') decision to suspend its business in Russia are indications of potential impairment of the operations in both countries where the Group operates in accordance with IAS 36.

The Russia based operations consisted of the Group's subsidiary 'Multon Partners' and one joint venture 'Multon AO group of companies' ('Multon JV') accounted for under the equity method.

In August 2022, TCCC unilaterally waived certain of its governance rights in connection with its 50% interest in Multon JV. As a result, the Group gained control of Multon JV in accordance with International Financial Reporting Framework 10 'Consolidated financial statements' ('IFRS 10').

The Group performed impairment exercises on its Russia and Ukraine based operations for both interim and year-end financial reporting purposes.

As a result of the above, Multon Partners incurred impairment losses of EUR 13.7 million for goodwill and of EUR 60.9 million for tangible assets. In addition, the Multon JV was impaired by EUR 52.8 million.

No impairment losses were identified for the Ukrainian CGU.

Given the significance of the events described above as well as the related financial impact on the Group's financial statements, we concluded that this area is a key audit matter.

How our audit addressed the key audit matter

In relation to the Multon Partners and Ukraine CGUs' impairment assessment, we followed the procedures described in the Key Audit Matter 'Goodwill and indefinite-lived intangible assets impairment assessment'.

For the tangible assets, we understood the process that management followed for Multon Partners' impairment exercises. We worked closely with the component auditors in Russia to test the mathematical accuracy of the tangible assets impairment assessment and challenge management on the assumptions used in light of TCCC's suspension of the business and sanctions imposed.

Furthermore, we leveraged the work performed for the discount, growth and foreign exchange rates as described in the Key audit matter 'Goodwill and indefinite-lived intangible assets impairment assessment'.

With regards to the Multon JV, we assessed, with the support of our valuation specialists, the appropriateness of the methodology, the valuation techniques and the assumptions used by management as well as the mathematical accuracy of their impairment model.

Based on our work, we found that the conclusions reached by management in relation to their impairment assessment were supported by assumptions within reasonable ranges. Moreover, we verified the appropriateness of the Multon JV's change of control accounting treatment and its financial impact.

We evaluated the related disclosures provided in the financial statements in Note 6 'Russia-Ukraine conflict impact' and Note 24 'Business combinations' and concluded that these are appropriate.

Report on the audit of the consolidated financial statements *continued*

Uncertain tax positions

Key audit matter	How our audit addressed the key audit matter
Refer to Note 11 'Taxation' and Note 30 'Contingencies'. The Group operates in numerous tax jurisdictions and is subject to periodic tax inspections, in the normal course of business, by local tax authorities on a range of tax matters in relation to corporate tax, transfer pricing and indirect taxes. As at 31 December 2022, the Group has current tax liabilities of EUR 114.4 million, while provisions for uncertain tax positions amount to EUR 67.5 million. The impact of changes in local tax regulations and ongoing inspections by local tax authorities, could materially impact the amounts recorded in the financial statements. Where the amount of tax payable is uncertain, the Group establishes provisions based on management's estimates with respect to the likelihood of material tax exposures crystallising and the probable amount of the resultant liability. We consider this area as a key audit matter given the level of judgement and uncertainty involved in estimating tax provisions and the complexities of dealing with tax rules and regulations in numerous jurisdictions.	In order to understand and evaluate management's judgement, we considered the status of current tax authority inspections and enquiries, the outcome of previous tax authority inspections, judgemental positions taken in tax returns and current year estimates as well as recent developments in the tax jurisdictions in which the Group operates. We evaluated the Group's monitoring process of the current tax authority inspections and challenged management's estimates, particularly in respect of cases where there had been significant developments with tax authorities. Our component audit teams, through the use of tax specialists with local knowledge and relevant expertise, assessed the tax positions taken by the subsidiary in scope, in the context of applying local tax laws and evaluating the local tax assessments. Additionally, with our group engagement team tax specialists we further evaluated management's estimation of tax exposures and contingencies in order to assess the adequacy of the Group's tax provisions. We held meetings with Group and local management to discuss the individual tax positions of the subsidiary in scope and assessed with the support of our group engagement tax team the Group's overall tax exposure. From the evidence obtained we consider the provisions in relation to uncertain tax positions as at 31 December 2022 to be reasonable. We also evaluated the related disclosures provided in the financial statements in Note 11 'Taxation' and Note 30 'Contingencies' and concluded that these are appropriate.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the statutory remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS as adopted by the EU and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Report on the audit of the consolidated financial statements *continued*

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Sandra Boehm Uglow
Licensed audit expert
Auditor in charge

Tobias Handschin
Licensed audit expert

Zurich, 20 March 2023

Report on the audit of the financial statements

Report of the statutory auditor
to the General Meeting of
Coca-Cola HBC AG
Steinhausen (Zug)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Coca-Cola HBC AG (the Company), which comprise the balance sheet as at 31 December 2022, and the statement of income, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 230 to 238) comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 29'577'000
Benchmark applied	Net assets
Rationale for the materiality benchmark applied	We chose net assets as the benchmark because, in our view, it is the benchmark which reflects the actual substance of the entity. This is a generally accepted benchmark for ultimate holding companies.

We agreed with the Audit and Risk Committee that we would report to them misstatements above CHF 1'478'850 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

Report on the audit of the financial statements *continued*

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the statutory remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERT-suisse's website: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed repayment of reserves from capital contributions and carry forward of the accumulated losses complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

T. handschin

Sandra Boehm Uglow
Licensed audit expert
Auditor in charge

Tobias Handschin
Licensed audit expert

Zurich, 20 March 2023

Swiss statutory reporting

Coca-Cola HBC AG, Steinhausen (Zug)

Balance sheet

		As at 31 December CHF thousands	
ASSETS	Note	**2022**	2021
Cash and cash equivalents		**261**	2,026
Short-term receivables from direct and indirect participations	2.1	**12,311**	12,047
Receivables from related parties	2.2	**1,430**	338
Short-term receivables from third parties		**2,356**	1,491
Total current assets		**16,358**	**15,902**
Investments in subsidiaries	2.3	**6,444,931**	6,710,376
Property, plant and equipment (incl. right-of-use assets)		**6,699**	4,936
Total non-current assets		**6,451,630**	**6,715,312**
Total assets		**6,467,988**	**6,731,214**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Other payables		**2,108**	1,713
Short-term liabilities to direct and indirect participations	2.4	**2,592**	3,149
Short-term lease liabilities		**556**	704
Accrued expenses	2.4	**59,242**	47,743
Total short-term liabilities		**64,498**	**53,309**
Long-term interest-bearing liabilities to indirect participations	2.5	**200,326**	204,482
Long-term lease liabilities		**1,685**	2,127
Provisions	2.6	**11,542**	15,987
Total long-term liabilities		**213,553**	**222,596**
Share capital	2.7	**2,492,977**	2,491,029
Legal capital reserves			
Reserves from capital contributions		**3,721,117**	3,982,078
Reserves for treasury shares	2.8	**85,298**	85,298
Retained earnings			
Results carried forward		**(15,592)**	18,260
Loss for the year		**(23,849)**	(33,852)
Treasury shares	2.8	**(70,014)**	(87,504)
Total shareholders' equity	2.9	**6,189,937**	**6,455,309**
Total liabilities and shareholders' equity		**6,467,988**	**6,731,214**

Coca-Cola HBC AG, Steinhausen (Zug)

Statement of income

		Year ended 31 December CHF thousands	
	Note	**2022**	2021
Dividend income		**265,445**	256,081
Other operating income	2.10	**36,106**	38,320
Total operating income		**301,551**	**294,401**
Employee costs	2.11	**(37,837)**	(48,278)
Other operating expenses	2.12	**(16,809)**	(16,585)
Write down of investments	2.3	**(265,445)**	(256,081)
Depreciation on property, plant and equipment (incl. right-of-use assets)		**(875)**	(743)
Total operating expenses		**(320,966)**	**(321,687)**
Operating loss		**(19,415)**	**(27,286)**
Finance costs		**(4,239)**	(6,403)
Loss before tax		**(23,654)**	**(33,689)**
Direct taxes		**(195)**	(163)
Loss for the year		**(23,849)**	**(33,852)**

Swiss statutory reporting *continued*

Coca-Cola HBC AG, Steinhausen (Zug)

Cash flow statement

	Note	Year ended 31 December CHF thousands 2022	2021
Loss for the year		**(23,849)**	(33,852)
Depreciation of property, plant and equipment, including right-of-use assets		**875**	743
Finance costs		**4,239**	6,403
Write down of investments	2.3	**265,445**	256,081
Net change related to employee performance share plan		**19,041**	22,376
		265,751	251,751
Decrease/(increase) in receivables		**(2,221)**	2,972
Decrease in investments in subsidiaries	2.3	**(265,445)**	(256,081)
Increase/(decrease) in short-term liabilities (excl. financial liabilities)		**13**	(631)
Increase in accrued expenses		**5,044**	12,416
Increase in provisions		**665**	160
Proceeds from dividends received from subsidiaries	2.3	**265,445**	256,081
Tax paid		**(193)**	(181)
Net cash inflow from operating activities		**269,059**	**266,487**
Payments for purchases of property, plant and equipment		**(2,505)**	(1,471)
Cash outflow from investing activities		**(2,505)**	**(1,471)**
Principal repayments of lease obligations		**(722)**	(405)
Proceeds from long-term financial liabilities		**11,140**	5,708
Repayments of long-term financial liabilities		**(15,297)**	(24,894)
Dividends paid to owners of the Company		**(263,551)**	(260,250)
Proceeds from shares issued to employees exercising stock options		**4,538**	21,303
Interest paid		**(4,413)**	(6,244)
Net cash outflow from financing activities		**(268,305)**	**(264,782)**
Net (decrease) / increase in cash and cash equivalents		**(1,751)**	**234**
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 January		**2,026**	1,880
Net (decrease) / increase in cash and cash equivalents		**(1,751)**	234
Effect of changes in exchange rates		**(14)**	(88)
Cash and cash equivalents at 31 December		**261**	**2,026**

Swiss statutory reporting *continued*

Notes to the financial statements of Coca-Cola HBC AG, Steinhausen (Zug)

Introduction

Coca-Cola HBC AG ('the Company') was incorporated on 19 September 2012 by Kar-Tess Holding. On 11 October 2012, the Company announced a voluntary share exchange offer to acquire all outstanding ordinary registered shares and all American depositary shares of Coca-Cola Hellenic Bottling Company S.A., Maroussi (GR) ('CCHBC SA'). As a result of the successful completion of this offer, on 25 April 2013 the Company acquired 96.85% of the issued CCHBC SA shares, including shares represented by American depositary shares, and became the new parent company of the Group (the Company and its direct and indirect subsidiaries). On 17 June 2013, the Company completed its statutory buy-out of the remaining shares of CCHBC SA that it did not acquire upon completion of its voluntary share exchange offer.

1. Accounting principles

Accounting principles applied in the preparation of the financial statements

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO). From 1 January 2021, the Company has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) in accordance with Art. 963b CO due to a requirement from the Athens Exchange, its primary listing in the EU. In accordance with Art. 961 para 2. CO, the Company is presenting a cash flow statement. Significant accounting and valuation principles are described below:

Dividend income

Dividend income is recognised when the right to receive payment is established.

Other operating income

The Company provides management services to its principal subsidiaries and acts as guarantor to its principal subsidiary, Coca-Cola HBC Finance B.V. The income from these services is recognised in the accounting period in which the service is provided.

Exchange rates and translation

The accounting records of the Company are retained in Euro and translated to Swiss Franc (CHF) for presentation purposes. Except for investments in subsidiaries, property, plant and equipment, long-term liabilities and equity, which are translated at historical rates, all assets and liabilities denominated in foreign currencies are translated into CHF using the closing exchange rate as at 31 December 2022. Income and expenses are translated into CHF at the average exchange rate of the reporting year except for dividend income and related write down of investments (see Note 2.3) which are valued at the transaction date exchange rate. Net unrealised exchange losses are recorded in the income statement, while net unrealised exchange gains are deferred within accrued expenses.

The principal exchange rates used are:

	Balance sheet as at		Income statement for the year ended	
Exchange rates	**31 December 2022**	31 December 2021	**31 December 2022**	31 December 2021
EUR	**0.99**	1.04	**1.00**	1.08
USD	**0.93**	0.91	**–**	–
GBP	**1.12**	1.23	**–**	–

Leasing disclosure

Management has applied an economic-view approach to the disclosure of lease contracts considering the underlying usage rights. Right-of-use assets are presented within property, plant and equipment and depreciated over their useful life. The short- and long-term lease liabilities are adjusted for interest and lease payments.

Investments in subsidiaries

Investments in subsidiaries are valued at historical cost and evaluated for impairment if identified triggering events occur.

Property, plant and equipment

Right-of-use assets are included within property, plant and equipment.

Depreciation is calculated on the basis of the following useful lives and in accordance with the following methods:

Property, plant and equipment	Useful life	Method
Leasehold improvement (building)	20 years	5% linear
Leasehold improvement (office infrastructure)	10 years	10% linear
Building infrastructure	12 years	8.33% linear
Right-of-use buildings and Company cars	Shorter of useful life and lease term	Linear
Furniture and fixtures, office equipment and other tangible fixed assets	8 years	12.5% linear
Telephony infrastructure	7 years	14.29% linear
Communication equipment, computers and PCs	4 years	25% linear
Tablets	3 years	33.33% linear

Treasury shares

Treasury shares are recognised at acquisition cost and deducted from shareholders' equity at the time of acquisition. If treasury shares are sold, the gain or loss arising is recognised in the income statement as finance income or finance cost as appropriate.

Swiss statutory reporting *continued*

2. Information relating to the balance sheet and statement of income

2.1 Short-term receivables from direct and indirect participations

The short-term receivables from direct and indirect participations do not bear interest.

	As at 31 December CHF thousands	
Name of participation	2022	2021
CC Beverages Holdings II B.V., Amsterdam	–	14
CCB Management Services GmbH, Vienna	11,518	11,221
Coca-Cola HBC Finance B.V., Amsterdam	663	606
Coca-Cola HBC Holdings B.V., Amsterdam	–	11
Coca-Cola Hellenic Business Service Organisation, Sofia	130	195
Short-term receivables from direct and indirect participations	**12,311**	**12,047**

2.2 Receivables from related parties

Receivables from related parties consist of receivables from international assignees arising mainly from advances paid to tax authorities.

2.3 Investments in subsidiaries

			As at 31 December CHF thousands	
Direct subsidiary	Share of capital	Share of votes	2022	2021
Coca-Cola HBC Holdings B.V., Amsterdam[1]	100%	100%	6,710,376	6,966,457
Write down of investment			(265,445)	(256,081)
Investments in subsidiaries	100%	100%	**6,444,931**	**6,710,376**

1. Coca-Cola HBC Holdings B.V., Amsterdam was incorporated on 26 June 2013.

In 2015 the Company adopted a practice of reducing the value of its investment in Coca-Cola HBC Holdings B.V. by an amount equal to the dividend received from that subsidiary. The amount of the write down in 2022 is equal to the dividend received in 2022 from Coca-Cola HBC Holdings B.V. of CHF 265,445 thousand (2021: CHF 256,081 thousand).

The principal direct and indirect participations of the Company are disclosed in Note 16 to the consolidated financial statements.

2.4 Short-term liabilities to direct and indirect participations and accrued expenses

The short-term liabilities to the direct and indirect participations do not bear interest except for the liability to Coca-Cola HBC Finance B.V., which is interest-bearing.

	As at 31 December CHF thousands	
Name of participation	2022	2021
CCB Management Services GmbH, Vienna	1,162	1,724
Coca-Cola Hellenic Business Service Organisation, Sofia	60	74
Coca-Cola HBC Switzerland Ltd	5	4
Coca-Cola HBC Finance B.V., Amsterdam	1,346	1,338
Coca-Cola HBC Northern Ireland Limited, Lisburn	1	–
Coca-Cola HBC Services MEPE, Athens	9	9
Coca-Cola HBC Hrvatska d.o.o, Zagreb	9	–
Total short-term liabilities to direct and indirect participations	**2,592**	**3,149**

	As at 31 December CHF thousands	
Accrued expenses	2022	2021
Direct taxes	195	188
Management incentive plan and Performance Share Plan for own employees	16,590	15,871
Employee-related costs (social security and insurance, payroll taxes)	5,741	4,553
Provision for acquiring treasury shares to satisfy subsidiaries' Performance Share Plan rights	11,774	7,542
Other accrued expenses	6,881	7,291
Net unrealised gains from foreign currency translation	18,061	12,298
Total accrued expenses	**59,242**	**47,743**

Following the publication of circular letter 37a by the Swiss Federal Tax Administration in May 2018, the Company recognised a provision of CHF 13,636 thousand (2021: CHF 13,563 thousand) that relates to the Company's employee Performance Share Plan, of which CHF 9,182 thousand (2021: CHF 6,975 thousand) is short-term and is disclosed in the line item 'Management incentive plan and Performance Share Plan for own employees'; while CHF 4,454 thousand (2021: CHF 6,588 thousand) is long-term and disclosed in Note 2.6 'Provisions'. The provision for acquiring treasury shares to satisfy subsidiaries' Performance Share Plan rights amounts to CHF 17,533 thousand (2021: CHF 16,177 thousand) of which CHF 11,774 thousand (2021: CHF 7,542 thousand) is short-term and disclosed in accrued expenses while CHF 5,759 thousand (2021: CHF 8,575 thousand) is long-term and disclosed in Note 2.6 'Provisions'.

Swiss statutory reporting *continued*

2. Information relating to the balance sheet and statement of income *continued*

2.5 Long-term interest-bearing liabilities

	As at 31 December CHF thousands 2022	2021
Coca-Cola HBC Finance B.V, Amsterdam	**200,326**	204,482
Long-term interest-bearing liabilities	**200,326**	204,482

Long-term interest-bearing liabilities comprise loans from Coca-Cola HBC Finance B.V. received in 2019, 2020, 2021 and 2022 of CHF 169,007 thousand (2021: CHF 184,637 thousand) maturing on 8 November 2024; and CHF 31,319 thousand (2021: CHF 19,845 thousand) maturing on 21 November 2029.

2.6 Provisions

	As at 31 December CHF thousands 2022	2021
Long-term Incentive Plan	**547**	330
Provision for acquiring treasury shares to satisfy subsidiaries' Performance Share Plan rights (refer to Note 2.4)	**5,759**	8,575
Performance and Management incentive share plan – Coca-Cola HBC AG employees (refer to Note 2.4)	**4,902**	6,588
Provision for social security costs of Performance Share Plan	**334**	494
Provisions	**11,542**	**15,987**

2.7 Share capital

	Number of shares	Nominal value CHF	Total CHF thousands
Share capital as at 1 January 2021	370,512,597	6.70	2,482,434
Shares issued to employees exercising stock options	1,282,821	6.70	8,595
Share capital as at 31 December 2021	**371,795,418**	**6.70**	**2,491,029**

	Number of shares	Nominal value CHF	Total CHF thousands
Share capital as at 1 January 2022	**371,795,418**	**6.70**	**2,491,029**
Shares issued to employees exercising stock options	**290,677**	**6.70**	**1,948**
Share capital as at 31 December 2022	**372,086,095**	**6.70**	**2,492,977**

2.8 Treasury shares

The number of treasury shares held by Coca-Cola HBC AG and its subsidiaries qualifying under article 659b Swiss Code of Obligations and their movements are as follows:

Treasury shares (held by subsidiaries)	Number of shares	Acquisition cost per share CHF	Total CHF thousands
Total treasury shares as at 31 December 2021	3,430,135	24.8673	85,298
Total treasury shares as at 31 December 2022	**3,430,135**	**24.8673**	**85,298**

Treasury shares held by the Company	Number of shares	Acquisition cost per share CHF	Total CHF thousands
Treasury shares held by the Company as at 1 January 2021	**2,759,280**	**35.4115**	**(97,710)**
Vested PSP shares[1]	(294,832)	34.6160	10,206
Treasury shares held by the Company as at 31 December 2021	**2,464,448**	**35.5066**	**(87,504)**
Treasury shares held by the Company as at 1 January 2022	2,464,448	35.5066	(87,504)
Vested PSP and MIP shares[2]	(507,866)	34.4375	17,490
Treasury shares held by the Company as at 31 December 2022	**1,956,582**	**35.7836**	**(70,014)**

1. In April 2021, following the vesting of the 2018 PSP plan, 294,832 treasury shares were transferred to relevant participants.
2. In January 2022, following the vesting of the 2019 MIP plan, 7,717 treasury shares were transferred to the relevant participant. In April 2022, following the vesting of the 2019 PSP plan, 500,149 treasury shares were transferred to relevant participants.

Swiss statutory reporting *continued*

2. Information relating to the balance sheet and statement of income *continued*

2.9 Shareholders' equity

	Share capital	Legal capital reserves: Reserves from capital contributions	Legal capital reserves: Reserves for treasury shares[1]	Retained earnings / (accumulated losses)	Treasury shares	Total
	CHF thousands					
Balance as at 1 January 2021	**2,482,434**	**4,229,620**	**85,298**	**18,260**	**(97,710)**	**6,717,902**
Shares issued to employees exercising stock options	8,595	12,708	–	–	–	21,303
Dividends	–	(260,250)	–	–	–	(260,250)
Vested PSP shares	–	–	–	–	10,206	10,206
Loss for the year	–	–	–	(33,852)	–	(33,852)
Balance as at 31 December 2021	**2,491,029**	**3,982,078**	**85,298**	**(15,592)**	**(87,504)**	**6,455,309**
Balance as at 1 January 2022	**2,491,029**	**3,982,078**	**85,298**	**(15,592)**	**(87,504)**	**6,455,309**
Shares issued to employees exercising stock options	1,948	2,590	–	–	–	4,538
Dividends[2]	–	(263,551)	–	–	–	(263,551)
Vested PSP and MIP shares	–	–	–	–	17,490	17,490
Loss for the year	–	–	–	(23,849)	–	(23,849)
Balance as at 31 December 2022	**2,492,977**	**3,721,117**	**85,298**	**(39,441)**	**(70,014)**	**6,189,937**

1. Represents the book value of treasury shares held by subsidiaries.
2. On 21 June 2022 the shareholders of the Company at the Annual General Meeting approved the distribution of a gross dividend of €0.71 (2021: €0.64) on each ordinary registered share. The dividend was paid on 2 August 2022 and amounted to CHF 263,551 thousand (2021: CHF 260,250 thousand, paid 3 August 2021).

2.10 Other operating income

	2022	2021
	CHF thousands	
Management fees	**33,348**	35,488
Guarantee fee	**2,758**	2,832
Total other operating income	**36,106**	**38,320**

Management fees relate to service income earned from services provided to the Company's direct and indirect participations, whereof CHF 2,729 thousand (2021: CHF 3,431 thousand) is true-up from prior year.

Guarantee fee is the income the Company receives for the services provided as guarantor to Coca-Cola HBC Finance B.V. and Nigerian Bottling Company Ltd.

2.11 Employee costs

	2022	2021
	CHF thousands	
Wages and salaries	**17,287**	21,422
Social security costs	**2,705**	3,172
Pensions and employee benefits	**17,845**	23,684
Total employee costs	**37,837**	**48,278**

Pension and employee benefits include Performance Share Plan expenses for CCHBC AG employees in the amount of CHF 7,121 thousand (2021: CHF 18,999 thousand). Refer to Note 2.4 for more information.

2.12 Other operating expenses

Other operating expenses amounting to CHF 16,809 thousand for 2022 (2021: CHF 16,585 thousand) mainly include CHF 11,506 thousand (2021: CHF 14,352 thousand) for management fees to CCB Management Services GmbH, whereof CHF 220 thousand (2021: 1,121 thousand) is true-up from prior year.

3. Other information

3.1 Net release of hidden reserves

No hidden reserves were released for the years ended 31 December 2022 or 31 December 2021.

3.2 Number of employees

In 2022 and 2021 on an annual average basis, the number of full-time-equivalent employees did not exceed 50.

3.3 Contingent liabilities

Euro medium-term note programme

In June 2013, the Group established a new €3.0 billion Euro medium-term note programme (the 'EMTN programme'). The EMTN programme was updated in September 2014, September 2015 and April 2019, when it was increased to €5.0 billion. The EMTN programme was further updated in April 2020, September 2021 and September 2022. Notes are issued under the EMTN programme through the Company's wholly-owned subsidiary Coca-Cola HBC Finance B.V., a private limited liability company established under the laws of the Netherlands, and are fully, unconditionally and irrevocably guaranteed by the Company.

In March 2016, Coca-Cola HBC Finance B.V. issued €600 million, 1.875% Euro-denominated notes due in November 2024, which are guaranteed by the Company.

Swiss statutory reporting *continued*

3. Other information *continued*

In May 2019, Coca-Cola HBC Finance B.V. issued €700 million, 1%, Euro-denominated notes due in May 2027 and also issued €600 million, 1.625%, Euro-denominated notes due in May 2031, which are guaranteed by the Company.

In November 2019, Coca-Cola HBC Finance B.V. completed the issue of a €500 million, Euro-denominated fixed rate bond maturing in November 2029, with a coupon rate of 0.625%, which is guaranteed by the Company.

In September 2022, Coca-Cola HBC Finance B.V. issued €500 million, 2.75%, green Euro-denominated notes due in September 2025, which are guaranteed by the Company.

As at 31 December 2022, a total of €2.9 billion (2021: €2.4 billion) in notes issued under the EMTN programme were outstanding.

Committed credit facilities

In April 2019, the Group updated its then-existing €500.0 million syndicated revolving credit facility (the 'RCF'), which was set to expire in June 2021. The updated RCF was increased to €800.0 million and extended to April 2024 with the option to be further extended for up to two years until April 2026. Coca-Cola HBC Finance B.V. exercised its extension option and the RCF has been extended to April 2026. The RCF can be used for general corporate purposes and carries floating interest rates. No amounts have been drawn under the RCF since its inception. The borrower under the RCF is the Company's wholly-owned subsidiary Coca-Cola HBC Finance B.V. and any amounts drawn under the RCF are fully, unconditionally and irrevocably guaranteed by the Company.

Commercial paper programme

In October 2013 the Group established a new €1.0 billion Euro commercial paper programme (the 'ECP Programme'). The ECP Programme was updated in September 2014, May 2017 and May 2020. Notes are issued under the ECP Programme by Coca-Cola HBC Finance B.V. and guaranteed by the Company. The outstanding amount under the ECP Programme was €168 million as at 31 December 2022 (2021: €235 million).

Nigerian Bottling Company Ltd

In December 2019 the Group established an amortising loan facility of US Dollar 85 million with maturity in December 2027. The purpose of the facility is to finance the purchase of production equipment by Nigerian Bottling Company Ltd., the Group's subsidiary in Nigeria. Over the course of 2020 and 2021, the facility has been drawn down for approximately US Dollar 78 million. The obligations under this facility are guaranteed by the Company. The outstanding amount under the loan facility was €59 million as at 31 December 2022 (2021: €63 million).

Credit support provider

On 18 July 2013, the Company signed as credit support provider to J.P. Morgan Securities plc, Credit Suisse International, Credit Suisse AG, ING Bank N.V., Societe Generale, Merrill Lynch International and The Royal Bank of Scotland plc in favour of Coca–Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreements.[1]

On 24 July 2013, the Company signed as credit support provider to the Governor and Company of the Bank of Ireland, in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 8 August 2013, the Company signed as credit support provider to Citibank N.A. in favour of CCHBC Bulgaria AD for the obligations as defined in the ISDA Master Agreement.[1]

On 8 August 2013, the Company signed as credit support provider to Citibank N.A. in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 24 June 2014, the Company signed as credit support provider to Intesa Sanpaolo S.pA. in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 5 October 2015, the Company signed as credit support provider to Macquarie Bank International Limited in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 22 June 2016, the Company signed as credit support provider to UniCredit Bank AG in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 31 August 2016, the Company signed as credit support provider to BNP Paribas in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 1 November 2017, the Company signed as credit support provider to Goldman Sachs Global International in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 22 December 2017, the Company signed as credit support provider to Citigroup Global Markets Limited in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 14 February 2018, the Company signed as credit support provider to Morgan Stanley & Co. International PLC in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 25 March 2019, the Company signed as credit support provider to Citigroup Global Markets Europe AG in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 1 July 2019, the Company signed as credit support provider to Credit Suisse Securities, Sociedad de Valores, S.A. in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 10 July 2019, the Company signed as credit support provider to Macquarie Bank Limited (London Branch) in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

Swiss statutory reporting *continued*

3. Other information *continued*

On 12 November 2019, the Company signed as credit support provider to UBS AG in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 2 November 2020, the Company signed as credit support provider to J.P. Morgan AG in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 13 November 2020, the Company signed as credit support provider to Goldman Sachs Bank Europe SE in favour of Coca-Cola HBC Finance B.V. for the obligations as defined in the ISDA Master Agreement.[1]

On 5 May 2022 and then on 26 September 2022, the Company signed as credit support provider to Citibank Nigeria Limited in favour of Nigerian Bottling Company Ltd for the obligations as defined in the Treasury Master Agreement.[2]

1. The ISDA (International Swap Dealers Association) Master Agreement is a standardised form issued by the International Swap Dealers Association Inc. to be used for credit support transactions.
2. The Treasury Master Agreement is an agreement between Nigerian Bottling Company Ltd and Citibank Nigeria describing general terms and conditions regulating their relationship in regard to foreign currency transactions.

3.4 Significant shareholders

As at 31 December 2022 and 2021, there were two shareholders exceeding the threshold of 5% voting rights in the Company's share capital.

	Date	Number of shares	Percentage of issued share capital[1]	Percentage of issued share capital[2]
Total Kar-Tess Holding	31.12.2021	85,355,019	23.0%	23.3%
Total Kar-Tess Holding	31.12.2022	85,355,019	22.9%	23.3%
Total shareholdings related to The Coca-Cola Company	31.12.2021	78,252,731	21.0%	21.4%
Total shareholdings related to The Coca-Cola Company	31.12.2022	78,252,731	21.0%	21.3%

1. Basis: total issued share capital including treasury shares. Share basis 372,086,095 as at 31 December 2022 (2021:371,795,418).
2. Basis: total issued share capital excluding treasury shares. Share basis 366,699,378 as at December 2022 (2021: 365,900,835).

3.5 Shareholdings, conversion and option rights

The table below sets out a comparison of the interests in the Company's total issued share capital that the members of the Board of Directors ('Directors') and Executive Leadership Team hold (all of which, unless otherwise stated, are beneficial interests or are interests of a person connected with a Director or a member of the Executive Leadership Team) and the interests in the Company's share capital.

	31.12.2022			31.12.2021		
	Number of shares	**Percentage of issued share capital[1]**	**Percentage of outstanding share capital[2]**	Number of shares	Percentage of issued share capital[1]	Percentage of outstanding share capital[2]
Directors						
Anastassis G. David[3]	–	–	–	–	–	–
Zoran Bogdanovic	**299,614**	**0.08%**	**0.08%**	193,729	0.05%	0.05%
Charlotte J. Boyle	**1,017**	**0.00%**	**0.00%**	1,017	0.00%	0.00%
Henrique Braun	–	–	–	–	–	–
Olusola (Sola) David-Borha	–	–	–	–	–	–
Anna Diamantopoulou	–	–	–	–	–	–
William W. (Bill) Douglas III	**10,000**	**0.00%**	**0.00%**	10,000	0.00%	0.00%
Reto Francioni	**7,000**	**0.00%**	**0.00%**	7,000	0.00%	0.00%
Anastasios I. Leventis[4]	–	–	–	–	–	–
Christo Leventis[5]	–	–	–	–	–	–
Alexandra Papalexopoulou	–	–	–	–	–	–
Bruno Pietracci	–	–	–	–	–	–
Ryan Rudolph	–	–	–	–	–	–

	Number of shares	**Percentage of issued share capital[1]**	**Percentage of outstanding share capital[2]**	Number of shares	Percentage of issued share capital[1]	Percentage of outstanding share capital[2]
Executive Leadership Team						
Minas Agelidis	**66,836**	**0.02%**	**0.02%**	50,112	0.01%	0.01%
Mourad Ajarti	**16,858**	**0.00%**	**0.00%**	12,496	0.00%	0.00%
Ben Almanzar	**11,482**	**0.00%**	**0.00%**	636	0.00%	0.00%
Ivo Bjelis[6]	**38,508**	**0.01%**	**0.01%**	–	–	–
Jan Gustavsson	**196,868**	**0.05%**	**0.05%**	169,298	0.05%	0.05%
Nikos Kalaitzidakis	**62,587**	**0.02%**	**0.02%**	44,286	0.01%	0.01%
Naya Kalogeraki	**69,301**	**0.02%**	**0.02%**	49,127	0.01%	0.01%
Martin Marcel	**128,434**	**0.03%**	**0.04%**	102,403	0.03%	0.03%
Spyros Mello	**47,638**	**0.01%**	**0.01%**	37,055	0.01%	0.01%
Vitaliy Novikov	**47,488**	**0.01%**	**0.01%**	29,818	0.01%	0.01%
Sean O'Neil[7]	–	–	–	3,132	0.00%	0.00%
Sanda Parezanovic	**98,285**	**0.03%**	**0.03%**	80,442	0.02%	0.02%
Barbara Tönz	**4,176**	**0.00%**	**0.00%**	3,020	0.00%	0.00%

Footnotes are presented at the end of Note 3.5.

Swiss statutory reporting *continued*

3. Other information *continued*

The following table sets out information regarding the stock options and performance shares held by members of the Executive Leadership Team as at 31 December 2022:

	Stock options ('ESOP')			Performance shares ('PSP')		
	Number of stock options	Already vested	Vesting at the end of 2022	Granted in 2022	Unvested and subject to performance conditions	Vested
Zoran Bogdanovic[8]	132,743	132,743	–	144,826	380,685	69,759
Minas Agelidis	–	–	–	28,807	74,108	13,808
Mourad Ajarti	–	–	–	21,988	58,317	–
Ben Almanzar	–	–	–	36,724	71,818	7,612
Ivo Bjelis[6]	–	–	–	25,327	50,767	7,472
Jan Gustavsson	199,658	199,658	–	37,357	98,372	18,639
Nikos Kalaitzidakis	11,680	11,680	–	28,807	75,676	13,808
Naya Kalogeraki	37,166	37,166	–	57,256	128,638	15,782
Martin Marcel	7,103	7,103	–	32,591	85,250	16,098
Spyros Mello	–	–	–	20,624	47,322	8,076
Vitaliy Novikov	15,927	15,927	–	28,158	68,140	10,652
Sean O'Neil[7]	–	–	–	601	–	9,721
Sanda Parezanovic	10,618	10,618	–	29,878	78,490	14,795
Barbara Tönz	–	–	–	23,769	23,769	–

1. Basis: total issued share capital including treasury shares. Share basis 372,086,095 as at 31 December 2022 (2021: 371,795,418).
2. Basis: total issued share capital excluding treasury shares. Share basis 366,699,378 as at 31 December 2022 (2021: 365,900,835).
3. Anastassis G. 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, that has an indirect interest with respect to 85,355,019 shares held by Kar-Tess Holding and
(b) a further private discretionary trust, for the primary benefit of present and future members of the family of the late Anastasios George Leventis, that has an indirect interest with respect to 832,268 shares held by Ari Holdings Limited.
4. Anastasios I. Leventis is a beneficiary of:
(a) a private discretionary trust, for the primary benefit of present and future members of the family of the late Anastasios George Leventis, that has an indirect interest with respect to 85,355,019 shares held by Kar-Tess Holding and
(b) a further private discretionary trust, for the primary benefit of present and future members of the family of the late Anastasios George Leventis, that has an indirect interest with respect to 286,880 shares held by its trustee, Selene Treuhand AG and
(c) a further private discretionary trust, for the primary benefit of present and future members of the family of the late Avgie Leventis, that has an indirect interest with respect to 2,138,277 shares held by Carlcan Holding Limited.
5. Christo Leventis is a beneficiary of:
(a) a private discretionary trust, for the primary benefit of present and future members of the family of the late Anastasios George Leventis, that has an indirect interest with respect to 85,355,019 shares held by Kar-Tess Holding and
(b) a further private discretionary trust, for the primary benefit of present and future members of the family of the late Anastasios George Leventis, that has an indirect interest with respect to 482,228 shares held by its trustee, Selene Treuhand AG and
(c) a further private discretionary trust, for the primary benefit of present and future members of the family of the late Avgie Leventis, that has an indirect interest with respect to 2,138,277 shares held by Carlcan Holding Limited.
6. Mr. Ivo Bjelis joined the Executive Leadership Team on 1 January 2022.
7. Mr. Sean O'Neil' s employment ceased on 31 March 2022.
8. The Remuneration Committee determined at its meeting in 17 March 2023 that, in line with the terms of the PSP, PSP awards granted to Zoran Bogdanovic in 2020 vested over in aggregate 75,777 shares (including the dividend equivalent shares paid on PSP shares that vested in 2023).

3.6 Fees paid to the auditor

The audit and other fees paid to the auditor are disclosed in Note 9 to the consolidated financial statements.

3.7 Conditional capital

On 25 April 2013, the shareholders' meeting agreed to the creation of conditional capital in the maximum amount of CHF 245,601 thousand, through issuance of a maximum of 36,657 thousand fully paid-in registered shares with a par value of CHF 6.70 each upon exercise of options issued to members of the Board of Directors, members of the management, employees or advisers of the Company, its subsidiaries and other affiliated companies. The share capital of CHF 2,492,977 thousand as disclosed in the balance sheet differs from the share capital in the commercial register of CHF 2,491,029 thousand as at 31 December 2022 due to the exercise of management options in the course of financial year 2022.

Conditional capital	Number of shares	Book value per share CHF	Total CHF thousand
Agreed conditional capital as per shareholders' meeting on 25 April 2013	36,656,843	6.70	245,601
Shares issued to employees exercising stock options until 31 December 2016	(3,149,493)	6.70	(21,102)
Shares issued to employees exercising stock options in 2017	(4,122,401)	6.70	(27,620)
Shares issued to employees exercising stock options in 2018	(1,064,190)	6.70	(7,130)
Shares issued to employees exercising stock options in 2019	(1,352,731)	6.70	(9,063)
Shares issued to employees exercising stock options in 2020	(582,440)	6.70	(3,902)
Shares issued to employees exercising stock options in 2021	(1,282,821)	6.70	(8,595)
Remaining conditional capital as at 31 December 2021	**25,102,767**	**6.70**	**168,189**
Shares issued to employees exercising stock options in 2022	(290,677)	6.70	(1,948)
Remaining conditional capital as at 31 December 2022	**24,812,090**	**6.70**	**166,241**

4. Subsequent events

The subsequent events in relation to financial year ended 31 December 2022 are disclosed in Note 32 to the consolidated financial statements.

Swiss statutory reporting *continued*

Proposed appropriation of available earnings and reserves/declaration of dividend

1. Total available reserves

Available earnings and reserves	CHF thousands
Balance brought forward from previous years	(15,592)
Net loss for the year	(23,849)
Total accumulated losses to be carried forward	**(39,441)**
Reserves from capital contributions before distribution	3,721,117
Total available reserves	**3,681,676**

2. Proposed declaration of dividend from reserves

The Board of Directors proposes to declare a gross dividend of €0.78 on each ordinary registered share with a par value of CHF 6.70 from the general capital contribution reserve. Own shares held directly by the Company are not entitled to dividends. The total aggregate amount of the dividends shall be capped at an amount of CHF 300,000 thousand (the 'Cap'), and thus will reduce the general capital contribution reserve of CHF 3,721,117 thousand, as shown in the financial statements as at 31 December 2022, by a maximum of CHF 300,000 thousand. To the extent that the dividend calculated on €0.78 per share would exceed the Cap on the day of the Annual General Meeting, due to the exchange rate determined by the Board of Directors in its reasonable opinion, the Euro per share amount of the dividend shall be reduced on a pro-rata basis so that the aggregate amount of all dividends paid does not exceed the Cap. Payment of the dividend shall be made at such time and with such record date as shall be determined by the Annual General Meeting and the Board of Directors.

3. Proposed appropriation of reserves/declaration of dividend

Variant 1: Dividend of €0.78 at current exchange rate

As of 31 December 2022	CHF thousands
Reserves from capital contributions before distribution	3,721,117
Proposed dividend of €0.78[1]	(288,701)
Reserves from capital contributions after distribution	**3,432,416**

Variant 2: Dividend if Cap is triggered

As of 31 December 2022	CHF thousands
Reserves from capital contributions before distribution	3,721,117
(Maximum) dividend if cap is triggered[2]	(300,000)
(Minimum) Reserves from capital contributions after distribution	**3,421,117**

1. Illustrative at an exchange rate of CHF 1.00 per EUR. Assumes that the shares entitled to a dividend amount to 370,129,513.
2. Dividend is capped at a total aggregate amount of CHF 300,000 thousand.

Report on the audit of the remuneration report 2022

Report of the statutory auditor
to the General Meeting of
Coca-Cola HBC AG
Steinhausen (Zug)

Report on the audit of the remuneration report 2022

Opinion

We have audited the remuneration report of Coca-Cola HBC AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) on pages 242 to 244 of the remuneration report.

In our opinion, the information on remuneration, loans and advances in the remuneration report complies with Swiss law and article 14 to 16 of the Ordinance.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the remuneration report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the statutory remuneration report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to article 14 to 16 of the Ordinance is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

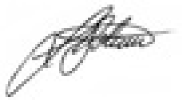
- Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

Report on the audit of the remuneration report 2022 *continued*

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers AG



Sandra Boehm Uglow
Licensed audit expert
Auditor in charge

Tobias Handschin
Licensed audit expert

Zurich, 20 March 2023

Swiss statutory reporting *continued*

Statutory Remuneration Report

Additional disclosures regarding the Statutory Remuneration Report

The section below is in line with the Ordinance against Excessive Compensation in Listed Stock Companies, which requires disclosure of the elements of compensation paid to the Company's Board of Directors and the Executive Leadership Team (formerly known as the Operating Committee). The amounts relate to the calendar years of 2022 and 2021. In the information presented below, the exchange rate used for conversion of 2022 remuneration data from Euro to CHF is 1/1.0081 and the exchange rate used for conversion of 2021 remuneration data from Euro to CHF is 1/1.0833.

As the Company is headquartered in Switzerland, it is required for statutory purposes to present compensation data for two consecutive years, 2022 and 2021. The applicable methodology used to calculate the value of stock option and performance shares follows Swiss Standards. In 2022 and 2021, the fair value of performance shares from the 2022 and 2021 grants is calculated based on the performance share awards that are expected to vest. Below is the relevant information for Swiss statutory purposes.

The Statutory Remuneration Report should be read in conjunction with the Directors' remuneration report presented in the Integrated Annual Report as the qualitative aspects of remuneration policy are described therein.

Remuneration for acting members of governing bodies

The Company's Directors believe that the level of remuneration offered to Directors and the members of the Executive Leadership Team should reflect their experience and responsibility as determined by, among other factors, a comparison with similar multinational companies and should be sufficient to attract and retain high-calibre Directors who will lead the Group successfully. In line with the Group's commitment to maximise shareholder value, its policy is to link a significant proportion of remuneration for its Executive Leadership Team to the performance of the business through short- and long-term incentives. Therefore, the Executive Leadership Team members' financial interests are closely aligned with those of the Company's shareholders through the equity-related long-term compensation plan.

The total remuneration of the Directors and members of the Executive Leadership Team of the Company, including performance share grants, during 2022 amounted to CHF 24.5 million (2021: CHF 27.6 million). Out of this, the amount relating to the expected value of performance share awards granted in relation to 2022 was CHF 5.4 million (2021: CHF 5.5 million). Pension and post-employment benefits for Directors and the Executive Leadership Team of the Company during 2022 amounted to CHF 1.0 million (2021: CHF 1.0 million).

Remuneration of the Board of Directors

2022 CHF	Fees	Cash and non-cash benefits[1]	Cash performance incentives	Pension and post-employment benefits	Total fair value of stock options at the date granted	Total compensation
Anastassis G. David	151,215	–	–	–	–	151,215
Zoran Bogdanovic[2]	–	–	–	–	–	–
Charlotte J. Boyle	102,322	–	–	–	–	102,322
Henrique Braun[3]	82,664	–	–	–	–	82,664
Olusola (Sola) David-Borha[4]	98,794	–	–	–	–	98,794
Anna Diamantopoulou[5]	102,322	–	–	–	–	102,322
William W. (Bill) Douglas III	114,923	–	–	–	–	114,923
Reto Francioni[6]	120,468	–	–	–	–	120,468
Anastasios I. Leventis	95,770	–	–	–	–	95,770
Christo Leventis	82,664	–	–	–	–	82,664
Alexandra Papalexopoulou	98,794	–	–	–	–	98,794
Bruno Pietracci[7]	89,217	–	–	–	–	89,217
Ryan Rudolph[8]	82,664	–	–	–	–	82,664
Total Board of Directors	**1,221,817**	–	–	–	–	**1,221,817**

1. Cash and non-cash benefits consist of cost-of-living allowance, housing support, Employee Stock Purchase Plan, Private Medical Insurance, Relocation Expenses, Home Trip Allowance, lump sum expenses and similar allowances.
2. Zoran Bogdanovic's compensation was based on his role as CEO, member of the Executive Leadership Team, and his employment agreement. Zoran Bogdanovic was not entitled to and did not receive additional compensation as a Director.
3. For Henrique Braun, on top of his fees, the Group paid CHF 6,639 in social security contributions as required by Swiss legislation.
4. For Olusola (Sola) David-Borha, on top of her fees, the Group paid CHF 7,935 in social security contributions as required by Swiss legislation.
5. For Anna Diamantopoulou, on top of her fees, the Group paid CHF 8,218 in social security contributions as required by Swiss legislation.
6. For Reto Francioni, on top of his fees, the Group paid CHF 7,180 in social security contributions as required by Swiss legislation.
7. For Bruno Pietracci, on top of his fees, the Group paid CHF 7,166 in social security contributions as required by Swiss legislation.
8. For Ryan Rudolph, on top of his fees, the Group paid CHF 6,639 in social security contributions as required by Swiss legislation.

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

Swiss statutory reporting *continued*

Remuneration of the Board of Directors

	2021 CHF					
	Fees	Cash and non-cash benefits[1]	Cash performance incentives	Pension and post-employment benefits	Total fair value of stock options at the date granted	Total compensation
Anastassis G. David	79,623	–	–	–	–	79,623
Zoran Bogdanovic[2]	–	–	–	–	–	–
Charlotte J. Boyle	98,472	–	–	–	–	98,472
Henrique Braun[3]	39,811	–	–	–	–	39,811
Olusola (Sola) David-Borha[4]	95,330	–	–	–	–	95,330
Anna Diamantopoulou[5]	98,472	–	–	–	–	98,472
William W. (Bill) Douglas III	110,930	–	–	–	–	110,930
Reto Francioni[6]	115,588	–	–	–	–	115,588
Anastasios I. Leventis	92,189	–	–	–	–	92,189
Christo Leventis	79,623	–	–	–	–	79,623
Alexandra Papalexopoulou	95,330	–	–	–	–	95,330
Bruno Pietracci[7]	42,953	–	–	–	–	42,953
José Octavio Reyes[8]	42,953	–	–	–	–	42,953
Alfredo Rivera[9]	39,811	–	–	–	–	39,811
Ryan Rudolph[10]	79,623	–	–	–	–	79,623
Total Board of Directors	**1,110,708**	**–**	**–**	**–**	**–**	**1,110,708**

1. Cash and non-cash benefits consist of cost-of-living allowance, housing support, Employee Stock Purchase Plan, Private Medical Insurance, Relocation Expenses, Home Trip Allowance, lump sum expenses and similar allowances.
2. Zoran Bogdanovic's compensation was based on his role as CEO, member of the Executive Leadership Team, and his employment agreement. Zoran Bogdanovic was not entitled to and did not receive additional compensation as a Director.
3. Henrique Braun was appointed to the Board of Directors on 22 June 2021. The Group has applied a half-year period fee of CHF 39,811. On top of his fees, the Group paid CHF 3,237 in social security contributions as required by Swiss legislation.
4. For Olusola (Sola) David-Borha, on top of her fees, the Group paid CHF 7,752 in social security contributions as required by Swiss legislation.
5. For Anna Diamantopoulou, on top of her fees, the Group paid CHF 8,008 in social security contributions as required by Swiss legislation.
6. For Reto Francioni, on top of his fees, the Group paid CHF 6,932 in social security contributions as required by Swiss legislation.
7. For Bruno Pietracci was appointed to the Board of Directors on 22 June 2021. The Group has applied a half-year period fee of CHF 42,953. On top of his fees, the Group paid CHF 3,493 in social security contributions as required by Swiss legislation.
8. José Octavio Reyes retired from the Board of Directors on 22 June 2021. The Group has applied a half-year period base fee of CHF 42,953. On top of his fees, the Group paid CHF 2,436 in social security contributions as required by Swiss legislation.
9. Alfredo Rivera retired from the Board of Directors on 22 June 2021. The Group has applied a half-year period base fee of CHF 39,811.
10. For Ryan Rudolph, on top of his fees, the Group paid CHF 6,475 in social security contributions as required by Swiss legislation.

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

Remuneration of the Executive Leadership Team

The total remuneration of the Executive Leadership Team for 2022 amounted to CHF 23.3 million.

	2022 CHF					
	Base salary[1]	Cash and non-cash benefits[2]	Annual bonus[3]	Pension and post-employment benefits[4]	Total fair value of performance shares at the date granted[5]	Total remuneration
Zoran Bogdanovic, Chief Executive Officer	**838,403**	**505,119**	**782,074**	**151,642**	**1,491,207**	**3,768,445**
Other current members[6]	**5,048,967**	**4,958,833**	**3,878,814**	**798,359**	**3,860,787**	**18,545,760**
Former members[7]	**591,015**	**351,225**	**0**	**17,319**	**–**	**959,559**
Total Executive Leadership Team	**6,478,385**	**5,815,177**	**4,660,888**	**967,320**	**5,351,994**	**23,273,764**

1. Base salary includes non-compete payments in 2022 to former members of the Executive Leadership Team.
2. Cash and non-cash benefits consist of cost-of-living allowance, housing support, schooling, employee share purchase plan, private medical insurance, relocation expenses, home trip allowance, employer social security contributions, lump sum expenses, all paid and unpaid sign-on bonuses, equalisation amounts and similar allowances.
3. The annual bonus for 2022 includes the accrued Management Incentive Plan (MIP) payout, receivable early in 2023 for the 2022 business performance, including amounts deferred in shares, employer social security contributions and gross-up for the tax benefit, of CHF 4,660,888. The monetary value that was paid in 2022 under the MIP reflecting the 2021 business performance is approx. CHF 5,897,852.
4. Members of the Executive Leadership Team participate in the pension plan of their employing entity, as appropriate.
5. Values under long-term incentives represent the fair value of performance shares that are expected to vest for the 2022 grant in order to comply with Swiss reporting guidelines.
6. Ivo Bjelis was appointed to the role of Chief Supply Chain Officer on 1 January 2022.
7. Sean O'Neil' s employment ceased on 31 March 2022.

Swiss statutory reporting *continued*

Remuneration of the Executive Leadership Team

The total remuneration of the Executive Leadership Team for 2021 amounted to CHF 26.4 million.

	2021 CHF					
	Base salary[1]	Cash and non-cash benefits[2]	Annual bonus[3]	Pension and post-employment benefits[4]	Total fair value of performance shares at the date granted[5]	Total remuneration
Zoran Bogdanovic, Chief Executive Officer	873,862	956,346	992,326	150,796	1,553,290	4,526,620
Other current members[6]	4,745,415	6,881,649	4,324,931	814,544	3,973,231	20,739,770
Former members[7]	581,082	281,445	263,227	51,623	–	1,177,377
Total Executive Leadership Team	**6,200,359**	**8,119,440**	**5,580,484**	**1,016,963**	**5,526,521**	**26,443,767**

1. Base salary includes non-compete payments in 2021 to former members of the Executive Leadership Team.
2. Cash and non-cash benefits consist of cost-of-living allowance, housing support, schooling, employee share purchase plan, private medical insurance, relocation expenses, home trip allowance, employer social security contributions, lump sum expenses, all paid and unpaid sign-on bonuses, equalisation amounts and similar allowances.
3. The annual bonus for 2021 includes the accrued Management Incentive Plan (MIP) payout, receivable early in 2022 for the 2021 business performance, including amounts deferred in shares, employer social security contributions and gross-up for the tax benefit, of CHF 5,580,484. The monetary value that was paid in 2021 under the MIP reflecting the 2020 business performance is approx. CHF 2,139,756.
4. Members of the Executive Leadership Team participate in the pension plan of their employing entity, as appropriate.
5. Values under long-term incentives represent the fair value of performance shares that are expected to vest for the 2021 grant in order to comply with Swiss reporting guidelines.
6. Ben Almanzar was appointed to the role of Chief Financial Officer on 1 February 2021. Barbara Tönz was appointed to the role of Chief Customer and Commercial Officer on 1 May 2021. Spyros Mello was appointed to the role of Strategy and Transformation Director on 1 November 2021.
7. Michalis Imellos' s employment ceased on 30 June 2021.

Credits and loans granted to governing bodies

In 2022, similar to 2021, there were no credits or loans granted to active or former members of the Company's Board of Directors, members of the Executive Leadership Team or to any related persons. There are no outstanding credits or loans.

Alternative performance measures

Definitions and reconciliations of Alternative Performance Measures (APMs)

1. Comparable APMs[1]

In discussing the performance of the Group, 'comparable' measures are used. In 2022, the Group updated the definitions of items which are deducted from the directly reconcilable IFRS measures to calculate comparable APMs so as to provide users more relevant information on its financial performance, considering the impact of one-off events in the year as well as reporting by its peer group. More specifically, comparable measures are calculated by deducting from the directly reconcilable IFRS measures the impact of the Group's restructuring costs, the mark-to-market valuation of the commodity hedging activity, the acquisition, integration and divestment-related costs, the Russia-Ukraine conflict impact and certain other tax items, which are collectively considered as items impacting comparability, due to their nature. More specifically the following items are considered as items that impact comparability:

1. Restructuring costs

Restructuring costs comprise costs arising from significant changes in the way the Group conducts business, such as significant supply chain infrastructure changes, outsourcing of activities and centralisation of processes. These costs are included within the income statement line 'Operating expenses'; however, they are excluded from the comparable results so that the users can obtain a better understanding of the Group's operating and financial performance achieved from underlying activity. Restructuring costs resulting from initiatives driven by the Russia-Ukraine conflict are presented under the 'Russia-Ukraine conflict impact' item, to provide users complete information on the financial implications of the conflict.

2. Commodity hedging

The Group has entered into certain commodity derivative transactions in order to hedge its exposure to commodity price risk. Although these transactions are economic hedging activities that aim to manage our exposure to sugar, aluminium, gas oil and plastics price volatility, hedge accounting has not been applied in all cases. In addition, the Group recognises certain derivatives embedded within commodity purchase contracts that have been accounted for as stand-alone derivatives and do not qualify for hedge accounting. The fair value gains or losses on the derivatives and embedded derivatives are immediately recognised in the income statement in the cost of goods sold and operating expenses line items. The Group's comparable results exclude the gains or losses resulting from the mark-to-market valuation of these derivatives to which hedge accounting has not been applied (primarily plastics) and embedded derivatives. These gains or losses are reflected in the comparable results in the period when the underlying transactions occur, to match the profit or loss to that of the corresponding underlying transactions. We believe this adjustment provides useful information related to the impact of our economic risk management activities.

3. Acquisition, integration and divestment-related costs or gains

Acquisition costs comprise costs incurred to effect a business combination such as finder's fees, advisory, legal, accounting, valuation and other professional or consulting fees as well as changes in the fair value of contingent consideration recognised in the income statement. They also include any gain from bargain purchase arising from business combinations, as well as any gain or loss recognised in the income statement from the remeasurement to fair value of previously held interests and the reclassification to the income statement of items of other comprehensive income resulting from step acquisitions. Integration costs comprise direct incremental costs necessary for the acquiree to operate within the Group. Divestment-related costs comprise transaction expenses, including advisory, consulting, and other professional fees to effect the disposal of a subsidiary or equity method investment, any impairment losses or write-downs to fair value less costs to sell recognised in the income statement upon classification as held for sale and any relevant disposal gains or losses or reversals of impairment recognised in the income statement upon disposal. These costs or gains are included within the income statement line 'Operating expenses', however, to the extent that they relate to business combinations or divestments that have been completed or are expected to be completed, they are excluded from the comparable results so that the users can obtain a better understanding of the Group's operating and financial performance achieved from underlying activity.

4. Russia-Ukraine conflict impact

As a result of the conflict between Russia and Ukraine, the Group recognised net impairment losses for property, plant and equipment, intangible assets and equity method investments as well as restructuring costs, in connection with the new business model in Russia and adverse changes to the economic environment. The Group also recognised incremental allowance for expected credit losses and write-offs of inventory and property, plant and equipment resulting from the Russia-Ukraine conflict. The aforementioned net impairment losses are included within the income statement line 'Exceptional items related to Russia-Ukraine conflict' so as to provide users with enhanced visibility over these items considering their materiality, while remaining costs are included within 'Operating expenses' and 'Cost of goods sold' lines of the income statement accordingly. Net impairment losses and other costs directly attributable to the Russia-Ukraine conflict are excluded from the comparable results so that the users can obtain a better understanding of the Group's operating and financial performance from underlying activity.

5. Other tax items

Other tax items represent the tax impact of (a) changes in income tax rates affecting the opening balance of deferred tax arising during the year and (b) certain tax related matters selected based on their nature. Both (a) and (b) are excluded from comparable after-tax results so that the users can obtain a better understanding of the Group's underlying financial performance.

1. Comparable APMs refer to comparable cost of goods sold, comparable gross profit, comparable operating expenses, comparable EBIT, comparable EBIT margin, comparable Adjusted EBITDA, comparable profit before tax, comparable tax, comparable net profit and comparable EPS.

Alternative performance measures *continued*

1. Comparable APMs *continued*

The Group discloses comparable performance measures to enable users to focus on the underlying performance of the business on a basis which is common to both periods for which these measures are presented.

The reconciliation of comparable measures to the directly related measures calculated in accordance with IFRS is as follows:

Reconciliation of comparable financial indicators (numbers in € million except per share data)

2022

	Cost of goods sold	Gross profit	Operating expenses	EBIT	Adjusted EBITDA	Profit before tax	Tax	Net profit[1]	EPS (€)
As reported	**(6,054)**	**3,144**	**(2,355)**	**704**	**1,344**	**624**	**(208)**	**415**	**1.134**
Restructuring costs	**–**	**–**	**8**	**8**	**8**	**8**	**(2)**	**6**	**0.017**
Commodity hedging	**2**	**2**	**–**	**2**	**2**	**2**	**–**	**2**	**0.005**
Russia-Ukraine conflict impact	**1**	**1**	**7**	**136**	**8**	**136**	**(14)**	**122**	**0.333**
Acquisition and integration costs	**–**	**–**	**80**	**80**	**9**	**80**	**–**	**80**	**0.218**
Other tax items	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.001)**
Comparable	**(6,051)**	**3,148**	**(2,260)**	**930**	**1,372**	**849**	**(224)**	**625**	**1.706**

2021

	Cost of goods sold	Gross profit	Operating expenses	EBIT	Adjusted EBITDA	Profit before tax	Tax	Net profit[1]	EPS (€)
As reported	(4,570)	2,598	(1,833)	799	1,152	735	(187)	547	1.499
Restructuring costs	–	–	21	21	21	21	(5)	17	0.045
Commodity hedging	(4)	(4)	–	(4)	(4)	(4)	1	(3)	(0.008)
Acquisition costs	–	–	14	14	14	14	–	14	0.039
Other tax items	–	–	–	–	–	–	3	3	0.009
Comparable	(4,574)	2,594	(1,798)	831	1,183	767	(188)	578	1.584

Figures are rounded.

1. Net profit and comparable net profit refer to net profit and comparable net profit respectively after tax attributable to owners of the parent.

Reconciliation of comparable EBIT per reportable segment (numbers in € million)

2022

	Established	Developing	Emerging	Consolidated
EBIT	**310**	**113**	**280**	**704**
Restructuring costs	**(6)**	**(2)**	**16**	**8**
Commodity hedging	**3**	**4**	**(3)**	**2**
Acquisition and integration costs	**–**	**–**	**79**	**80**
Russia-Ukraine conflict impact	**–**	**–**	**136**	**136**
Comparable EBIT	**307**	**115**	**507**	**930**

2021

	Established	Developing	Emerging	Consolidated
EBIT	286	105	409	799
Restructuring costs	15	3	3	21
Commodity hedging	(3)	(4)	3	(4)
Acquisition costs	3	3	8	14
Comparable EBIT	301	107	424	831

Figures are rounded.

2. Organic APMs

Organic growth

As of 1 January 2022 the Group moved its reporting to organic growth APMs. This was to enable a better understanding of underlying business performance that is more consistent with how Coca-Cola HBC's peer group reports.

Organic growth enables users to focus on the operating performance of the business on a basis which is not affected by changes in foreign currency exchange rates from year to year or changes in the Group's scope of consolidation ('consolidation perimeter') i.e. acquisitions, divestments and reorganisations resulting in equity method accounting. Thus, organic growth is designed to assist users in better understanding the Group's underlying performance.

More specifically, the following items are adjusted from the Group's volume, net sales revenue and comparable EBIT in order to derive organic growth metrics:

(a) Foreign currency impact

Foreign currency impact in the organic growth calculation reflects the adjustment of prior-year net sales revenue and comparable EBIT metrics for the impact of changes in exchange rates applicable to the current year.

(b) Consolidation perimeter impact

Current year volume, net sales revenue and comparable EBIT metrics are each adjusted for the impact of changes in the consolidation perimeter. More specifically adjustments are performed as follows:

i. Acquisitions:

For current year acquisitions, the results generated in the current year by the acquired entities are not included in the organic growth calculation. For prior year acquisitions, the results generated in the current year over the period during which the acquired entities were not consolidated in the prior year, are not included in the organic growth calculation.

For current year step acquisitions where the Group obtains control of a) entities over which it previously held either joint control or significant influence and which were accounted for under the equity method, or b) entities which were carried at fair value either through profit or loss or other comprehensive income, the results generated in the current year by the relevant entities over the period during which these entities are consolidated, are not included in the organic growth calculation. For such step acquisitions of entities previously accounted for under the equity method the share of results for the respective period described above, is included in the organic growth calculation of the current year.

Alternative performance measures *continued*

2. Organic APMs *continued*

For such step acquisitions of entities previously accounted for at fair value through profit or loss any fair value gains or losses for the respective period described above, are included in the organic growth calculation. For such step acquisitions in the prior year, the results generated in the current year by the relevant entities over the period during which these entities were not consolidated in the prior year, are not included in the organic growth calculation. However, the share of results or gains or losses from fair value changes of the respective entities, based on their accounting treatment prior to the step acquisition, for the current-year period during which these entities were not consolidated in the prior year are included in the organic growth calculation.

ii. Divestments:

For current year divestments, the results generated in the prior year by the divested entities over the period during which the divested entities are no longer consolidated in the current year, are included in the current year's results for the purpose of the organic growth calculation. For prior-year divestments, the results generated in the prior year by the divested entities over the period during which the divested entities were consolidated, are included in the current year's results for the purpose of the organic growth calculation.

iii. Reorganisations resulting in equity method accounting:

For current year reorganisations where the Group maintains either joint control or significant influence over the relevant entities so that they are reclassified from subsidiaries or joint operations to joint ventures or associates and accounted for under the equity method, the results generated in the current year by the relevant entities over the period during which these entities are no longer consolidated, are included in the current year's results for the purpose of the organic growth calculation. For such reorganisations in the prior year, the results generated in the current year by the relevant entities over the period during which these entities were consolidated in the prior year, are included in the current year's results for the purpose of the organic growth calculation. In addition, the share of results in the current year of the relevant entities, for the respective period as described above, is excluded from the organic growth calculation for such reorganisations.

The calculations of the organic growth and the reconciliation to the most directly related measures calculated in accordance with IFRS are presented in the below tables. Organic growth (%) is calculated by dividing the amount in the row titled 'Organic movement' by the amount in the associated row titled '2021 reported' or, where presented, '2021 adjusted'. Organic growth for comparable EBIT margin is the organic movement expressed in basis points.

Reconciliation of organic measures

	Full year 2022			
Volume (m unit cases)	**Established**	**Developing**	**Emerging**	**Consolidated**
2021 reported	590	416	1,407	2,413
Consolidation perimeter impact	–	–	335	335
Organic movement	54	63	(153)	(36)
2022 reported	644	479	1,589	2,712
Organic growth (%)	**9.1%**	**15.2%**	**(10.9)%**	**(1.5)%**

	Full year 2022			
Net sales revenue (€ m)	**Established**	**Developing**	**Emerging**	**Consolidated**
2021 reported	2,479	1,366	3,324	7,168
Foreign currency impact	28	(32)	230	225
2021 adjusted	2,507	1,333	3,553	7,394
Consolidation perimeter impact	1	–	755	756
Organic movement	466	387	196	1,048
2022 reported	2,974	1,720	4,505	9,198
Organic growth (%)	**18.6%**	**29.0%**	**5.5%**	**14.2%**

	Full year 2022			
Net sales revenue per unit case (€)[1]	**Established**	**Developing**	**Emerging**	**Consolidated**
2021 reported	4.20	3.29	2.36	2.97
Foreign currency impact	0.05	(0.08)	0.16	0.09
2021 adjusted	4.25	3.21	2.52	3.06
Consolidation perimeter impact	–	–	(0.15)	(0.16)
Organic movement	0.37	0.38	0.46	0.49
2022 reported	4.62	3.59	2.83	3.39
Organic growth (%)	**8.6%**	**11.9%**	**18.4%**	**15.9%**

	Full year 2022			
Comparable EBIT (€ m)	**Established**	**Developing**	**Emerging**	**Consolidated**
2021 reported	301	107	424	831
Foreign currency impact	5	(4)	38	38
2021 adjusted	306	102	461	869
Consolidation perimeter impact	(3)	–	52	49
Organic movement	4	13	(5)	12
2022 reported	307	115	508	930
Organic growth (%)	**1.3%**	**12.7%**	**(1.1)%**	**1.3%**

	Full year 2022			
Comparable EBIT margin (%)[1]	**Established**	**Developing**	**Emerging**	**Consolidated**
2021 reported	12.1%	7.8%	12.7%	11.6%
Foreign currency impact	0.1%	(0.1)%	0.2%	0.2%
2021 adjusted	12.2%	7.7%	13.0%	11.8%
Consolidation perimeter impact	(0.1)%	–	(0.9)%	(0.3)%
Organic movement	(1.8)%	(1.0)%	(0.8)%	(1.3)%
2022 reported	10.3%	6.7%	11.3%	10.1%
Organic growth (%)	**-180bps**	**-100bps**	**-80bps**	**-130bps**

Figures are rounded.

1. Certain differences in calculations are due to rounding.

Alternative performance measures *continued*

3. Other APMs

Adjusted EBITDA

Adjusted EBITDA is calculated by adding back to operating profit the depreciation and net impairment of property, plant and equipment, the amortisation and impairment of intangible assets, the net impairment of equity method investments, the employee share option and performance share costs and items, if any, reported in line 'Other non-cash items' of the consolidated cash flow statement. Adjusted EBITDA is intended to provide useful information to analyse the Group's operating performance excluding the impact of operating non-cash items as defined above. The Group also uses comparable Adjusted EBITDA, which is calculated by deducting from Adjusted EBITDA the impact of: the Group's restructuring costs, the acquisition, integration and divestment-related costs or gains, the mark-to-market valuation of the commodity hedging activity and the impact from the Russia-Ukraine conflict. Comparable Adjusted EBITDA is intended to measure the level of financial leverage of the Group by comparing comparable Adjusted EBITDA to Net debt.

Adjusted EBITDA and comparable Adjusted EBITDA are not measures of profitability and liquidity under IFRS and have limitations, some of which are as follows: Adjusted EBITDA and comparable Adjusted EBITDA do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments; Adjusted EBITDA and comparable Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs; although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future, and Adjusted EBITDA and comparable Adjusted EBITDA do not reflect any cash requirements for such replacements. Because of these limitations, Adjusted EBITDA and comparable Adjusted EBITDA should not be considered as measures of discretionary cash available to us and should be used only as supplementary APMs.

Free cash flow

Free cash flow is an APM used by the Group and defined as cash generated by operating activities after payments for purchases of property, plant and equipment net of proceeds from sales of property, plant and equipment and including principal repayments of lease obligations. Free cash flow is intended to measure the cash generation from the Group's business, based on operating activities, including the efficient use of working capital and taking into account its net payments for purchases of property, plant and equipment. The Group considers the purchase and disposal of property, plant and equipment as ultimately non-discretionary since ongoing investment in plant, machinery, technology and marketing equipment, including coolers, is required to support the day to day operations and the Group's growth prospects. The Group presents free cash flow because it believes the measure assists users of the financial statements in understanding the Group's cash generating performance as well as availability for interest payment, dividend distribution and own retention. The free cash flow measure is used by management for its own planning and reporting purposes since it provides information on operating cash flows, working capital changes and net capital expenditure that local managers are most directly able to influence.

Free cash flow is not a measure of cash generation under IFRS and has limitations, some of which are as follows: free cash flow does not represent the Group's residual cash flow available for discretionary expenditures since the Group has debt payment obligations that are not deducted from the measure; free cash flow does not deduct cash flows used by the Group in other investing and financing activities; and free cash flow does not deduct certain items settled in cash. Other companies in the industry in which the Group operates may calculate free cash flow differently, limiting its usefulness as a comparative measure.

Capital expenditure

Capital expenditure is defined as payments for purchases of property, plant and equipment less proceeds from sales of property, plant and equipment plus principal repayments of lease obligations. The Group uses capital expenditure as an APM to ensure that the cash spending is in line with its overall strategy for the use of cash.

The following table illustrates how Adjusted EBITDA, free cash flow and capital expenditure are calculated:

	2022 € million	2021 € million
Operating profit (EBIT)	**704**	799
Depreciation and impairment of property, plant and equipment, including right-of-use assets	**485**	336
Amortisation and impairment of intangible assets	**15**	1
Employee performance shares	**17**	15
Impairment of equity method investments	**53**	–
Other non-cash items included in operating profit[1]	**71**	–
Adjusted EBITDA	**1,344**	**1,152**
Share of results of integral equity method investments	**(42)**	(34)
Loss / (Gain) on disposals of non-current assets	**1**	(28)
Cash generated from working capital movements	**127**	196
Tax paid	**(196)**	(142)
Net cash from operating activities	**1,235**	**1,142**
Payments for purchases of property, plant and equipment[2]	**(532)**	(514)
Principal repayments of lease obligations	**(65)**	(63)
Proceeds from sales of property, plant and equipment	**8**	36
Capital expenditure	**(589)**	(541)
Free cash flow	**645**	**601**

Figures are rounded.

1. Other non-cash items included in operating profit for 2022 relate to the net loss recognised in the income statement from the remeasurement to fair value of the previously held equity interest, the reclassification to the income statement of the Group's share of other comprehensive income and the gain from bargain purchase in connection with the change in control of Multon Z.A.O. group of companies ('Multon'). For more details, refer to Note 24 of the consolidated financial statements for the year ended 31 December 2022.
2. Payments for purchases of property, plant and equipment for 2022 include €8.4 million (2021: €7.1 million) relating to repayment of borrowings undertaken to finance the purchase of production equipment by the Group's subsidiary in Nigeria, classified as 'Repayments of borrowings' in the consolidated cash flow statement.

Alternative performance measures *continued*

3. Other APMs *continued*

Net debt

Net debt is an APM used by management to evaluate the Group's capital structure and leverage. Net debt is defined as current borrowings plus non-current borrowings less cash and cash equivalents and financial assets (time deposits, treasury bills and money market funds), as illustrated below:

	As at 31 December 2022 € million	As at 31 December 2021 € million
Current borrowings	**337**	382
Non-current borrowings	**3,083**	2,556
Other financial assets	**(1,027)**	(835)
Cash and cash equivalents	**(720)**	(783)
Net debt	**1,673**	**1,320**

Figures are rounded.

Return on invested capital ('ROIC')

ROIC is an APM used by management to assess the return obtained from the Group's asset base and is defined as the percentage of comparable net profit excluding net finance costs divided by the five-quarter average capital invested in the business ('capital employed'). Capital employed is defined as the five-quarter average net debt and shareholders' equity attributable to the owners of the parent, as illustrated below. The Group presents ROIC because it believes the measure assists users of the financial statements in understanding the Group's capital efficiency.

	Year ended 31 December 2022 € million	Year ended 31 December 2021 € million
Comparable operating profit[1]	**930**	831
Plus: Share of results of non-integral equity method investments[2]	**2**	3
Less: Comparable tax[1]	**(224)**	(188)
Tax shield[3]	**(22)**	(17)
Comparable net profit excl. finance costs, net (a)	**686**	**629**
Average net debt[5,7]	**1,575**	1,420
Plus: Average equity attributable to owners of the parent[6,7]	**3,300**	2,834
Capital employed (b)	**4,875**	**4,254**
Return on invested capital (a/b)	**14.1%**	**14.8%**

Figures are rounded.

1. Refer to 'Comparable APMs' section above.
2. Refer to the consolidated income statement.
3. Tax shield is calculated as comparable effective tax rate times finance costs, net, as illustrated below:

	Year ended 31 December 2022 € million	Year ended 31 December 2021 € million
Finance costs, net[2]	**83**	68
Comparable effective tax rate (%)[4]	**26%**	25%
Tax shield	**22**	**17**

Figures are rounded.

4. Comparable effective tax rate is calculated as comparable tax divided by comparable profit before tax, as illustrated below:

	Year ended 31 December 2022 € million	Year ended 31 December 2021 € million
Comparable tax[1]	**224**	188
Comparable profit before tax[1]	**849**	767
Comparable effective tax rate (%)	**26%**	**25%**

Figures are rounded.

5. Refer to 'Net debt' section above for definition of net debt.
6. Equity attributable to owners of the parent is defined as total equity less non-controlling interests.
7. Five-quarter average net debt and equity attributable to owners of the parent are calculated as presented below:

2022	Q4 2021 € million	Q1 2022 € million	Q2 2022 € million	Q3 2022 € million	Q4 2022 € million	**Average € million**
Net debt	1,320	1,882	1,584	1,417	1,673	**1,575**
Equity attributable to owners of the parent	3,115	3,204	3,276	3,626	3,282	**3,300**

2021	Q4 2020 € million	Q1 2021 € million	Q2 2021 € million	Q3 2021 € million	Q4 2021 € million	**Average € million**
Net debt	1,617	1,643	1,348	1,173	1,320	**1,420**
Equity attributable to owners of the parent	2,631	2,717	2,713	2,992	3,115	**2,834**

Figures are rounded.

Assurance statement

Independent assurance statement for the 2022 Integrated Annual Report

To the management and stakeholders of Coca-Cola HBC AG:

denkstatt GmbH was commissioned by Coca-Cola HBC AG (hereinafter referred to as "the Company") to provide independent third-party assurance for the printed and downloadable pdf versions of the Company's 2022 Integrated Annual Report (hereinafter referred to as "the Report") in accordance with the AA1000 Assurance Standard as well as the Global Reporting Initiative (GRI) Universal Standards 2021. We have reviewed sustainability-related data and content in the Report and in the 2022 GRI Content Index. Financial data were not reviewed as part of this engagement. The assurance engagement covered the nature and extent of the Company's application of the principles of inclusivity, materiality, responsiveness, and impact, as described in the AA1000 Series of Standards (AA1000AP, 2018). The application level "in accordance with" of the GRI Universal Standards 2021 was verified.

denkstatt is an independent professional services company. Our team of experts has extensive professional experience in assurance engagements related to non-financial information and sustainability management, meaning it is qualified to conduct this independent assurance engagement. denkstatt has implemented a certified quality and environmental management system which complies with the requirements of ISO 9001:2015 and ISO 14001:2015, and accordingly maintains a comprehensive quality control system.

Management responsibilities

The Company's management (Management) is responsible for preparing the Report, statements within it, and related online content. Management is also responsible for identifying stakeholders and material issues, defining commitments with respect to sustainability performance, and establishing and maintaining appropriate performance management and internal control systems, from which reported information is derived.

Additionally, Management is responsible for establishing data collection and internal control systems to ensure reliable reporting, for specifying acceptable reporting criteria, and for selecting data to be collected for the purposes of the Report. Management responsibilities also extend to preparing the Report in accordance with the GRI Universal Standards (2021).

Assurance provider's responsibilities

Our responsibilities are to:

- express our conclusions and make recommendations regarding the nature and extent of the Company's adherence to the AA1000 Accountability Principles (2018), and
- express our conclusions on the reliability of the information in the Report, and whether it is in accordance with the criteria in the GRI Universal Standards (2021).

We did not perform any tasks or services for the Company or other clients in 2022 which would lead to a conflict of interest. We were not responsible for the preparation of any part of the Report.

Scope of assurance, standards, and criteria used

We have fulfilled our responsibilities to provide appropriate assurance that the information in the Report is free from material misstatements. We planned and carried out our work based on the GRI Universal Standards (2021) and the AA1000 Series of Standards. We used the criteria in AA1000AS (AA1000 Assurance Standard v3) to perform a Type 2 engagement and to provide a high level of assurance regarding the nature and extent of the Company's adherence to the principles of impact, inclusivity, materiality, and responsiveness. The Company has chosen to report in accordance with the GRI Universal Standards (2021) and the assurance verified this accordingly.

Methodology, approach, limitations and scope of work

We planned and carried out our work in order to obtain all evidence, information, and explanations that we considered necessary to fulfil our responsibilities. We completed a wide range of activities in order to gather necessary evidence, including:

- Gathering information regarding the Company's adherence to the principles of impact, due diligence, inclusivity, materiality, sustainability context, completeness, and responsiveness as required by the GRI and AA1000, and conducting interviews with members of the management, staff from the People and Culture Department, the Legal Affairs Department (including the Risk team), the Internal Control Department, the Commercial Department, the Supply Chain Department (including the Procurement team, the Product Quality, Safety and Environment team, the Fleet team and the Cold Drink Equipment team), Investor Relations department and the Corporate Affairs and Sustainability Department as well as managers from other Group functions. In particular, we verified the management commitment to the above-mentioned principles, and whether they are embedded at market level, as well as whether systems and procedures are in place to support compliance with these principles.
- Key topics in the interviews conducted at Group level related to the materiality analysis, i.e. health and nutrition; responsible marketing; employee wellbeing and engagement; vehicle fleets; corporate governance; business ethics; compliance and anti-corruption; sourcing; product quality and integrity, and food safety; energy, emissions and climate change; cold drink equipment (coolers); TCFD and climate risk assessment; packaging; recycling and waste management; water stewardship; the World Without Waste initiative; #YouthEmpowered and other community programmes (including community investments); human rights and diversity; business risks and opportunities; and social impact.
- Conducting interviews at country headquarters in Austria, Hungary, Poland, Bulgaria, North Macedonia, Nigeria, Serbia and Egypt in order to assure that the information required for the engagement was complete.
- Performing audits in eight manufacturing plants, the majority of which were located in emerging markets: Edelstal (Austria), Dunaharaszti (Hungary), Radzymin (Poland), Bankya (Bulgaria), Skopje (North Macedonia), Challawa (Nigeria), Rosa (Serbia) and Sadat (Egypt).
- Making enquiries and conducting spot checks to assess the implementation of Company policies (at plant, market (BU) and Group level).
- Making enquiries and conducting spot checks regarding necessary documentation for assessing the current data collection systems, and the procedures in place to ensure reliable and consistent reporting from the plants to Group level.

Assurance statement *continued*

- Verifying all three inventory scopes (Scopes 1, 2 and 3) as defined by the GHG Protocol (Corporate Standard), including progress against emission reduction targets, reported changes in emissions compared with the baseline year (2010 and 2017) and the figures for absolute emissions and emissions intensity in 2022.
- Verifying the materiality process and materiality assessment as defined by the GRI Universal Standards (2021).
- Verifying the GRI Content Index, which was published in a separate section of the Company website, to ensure consistency with the requirements for reporting in accordance with the GRI Universal Standards (2021).
- Conducting additional interviews with four external stakeholders representing different stakeholder groups (i.e., business partners, suppliers, investors, and non-governmental organisations) during the Annual Stakeholder Forum event held in December 2022.

The scope of assurance covers all information relevant to sustainability in the Report and focuses on Company systems and activities during the reporting period. However, the following chapter were not covered in the sustainability assurance process:

- Financial Statements and Swiss Statutory Reporting.

In-person audits were conducted in the following countries: Austria, Bulgaria, Egypt, Hungary, North Macedonia, Poland and Serbia. Due to political risks, the audit in Nigeria was conducted virtually, whereby video conferencing technology was used to facilitate virtual tours of manufacturing plants.

The facilities and operations in Belarus, Russia and Ukraine were included in the assurance work, although in-person audits at local level were not conducted for these countries.

Conclusions

On the basis of our work, we found nothing to suggest that the information in the 2022 Integrated Annual Report and in the 2022 GRI Content Index is inaccurate or contains material misstatements. Any errors or misstatements identified during the engagement were corrected prior to the Report being published.

Positive developments

- Sustainability is deeply embedded in the Company culture. This is evident in well-structured, easily accessible guidelines which ensure proper implementation of Company-wide standards, e.g. the Code of Business Conduct, the Inclusion and Diversity Policy, the Mission 2025 Guidebook, Health and Safety Whitebook, and HR Whitebook. It is also reflected in the organisational structure and across all functions, with a clear set of responsibilities for sustainability strategy, from factory-level to senior management.
- During the reporting period the Company published its new biodiversity commitment, pledging to achieve a net positive impact on biodiversity in critical areas by 2040 and to eliminate deforestation in the supply chain by 2030. The commitment underlines the importance of the topic and the strong implementation and integration of biodiversity in the Company's strategy.
- The Company demonstrates a very strong commitment to its goals. Most operations have a strong track record of collecting and documenting sustainability data. Data traceability has significantly improved over recent years, due to well-structured monitoring and reporting processes at plant, market, and Group level, as well as specialised software.
- The Company fully understands the links between business risks and sustainability issues. An advanced risk management system has been developed in recent years. The detailed quantitative analysis of climate-related water risks (physical and transitional) performed by the Company in 2021, using established tools, can be considered an example of best-practice. In 2022 the impact of extreme weather events on the production sites was quantified. Also, reporting the connection between risk management and sustainability topics has been improved and enhanced. Procedures for identifying and mitigating risks comprehensively cover sustainability-related risks, e.g. by integrating the climate risk management process in enterprise risk management in line with the TCFD recommendations. Specific plans for further progress in aligning with the TCFD recommendations in the coming years, such as further quantitative climate risk assessments, demonstrate clear commitment to the issue.
- The Company has put great effort into developing the #YouthEmpowered programme by increasing numbers of participants as well as establishing a data monitoring and reporting system with a high level of maturity. #YouthEmpowered is the flagship social programme of the Company's Mission 2025 sustainability commitments. It aims to support young people and increase their employability by providing modular education opportunities in soft and/or business skills. The reboot of the training programme in 2023 is focusing on skills closer to the business model including those connected with hotel, restaurant and café (HORECA) operations, as well as customer and sales training topics.
- The Company started a pilot project on supplier-specific emission factors as a joint initiative with the Coca-Cola System to mirror efforts towards decarbonisation being made in the supply chain.
- In 2022, the Company issued its first green bond to support and enhance its efforts towards achieving its sustainability targets. The Company is also working to expand partnerships and collaboration networks, to collectively work on achieving its NetZeroby40 and Mission 2025 commitments.

Findings and conclusions regarding adherence to the AA1000 principles of inclusivity, materiality, responsiveness, impact, and specific performance-related information:

Inclusivity

- Group level: The Company has implemented a comprehensive and efficient stakeholder engagement process at Group level. Its cornerstones are the annual internal and external materiality survey and the Annual Stakeholder Forum (held online in December 2022).
- Market and plant level: Stakeholder engagement activities at market and plant level are in greater evidence. The Company is well aware of stakeholder concerns, and it consistently integrates the views of stakeholders at all levels.
- Overall, the whole stakeholder engagement process is professional and of high quality. A strong commitment to the process was evident across the various country audits.

Assurance statement *continued*

Materiality

- Group level: A robust process for defining topics material for the Company is in place. The materiality assessment process considers stakeholder expectations with regard to relevant topics. This year the Company also conducted its own impact assessment, analysing how significantly each material topic impacts society and the environment, based on the scale of the impact, severity, likelihood. The results were used to confirm the impact assessment results from the stakeholder survey. By using the categories impact, severity and likelihood, the Company is preparing itself for the upcoming requirements of the Corporate Sustainability Reporting Directive (CSRD). The material topics identified during the assessment in 2022 provided the basis for the sustainability strategy and reporting.
- Market and plant level: As various markets are publishing sustainability reports in combination with socio-economic impact studies, formalised processes for carrying out the materiality assessment have been more strongly implemented throughout the organisation.
- It is recommended to continue using the 'double materiality' concept (also used in the CSRD) as well as to continue work to combine the two perspectives of¬ financial materiality, and environmental and social materiality ¬with a risks and opportunities assessment from both the financial and non-financial perspectives.
- The product portfolio is under development, with the integration and growth of new product and service segments such as coffee drinks, snacks, and premium spirits. The majority of the social and environmental impacts of these new segments have already been included in the scope of ESG assessment. We recommend further assessment and even greater integration of these new product segments into the Company's sustainability management approach including the development and adaptation of guidelines and policies.

Responsiveness

- The Company demonstrated a fast and professional response to the Russia-Ukraine war in its support for local employees and communities via product donations, financial contributions and volunteering activities.
- Support for external stakeholders in regard to COVID-19 in form of product donations and financial contribution continued in 2022.
- Operations in Russia transitioned to a local, self-sufficient business, which is managed by a local team and focused on local brands.

Impact

- Group level: The Company has robust processes in place for understanding, assessing, and managing its impacts, including risk management and strategy development. This year the company placed a strong emphasis on linking together risk assessment, materiality assessment and sustainability topics.
- Market level: Sound socio-economic impact studies are conducted in individual markets on a regular basis, to measure the organisational impact on communities. Results from these studies are summarised at Group level to disclose the organisation's impact on stakeholders, the society and on the Company itself.
- As part of the Mission 2025 strategy, the Company has published a strong set of commitments with a long-term perspective, covering a wide range of environmental and social impact areas along the value chain. In particular, the Company's commitment to NetZeroby40 demonstrates its ambitious environmental roadmap.

Additional conclusions and recommendations

- The Company grew its business by acquiring further companies such as bottling plants in Egypt, Lurisia in Italy, and Teplice in the Czech Republic, as well as a preform producer. The Company has started integrating them into their group strategy and reporting. Nevertheless, this integration process is not complete. Going forward, a strong emphasis should be placed on incorporating these new acquisitions into the company vision, guidelines and policies, as well as data monitoring and reporting.
- The Company demonstrates excellent engagement and know-how in relation to packaging waste management, reflecting its ambitious targets in this area. However, efforts need to be increased, since the Company's 2025 targets for use of recycled PET and/or PET from renewables, as well as packaging collection for recycling, do not currently appear to be within reach. Therefore, our recommendation is to develop a solid and clear strategy as well as long-term goals in regard to this topic with a continued focus on refillable and package-less systems.
- Although the Company has heavily invested in achieving its safety ambitions, it has to continue exploring ways of increasing awareness of behavioural-based safety and strengthen the safety culture to reverse the trend of the rising lost time accident rate. Additionally, the Company should further strengthen workplace accountability practices within its operations, especially in emerging markets, with a focus on third-party contractors.
- The Company has set already commitments beyond 2025 (related to the Science-based carbon reduction targets by 2030, NetZeroby40, food waste and loss, and biodiversity), and we recommend the work on updating its sustainability strategy and targets to continue as the Mission 2025 goals will be realised very soon.

Willibald Kaltenbrunner
Lead Auditor

denkstatt GmbH
Advisory for Sustainable Development

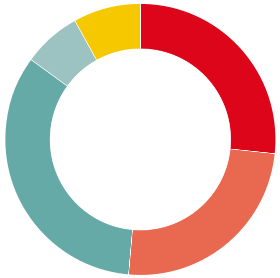
Vienna, 10 March 2023

AA1000
Licensed Report
000-86/V3-4MN20

Shareholder information

We take great pride in being regarded as a transparent and accessible company in all our communications with investment communities around the world. We engage with key financial audiences, including institutional investors, sell-side analysts and financial journalists, as well as our Company's shareholders. The investor relations department manages the interaction with these audiences by attending ad hoc meetings and investor conferences throughout the year, in addition to the regular meetings and presentations held at the time of our results announcements.

Geographic concentration (%)



North America	**27%**
Western Europe	**25%**
UK	**34%**
Nordic	**7%**
Other	**8%**

Listings

Coca-Cola HBC AG (LSE: CCH) was admitted to the premium listing segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities on 29 April 2013. With effect from 29 April 2013, Coca-Cola HBC AG's shares are also admitted on the Athens Exchange (ATHEX: EEE). Coca-Cola HBC AG has been included as a constituent of the FTSE 100 and FTSE All-Share Indices from 20 September 2013.

London Stock Exchange
Ticker symbol: CCH
ISIN: CH019 825 1305
SEDOL: B9895B7
Reuters: CCH.L
Bloomberg: CCH LN

Athens Exchange
Ticker symbol: EEE
ISIN: CH019 825 1305
Reuters: EEEr.AT
Bloomberg: EEE GA

Credit rating

Standard & Poor's: L/T BBB+, S/T A2, negative outlook
Moody's: L/T Baa1, S/T P2, stable outlook

Share price performance

LSE: CCH	2022	2021	2020
In £ per share			
Close	**19.73**	25.55	23.77
High	**26.87**	27.84	28.83
Low	**14.605**	21.60	14.94
Market capitalisation (£ million)	**7,235**	9,348	8,660

ATHEX: EEE	2022	2021	2020
In € per share			
Close	**22.60**	30.26	26.42
High	**31.97**	32.80	34.24
Low	**17.995**	24.18	16.99
Market capitalisation (€ million)	**8,287**	11,071	9,625

Source: Bloomberg

Share capital

In 2022, the share capital of Coca-Cola HBC increased by the issue of 290,677 new ordinary shares following the exercise of stock options pursuant to the Group's employee stock option plan. Total proceeds from the issuance of the shares under the stock option plan amounted to €4.7 million.

Following the above changes, and including 5,386,717 ordinary shares held as treasury shares, on 31 December 2022 the share capital of the Group amounted to €2,024.3 million and comprised 372,086,095 shares with a nominal value of CHF 6.70 each.

Major shareholders

The principal shareholders of the Group are Kar-Tess Holding (a Luxembourg company), which holds approximately 23%, and The Coca-Cola Company, which indirectly holds approximately 21% of the Group's issued share capital.

Dividends

For 2022, the Board of Directors has proposed a €0.78 dividend per share, up 9.9% year on year representing a 46% pay-out ratio. Dividend pay-out ratio target is 40-50%,

This compares with a dividend payment of €0.71 per share in 2021. For more information on our dividend policy and dividend history, please visit our website at www.coca-colahellenic.com

Financial calendar

3 May 2023	First quarter trading update
17 May 2023	Annual General Meeting
9 August 2023	Half-year financial results
2 November 2023	Third quarter trading update

Corporate website

www.coca-colahellenic.com

Shareholder and analyst information

Shareholders and financial analysts can obtain further information by contacting:

Investor Relations
Tel: +30 210 618 3100
Email: investor.relations@cchellenic.com
IR website: www.coca-colahellenic.com

2022 SASB Index

2022 SASB Index

The majority of the information required by the Sustainability Accounting Standards Board (SASB) framework is included in the 2022 Integrated Annual Report (IAR) and 2022 GRI Content Index. Part of the information refers to our public website https://www.coca-colahellenic.com/

The Coca-Cola HBC AG 2022 IAR has been prepared in accordance with the Global Reporting Initiative Standards (GRI Universal Standards 2021). It has been independently assured by denkstatt GmbH. The independent assurance statement is on pages 250-252 of the 2022 IAR.

All the numbers refer to total CCHBC markets excluding Egypt unless otherwise stated.

Table 1. Sustainability disclosure topics & accounting metrics

Topic	Accounting metric	Category	Unit of measure	Code	Response
Fleet fuel management	Fleet fuel consumed	Quantitative	Gigajoules (GJ)	FB-NB-110a.1	887
	Percentage renewable		Percentage (%)		0%
Energy management	Operational energy consumed	Quantitative	Gigajoules (GJ)	FB-NB-130a.1	6,478
	Percentage grid electricity		Percentage (%)		64%
	Percentage renewable		Percentage (%)		20%
Water management	Total water withdrawn	Quantitative	Thousand cubic metres (m³)	FB-NB-140a.1	25,946
	Total water consumed		Thousand cubic metres (m³)		16,080
	and percentage of each in regions with High or Extremely High Baseline Water Stress		Percentage (%)		36%
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and analysis	n/a	FB-NB-140a.2	2022 IAR, Water stewardship (page 52), and Risk sections (pages 59-81). 2022 GRI Content Index (GRI 303: Water and Effluents).
					CCHBC website_Sustainability section_Water stewardship
Health & nutrition	Revenue from: zero- and low-calorie beverages	Quantitative	EUR	FB-NB-260a.1	€1,526.1 million only from Sparkling soft drinks (SSD) portfolio, 24.8% of total SSD revenue.
	no added sugar beverages		EUR		Not reported; we report towards our Mission 2025 commitment for calorie reduction per 100ml sparkling soft drinks by 25% (2025 vs. 2015): in 2022 we reduced the calories in our sparkling soft drinks by 17% vs. 2015.
					CCHBC website_Sustainability section_Nutrition
	artificially sweetened beverages		EUR		Not reported.

2022 SASB Index *continued*

Table 1. Sustainability disclosure topics & accounting metrics continued

Topic	Accounting metric	Category	Unit of measure	Code	Response
Product labelling & marketing	Percentage of advertising impressions (1) made on children and (2) made on children promoting products that meet dietary guidelines	Quantitative	Percentage (%)	FB-NB-270a.1	Not reported. As a member of both the Coca-Cola System and UNESDA, we abide by their respective responsible marketing guidelines. In addition, we have a responsible marketing policy for alcoholic beverages, while our strategic approach towards marketing to children is covered by our health and wellness policy. https://www.unesda.eu/advertising-marketing-practices/ Health and Wellness Policy
	Revenue from products labelled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	Quantitative	Reporting currency	FB-NB-270a.2	(1) None – we don't produce/sell GMO products. (2) non-GMO: €9,198.4 million (100% of the portfolio). CCHBC website_GMO Policy
	Number of incidents of non-compliance with industry or regulatory labelling and/or marketing codes	Quantitative	Number	FB-NB-270a.3	Three incidents of non-compliance with regulatory labelling (with zero fines) and five with industry marketing codes in 2022, with mitigation plans in place for all of the above incidents. Refer to the 2022 GRI Content Index (417-2 and 417-3).
	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labelling practices	Quantitative	Reporting currency	FB-NB-270a.4	Total amount of monetary losses: €0 in 2022. Refer to the 2022 GRI Content Index (417-2 and 417-3).
Packaging lifecycle management	Total weight of packaging	Quantitative	Metric tonnes (t)	FB-NB-410a.1	786,889
	(2) percentage made from recycled and/or renewable materials	Quantitative	Percentage (%)	FB-NB-410a.1	10.5% rPET (placed on the market); 33% recycled glass; 49% recycled aluminium
	(3) percentage that is recyclable, reusable, and/or compostable	Quantitative	Percentage (%)	FB-NB-410a.1	100% of primary packaging (recyclable by design)
	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	Discussion and analysis	n/a	FB-NB-410a.2	CCHBC website_Sustainability section_World without waste
Environmental & social impacts of ingredient supply chain	Suppliers' social and environmental responsibility audit: non-conformance rate and associated corrective action rate for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-NB-430a.1	2022 GRI Content Index (2-6, 308-1,308-2, 407-1, 408-1, 409-1, 414-1) CCHBC website_Sustainable sourcing and Our suppliers sections CCHBC website_Sustainability section_Sourcing CCHBC website_Supplier Guiding Principles
Ingredient sourcing	Percentage of beverage ingredients sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by cost	FB-NB-440a.1	0.8% of ingredients supplier spend is in high water risk areas as per our assessment by using WWF Water Risk Filter (excluding Egypt). 3.7% of ingredients supplier locations are in high water risk areas as per our assessment by using WWF Water Risk Filter (excluding Egypt).
	List of priority beverage ingredients and description of sourcing risks due to environmental and social considerations	Discussion and analysis	n/a	FB-NB-440a.2	CCHBC website_Sustainability section_Sourcing 2022 GRI Content Index (2-6, 308-1, 308-2, 407-1, 408-1, 409-1, 414-1) CCHBC website_Sustainable sourcing and Our suppliers sections

2022 SASB Index *continued*

Table 2. Activity metrics

Activity metric	Category	Unit of measure	Code	Response
Volume of products sold	Quantitative	Millions of hectolitres (Mhl)	FB-NB-000.A	14,434.28 (excluding Egypt, which was acquired in January 2022 and the transition process is ongoing). 14,981.38 (including Egypt).
Number of production facilities	Quantitative	Number	FB-NB-000.B	55 production facilities for non-alcoholic beverages (excluding Egypt). 60 production facilities for non-alcoholic beverages (including Egypt).
Total fleet road miles travelled	Quantitative	Kilometres	FB-NB-000.C	321,223,574

Glossary

AI
Artificial Intelligence.

B2B
Business-to-business.

Baltics; Baltic States
Estonia, Latvia and Lithuania.

Basis points (bps)
One hundredth of one percentage point (used chiefly in expressing differences).

Bottlers
Business entities that sell, manufacture, and distribute beverages of The Coca-Cola Company under a franchise agreement.

Bottling plant
A beverage production facility, including associated warehouses, workshops, and other on-site buildings and installations.

CAGR
Compound annual growth rate.

Capital expenditure; CapEx; Capex; CAPEX
Gross CapEx is defined as payments for purchases of property, plant and equipment. Net CapEx is defined as payments for purchases of property, plant and equipment less proceeds from sales of property, plant and equipment plus principal repayments of lease obligations. Refer also to 'Alternative performance measures' section.

COGS
Cost of Goods Sold.

Combined Heat and Power (CHP) unit
Also called tri-generation units, these can produce power, heat, cooling and CO_2 in a combined process that is up to 40 percent more efficient than separate processes.

CO_2
Carbon dioxide, a greenhouse gas.

CO_2eq; CO_2e
A carbon dioxide equivalent or CO_2 equivalent, abbreviated as CO_2 eq or CO_2e is a metric measure used to compare the emissions from various greenhouse gases (GHG) on the basis of their global-warming potential (GWP), by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming.

Coca-Cola HBC; CCHBC; CCH
Coca-Cola HBC AG, and, as the context may require, its subsidiaries and joint ventures; also, the Group, the Company.

Coca-Cola System
The Coca-Cola Company and its bottling partners.

Cold drink equipment (CDE)
A generic term encompassing point-of-sale equipment such as coolers (refrigerators), vending machines and post-mix machines.

Comparable adjusted EBITDA
We define comparable adjusted EBITDA as operating profit before deductions for depreciation and impairment of property, plant and equipment (included both in cost of goods sold and in operating expenses), amortisation and impairment of intangible assets, impairment of equity method investments, employee share option and performance shares compensation and other non-cash items, if any; further adjusted for restructuring costs, acquisition and integration costs, the impact from the Russia-Ukraine conflict and the mark to market valuation of commodity hedging activity. Refer also to 'Alternative performance measures' section.

Comparable net profit
Refers to net profit after tax attributable to owners of the parent adjusted for restructuring costs, acquisition and integration costs, the impact from Russia-Ukraine conflict, the mark to market valuation of commodity hedging activity and certain other tax items. Refer also to 'Alternative performance measures' section.

Comparable operating profit (EBIT)
Comparable operating profit (EBIT) refers to profit before tax excluding finance income/ (costs) and share of results of non-integral equity-method investments, adjusted for restructuring costs, acquisition and integration costs, the impact from Russia-Ukrainian conflict and the mark to market valuation of commodity hedging activity. Refer also to 'Alternative performance measures' section.

Comparable operating expenditure
Comparable operating expenditure refers to operating expenditure adjusted for restructuring costs, acquisition and integration costs, the impact from Russia-Ukraine conflict and the mark to market valuation of certain commodity hedging activity. Refer also to 'Alternative performance measures' section.

Concentrate
Base of a beverage, to which water and other ingredients are added to produce beverages. It may contain concentrated plant extracts, fruit juices, colourings and other components.

Consumer
Person who drinks Coca-Cola HBC products.

Customer
Retail outlet, restaurant or other operation that sells or serves Coca-Cola HBC products directly to consumers.

Dividend policy
Our Board of Directors approved a dividend policy, effective from 2022, aiming to increase dividend payments progressively with a medium-term target pay-out ratio of 40-50% on comparable net profits.

Energy use ratio
The KPI used by Coca-Cola HBC to measure energy consumption in the bottling plants, expressed in megajoules of energy consumed per litre of produced beverage (MJ/lpb).

ELT
Executive Leadership Team.

Emissions (Scope 1 and 2) or GHG emissions (Scope 1 and 2)
Emissions of CO_2 and other greenhouse gases from fuel combustion and energy use in Coca-Cola HBC's own operations in bottling, storage, distribution and in offices.

Emissions (Scope 1, 2 and 3) or GHG emissions (Scope 1, 2 and 3)
Global emissions of CO_2 and other greenhouse gases from Coca-Cola HBC's wider value chain (raw materials, product cooling, etc.).

ESG
Environment, Social and Governance, referring to the three key factors affecting the sustainability and ethical impact of a business or company.

FMCG
Fast-moving consumer goods.

FTE
Full time equivalent, referring to a unit to measure employed people in a way that makes them comparable, even though they may work different hours each week.

GDP
Gross domestic product.

GHGs
Greenhouse gases. The major GHGs are carbon dioxide (CO_2), methane (CH_4) and nitrous oxide ($N_2$0).

GRI
Global Reporting Initiative, a global standard for sustainability reporting.

HoReCa
Distribution channel encompassing hotels, restaurants and cafés.

IASB
International Accounting Standards Board.

IFRS
International Financial Reporting Standards, issued by the International Accounting Standards Board.

Glossary *continued*

IIRC
The International Integrated Reporting Council, a global coalition of regulators, investors, companies, standard-setters, the accounting profession and NGOs. The coalition is promoting communication about value creation as the next step in the evolution of corporate reporting.

IMCR
Incident Management and Crisis Resolution.

Ireland
The Republic of Ireland and Northern Ireland.

Italy
Territory in Italy served by Coca-Cola HBC (excludes Sicily).

KeelClip™
Paper packaging for multipack cans with a central 'keel', like on a boat, that secures the pack.

KPIs
Key Performance Indicators.

Litre of produced beverage (lpb)
Unit of reference to show environmental performance relative to production volume.

Market
When used in reference to geographic areas, a country in which Coca-Cola HBC does business.

Mission 2025
2025 sustainability commitments with 17 goals. Developed in late 2018, the goals are based on our stakeholder materiality matrix and aligned with the United Nations Sustainable Development Goals (SDGs) and their targets. The six key focus areas reflect our value chain: reducing emissions; water reduction and stewardship; packaging (World Without Waste); ingredient sourcing; nutrition; and our people and communities.

Multon
Multon refers to Multon Partners, our operation in Russia since 5 August 2022. More details on the regulatory news release can be found on company's website.

NetZeroby40
Long-term commitment to achieving net zero emissions across our entire value chain (Scope 1, 2 and 3) by 2040. The commitment is endorsed by the "We Mean Business" coalition and was published in October 2021. More details on our Scope 1, 2 and 3 emissions are disclosed in the 2022 GRI Content Index. Please see also our 2022 CDP Climate response: https://www.coca-colahellenic.com/content/dam/cch/us/documents/a-more-sustainable-future/mission-2025/CDP-RESPONSE-2022_COCACOLA-HBC-AG_CLIMATE_CHANGE.pdf.downloadasset.pdf.

NetZeroby40 information from our website:

https://www.coca-colahellenic.com/en/a-more-sustainable-future/netzeroby40

NARTD
Non-alcoholic ready-to-drink.

NGOs
Non-governmental organisations.

PET
Polyethylene terephthalate, a form of polyester used in the manufacturing of beverage bottles.

Per-capita consumption
Average number of servings consumed per person per year in a specific market. Coca Cola HBC's per capita consumption is calculated by multiplying our unit case volume by 24 and dividing by the population.

Premium sparkling
Includes Trademark Coca-Cola, Fanta, Sprite, Schweppes, Tuborg and Kinley sparkling beverages.

Ready-to-drink (RTD)
Drinks that are pre-mixed and packaged, ready to be consumed immediately with no further preparation.

ROIC
Return on invested capital. ROIC is the percentage return that a company makes over its invested capital. We define ROIC as the percentage of comparable net profit excluding net finance costs divided by the five-quarter capital employed. Capital employed is calculated as the five-quarter average net debt and shareholders' equity attributable to the owners of the parent. Refer also to 'Alternative performance measures' section.

rPET
Recycled PET refers to any PET material that comes from a recycled source rather than the original, unprocessed petrochemical feedstock.

SAP
A powerful software platform that enables us to standardise key business processes and systems.

SBTN
The Science Based Targets Network is a collaboration of leading global non-profits and mission-driven organisations working together to equip companies as well as cities with the guidance to set science-based targets for all of Earth's systems.

SDG
UN Sustainable Development Goals. On 25 September 2015, countries adopted a set of 17 goals to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. Each goal has specific targets to be achieved by 2030.

Senior leaders; senior management
Our top 300 business leaders, which includes country function heads, Group sub-function heads and the Executive Leadership Team (ELT), including the CEO.

Serving
237ml or 8oz of beverage, equivalent to 1/24 of a unit case.

Sparkling beverages
Non-alcoholic carbonated beverages containing flavourings and sweeteners, but excluding, among others, waters and flavoured waters, juices and juice drinks, sports and energy drinks, teas and coffee.

Still and water beverages
Non-alcoholic beverages without carbonation including, but not limited to, waters and flavoured waters, juices and juice drinks, sports and energy drinks, teas and coffee.

Socio-economic impact
In conducting socio-economic studies, we use input-output modelling to generate estimates of jobs supported and economic value added. Data we use in this process includes our financial information (revenues, expenses, taxes, sales volume and profits) as well as some data from The Coca-Cola Company. While rigorous, the process involves statistical modelling, which should be considered when interpreting and using the results from the studies. Modelling enables an assessment of three key dimensions of impact:

- direct: immediate effect in terms of employment, wages and output
- indirect: subsequent effect in the supply chain
- induced: effect caused by staff spend on goods or services

We do not conduct socio-economic studies for all of our markets every year; studies are conducted for each market on a rolling basis. In 2022, we updated the studies for ten markets, adding this information to the aggregate results from all socio-economic impact studies for the period 2018-2022.

Notes to the socio-economic contributions presented on page 15 of this report:

- Numbers presented are aggregated based on the local socio-economic studies from Coca-Cola HBC markets published between 2018 and 2022, except for North Macedonia where the report is from 2017.

Glossary *continued*

- All KPIs represent annual impact.
- Where applicable and relevant in local socioeconomic studies, the impact of other entities of the Coca-Cola System is included

SSD
Sparkling soft drinks.

TCCC
The Coca-Cola Company and, as the context may require, its subsidiaries.

TCFD
Task Force on Climate-related Financial Disclosures.

UNESDA
Union of European Soft Drinks Associations.

Unit case (u.c.)
Approximately 5.678 litres or 24 servings, a typical volume measurement unit. For Bambi volume, one unit case corresponds to 1 kilogram.

UN Global Compact (UNGC)
The world's largest corporate citizenship initiative which provides a framework for businesses to align strategies with its 10 principles promoting labour rights, human rights, environmental protection and anti-corruption.

Volume
Amount of physical product produced and sold, measured in unit cases.

Value share
Percentage of total consumer spend within a defined category or industry.

Waste ratio
The KPI used by Coca-Cola HBC to measure waste generation in its bottling plants, expressed in grammes of waste generated per litre of produced beverage (g/lpb).

Waste recycling
The KPI used by Coca-Cola HBC to measure the percentage of production waste at bottling plants that is recycled or recovered.

Water footprint
A measure of the impact of water use, in operations or beyond, as defined by the Water Footprint Network methodology.

Water use ratio
The KPI used by Coca-Cola HBC to measure water use in its bottling plants, expressed in litres of water used per litre of produced beverage (l/lpb).

Working capital
Operating current assets minus operating current liabilities excluding financing and investment activities.

#YouthEmpowered (#YE)
Flagship programme from our Mission 2025 sustainability commitments, which aims to support young people and increase their employability by providing modular education of soft and/or business skills. It is delivered via classroom sessions, virtual training, self e-learning modules, mentoring sessions and other channels handled locally by our markets.

Special note regarding forward-looking statements

This document contains forward-looking statements that involve risks and uncertainties. These statements may generally, but not always, be identified by the use of words such as 'believe', 'outlook', 'guidance', 'intend', 'expect', 'anticipate', 'plan', 'target', 'seek', 'estimates', 'potential' and similar expressions to identify forward-looking statements. All statements other than statements of historical fact, including, among others, statements regarding the future financial position and results; Coca-Cola HBC's outlook for 2023 and future years; business strategy and the effects of the global economic slowdown; the impact of the sovereign debt crisis, currency volatility, Coca-Cola HBC's recent acquisitions, and restructuring initiatives on Coca-Cola HBC's business and financial condition; Coca-Cola HBC's future dealings with The Coca-Cola Company; budgets; projected levels of consumption and production; projected raw material and other costs; estimates of capital expenditure; free cash flow; and effective tax rates and plans and objectives of management for future operations, are forward-looking statements. You should not place undue reliance on such forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they reflect Coca-Cola HBC's current expectations and assumptions about future events and circumstances that may not prove accurate. Forward-looking statements speak only as of the date they are made. Coca-Cola HBC's actual results and events could differ materially from those anticipated in the forward-looking statements for many reasons, including the risks described in the Risk and materiality section. Although Coca-Cola HBC believes that, as of the date of this document, the expectations reflected in the forward-looking statements are reasonable, Coca-Cola HBC cannot assure that Coca-Cola HBC's future results, level of activity, performance or achievements will meet these expectations. Moreover, neither Coca-Cola HBC, nor its Directors, employees, advisers nor any other person assumes responsibility for the accuracy and completeness of any forward-looking statements. After the date of this Integrated Annual Report, unless Coca-Cola HBC is required by law or the rules of the UK Financial Conduct Authority to update these forward-looking statements, Coca-Cola HBC makes no commitment to update any of these forward- looking statements to conform them either to actual results or to changes in Coca-Cola HBC's expectations.

About our report

The 2022 Integrated Annual Report (the 'Annual Report') consolidates Coca-Cola HBC AG's (also referred to as 'Coca-Cola HBC' or the 'Company' or the 'Group') UK and Swiss disclosure requirements, while meeting the disclosure requirements for its secondary listing on the Athens Exchange. In addition, the Annual Report aims to deliver against the expectations of the Company's stakeholders and sustainability reporting standards, providing a transparent overview of the Group's performance and progress in sustainable development for 2022.

Our strategy is designed to deliver, sustainable and profitable growth. This strategy is grounded in our purpose to open up moments that refresh us all. Our purpose is directly linked to our strategy and the five growth pillars that guide us as we pursue our objectives and targets. Those growth pillars are: 1. Leverage our unique 24/7 portfolio; 2. Win in the marketplace; 3. Fuel growth through competitiveness and investments; 4. Cultivate the potential of our people; 5 Earn our license to operate. The initiatives we implemented within each of these pillars forms the basis of the narrative of the Integrated Annual Report, which is structured around these five pillars.

The Annual Report is for the year ended 31 December 2022, and its focus is on the primary core business of non-alcoholic ready-to-drink beverages across the 29 countries in which we operate. Our website and any other website referred to in the Annual Report are not incorporated by reference and do not form part of the Annual Report.

The consolidated financial statements of the Group, included on pages 164-167, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Coca-Cola HBC AG's statutory financial statements, included on pages 230-232, have been prepared in accordance with the Swiss Code of Obligations. Unless otherwise indicated or required by context, all financial information contained in this document has been prepared in accordance with IFRS. For Swiss law purposes, the annual management report consists of the sections entitled 'Strategic Report', 'Corporate Governance' (without the sub-section 'Director's Remuneration Report'), 'Supplementary Information' and 'Glossary'.

The Group uses certain Alternative performance measures (APMs) which provide additional insights and understanding to the Group's underlying operating and financial performance, financial condition and cash flows. A full list of these APMs, their definition and reconciliation to the respective IFRS measures can be found on pages 245-249.

This report has been prepared in accordance with the GRI Standards (2022). In addition, the sustainability aspects of this Annual Report comply with the AA1000AS Assurance Standard, and the requirements for communication on progress against the 10 Principles of the United Nations Global Compact (UNGC). In addition, the report is aligned with the principles and elements of the International Integrated Reporting Council's (IIRC) framework. Greenhouse gas emissions are calculated using the GHG Protocol Corporate Accounting and Reporting Standard methodology. Furthermore, Coca-Cola HBC supports the Task Force on Climate-related Financial Disclosures (TCFD) and reports to the Sustainability Accounting Standards Board (SASB) framework. The sustainability aspects of the Integrated Annual Report have been verified by an independent professional assurance provider as dictated by the Company's Executive Leadership Team (ELT), and you can find the relevant assurance statement on pages 250-252. As with the rest of the information provided, the sustainability aspects of this Annual Report are for the full year ended 31 December 2022 and the related information presented is based on an annual reporting cycle.

Scope of the report 2022: environmental and social data includes North Macedonia joint venture, Ukraine and Russia, unless otherwise stated. Snacks manufacturing operations are not included in the environmental and social reporting, unless otherwise stated (due to their very small impact, less than the internal materiality threshold). Relevant impact areas from coffee and premium spirits categories are included in the environmental and social data. As the recently acquired Egyptian operations are still under transition, only a very few of their environmental and social data are part of our sustainability data, and it is clearly stated.

We remain committed to strong corporate governance and leadership as well as transparency in our disclosures. We will continue to review our reporting approach and routines, to ensure they meet best practice reporting standards and the expectations of our stakeholders, and provide visibility on how we create sustainable value for the communities we serve.

Visit us

www.coca-colahellenic.com

The Group site features all the latest news and stories from around our business and communities, as well as an interactive online version of this report.

Write to us

We have dedicated email addresses which you can use to communicate with us:

investor.relations@cchellenic.com
sustainability@cchellenic.com

Coca-Cola HBC AG
Turmstrasse 26, CH-6312 Steinhausen, Switzerland
www.coca-colahellenic.com
investor.relations@cchellenic.com
sustainability@cchellenic.com

Coca-Cola HBC

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