

OPEN UP MOMENTS THAT REFRESH US ALL

Integrated Annual Report 2023

Reporting on a purposeful year

Welcome to our 2023 Integrated Annual Report. Here, we share progress on a year in which we defined our purpose, **Open up moments that refresh us all**, energising us to be more collaborative, more resilient and more agile in how we do things.

We hope you enjoy reading about how we opened up moments for a diverse range of stakeholders, delivering record-breaking results, while building on our Hellenic culture.



Please click here to view our integrated report online:

www.coca-colahellenic.com/en/investor-relations/2023-integrated-annual-report

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2023 highlights

Volume

2,835.5 million unit cases

2022: 2,711.8 million unit cases

Comparable EBIT[1]

€1,083.8m

2022: €929.7m

Profit before tax

€910.3m

2022: €623.6m

Comparable EPS[1]

€2.078

2022: €1.706

Basic EPS

€1.730

2022: €1.134

Net sales revenue

€10,184.0m

2022: €9,198.4m

Comparable EBIT[1] margin

10.6%

2022: 10.1%

Net profit[2]

€636.5m

2022: €415.4m

Primary packaging collected for recycling (equivalent)

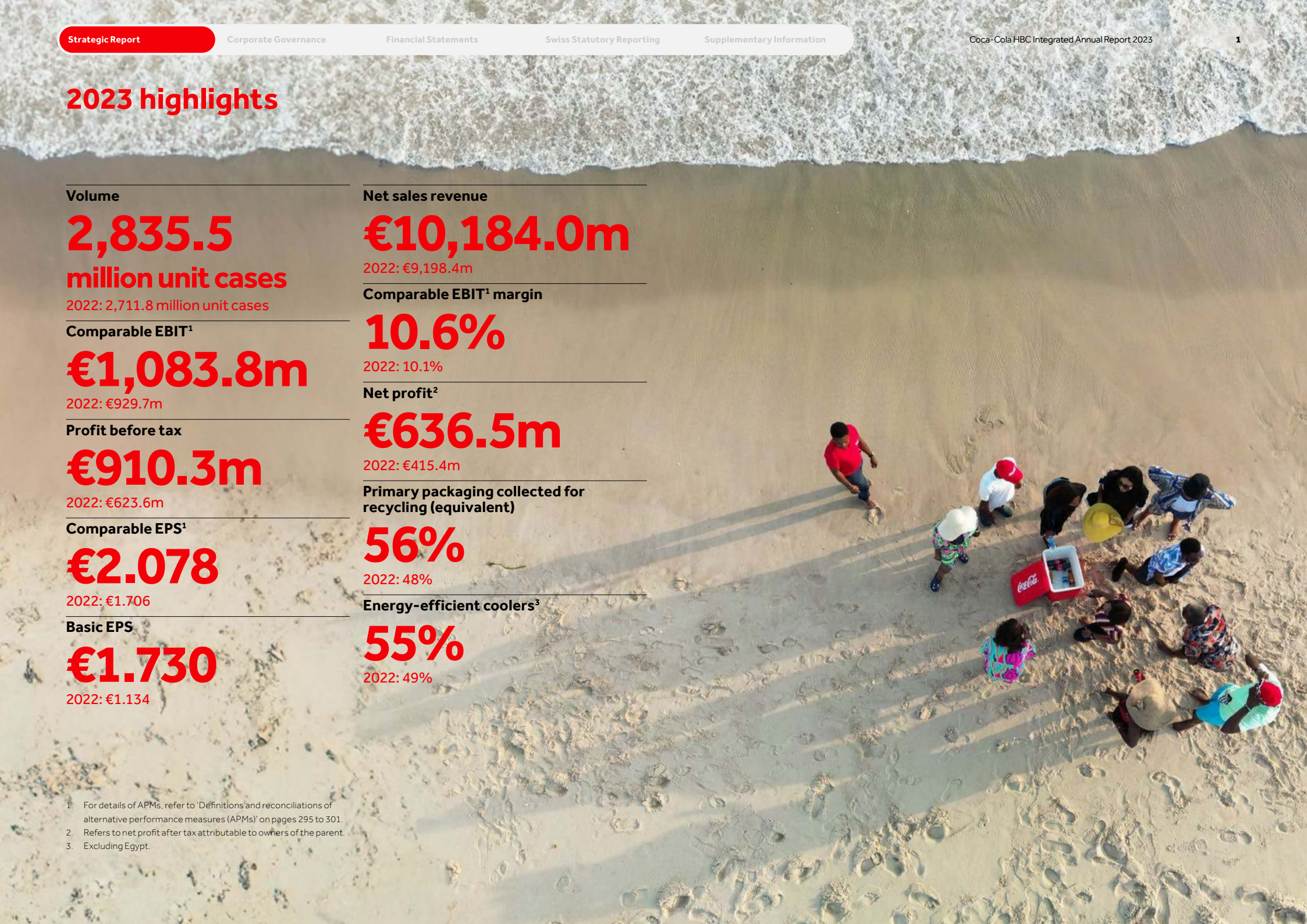
56%

2022: 48%

Energy-efficient coolers[3]

55%

2022: 49%



1. For details of APMs, refer to 'Definitions and reconciliations of alternative performance measures (APMs)' on pages 295 to 301.
2. Refers to net profit after tax attributable to owners of the parent.
3. Excluding Egypt.

Business overview

The Leading 24/7 Beverage Partner

We are a growth-focused consumer packaged goods business and strategic bottling partner of The Coca-Cola Company. Our 24/7 portfolio is one of the strongest and broadest in the beverage industry, with products that cater to a growing range of tastes, with a wider choice of healthier options.

Our portfolio addresses both affordability and premiumisation, with increasingly sustainable packaging, enabling us to open up moments that refresh our consumers 24 hours a day. Our performance is underpinned by investment in our bespoke capabilities, delivered by exceptional people.





Established markets

33% of Group revenue

11.3% Comparable EBIT margin

Developing markets

21% of Group revenue

7.4% Comparable EBIT margin

Emerging markets

46% of Group revenue

11.6% Comparable EBIT margin

Our journey

Our roots date back to 1951 when A.G. Leventis founded the Nigerian Bottling Company in Lagos. Since then, the business has expanded, now covering Armenia to Austria, Egypt to Estonia and Serbia to Switzerland. We now serve 740 million consumers across 29 countries and have proven routes to market and leading market positions in a unique geographic footprint across Western, Central and Eastern Europe, and Africa.

29 countries

740m consumers

32,700 employees

A responsible business

Sustainability is embedded in every aspect of our business as we look to create and share value with 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. Our progress is recognised by the most important ESG benchmarks.

Read more p52

Top 1%

CDP A LIST 2023 CLIMATE WATER

MSCI ESG RATINGS AAA

CDP SUPPLIER ENGAGEMENT LEADER 2023

Business overview continued

Our 24/7 portfolio

Share of Coca-Cola HBC Group FY 2023 revenue



Our portfolio includes some of the world's best-known beverages

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, convenience stores and vending machines to hotels, cafés and restaurants (HoReCa) – and encompasses more customers than any competitor. Customer centricity is critical for our business and we are devoted to helping our customers grow their businesses, which in turn grows ours.

Our 24/7 portfolio has considerable growth potential, driven by our strategic priority categories, Sparkling, Energy and Coffee.

Business overview continued

We are well positioned for sustainable growth

Leader in the growing non-alcoholic ready-to-drink category

We are a leader in the growing and dynamic non-alcoholic-ready-to-drink (NARTD) category. The CAGR[1] of NARTD between 2024 and 2028 is expected to be 4-6%[1].

Within NARTD, we are number one in the Sparkling category in 23 out of our 24 measured markets. Energy as a category continues to grow rapidly and we have a range of brands to appeal to different consumers across many price points.

+4-6%
NARTD CAGR[1] 2024-2028

The strongest, broadest portfolio of brands, anchored around an exceptional partnership with The Coca-Cola Company

We have high-growth opportunities across high-value occasions and categories. Our flexible portfolio caters to a growing range of tastes and preferences, with a wider choice of both affordable and premium products, and a wide range of healthier options.

Our Sparkling portfolio has evolved with the proliferation of zero-sugar and light variants, single-serve packs and broader innovation in flavours.

+450 bps
single-serve mix improvement since 2021

A diverse, balanced country portfolio with strong exposure to attractive growth markets

Our geographic footprint creates a diverse balance. We have exposure to fast-growing Emerging and Developing markets as well as a strong foundation in Established markets.

We also benefit from the portfolio effect of exposure to different economic cycles, and we are proven operators in managing risk in a variety of socio-economic conditions.

c. 80%
in Developing and Emerging markets by volume, 2023

Strong capital allocation framework to drive growth, underpinned by relentless focus on cost and efficiency

We have a strong track record of driving cost efficiencies and this remains an important part of our strategy.

Digital plays an ever-increasing role in continuing to drive efficiencies in our supply chain. To ensure our business is fit for the future, we are transforming and digitalising many of our supply chain and sales execution processes, creating capacity to accelerate our growth.

16.4% ROIC[2]
FY2023

A clear vision, strategy and targets

The beverage category continues to expand and we see strong growth opportunities within our evolving brand portfolio and the markets in which we operate.

We have strong positions in, and a clear focus on, our strategic priority categories: Sparkling, Energy and Coffee.

Our growth strategy reflects our vision to be the leading 24/7 beverage partner and deliver best-in-class financial returns. It is built on five key pillars of growth, each of which is a core strength or competitive advantage.

>10%
EBIT[3] growth per annum since 2019

Our five strategic growth pillars

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 p24 to 68

1. CAGR: Compound annual growth rate
2. ROIC: Return on invested capital
3. Average of annual comparable EBIT growth from 2019-2023

Chairman's letter

Leadership for long-term success



"I have great optimism for the years ahead, knowing we have built strong foundations through thoughtful investment, an adaptable culture and sustainability leadership.

I look forward to the moments that we will open up for all our people, customers, partners and wider stakeholders in 2024."

Dear Stakeholder,

Underpinned by a new, clear purpose and by consistently applying our 24/7 beverage strategy, Zoran and the executive team have delivered another year of strong operational and strategic progress and record financial results.

Leading with purpose and responsibility

The Board has been proactive in representing the interests of all stakeholders on diverse issues, assisting the leadership team to make informed decisions on strategic investments, stretching goals and sustainability.

At our investor day in Rome, Zoran, Ben, Naya and the team outlined how our Growth Story 2025 is driving revenue growth, margin improvements and sustained strong cash generation. I speak on behalf of the Board when I express great optimism for the years ahead, knowing we have built strong foundations through thoughtful investment, an adaptable culture and sustainability leadership.

Our new Board members

I was delighted to welcome two new Board members, Evguenia Stoichkova and George Pavlos Leventis, in 2023. They bring a wealth of experience from the beverage sector, and I am looking forward to working with them.

Dividend growth and capital returns

The Board has maintained our progressive dividend, and for 2023 is proposing €0.93 per share, a 19% increase on the dividend per share versus the prior year, representing a 45% pay-out ratio, within our targeted range of 40% to 50% of comparable EPS. The consistent growth in our dividend is testament to our confidence in the strong fundamentals of our business, as well as our commitment to shareholders.

The Group's capital allocation framework follows clear priorities: organic investment in the business to drive delivery of our medium-term financial targets; paying a progressive dividend; strategic M&A; and additional capital returns. With these priorities in mind, the Board believed that the 2023 share price undervalued future growth opportunities, and approved a share buyback programme aimed at returning up to €400 million to shareholders. This is a compelling opportunity to enhance value for shareholders, while continuing to invest in the business.

Looking ahead

Another record year in 2023 is evidence that our approach is the right one. We can be proud to be able to reward colleagues around the Group for their dedication and professionalism during often challenging times. Thanks, as always, to the Board for steering the ship in another productive year, and we look forward to the moments that we will open up for all our people, customers, partners and wider stakeholders in 2024.

Anastassis G. David
Chairman of the Board

Chief Executive Officer's letter

A refreshing purpose



"In 2023, we achieved a third consecutive year of double-digit growth and record profit while building on our Hellenic culture. I am deeply proud of all that our dedicated team achieved together and, more importantly, how we delivered it with our incredible team spirit. We look forward to all that we can achieve in 2024 as we build on our strong relationships with our partners and customers, creating value for all we serve."

In 2023, we delivered strong results as we built on the momentum of the last few years, focusing on partnerships, our 24/7 portfolio and excellent execution. We invested in our people and capabilities and made steady progress towards a more sustainable future. All of this was underpinned by the definition of our purpose: **Open up moments that refresh us all**. This purpose is our North Star and draws on over 70 years of history. It is based on our innate values and our hopes for our next chapter of growth as we open up many new opportunities with our customers, partners and communities.

Fundamentally, we aim to drive impact, operating always with a growth mindset and a belief in creating a better shared future. Our colleagues across all our markets have truly embraced our refreshed purpose, energised to be collaborative, more resilient, and more agile in how we do things.

After three challenging years, managing carefully through the COVID-19 pandemic, the war in Ukraine and the economic headwinds of high inflation and sometimes weaker consumer spending, 2023 came with new challenges which we were ready to adapt to. Our dedicated and talented team came together to deliver another year of strong growth, improving margins and record revenues and profit.

Strong partnerships, a 24/7 portfolio and unrivalled market execution

We believe that strong partnerships are fundamental to growth. With our vision to be the leading 24/7 beverage partner, we strive with determination to be the first choice and preferred partner for collaboration. Hand in hand with The Coca-Cola Company (TCCC), Monster, all our brand partners and suppliers, and alongside our customers, we are winning with agility, innovation and a future-focused approach.

Our priority categories of Sparkling, Energy and Coffee represent close to 80% of the revenue of the business, with significant headroom for growth, driven by increased consumer consumption and share gains, supported by innovation, strong customer relationships and unrivalled market execution.

Our partnership with TCCC is at the heart of our 24/7 portfolio success, starting with our core focus behind our wide range of excellent sparkling brands, which are loved across all our markets.

Likewise, with Monster we are able to offer high-quality energy brands across the price point spectrum – from Predator and Monster to Burn.

In 2023, our coffee strategy with Costa Coffee and Caffè Vergnano worked very well across the mass-premium and premium segments, with volume growth over 30%.

Chief Executive Officer's letter continued



With our business developers in Greece



Meeting colleagues at the opening of our new returnable glass bottling line in Austria

Building on our strong relationships with both TCCC and Brown-Forman, we were pleased to launch ready-to-drink Jack Daniels and Coca-Cola in several markets with more planned for 2024.

In Premium Spirits, our portfolio was enhanced with the acquisition of Finlandia. This highly regarded vodka brand paves the way for incremental growth for our core portfolio, through enhanced mixability and relevance in strategically important channels, such as HoReCa.

Investing for growth

Throughout 2023, we invested in technology, innovation, partnerships, and in building our bespoke capabilities, undertaking more digital transformations and integrations than ever before. This will ensure we remain competitive, agile and ready for future growth.

We have one of the strongest sales teams in the industry thanks to consistent investment behind our comprehensive development programme, Sales Academy. We recognise that the capabilities of our sales teams are critical to our success and the success of our customers.

Similarly, in 2023, our Data and Analytics Academy was rolled out across all business units and functions to accelerate a culture of data-driven and insight-led decision making.

Throughout the year, we invested in programmes to simplify our business and make our colleagues' lives easier. For example, Project Oxygen is reducing complexity to enable focus on value-adding activities, always having the customer experience in mind.

Meanwhile, we continued to strengthen the diversity of our workforce through workplace inclusion activities and with steady progress towards gender balance. With employee engagement scores rising further in 2023, it is an encouraging sign that our approach to people and culture is on the right track.

Opening up a more sustainable future

In 2023, our global industry leadership in sustainability was confirmed when, for the seventh time, we were rated the world's most sustainable beverage company by the Dow Jones Sustainability Indices (DJSI). We now have the highest scores and rankings in ten of the most-recognised ESG ratings, including CDP Climate and Water, ISS ESG, MSCI ESG, Sustainalytics, FTSE4Good and Vigeo Eiris.

Critically, we made great progress towards our Mission 2025 goals as well as our aim to achieve net zero emissions by 2040 and have a net positive impact on biodiversity in critical areas of our value chain. All this progress is the result of our clear vision and targets in sustainability, our bold and entrepreneurial mindset, and our strong belief that sustainability is a true creator of growth and value for our business, our partners and our customers.

Reflecting on some highlights from 2023, Romania became our first market to have all three elements of plastic packaging circularity. With the introduction of a Deposit Return Scheme which we championed, collection rates will be significantly increased in the market. In 2023, we also invested in in-house recycling capability in Romania, building on similar investments in Italy and Poland. With the investment in Romania, we are able to produce 100% of our plastic bottles from recycled material. In this way, we close the circle so that the bottles we put into the market will be returned, recycled and given new life as a new bottle. This is just one example as, by the end of 2023, we had deposit return schemes in six of our markets and 42% of the plastic we used in our bottles across our EU and Swiss markets was rPET.

Chief Executive Officer's letter continued

We continue to drive innovations in sustainable packaging. For example, in Austria we commissioned a new returnable glass bottle line for both our universal 1 litre and new 400ml refillable bottles, and introduced an industry-leading, innovative paper solution to replace shrink plastic film on multi-packs of 1.5 litre PET bottles. Innovation is critical to developing new technologies and, for this reason, we became a partner in the $137.7 million Greycroft Coca-Cola System Sustainability Fund, with seven other bottlers and TCCC, focusing on developing innovative packaging and other carbon reduction solutions.

As I reflect on the scale of the challenge, I am encouraged that our continued investment in technology, innovation and partnerships alongside our culture of learning and trying new things will help us carve the path to a more sustainable future.

In true Hellenic spirit, we continued to focus on making a positive impact on the communities in which we operate. Through our flagship community programme, #YouthEmpowered, we have supported young people with training and development, reaching almost 1 million individuals since 2017.



Participating in a panel discussion at the opening of our rPET facility opening in Romania

We also played our part to help communities in need with product donations, volunteering initiatives and disaster relief activities. Building on our long-standing tradition of community action, in 2023 we announced the establishment of a charitable foundation – The Coca-Cola HBC Foundation – with an initial donation of €10 million, dedicated to supporting local communities. This will empower us to take action quickly where it is needed most.

In 2023, we continued to support our colleagues and communities in Ukraine. Since the start of the war, more than $35 million has been committed together with the Coca-Cola System and The Coca-Cola Foundation to support those in need.

Strong financial performance

Our clear purpose and vision, trusting partnerships, unbeatable portfolio, consistent investment, excellent market execution by a customer-focussed, talented and compassionate team have resulted in a third year of double-digit growth and record profits. This year, I am deeply proud of the team as together, we crossed a historic milestone exceeding for the first time €10 billion of revenue and €1 billion of comparable EBIT. In this year of strong financial performance, we launched a share buyback programme, further increasing our returns to shareholders.

Outlook for 2024 and beyond

Throughout 2023 and in recent years, we have built strong momentum and great resilience to overcome the challenges we face while growing the business the right way. Although we expect the macroeconomic and geopolitical environment to remain challenging in 2024, I am confident we have all the ingredients for continued growth and success. We will remain focused on premiumisation and affordability, leveraging our 24/7 portfolio and our partnerships. We will continue to listen to our customers and consumers, understanding market trends while investing in and deploying our bespoke capabilities.

I would like to close by thanking all my colleagues for their tireless efforts, for their commitment to our company vision, our customers and partners.

I would also like to thank our customers, The Coca-Cola Company and all our partners for their ongoing trust and support throughout the year, which motivates us to keep raising the bar. Together, we have achieved great things; we have made a difference and created value for all we serve. I look forward to all that we will achieve together in 2024 as we open up moments that refresh us all.



Zoran Bogdanovic
Chief Executive Officer (CEO)

Watch this interview with our CEO, Zoran Bogdanovic, on how we opened up moments for all our stakeholders in 2023.

Watch the video interview online



Bringing our Culture Story to life

Our new purpose links our vision to how we grow

In 2023, we asked, why? Why do we exist?

When we thought about the answer, we realised that, for an organisation that puts so much into everything we do, our impact happens only when we let it out, when we open up. And our new purpose was born: to **'open up moments that refresh us all'.**

OPEN UP MOMENTS THAT REFRESH US ALL



We open up opportunities for our customers and partners

- We put our customers first, creating shared value and growing their, and our, business.
- TCCC is our longest standing and closest strategic partner: we have worked together since 1951.
- Partnership with our suppliers helps us to avoid supply chain disruptions and reduce emissions across the value chain.

We open up employees to realise their full potential

- People are the key driver of our growth strategy.
- We are investing in our people, building the best teams in the industry and creating an inclusive growth culture.

We open up life to experiences that refresh and delight

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

And we open up the chance to make a difference in the world as one Hellenic

- We are a part of our communities, providing employment directly or through the wider value chain.
- We are fully committed to our ambitious net zero target and our Mission 2025 sustainability targets.

Read more on p12 to 18

About our impact on each stakeholder group.

It is our optimistic spirit that drives us towards new markets, new relationships, new innovations, development opportunities and new ideas for a better future.

Bringing our Culture Story to life continued

Our Culture Story builds on solid foundations from the past five years

It is a story about who we are, our purpose, our vision, our values, how we need to evolve and the behaviours we commit to each other at Hellenic.

Underpinning our new purpose are our values that underline our culture and are incorporated in our new leadership model. Everything we do drives impact – turning our actions into results.

CUSTOMER FIRST

We are always customer-centric. We believe in the power of listening to understand, always acting to exceed our customers' expectations.

WE OVER I

We love smart people, but we believe the power of a team can achieve what an individual can only dream of.

MAKE IT SIMPLE

We nurture curiosity and agility, and we believe that complexity can be reduced by having the discipline and courage to focus on what matters most.

DELIVER SUSTAINABLY

We are built to last and believe in achieving sustainable results, creating and sharing value for our people, environment, shareholders and the communities we serve.



1.


2.

We introduced our new leadership model at our Leadership Conference in Cairo in March.
It translates our values into key behaviours, clearly stating how we do things in Hellenic and act at our best.



3.


4.

We set up townhall events to engage colleagues in our new purpose, values and Culture Story.
And we set up 'culture labs' to build a common understanding across the business and for teams to embed the culture in the everyday. Our business units have taken the Culture Story forward in their own locally relevant ways – from internal roadshows to commercial events – linking our culture to our business goals and priorities.

We have listened to colleagues' thoughts and experiences around our Culture Story, starting with our culture and engagement survey in September 2023.

From asking the question 'why?' and from listening to our colleagues, we learned that our employees feel proud to be part of CCHBC, they feel respected and work in a safe environment. They believe strongly in our strategic priorities, and they see the link between these priorities and their work. Of course, we are at the start of our journey in embedding our new leadership model and our values, and in 2024 we have a full programme to make living our culture a refreshing part of the everyday.

Read more on p45 to 51

1. In Serbia and Montenegro, senior leaders meet, connecting values with strategic business unit priorities in panel discussions.
2. Adria (Bosnia and Herzegovina, Croatia and Slovenia): one of the culture labs bringing colleagues together from across the business to put actionable plans into place.
3. To support the roll-out of our refined purpose, a new culture manifesto is being introduced, along with a new leadership model, during the Leadership Conference in Cairo.
4. Greece and Cyprus: internal roadshows and engagement days to manifest our culture and boost engagement.

Bringing our Culture Story to life continued

Linking our vision, purpose, growth pillars and targets

Our strategy and targets link directly to executive remuneration.
Please see our Directors' remuneration report for details.

Read more on p159 to 184

Vision THE LEADING 24/7 BEVERAGE PARTNER

Purpose

OPEN UP MOMENTS THAT REFRESH US ALL

Our growth pillars	How we grow	How we measure our progress
1 Leverage our unique 24/7 portfolio	• Offer the best 24/7 beverage portfolio on the planet in partnership with TCCC Read more p24 to 32	
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 p33 to 39	
3 Fuel growth through competitiveness and investment	• Transform, innovate and digitalise our business to ensure we are fit for the future Read more p40 to 44	
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 p45 to 51	
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 p52 to 68	

We have set out financial and sustainability targets against which we monitor our progress. A full list can be found in 'Tracking our progress' on pages 69 to 74, with examples here.

Financial
Medium-term targets from 2024 include: organic revenue growth 6-7% per year on average and 20-40 bps of organic comparable EBIT margin expansion on average

Sustainability
Accomplish our 2025 sustainability commitments

Stakeholder engagement

Our people

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

Growth pillars
4 Cultivate the potential of our people
5 Earn our licence to operate

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 score
- Percentage of managers that are women
- Lost time accident rate

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

Read more p40 to 68

Opening up opportunities for personal growth for our employees

Investing in our people

Cultivating and opening up our people's potential is one of our five strategic pillars. Only with the engagement of our people can we achieve our vision and growth agenda.

This is why talent development is one of our lighthouse capabilites, and you can read more about this on page 50.

We are proud that, every year, our people deliver exceptional results due to their tireless efforts.

"The Deposit Return Scheme launch opened up so many moments for me and made me so proud... proud to be at Coca-Cola HBC, because what we were doing not only had a business purpose, but an overall goal for Romania as a country."

Alice Nichita
Corporate Affairs and Sustainability Director, President at National Soft Drinks Association, Romania



Hear more about Alice's open up moments in 2023 in this short video

Watch the video online

Stakeholder engagement continued

Opening up engagement with customers

Our customers

Material issues
- Socio-economic impact
- Nutrition
- Packaging and waste management
- Food loss and waste

Growth pillars
1. Leverage our unique 24/7 portfolio
2. Win in the marketplace

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 visit outlets with digital tools and insights to add value
- Partnering to reduce food loss and waste
- Introduce new packaging types and support 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
- Product relevance and acceptability

Read more p24 to 39

Real-time feedback and action

Our ability to win in the marketplace is down to opening up dialogue with customers, strengthening customer partnerships and driving repeat purchases.

We use CustomerGauge, 'voice-of-customer' software to engage with our customers in real time. This way, we can listen more effectively, capture better and more actionable insights and empower our customer-facing teams to solve problems quickly. You can read more in Win in the Marketplace on page 33.

"At Coca-Cola HBC, we define whether we are customer centric only when our customers tell us we are. As a business, our aim is to digitally connect with 100% of our customers within the next five years. We want the feedback to be fast, digital and in real time to increase the speed that we respond to our customers."

Stuart Ward
Head of Sales Capability





Stakeholder engagement continued





Opening up taste buds

Consumer-focused innovation

The Coca-Cola Company (TCCC) owns, develops and markets its brands with the end consumer, and has an increasingly digital way of connecting with consumers. We produce, distribute and sell these beverages, working together to ensure we have the right portfolio for Hellenic markets and to ensure excellent, efficient execution.

Our 24/7 product portfolio caters to a range of tastes and preferences, and we continually innovate, especially in low- and no-sugar variants, to lead the sector and give choice to our consumers.

"We have today in The Coca-Cola Company around the world more than 10,000 influencers at any given point in time, with different segments, different passion points and different topics that really connect ultimately with the consumer. That is also absolutely the case in the Hellenic territories."

Manolo Arroyo,
EVP and Global Chief Marketing Officer, TCCC

Our consumers

Material issues
- Socio-economic impact
- Nutrition
- Product quality
- Responsible marketing

Growth pillars
1. Leverage our unique 24/7 portfolio
5. Earn our licence to operate

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 TCCC, 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 p24 to 32 and 52 to 68

Stakeholder engagement continued

Our communities

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

Growth pillars

3 Fuel growth through competitiveness and investment

5 Earn our licence to operate

Key challenges
- Climate change
- Waste from our packaging
- Water conservation
- Empowering young people 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
- Sustainable packaging
- Managing our carbon footprint
- Water availability and usage

Read more p40 to 44 and 52 to 68

Opening up opportunities for young people

We passionately believe that every young person has the potential to thrive. Through our #YouthEmpowered programme, we are equipping them with the skills, experience and confidence they need to succeed. By the end of 2023, we had trained around 945,000 young people since the programme launched in 2017.

We have many examples of #YouthEmpowered programmes in the communities in which we operate, with one example being the investment of €165,000 in our Raise The Bar scheme in 2023 in our Adria business unit.

“We are so proud of our enhanced Raise The Bar youth programme. Our free programme enables young people to gain skills from experts and top professionals, preparing them for working in catering or tourism in their respective countries.

Over 4,400 young people have participated in the programme, and we are proud to support all of them on their learning journey.”

Bruno Jelić,
Corporate Affairs and Sustainability Director at CCHBC Adria (Croatia, Bosnia and Herzegovina, and Slovenia)



Stakeholder engagement continued

Governments

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

Growth pillars
- 3 Fuel growth through competitiveness and investment
- 5 Earn our licence to operate

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 p40 to 44 and 52 to 68

NGOs

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

Growth pillars
- 5 Earn our licence to operate

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

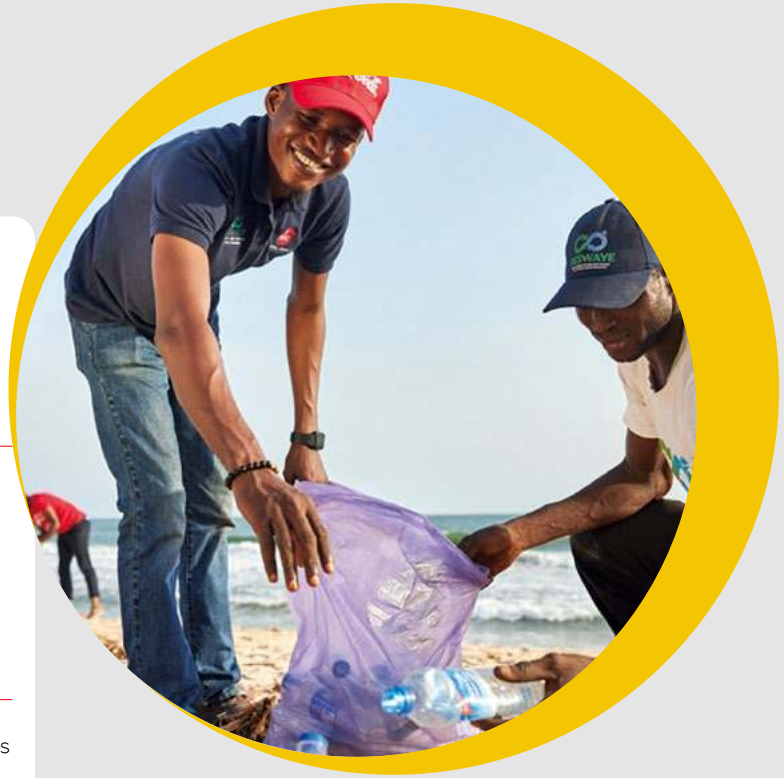
How we engage
- We include NGOs and community partners in our leadership development programmes, offering online training for managing virtual teams and leading in times of crisis
- We partner with specific NGOs for targeted environmental and social projects
- We engage through our annual Group Stakeholder 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
- Sustainable packaging
- Managing our carbon footprint
- Suppliers and sustainable sourcing
- Water availability and usage
- Ethics and compliance

Read more p52 to 68





Stakeholder engagement continued

Our suppliers

Material issues
- Climate change
- Sustainable sourcing
- Water stewardship
- Socio-economic impact
- Biodiversity

Growth pillars

3 Fuel growth through competitiveness and investment

5 Earn our licence to operate

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
- Sustainable packaging
- Water availability and usage
- Commodity costs
- Ethics and compliance
- Managing our carbon footprint
- Suppliers and sustainable sourcing

Read more p40 to 44 and 52 to 68

Opening up new innovation in packaging

In 2023, we launched an innovative packaging solution for 1.5 litre Coca-Cola, Fanta and Sprite multipacks, replacing plastic with 100% recyclable paper, in Austria.

Hug-IT is a stretchable paper band that replaces plastic film, securely holding a six-bottle multi-pack during transportation from customer shelf to consumer's cupboard, ensuring it stays intact and that our branding looks great.

We worked closely with paper manufacturer Mondi and equipment manufacturer Krones, to develop the solution over a three-year period. You can read more on packaging innovation in Earn our licence to operate on pages 58 to 60.



"Seeing the production of the 'Hug-IT' sleeve for the first time with our partners – Coca-Cola HBC and Krones – was a great moment. It was great to see it worked out!"

Anna Erniša
Chief 'Hug' Officer, Mondi plc

In this short video, Anna Erniša, Chief 'Hug' Officer at Mondi, describes the story of 'Hug-IT' and the many open-up moments on the project

Watch the video online



Stakeholder engagement continued

The Coca-Cola Company

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

Growth pillars
1. Leverage our unique 24/7 portfolio
2. Win in the marketplace
4. Cultivate the potential of our people
5. Earn our licence to operate

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 with the launch of Jack and Coke in three of our markets
- We became a partner with TCCC and seven other bottlers, in the Greycroft Sustainability Fund

Relevant KPIs
- Revenue
- Value share

Principal risks
- Suppliers and sustainable sourcing
- Strategic stakeholder relationships

Read more p24 to 39 and 45 to 68

Our investors

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

Growth pillars
1. Leverage our unique 24/7 portfolio
2. Win in the marketplace
3. Fuel growth through competitiveness and investment
5. Earn our licence to operate

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 – for example, held the first investor day in three years in May

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

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

Principal risks
- 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 p24 to 44 and 52 to 68



A wide range of investors and analysts participated in our investor day in Rome in May, meeting management from CCH and TCCC.

Opening up dialogue with investors

In 2023, we stepped up our ESG conversations with investors, opening up a two-way dialogue on a wide range of topics.

"The Company is clearly on the front foot when it comes to things like DRS, and people value the work with different stakeholders to nudge policy change. One area opened up for me in 2023, was understanding the sheer level of effort and resources that goes on behind the scenes on this – more than I anticipated."

UK-based, top 20 institutional investor

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.

How we manage risks and materiality

Read more p83 to 107

How we engage with key stakeholders

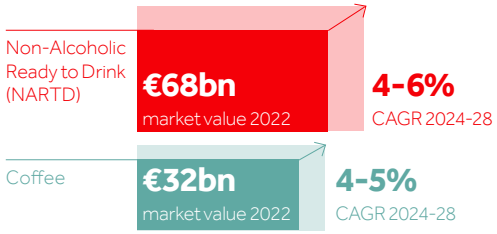
Read more p12 to 18



Market trends

We operate in fundamentally attractive categories, supported in the long-term by population growth, growing personal spending power and a product that opens up moments that refresh in a differentiated way, creating strong brand loyalty and inelastic consumer behaviour.

Growth categories



Source: internal system projections, excluding Russia and Ukraine.

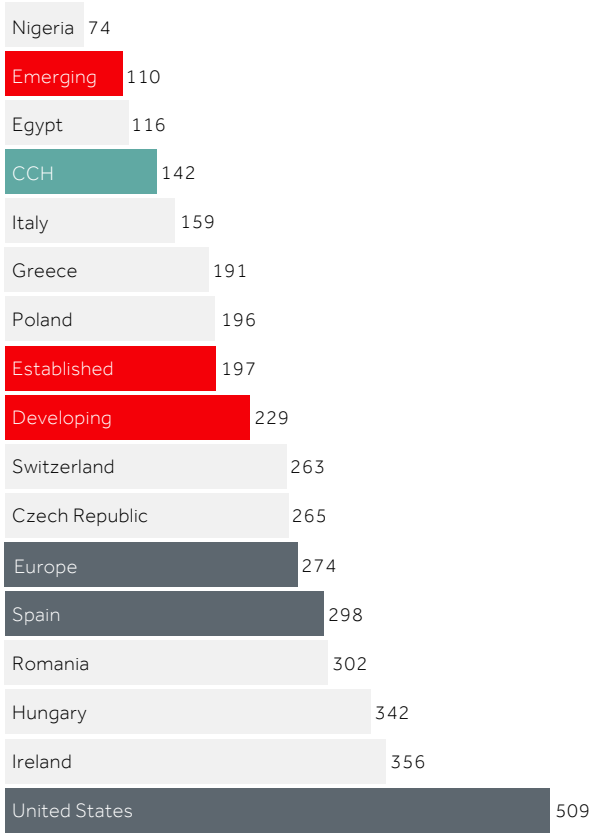
We operate in very attractive growth categories

Non-alcoholic ready-to-drink (NARTD) is a large, growing and resilient category, and the same characteristics are present in coffee, making it an incredibly attractive opportunity for us as well. In terms of the industry value, we expect further strong growth in demand both in NARTD and coffee. Increased demand is driven by population growth in many of our markets, plus category expansion – the propensity for consumer tastes to change and expand and how we both spark and satisfy demand.

We measure servings per capita in our markets, and can see where there is headroom to grow consumption.

We also look at purchasing power in our markets and react with appropriate offerings to address affordability and meet consumer needs.

Sparkling servings per capita, 2022[1]



1. Based on internal industry estimates and UN Population 1 July 2022, excluding Russia and Ukraine.

While there are significant geopolitical and economic trends that can influence overall market growth, our focus is mainly on the following five areas: retail, consumer, digital, sustainability and regulatory. These areas are where we react dynamically and create long-term value for our customers, consumers and shareholders.

Retail

Trends within our portfolio

In 2023, category value growth grew significantly, reflecting inflation-related price increases and mix changes with a greater focus on single-serve packs.

Category volume increases were lower than in 2022, reflecting tougher comparatives and in some markets weaker consumer spending power. Weaker consumer demand also impacted volumes in hotels, restaurants and cafes, although value growth remained healthy.

The impact of private label in our categories remained modest, with the biggest shifts being seen in the less differentiated category of water.

How we are responding

We sustained our 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.

We continued to invest in digital tools and our data, insights and analytics capability to ensure we provided retail customers with relevant insights to maximise their value-added. This contributed to an improved Net Promoter Score (NPS), further improvements to pack mix, and value and volume share gains in key channels and most major markets.

Growth pillars

1. Leverage our unique 24/7 portfolio
2. Win in the marketplace

+3.2 pp[1]

We further improved single-serve mix by 3.2 percentage points across our Established markets in 2023, and by 1.1pp[1] across the Group

1. pp: percentage points

Market trends continued

Consumer

Trends within our portfolio

Cost of living remains an important theme, with sustained high levels of food inflation in many markets putting consumers' disposable income under pressure.

As a result, consumers have become more sensitive to price increases, although in our NARTD and Sparkling categories, volumes have held up remarkably well. While affordability remains a key theme, premiumisation opportunities remain as shoppers seek quality and small treats despite budget pressures.

How we are responding

We continue to adapt our portfolio to deliver both affordable offerings as well as premium products presented in appropriate packs sizes and combinations to offer consumers attractive choice.

To support category growth, we have focused on a wider range of single-serve offerings – and multi-packs of single serves, as well as affordable multi-serve options. This allows us to compete at attractive price points for the consumer and penetrate smaller baskets in a more effective way.

Growth pillars

1. Leverage our unique 24/7 portfolio
2. Win in the marketplace

+110bps

We gained or maintained share in the majority of our markets in NARTD gaining 110bps of value share in NARTD

Digital

Trends within our portfolio

2023 continued the global digitalisation trend. 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 continue to invest in digital tools to improve efficiency of operations, customer service and the effectiveness of their marketing spend. Artificial Intelligence (AI) was the story of 2023, with companies embracing AI tool within their day-to-day operations.

How we are responding

Our investments in digital focus on driving higher customer centricity - a personalised service for every outlet, an improved employee experience, and increased operational productivity - all delivering stronger performance, faster.

We have been investing to support this through both building talented in-house teams as well as working with leading technology partners. For example, our business-to-business (B2B) platform, Customer Portal, is now well embedded across all our markets and strengthens our customer relationship management.

We have also developed eMarketplace solutions with SIRVIS, to address a growing need for smaller customers looking for effective purchasing aggregation. We are also investing in smart vending solutions.

We are also embracing AI and are developing in-house generative AI productivity tools.

Growth pillars

1. Leverage our unique 24/7 portfolio
2. Win in the marketplace
3. Fuel growth through competitiveness and investment

>4x

Contribution from digital commerce has more than quadrupled in the last three years to over 9% of Group organic revenue

Sustainability

Trends within our portfolio

The sustainability landscape is changing rapidly and the rate of increase of net-zero commitments by organisations continues to grow. We see increasing focus on nature and aspirations to shift to a nature-positive world, where people and nature can thrive together, requiring a holistic approach to the inter-dependencies, risks and impacts across ESG areas.

Of note in 2023 was COP 28 in Dubai, where the first-ever COP decision to address fossil fuels was adopted: a decision calling for accelerated short-term action and an orderly transition away from fossil fuels towards climate-neutral energy systems. It signals the 'beginning of the end' of the fossil fuel era, which cannot happen without just and equitable transition, major decarbonisation and scaled-up finance.

How we are responding

We are keenly aware of the importance of delivering on our plans. We continue to decarbonise our value chain, while updating our net-zero transition plan and developing long-term climate scenarios. We are also working towards our bold commitment of achieving a net-positive impact on biodiversity by 2040, implementing the guidelines of the Science Based Targets Network, and we shifted our deforestation-free commitment from 2030 to 2025.

We continue to expand our partnerships and seek new collaborations, as our ambitious goals and commitments can only be achieved through collective action.

Growth pillars

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

-16%

We reduced absolute carbon emissions in all three scopes in 2023 by 16% compared with 2017

Regulatory

Trends within our portfolio

In 2023, policy makers introduced several measures to offset infationary pressures on consumers, including price caps in specific product categories and additional tax measures. Sustainability remained in the spotlight in the EU, with the Packaging and Packaging Waste Regulation (PPWR) at the forefront, followed by proposals on consumer protection from greenwashing, such as the directives for Empowering Consumers for the Green Transition and Green Claims. Significant progress was made in the preparation and implementation of DRS in several European countries. Finally, the World Health Organisation continued reviewing non-sugar sweeteners without any changes in the status of safety approvals from food safety authorities.

How we are responding

We remain focused on collaborating with regulators and governments on constructive proposals, which address these trends. We are collaborating closely with governments and industry partners to support the launch of DRS in more European countries and have made additional progress towards making our packaging more sustainable. We continue to grow our low- and no-sugar variants to meet consumer and regulatory demands. Our Mission 2025 goals remain our compass and we continue to play an active role from within our industry associations in supporting the sustainability ambitions of the EU.

Growth pillars

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

100%

In Romania, we now have 100% recycled, locally produced bottles

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.

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.

What we do

We are a strategic bottling partner of The Coca-Cola Company (TCCC)
We have exclusive rights from TCCC in the CCH markets where the Group produces, sells and distributes TCCC's trademarked beverages. We also partner with other beverage businesses such as Monster Energy, Brown-Forman and Edrington to sell their products in our markets.

How our partnership works
TCCC owns and develops its brands while we are responsible for producing, distributing and selling these beverages, using concentrate we buy from TCCC 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; TCCC markets to consumers, while we take responsibility for trade marketing to our customers.

Business model continued

Value created

Our people

- In 2023 we employed 32,747 FTEs in 29 countries
- Median basic salary ratio women/men: 1.07

Our customers

- We increased the frequency of our customer engagement, providing customers with better support
- In the marketplace we achieved a total number of 55% energy-efficient coolers, excluding Egypt

Our communities

- In 2023, we trained 150,000 young people through our #YouthEmpowered programme to boost employability
- We invested €7.9 million in local community initiatives

Our investors

- We delivered strong financial performance in 2023, with organic revenue up 16.9% and reported revenue up 10.7%. In recognition of our business strength and future opportunities, the Board has proposed a dividend of €0.93 per share, a 19.2% 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 19% in 2023 compared to our 2015 baseline

Our suppliers

- We spent circa €5.2 billion with local suppliers and contractors
- We are working with our suppliers to support their sustainable practices and emission reduction plans

Socio-economic contribution

>835,000
training hours for our people

€1,248.6m
total employee costs

42%
women in managerial positions

1.8m
customers served

1 job = 12 jobs
1 job in our system creates 12 in the community

c.473,000
indirect jobs across the value chain

c.945,000
cumulative number of young people trained in our communities (2017-2023)

€674.9m
Capex spend

Comparable EPS grew by 21.8% to €2.08, supported by strong profit delivery and effective management of finance costs

€4b
paid in taxes

€12.3b
created in added value across our value chain

740m potential consumers refreshed

appx.14,600
suppliers operating across our value chain

c.€5.2b
spent with local suppliers

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 socioeconomic 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

Read more p312

Growth pillars

1 Leverage our unique 24/7 portfolio



Growth pillars

1 Leverage our unique 24/7 portfolio

2023 highlights

- Continued to deliver on our strategic priorities of Sparkling, Energy and Coffee
- Launched Jack and Coke in three markets
- Acquired Finlandia from Brown-Forman
- Focused on pack architecture and price/mix to balance affordability and premiumisation
- Continued to expand 'zero' ranges, including Coke Zero Zero, to meet low- and no-sugar demand

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

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

Read more p88 to 107

Material topics
- Product quality
- Food loss and waste
- Responsible marketing
- Sustainable packaging

Read more p26 to 32

Stakeholders

Our customers
Our consumers
The Coca-Cola Company
Our investors



A successful year

Our portfolio allows us to cater for the needs of consumers 24/7 through three strategic priorities: Sparkling, Energy and Coffee. They represent close to 80% of the business, with significant headroom for growth.

The success drivers of this growth pillar are market penetration and share, supported by continuous innovation, underpinned by our strong customer relationships and unrivalled market execution.

A strong partnership with TCCC is at the heart of our success. Together with TCCC, we focus on consumer loyalty, strong innovation and marketing investment, particularly in Sparkling. In Coffee, our dual-brand strategy works well: TCCC's COSTA Coffee gives us access to the mass-premium segment and our investment in Caffè Vergnano gives access to the premium segment (see our feature on page 31). Our close partnership with Monster Energy brings a broad portfolio of energy drinks, from affordable to premium brands.

Alongside Sparkling, Energy and Coffee, we have a diverse offering of locally relevant brands where, together with TCCC, we prioritise country and category combinations based on the attractiveness of profitable revenue pools in each market. These include important growth enablers such as juices, ready-to-drink tea, enhanced and premium water, sport drinks brands such as Powerade, and premium spirits – the latter critical to our HoReCa offering.

Sparkling foundation

Sparkling is our key engine of growth and our foundation. Sparkling volumes grew overall by 2.5% in 2023, on an organic basis. Excluding Russia, where we no longer sell any brands of TCCC, Trademark Coke brands grew 1.9%.

We have consistently invested in our core brands with zero-sugar formulations and new flavours. TCCC is critical in identifying the exact innovations that work for each market or channel.

Recent innovation examples included Coca-Cola Zero Sugar Zero Caffeine and new flavour creations within the Fanta and Schweppes brands.

Indeed, we have introduced new zero formulations across all Sparkling brands, showing how constant innovation is keeping us at the forefront of consumer choice and customer preference.

Low- and no-sugar sparkling variants have grown significantly since 2019, driven by consumer demand, and now represent a material part of the Sparkling category. Coke Zero has played a leading role in this, driven by successful reformulation and targeted campaigns. And we will continue to build on the 2022 launch of Coke Zero Sugar Zero Caffeine, with focused marketing campaigns in 2024.

We are continuing to increase the number of flavours within zero options, as well as limited-edition Coke Creations, and there is further opportunity to expand our distribution and increase presence in emerging markets.

Our focus on growing zero formulations supports one of our sustainability targets within Mission 2025, to reduce calories per 100ml, and you can read about this on page 27.

"There is more to come from zero-sugar formulations."

Naya Kalogeraki
COO

Growth pillars continued
Leverage our unique 24/7 portfolio

Adult Sparkling

Adult Sparkling revenue per case is above the average for the Group and the work we are doing on mixability is critical here, as shown in our feature on page 29. Our Adult Sparkling portfolio benefitted from strong performance in the Established and Developing segments, following a tough consumer backdrop in the first half of the year. We continue to focus on Adult Sparkling activations, focused on socialising, particularly summer and festive occasions where mixability plays an important role. In 2023, we capitalised on consumer trends, expanding our range of 'pink drinks', tonics and zero-sugar choices.

Thanks to the 2022 acquisition of Three Cents, we have expanded our footprint into the super-premium Adult Sparkling segment, targeted to mixologists and high-end hotel, restaurant and café outlets. We have begun distributing Three Cents in six markets where we currently operate, while continuing collaboration via distributors to develop further market opportunities.

Energy opens up new consumer groups

Energy is one of the fastest-growing segments within NARTD. We have achieved double-digit volume growth over the past eight years, averaging 32% in the last five years alone. In 2023, Energy made up c.7% of Group revenue. This performance is the result of a well-defined strategy, with a complete brand portfolio that reflects diverse consumer needs with premium (Burn), mid-range (Monster), and more affordable (Predator, Ultra, BPM and Fury) brands. We launched Fury and Monster in our newest market of Egypt during 2023, and we continue to work closely with Monster Energy to help launch new flavours, expanding our consumer appeal across all of our energy brands.

Through disruptive marketing platforms and a range of flavours, we are giving consumers choice and enticing newcomers into the segment.

We are excited about the potential of this category and are aiming for double-digit growth in contribution to Group revenue in the medium term through continuous expansion in per-capita consumption, further distribution expansion and broadening our reach to new markets.

32%

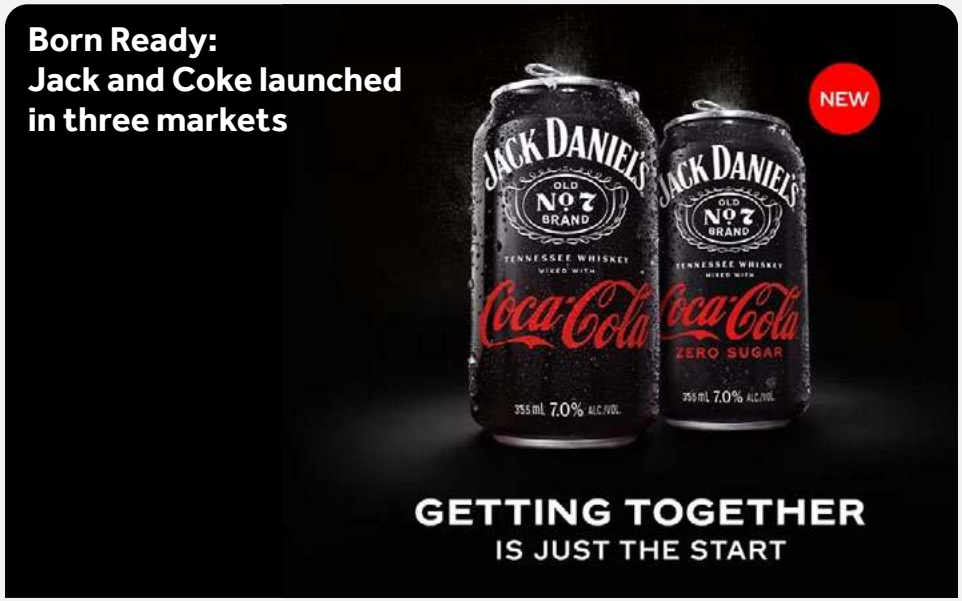
growth in Energy average volume (2019 –23)

Coffee – core to our 24/7 strategy

Coffee continued to make good progress in the year, with volumes up 31.5% versus 2022 and market share continuing to grow – see our feature on page 31. COSTA performed strongly across all markets and especially in the away-from-home segment, where we added 4,000 outlets to make a total of 11,000 outlets served (7,000 in 2022) in 20 markets. COSTA continued to gain market share in the at-home market, as measured by market intelligence provider, Nielsen. We rolled out Caffè Vergnano to three more markets, bringing our total to 17. Over the past two years, we have already recruited over 2,000, mostly premium, HoReCa customers, including five-star hotels and other high-end coffee shops, bars and restaurants that want a premium coffee experience for their guests. Premium HoReCa, which currently represents more than 60% of our customer base, remains our top priority for Caffè Vergnano.

Our Coffee Academy goes from strength to strength, training over 9,000 colleagues in 2023, both face-to-face and online, developing our capabilities as we continue our journey to scale and invest into this business. Overall, our aim is to reach a low- to mid-single-digit market share in Coffee over the mid-term.

Born Ready: Jack and Coke launched in three markets



"Jack and Coke is a number one bar call in the world, and now, we are delighted to be able to bring it to consumers in a new ready-to-drink offering."

Jonathan Scott,
Coffee and Premium Spirits Business Director, Coca-Cola HBC Ireland and Northern Ireland

Two years ago, Jack Daniel's, owned by one of our partners, Brown-Forman, and TCCC announced that they would be teaming up to provide consumers with the option to enjoy the drink inspired by one of the world's most popular branded 'bar calls' – a cocktail ordered with specific brand names – in a convenient, ready-to-drink format. During the second quarter of 2023, we successfully launched Jack and Coke in Poland, Hungary and the island of Ireland.

We are excited about the future of Jack and Coke and extending its reach into other markets.

Growth pillars continued
Leverage our unique 24/7 portfolio



Having been associated with the distribution of Finlandia for 17 years in several markets, we were excited by the unique and regionally relevant opportunity to purchase the Finlandia Vodka brand from our long-term partner, Brown Forman, which completed in November. The acquisition supports the acceleration of our on-premise business across more of our markets. The proven complementarity of our Premium Spirits business with our strong NARTD portfolio enables us to offer solutions for a broad range of 24/7 consumption occasions, particularly socialising moments.

Finlandia distribution

7
markets at acquisition

11
markets added since acquisition

3
more markets planned for 2024

"We view this as an attractive investment and a natural evolution of our role as one of Finlandia's distribution partners, further attesting to the strength of our time-tested and wide-ranging partnership with Brown-Forman. We appreciate the trust placed in us and look forward to creating more value for our partners and customers by capturing new opportunities with our well-rounded beverage portfolio."

Zoran Bogdanovic
CEO

Premium Spirits

In 2023, Premium Spirits delivered a strong performance, with volumes growing by 13.1% on an organic basis, driven by all segments.

The acquisition of the Finlandia Vodka business from our long-standing partner, Brown-Forman, completed in November and is a unique opportunity with significant geographic overlap in our territories, enhancing our premium spirits credentials and opening incremental mixability opportunities for our NARTD portfolio (see case study to left).

In 2023, we were excited by the launch of Jack and Coke in three markets (see previous page), and performance exceeded our expectations.

We continue to exploit our bespoke capabilities of data, insights & analytics and digital commerce, to drive revenue generation in the category, and continue to train our business developers in our Premium Spirits Academy. We are on track to upskill more than 6,000 Business Developers by the end of 2025.

Still brands innovation

We made a number of innovations across our Still brands in 2023, such as FUZETEA and Cappy Lemonade flavour extensions, Cappy enhanced blends launch, a formula upgrade for Mono fruit nectars range, a new concept for Römerquelle Flavoured water (launched in Austria) and entering the enhanced waters segment by launching Vitaminwater in Switzerland.

In 2023, Stills were exposed to a challenging market environment, However, we managed to deliver revenue growth across all categories, driven by price increases and good immediate consumption (or on-the-go consumption) and single-serve mix for Water and ready-to-drink Tea.

Focusing on profitable revenue growth for Water, we grew single-serve mix and selectively expanded into highly-accretive emerging segments such as functional and flavoured waters. We did, however, lose volume in the at-home multi-serve offering, leading to an overall Water volume drop of 5.9% versus 2022.

Helping consumers make the right choices for their diet and lifestyle

Our purpose is to open up moments that refresh us all, and in order to do this we listen to consumers and customers. First and foremost, consumers want drinks that taste good, and they increasingly demand drinks with less sugar and more nutritional benefits. You can read more about nutrition trends in Market trends on pages 20 and 21 and in Earn our licence to operate on pages 53 to 68. As part of the Coca-Cola System, we are committed to satisfying both great taste and healthy and balanced diets. Our actions across the System fall within five pillars: 1) Less Sugar, More Choices, 2) New and Different Drinks, 3) Informed Decisions, 4) No Marketing Targeting Children, and 5) Promoting Low- No-Sugar Choices.

1) Less sugar, more choices

We support the recommendation of leading health authorities that individuals should consume no more than 10% of their total daily calories from added sugar. We have committed to reduce calories per 100ml of sparkling soft drinks by 25% between 2015 and 2025 across all our markets. You can read more about our Mission 2025 performance in the Earn our licence to operate section on page 53 to 68. 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.

Growth pillars continued
Leverage our unique 24/7 portfolio

2) New and different drinks – innovating and producing new and different drinks to boost consumer choice

From sparkling soft drinks, energy drinks, stills, coffee, and premium spirits, to juices and snacks, we offer drinks that meet consumers' needs throughout the day. Many of our sparkling brands now have zero-sugar or low-sugar variants.

3) Informed decisions – giving consumers clear and transparent information helping them make the right choices

We provide clear and transparent nutrition information about what's inside our drinks, such as the Guideline Daily Amount (GDA) and traffic-light labels on our core sparkling drinks in 22 markets.

4) No marketing targeting children

We strictly follow the Coca-Cola System policies for Global Responsible Marketing, the Global School Beverage Policy and the Global Responsible Alcohol Marketing Policy.

Also, we follow the EU Code of Conduct for Responsible Business and Marketing Practices covering product reformulation, portion control and responsible marketing to tackle important public health issues, as well as to UNESDA's pledges. We commit to not market any of our drinks directly to children under 13 and do not offer any soft drinks in primary schools. Every year, relevant employees and both direct and indirect distributors are made aware of The Coca-Cola Company's Responsible Marketing Policies.

5) Promoting low- and no-sugar choices

We are taking actions to help people better manage their sugar intake from our drinks by reducing sugar in our beverages, innovating new low- and no-sugar drinks, offering small packs for portion control and promoting our low-and no-sugar beverage choices, including by promoting Coke Zero Sugar as our 'hero' in many marketing campaigns.



Ensuring fresh, quality products and reducing waste

Our low base of consumer complaints increased from 0.12 to 0.14 per million bottles sold in 2023 compared with 2022, mainly due to consumer sensitivity to the introduction of tethered closures following new EU legislation, as well to the fluctuating natural colour range of orange juice concentrate. We continue to improve and modernise manufacturing processes and to focus on product quality, safety and integrity, within the context of external challenges.

In Croatia, we had an isolated, unfounded incident connected to one product. Once accurate and factual information was available, the authorities confirmed all our products safe for consumption. The local team worked diligently to protect our reputation in the market, while giving the authorities time to complete their investigation. As this year marks the 55th anniversary of our operations in Croatia, and 20 years of corporate sustainability reporting, it was an important reminder of upholding the highest quality standards that our consumers and customers can rely on.

Our Supply Chain Academy has gone from strength to strength this year, with colleagues focusing on quality and logistics, and we continued to mark 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.

Priorities in 2024

- Continue to deliver on our strategic priorities of Sparkling, Energy and Coffee
- Continue to connect with consumers and their preferences through close partnership with TCCC
- Focus on zeros, with increased marketing effort behind Coke Zero Zero and innovating to develop our range of zero flavours
- Integrate Finlandia Vodka into our business and develop growth opportunities
- Continue to focus on product quality, safety and integrity
- Develop the capabilities of our people through our broad range of academies

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 pillars continued
Leverage our unique 24/7 portfolio

Adult Sparkling: a 'big bet' and growth accelerator

We are primed to chase significant revenue pools, while addressing premiumisation opportunities of our existing portfolio. Most current brands are specially formulated and marketed to adults, appealing to a wide range of moments that refresh.

What's the growth opportunity?

With 60% of the population in our territories over 25 years old, Adult Sparkling meets the needs of a wide range of consumers. And, with 50% current value share in bitter mixers, we see significant headroom to grow our market share.

We are addressing premiumisation opportunities by:

- **developing a super-premium segment in Sparkling Soft Drinks**
- **driving the mix towards glass and single-serve beverages**
- **accelerating growth in the HoReCa channel**

The right brand
The right package
The right channel
Opening up
The right moment

Opening up the right moment with premiumised, tailor-made and experiential solutions for bars

"My vision is to focus on cocktails and mixers, with bigger margins compared with beer and wine. I was looking for a partner to offer a full-bundle portfolio of brands that are relevant for my bar, and having one person to discuss my business with. This is where CCH came in."

Dominik Bacvardi,
Owner and bartender,
Peaches & Cream bar, Zagreb

"In HoReCa, one of the key success factors is to truly understand the different needs of our stakeholders."

Kruno Rozic,
Premium Spirits
marketing manager

Growth pillars continued
Leverage our unique 24/7 portfolio

Adult Sparkling: a 'big bet' and growth accelerator continued

We are complementing well-established brands like Schweppes and Kinley, with new ones like Lurisia and Three Cents.

The work we are doing on mixability – the combination of alcoholic beverages with sparkling drinks – is critical here and we are promoting Adult Sparkling both out-of-home (leveraging our great HoReCa relationships) and at-home.

Higher
revenue-per-case than Group average.

"The Adult Sparkling soft drinks opportunity is massive"

Elaine Bowers Coventry
Chief Customer and Commercial Officer, TCCC.

Watch this Adult Sparkling growth accelerator video from our breakout session at our investor day.

Watch the video online



Premium segment



Kinley
Early evening 'self love' for young adults seeking joy!

~1x
Coke™[1] price



Schweppes
Finding fun any evening of the week... for social explorers

~1.2x
Coke™[1] price

Super-premium segment



Lurisia
For confident and assured adults who enjoy embodying status and letting others know it!

~3x
Coke™[1] price



Three Cents
Made by bartenders for bartenders... for slightly older adults in search of top quality with artisanal craftsmanship

~2.5–4x
Coke™[1] price

1. Coke™ price is Coke Trademark price

Growth pillars continued
Leverage our unique 24/7 portfolio

Waking up to 360° Coffee capability

It seems there is no end to consumer demand for good coffee. With our impressive track record, route to market and coffee capability development, we are well positioned to win. Coffee is core to our 24/7 strategy, with organic revenue up 37.5 % in 2023 versus the previous year and market share continuing to grow.

What's the growth opportunity?

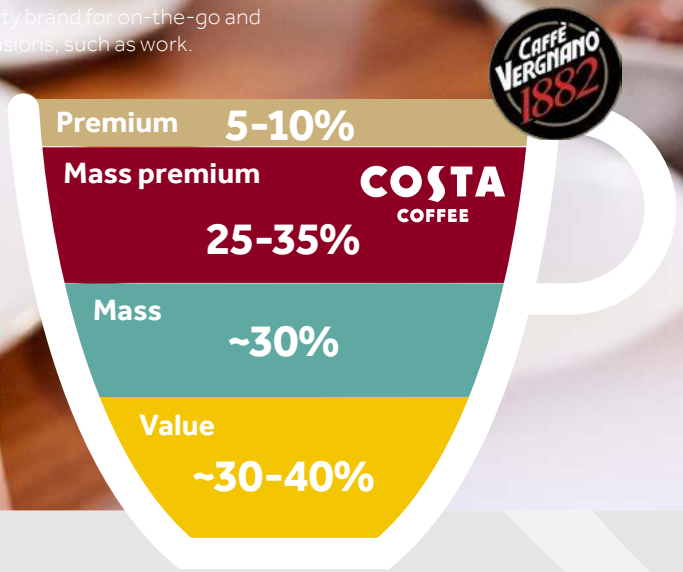
- Double the revenue per case versus Sparkling.
- Coffee strengthens our 24/7 beverage partner status across all sales channels.
- It allows us to accelerate our direct-to-consumer business such as vending.
- Coffee enables increased penetration of our non-alcoholic beverage portfolio at work.
- Coffee accounts for approximately 65% of consumer spending at work.

€32b
estimate of industry market value in 2023[1]

€10b
estimate of distributor value in 2023[1]

Opening up the right moment for premium and mass premium segments

Our COSTA and Caffè Vergnano brands are well positioned to meet more diverse consumer and customer preferences in premium and mass premium segments. Caffè Vergnano is targeted towards high-end HoReCa locations and those looking to offer the authentic Italian espresso experience. COSTA is targeted towards younger, more modern locations and is our priority brand for on-the-go and self-serve occasions, such as work.



1. Source: internal system projections, excluding Russia and Ukraine.

Growth pillars continued
Leverage our unique 24/7 portfolio

Waking up to 360° Coffee capability continued

Building 360° Coffee capability

Growth in Coffee is underpinned by continued investment in key growth enablers. This includes building a professional team led by world-class coffee experts and providing a dedicated Coffee Academy. Customers benefit from onsite training and business development, supported by commercial insights driven by our DIA tools and real-time telemetrics.

Coffee Academy

In less than two years, we've trained hundreds of colleagues with tailored learning paths per role.

Customer training

All our customers' baristi in HoReCa are trained on how to use our coffee machines and given full training on our coffees.

Coffee Experts

14 in-house coffee experts-trained, certified baristas who work directly for us as full-time employees, including one world-champion barista!

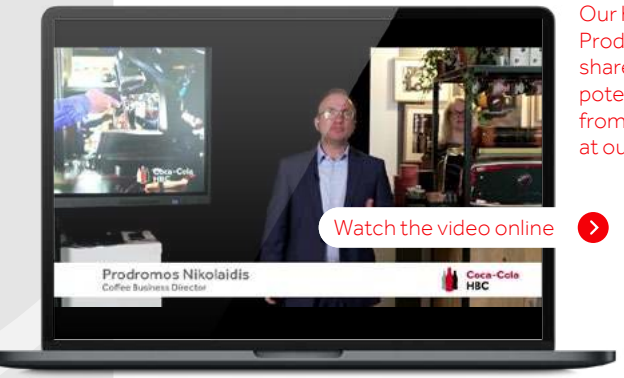
DIA[1]-enabled segmentation

We combine data from our business developers on field visits with data from our own coffee machines via telemetry with external data sources to drive personalised customer segmentation, generating competitive advantage, especially in the out-of-home channel. You can read more about personalised customer segmentation and execution across our business on page 39.

1. DIA: Data, Insights & Analytics

Telemetry

100% of our medium and large coffee machines are connected, transmitting real-time data on sales, quality and technical key business indicators through reports and scheduled alerts.



Our head of Coffee, Prodromos Nikolaidis, shares the growth potential in this category from the breakout session at our investor day

Watch the video online

Growth pillars

2 Win in the marketplace



Growth pillars continued

2 Win in the marketplace

2023 highlights

- Scaled segmented execution so that all markets benefit from advanced micro-segmentation
- Expanded revenue per case while delivering market share gains, with appropriate price increases and mix improvements
- Continued digital transformation with the introduction of a next-generation customer relationship management system

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

Principal risks and opportunities
- Foreign exchange fluctuations
- Marketplace economic conditions
- Geopolitical and security environment
- Competing in the digital marketplace
- Suppliers and sustainable sourcing
- Cyber incidents
- Sustainable packaging

Read more p88 to 107

Material topics
- Socio-economic impact
- Packaging and waste management
- Climate change
- Food loss and waste

Read more p15 to 39

Stakeholders

Our customers
Our consumers
The Coca-Cola Company
Our investors



Bespoke capabilities with exceptional people

Our second growth pillar, win in the marketplace, encapsulates how we drive profitable revenue growth and anticipate or react to new challenges faster and smarter than our competition. Two elements underpin this pillar: our bespoke capabilities, which are critical for us to better understand the real and changing needs of both customers and consumers; and our talented salespeople, or business developers, who establish long-lasting winning partnerships with customers.

Our customers range from global supermarket brands and independent convenience stores to restaurants and e-retailers. Understanding the needs of these customers and their relationship with consumers is critical to our success. Targeting personalised execution for every outlet requires capabilities in data, insights & analytics (DIA), revenue growth management (RGM) and route to market (RTM). In 2023, we continued to invest in these bespoke capabilities, particularly DIA and digital commerce, enhancing tools that allow us to deliver best-in-class RGM, RTM and customer management.

The power of our 24/7 portfolio and consistent investment in our capabilities has allowed us to make informed pricing decisions and offer a personalised mix of categories and package formats to customers. This data-driven approach has resulted in another year of strong revenue per case expansion and profit growth, enabling us to drive a further 110bps of value share expansion in NARTD in 2023, and an 80bps improvement in value share expansion in Sparkling.

We have adapted our ways of working, strengthened our supply chains, and proven the depth and breadth of our capabilities. This is particularly the case for RGM, where we have delivered robust price and mix improvements in the face of significant commodity inflation and, more recently, energy cost rises. We have been laser-focused and clear on the decisions we are making and what we expect these decisions to achieve.

Growth pillars continued
Win in the marketplace



"I am so excited by the progress we have made in our bespoke capabilities, enabling a step change in our ability to win in the marketplace. It is the interconnection of route to market, data, insights & analytics, and revenue growth management, together with digital commerce, customer management and talent development, our lighthouse capability, which allows us to personalise execution for every outlet."

Naya Kalogeraki
Chief Operating Officer

Targeting personalised execution for every outlet

At our investor day in May, we shared how our capabilities are driving personalised execution for every outlet.

The six key capabilities are:

Revenue growth management
Industry-leading RGM enables us to drive smart affordability and premiumisation

Data, insights & analytics
Our investment in data, insights & analytics allows us to drive revenue faster and optimise smarter

Digital commerce
Key growth driver to equip our business for the future. Route-to-customer through eB2B Route-to-consumer through e-retail and delivery apps



Route to market
We have more customer interactions than ever before due to our physical and digital route to market

Talent development
Investing in our people and their development remains our 'lighthouse' capability

Customer management
Joint value creation is at the heart of customer partnership.

Growth pillars continued
Win in the marketplace

Our bespoke capabilities

At our investor day in May, we shared how our capabilities are driving personalised execution for every outlet. Over the next three pages, we describe these six capabilities in detail, starting with customer management at the bottom right-hand side, and working anti-clockwise round the wheel on page 35.

Customer management

We are committed to creating value jointly with our customers and this is at the heart of our successful partnerships. Through our joint value creation strategies, we were once again the leading contributor to revenue growth in fast-moving consumer goods (FMCG) across our retail customers, according to market researcher Nielsen. Innovations such as our new next-generation customer relationship management (CRM) system support such success. The new system was rolled out in 18 markets during the year, strengthening our customer management capabilities that are directly linked to growing customer revenue. As well as supporting our core business, this has enabled us to accelerate our performance in new categories such as Coffee and Premium Spirits, as the system is able to consolidate customer leads efficiently and accurately for our sales team. Providing a stronger digital tool for communication drives better service and is another way for our salespeople to spend more time with our customers and provide them with data-driven analytics and insights.

We are committed to measuring and improving customer experience using the Net Promoter Score® metric applied through CustomerGauge 'voice of customer' software, which enables instant feedback from customers.

When a customer has an issue, the target for our sales teams is to 'close the loop' and resolve issues within 48 hours. In 2023, 83% of cases were resolved in 48 hours, up from 66% in 2022. This tool is now live in all our markets, with 55% of our customers providing feedback on our performance.

We continue to support our customers through challenging periods of cost inflation and other economic pressures by offering a diverse portfolio and investing in engaging and relevant brand campaigns. This helped our customers generate top-line growth, whilst satisfying their shopper and customer needs. For example, at-home and out-of-home channels both delivered positive revenue growth in 2023, with more digital and physical at-home solutions and a wider out-of-home portfolio offering.

Digital commerce

In 2023, we significantly invested in our digital commerce platforms and solutions, as part of our digital journey to enhance our capabilities using data-driven strategies and efficient online business platforms for growing revenue. Our collaboration with e-retailers and food delivery platforms to create unique omnichannel consumer experiences further intensified. Our strong online execution capabilities, with a focus on digital shelf execution and data-driven shopper activation, led to strong double-digit revenue growth online and growth in online market share. On food delivery platforms, we aim to sell a drink with a meal and this 'beverage attachment' rate improved slightly to 26% (excluding Russia).

Our Customer Portal e-business-to-business (eB2B) platform saw further growth. Our focus was on driving incremental revenue and expanding the omnichannel service tools. We enhanced Customer Portal's reach and efficiency, which drove an increase in customer orders and revenue, particularly in small non-chain stores. It is now the main order-taking channel, representing 10% of orders made, more than doubling the share of orders in 2022. Meanwhile, we scaled our business-to-business digital marketing capabilities, launching automated customer engagement journeys and piloting generative AI-powered marketing campaigns with promising first results – all using the size, scale and user friendliness of Customer Portal.

Sirvis, our 24/7 multi-category, eB2B aggregator ordering platform for indirect route to market, was rolled out to more regions in Italy, and we prepared for expansion into three more countries for 2024. The platform connects out-of-home outlets to wholesale suppliers of goods, as well as service providers of relevant services. We continued to pilot direct-to-consumer platforms, including Home Delivery in Egypt.



Growth pillars continued
Win in the marketplace

Data, insights & analytics

DIA is one of our prioritised growth capabilities and we see this as a competitive advantage. Everything we do in this space, primarily through prioritised use cases, is done with the customer in mind and to strengthen our RGM and RTM.

2023 was a pivotal year for the implementation of DIA capabilities. We stepped up our analytics and AI usage, with the ambition to become an industry leader and to set a global benchmark in these capabilities. We have four prioritised use cases:

Segmented execution

In 2023, we scaled segmented execution so that all markets, including Egypt, now have advanced micro segmentation, the ability to predict the potential value of a single outlet from a single product category – see an example from Nigeria in our feature on page 39 and in the video from our investor day, link also on page 39. We also launched the next generation of segmented execution, which provides new capabilities that personalise what we sell, personalises how we serve and execute with our customers, and enables us to make strategic and profitable investments.

Promotion spend effectiveness

In 2023, we continued to increase our use of advanced analytics algorithms to improve the return on promotion investments, as well as improve demand forecasting. The algorithms mean we can measure the effectiveness of every Euro of promotional spend, allowing us to 'course-correct' and allocate investment to higher return promotions. We have automated these algorithms so that we run promotion management measurement each quarter to be agile in taking actions, rather than having annual plans, as well as leveraging the insights to drive joint value creation with our customers.

Demand forecasting

We continued to develop our AI-enabled forecasting for short- and long-term demand for our products. In Romania, for example, we saw a 10% improvement in our demand forecasting after putting these AI tools in place.

Improving retention of our business developers

This gives us valuable insights into how to reduce churn and have consistency and longer tenure with better performance.

Our sales teams – and colleagues in wider functions – continue to benefit significantly from the Data and Analytics Academy. It is accelerating the culture of data-driven decision making, enabling us to upskill our colleagues. We now have over 1,200 colleagues involved in DIA academy courses. New for 2023 was a module on generative AI, which we introduced to equip our colleagues with the very latest skills to improve data literacy.

Revenue growth management

In 2023, we leveraged our RGM capabilities to implement price increases across all our markets, as well as drive mix increases, balancing premiumisation and affordability in a highly inflationary environment.

Enhanced data and analytics tools have allowed us to adapt to ever-changing price elasticities, making decisions that protect consumption and our competitive position. Our proactiveness and agility in adapting price moves or promotional strategies to the marketplace and the competitive landscape have been critical to deliver revenue growth from both pricing and mix, while growing market share.

Ongoing high inflation reinforced our long-standing focus on improving affordability. We launched new affordable pack formats in the Czech Republic and Slovakia where we replaced 1.75 litre with 1.5 litre and 2.25 litre with 2 litre formats. We expanded affordable offerings in a segmented way, aiming at channels and regions most relevant to the target consumer. For example, in Egypt we scaled our returnable glass bottle offerings and 300ml PET, leveraging segmentation based on consumer disposable income. We continued the expansion of 300ml PET in Bulgaria and we expanded our 350ml returnable glass bottle offering in Nigeria.

Promotions are another important part of affordability. In 2023, we used data and insights to improve return on investment, offer more value-add promotions and focus on profitability. This helped to maximise returns for us and our customers. Premiumisation remains relevant for certain consumer segments, and we continued to increase our range of premium packs – in Austria launching a 400ml glass bottle and expanding our 1 litre glass bottle into flavours. We also increased our focus on premium multi-packs of mini cans in our Established markets. Our focus on single-serve packs increased at-home channel sales. Due to our ongoing focus on HoReCa, we improved the percentage of sales from the out-of-home channel in Europe.

We have more customer interaction than before due to our physical and digital route to market

Sales force	Coolers	New tools
15,000 salespeople	**1.4 million** coolers	**27** Image recognition in 27 countries, with **350,000 outlets** covered
1.8 million customers	**90%** coverage in high-potential outlets	**New dynamic routing tool** to optimise salespeople travel time
67% of stores visited directly	**1.0 million** coolers are connected, improving data collection from the field	**>30%** of our indirect distribution partners connected through CCH integration tool

Growth pillars continued
Win in the marketplace

Route to market

We have a vast route to market. Each day, around 15,000 business developers in sales teams across our countries service two million customers – in fact, we have more customer interactions than ever before due to our physical and digital RTM. And, with 1.4 million coolers (refrigerators) owned on our customers' premises, we have multiple RTM models with different sales force roles, different last-mile models and different execution strategies. A 24/7 dynamic sales and distribution model seeks to maximise profitable growth through data-driven execution excellence. We are constantly upgrading our physical RTM fundamentals to adapt to the digital transformation, and we are incorporating data and analytics to make it even more efficient.

We continue to invest in new coolers as they help to drive single-serve mix and revenue growth. We increased the number of coolers by 9,300[1] in 2023, led by Italy, to a total of 1.4 million coolers on customer premises. More than half now have online connections, up 6pp, which improves their profitability by providing volume data for better execution. We have focused on using data to increase our profitable cooler coverage and in 2023 reached 90%[1] coverage of our top customer outlets. We also continued upgrading our physical RTM to adapt to the digital transformation and we now have 91,000 active digital customers, up 46% from 2022.

Image recognition tools are now operational in most of our markets. These tools help us understand in a precise and efficient way the quality of our execution at the point of sale, and to drive the needed corrective actions. We are also supporting our indirect distribution partners by connecting them through a bespoke CCH integration tool. Finally, we are expanding our digital coverage enabled by our eB2B platforms.

In 2023, we expanded our physical coverage of outlets to support our out-of-home channel development. We increased our sales force in Italy, Croatia, Czech Republic and Slovakia and as a result we now visit two-thirds of our customers in person. We are enhancing our physical coverage by using dynamic routing tools, which optimise travel times and allow our sales force to spend more time with customers. It is this combination of in-person visits with data-driven insights and digital execution that is the foundation of our RTM success.

Talent development

Investing in our people and their development remains our 'lighthouse capability'. We aim to make our company an irresistible place to work – where our employees feel heard, valued, supported and motivated to realise their full potential. We strive to ensure that we recruit and retain the best talent, providing unique and personalised development as a reason to join, grow, stay and best serve our customers. We have numerous development tools in place like fast-track development programmes for our high-potential colleagues. We develop critical sales and supply chain capabilities by offering a suite of academies, and our learning culture is embedded by making learning accessible through technology-enabled solutions. You can read more about our talent development in Cultivate the potential of our people on page 45.



In this lively video, you can see a day in the life of a business developer

Watch the video online

Priorities in 2024

- Deliver continuous improvements to joint value creation with customers and customer experience
- Accelerate digital commerce, leveraging the scale of Customer Portal and expanding Sirvis
- Enhance our competitive advantage from segmented execution insights, particularly in the HoReCa channel, as well as leverage insights from promotion analytics
- Continue to implement our revenue growth management strategies, addressing both affordability and premiumisation, with an increased focus on mix initiatives
- Continue to improve our physical and digital route-to-market coverage with enhanced digital and technology tools and upgraded capabilities

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.



1. Excluding Russia, Egypt, Ukraine, Moldova and Armenia.

Growth pillars continued
Win in the marketplace

Personalisation depends on data, insights & analytics

From years of experience, we know there is no one-size-fits-all when it comes to beverage preferences. We aim for personalised execution for every outlet and capabilities in data, insights and analytics are critical to delivering this.

What's the growth opportunity?

Integrated intelligence across all channels.

Irrespective of the channel, we offer personalised and relevant assortment recommendations in every customer touch point in all our markets on a weekly basis:

- Suggested orders for **business developers when they visit the customer and they place an order in person**
- Smart orders in **Customer Portal – online portal where customers can order 24/7**
- Suggested orders for **Call centre when the customer calls in to place an order**

Opening up moments for personalisation

For example in Algeria:

- Algorithms help find the right product in the right pack size at the right time.
- We bring intelligence that sophisticated retailers have to our more than 200,000 fragmented customers (traditional 'mom and pop' stores), segmenting them into 80 microsegments.
- Customer-centric order taking: the algorithm sees highest potential for Premium SSDs and Energy drinks. It suggests Coke and Monster and sees similar outlets are successful with Predator, so it adds Predator.

"Algorithms help generate outlet-specific insights for personalisation. Data-enabled insights power our active two million customer base in Hellenic across all our markets."

Ruchika Sachdeva
Head of Data, Insights & Analytics





Our head of DIA, Ruchika Sachdeva, shares how data, analytics and insight are a growth accelerator in the breakout session at our investor day

Watch the video online

Growth pillars

3 Fuel growth through competitiveness and investment



Growth pillars continued

3 Fuel growth through competitiveness and investment

2023 highlights

- Added seven new production lines and invested €11 million in rPET in Romania
- Fast-forwarded transition to paper-based secondary packaging through effective supplier partnerships
- Achieved target of 50% energy-efficient, connected coolers ahead of schedule

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

Principal risks and opportunities
- Marketplace economic conditions
- Competing in the digital marketplace
- Suppliers and sustainable sourcing
- Cyber incidents
- Sustainable packaging
- Water availability and usage
- Managing our carbon footprint

Read more p88 to 107

Material topics
- Sustainable sourcing
- Socio-economic impact
- Climate change
- Water stewardship
- Packaging and waste management

Read more p42 to 44

Stakeholders

Our customers

Our suppliers

Our investors



Investing for growth

Our ability to win in the marketplace and to leverage our 24/7 portfolio is down to continuous strengthening of our customer and supplier partnerships, and investment: investment in capacity; investment in sustainability; investment in digital, data and technology and investment in critical, value-creating capabilities (read more in Win in the Marketplace on pages 33 to 39).

Investing in capacity to support our 24/7 portfolio

We have a broad footprint of 62 production plants, of which five are mega-plants, across 29 countries (no change from 2022), with five production plants in Egypt now fully integrated following the acquisition of the business in 2022. We added seven new production lines, ranging from our new PET line in Hungary to new glass and can lines in Nigeria. You can read more about our new resealable RGB line in Austria on page 62.

We have invested heavily in our partnership with Monster Energy, as Energy continues to be one of the fastest-growing categories in NARTD beverages.

In 2023, we added three additional Monster canning lines: one each in Ireland and Poland, which were commissioned in 2023; and a line in Italy that will be commissioned in 2024, bringing our total to eight Monster lines across five countries.

We continued our investment in coolers, or refrigerators, at customer premises in support of our revenue growth management strategy and sustainability goals – see pages 43 and 44.

Investing in sustainability as a growth enabler

Our approach to sustainability is doing what is right, while creating value for the business and strengthening resilience. For example, we have reduced energy use by 30% between 2010 and 2023, making a significant impact on emissions reductions, but also realising more than €50 million (gross) in energy cost savings.

On packaging, we have invested more than €50 million in three in-house recycled plastic (rPET) production units in Italy, Poland and Romania over the last two years, with €11 million invested in the Romania plant alone in 2023. These investments reflect our commitment to a circular economy, while allowing us to decrease the cost of buying rPET from outside and enhancing our security of supply in a tight market.

We continually scan the market to assess supplier capabilities and use strategic partner relationships, for example, to increase Post Consumer Recycled (PCR) content, reduce shrink and stretch film thickness (down-gauging) to minimise material consumption and develop close loop, circular solutions. In 2023, we implemented multiple down-gauging shrink film initiatives in the Czech Republic, Northern Ireland and Hungary, resulting in cost savings and reduction of CO_2 emissions.

We continue innovating in glass and paper – investing €12 million in Austria on a new energy- and water-efficient returnable glass bottle line for our 1 litre 'universal bottle' format, while introducing a new 400ml resealable, reusable glass bottle, and launching a paper-based alternative to plastic shrink film for 1.5 litre PET multipacks.

Growth pillars continued
Fuel growth through competitiveness and investment



A paper-based alternative to shrink film for 1.5 litre bottles was three years in the making

CCH Austria, paper producer Mondi and machine manufacturer Krones partnered to create an innovative, high-strength, paper sleeve, 'Hug-IT', that tightly wraps and secures six 1.5 litre bottle bundles of Coke, Fanta, Sprite and Mezzo Mix during transit.

Hug-IT replaces existing plastic shrink wrap, using paper made from FSC® certified responsibly sourced fibres, as a more sustainable solution. Hug-IT has taken three years to come to fruition, from conception through to planning, trialling, and finally getting the product onto the shelf. Expert teams from the three companies worked closely together to meet the challenges of aesthetics, strength and stretchability of the paper solution.

mondi KRONES

"The careful use of resources and recyclable materials is an important pillar in our sustainability strategy and plays a central role in the design of the sustainable packaging mix for the Austrian market. With the introduction of our new solution, which is unique in the world to date, we will be able to reduce material use by around 200 tonnes of plastic per year. It was a pleasure to work with Mondi and our other partners in jointly contributing to a circular economy."

Felix Sprenger
Supply Chain Director, CCH Austria

"Our approach is 'paper where possible, plastic when useful' – and replacing the plastic shrink wrap used for bundling bottles provides the ideal opportunity to put that into practice. By producing a strong paper, we are able to replicate what the plastic shrink wrap does, delivering secure and safe transportation of multipacks with our Hug-IT paper sleeves that reduce plastic use."

Silvia Hanzelova
Sales Director Speciality Kraft Paper, Mondi

We successfully continued with the paper-based holder for smaller multipacks, Keel Clip™, implemented in Hungary, Greece, Italy, Poland, Romania, Northern Ireland and Austria, while we started to look into how to further optimise the solution to reduce material usage and minimise emissions. Specifically, in Italy we piloted six packs of 150ml with a down-gauged carton format. Results were encouraging, so we plan to develop the commercial solution and introduce to the broader market in 2024.

Also in secondary packaging, we concluded an assessment related to the introduction of low-density film in Biaxially Oriented Polypropylene (BOPP) labels instead of standard plastic labels. Following this assessment, we expect to roll out BOPP labels in 2024, and anticipate reducing plastic in labels by 12%, saving around 240 tonnes of material and 600 tonnes of CO_2 emissions annually. In 2023, we successfully piloted smaller labels in 1 litre upwards multi-serve packs in Greece, Cyprus, Poland and Italy, and we are now planning the roll out of shorter labels across the Company in 2024. This will result in CO_2 emissions reduction by approximately 550 tonnes.

Water remains one of our key strategic priorities. By using innovative technologies, such as water-free cleaners for our new can lines in Greece and Poland, we are targeting a 20% reduction in water consumption by 2025 compared with 2017 in water risk areas. You can read more about our investments and achievements in water on pages 61 to 62.

Our suppliers are important partners in sustainability. We monitor the performance of our significant suppliers through our annual internal assessments, third-party audits of compliance, the EcoVadis IQ Plus Tool and EcoVadis Risk Assessment platform. EcoVadis helps us monitor, assess and benchmark a range of risks using 21 criteria from international standard setters and is our common ESG assessment platform across the Coca-Cola System, where we exchange information on the ESG performance of our common suppliers. We are also investigating how to further extend risk assessment in our supply base, leveraging new tools, Artificial Intelligence and customised alerts, giving our strategic procurement team faster access to critical events and information affecting our supply chain.

We recognise supplier certifications, as per international standards including ISO 9001, ISO 14001, ISO 50001, FSSC 22000 and ISO 45001. For agricultural commodities, we recognise the Rainforest Alliance, Fair Trade, Bonsucro, the Sustainable Agriculture Initiative Platform Farm Sustainability Assessment and Global GAP+GRASP. All long-term contractors and contracted services on site are assessed on human rights through workplace audits, which have a three-year cycle.

In this short video, Anna Erniša, Chief 'Hug' Officer at Mondi, describes the story of 'Hug-IT' and the many open up moments on the project

Watch the video online



Growth pillars continued
Fuel growth through competitiveness and investment

Investing in digital, data and technology

Fuelling our growth requires investment behind digital technology and new business models, blended with our continuous focus on productivity and efficiency improvement initiatives. In 2023, we appointed a dedicated head of our Digital Factory to focus on embedding digital throughout the business. We consider three 'buckets' when investing in digital, data and technology: consumer and customer centricity (read more in 'Win in the marketplace' on pages 33 to 39); employee experience (read more in 'Cultivate the potential of our people' on pages 45 to 51); and operational productivity.

Operational productivity: line performance optimisation

1. Managing complexity through flexibility and adaptability through increased complexity
2. Evolving maintenance strategy to reduce bottling line downtime
3. Developing people capability hand in hand with technology development
4. Improving performance management using digital tools

Consumer and customer centricity

We achieved several milestones in customer centricity in 2023, including:

- **Connected coolers:** passed the 1 million 'connected coolers' milestone, meaning that we are continually increasing and improving the data we obtain from the field
- **Image recognition:** processing over 1.5 million product execution images every month, continuing to free up business developers to spend more time with customers and improving revenue per outlet
- **DIA using machine learning for personalised execution:** 57% of customer visits had outlet-specific suggested orders recommended by business developers
- **Dynamic routing:** 11% market coverage using algorithm-based routing for deliveries in first year of deployment, with target of 34% coverage for 2024

Employee experience

To achieve best-in-class employee experience, we have designed and tested 'WorkDay' as a new core HR system to improve internal productivity, with the target of saving many hours for colleagues to use in higher value-add activities. During 2024, we will deploy the solution throughout the business.

During 2023, we selected Microsoft Viva to host our new intranet platform for internal communication, and we will design and deploy the new intranet in early 2024.

We also started to research the new-generation digital assistants. Using Microsoft Copilot, we are evaluating technology and persona-based needs as part of our generative AI in the workplace plans.

Operational productivity

We are continually investing in improving our operational productivity, reducing changeover times between flavours, optimising washing procedures, developing our predictive maintenance routines and managing complexity of production.

Managing complexity is key as we expand our flavour ranges and expand our lines, and we launched a Digital Twin pilot project in Edelstal, Austria, to explore how to make both financial and sustainability savings as the manufacturing process becomes more complex.

Other examples of where we are using digital include 250 manufacturing practices shared through our internal software platform 'WeKnow', enabling best practice and learnings to be shared across the organisation.

We have also implemented a new digital application to support plant operators' personal development and capabilities, and in particular their ability to embrace technological developments, in our connected worker platform.

We also organised a two-day innovation event with a wide range of suppliers to remain up to date with technological developments.

Our digital team describes how digital is enabling growth in this breakout session video from our investor day.



Our Digital Factory journey so far

The Digital Factory addresses all three buckets of our digital, data and technology strategy. In 2023, we created a dedicated 'Head of Digital Factory' role to recognise the importance of investing in our digital innovation and capabilities.

- **Q4 '21** We launched our own **Digital Factory** to accelerate bringing new ideas and solutions to the market and bridging the gap between innovation and scale
- **Q1 '22** Set up our first two **dynamic pods** for **Employee Experience** and **Digital Commerce** and recruited our first team member to drive our **User Experience (UX)** capability
- **Q2 '22** Kicked off a pilot in Hungary to trial a new **sales delivery** model. Supported the relaunch of the **direct-to-consumer** model in Switzerland
- **Q1 '23** Worked in partnership with Microsoft to build a GenAI powered prototype of **Sales Academy** in the metaverse and showcased it at the Cairo Leadership Conference
- **Q2 '23** Appointed a **new dedicated Head of Digital Factory** and upscaled the digital factory to take more ideas forward in 2023

Growth pillars continued
Fuel growth through competitiveness and investment

Consumer and customer centricity

Enabling personalised execution for every outlet

1,000,000

connected coolers

continually increasing and improving data collection from the field

Employee experience

Make CCH a

fully digital workplace

where employees feel heard, valued, supported and motivated to realise their full potential

Operational productivity

Deliver

stronger results faster

through data, technology and insights enabled processes and decision making

Strengthening our supplier partnerships and supply chain effectiveness

We consider our suppliers as critical partners, contributing to the ongoing and sustainable success of our business. Under a unified procurement framework, we segment our supply base universe of around 15,000 parent level supplier organisations into direct and indirect spend suppliers, and a hierarchy according to their importance. You can read more about this and a full description of our supply chain on our website (https://www.coca-colahellenic.com/en/about-us/what-we-do/supply-chain). We place significant focus on forming partnerships with suppliers that have supply points located within our countries, both multinational and local, while also developing strong local suppliers across our territories. These efforts support our strategy for local sourcing and contributing to socio-economic development in the countries where we operate.



We have built a borderless supply chain to a large extent that operates effectively and efficiently, enabling us to embed innovative technologies and respond to customers and suppliers fast. We are innovating within our supply chain to expand our technical capabilities, driving productivity improvements and making cost, energy and water savings.

We are investing in technologies that optimise our infrastructure and transform our existing plants into efficient mega-plants, effectively serving a country or an entire region.

“Our mission is to become the leading supply chain function in our industry in terms of customer service and cost efficiency. To achieve this, we focus our efforts on keeping our people engaged, excelling in sustainability, reducing our costs and building best-in-class customer service and responsiveness.”

Ivo Bjelis,
Chief Supply Chain Officer

Priorities in 2024

- Commission an additional Monster canning line in Italy
- Improved market coverage using algorithm-based routing for deliveries
- Continue to improve our supply chain efficiency
- Continue to improve the environmental impact of our secondary packaging, for example by rolling out BOPP labels
- Increase the impact of the Digital Factory under a dedicated head, increasing the number of pilots that become scaled solutions in the business

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.



Growth pillars

4 Cultivate the potential of our people



Growth pillars continued

4 Cultivate the potential of our people

2023 highlights

- Kept our people safe during turbulent geopolitical events
- Improved our engagement score, confirming that we are embedding a purpose-led culture and greater belief in our efforts to simplify our business
- Helped our customers and our people adapt to the changing external environment with speed and agility through new ways of working
- Continued to strengthen the diversity of our workforce while building an inclusive workplace

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

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

Read more p88 to 107

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

Read more p47 to 51

Stakeholders

Our people

Our communities



Strengthening our culture

We passionately believe that it is only with the strength, competence and engagement of our people that we will achieve our vision and ambitious growth agenda. Over the last year, we took time to reflect on our wider purpose and culture, working with colleagues from across the organisation to identify a unifying purpose: to open up moments that refresh us all.

The subsequent 'Culture Story' brought to life in 2023 is about all of us at Hellenic – who we are, our purpose, vision, leadership model, values and the behaviours we commit to. It is a story that, for the first time, was captured in a Culture Manifesto, accessible to all as a booklet and serving as our guiding star in all we do.

We unveiled the Culture Manifesto to senior leaders at the annual Leadership Conference in Cairo. Shortly afterwards, the story was cascaded the same day across all our teams through townhall sessions. Our people were further engaged through culture labs to build a common understanding behind our purpose, values and behaviours and to identify team and personal commitments that bring our culture to life every day. To address the needs of our employees, we continued to deploy our bi-annual culture and engagement survey, which looks at how we are performing against our engagement and committed values and behaviours. We scored well on the values of 'We over I' and 'Deliver Sustainably', with further work expected to 'Make it Simple' so that colleagues can avoid time spent on non-value-adding activities. We are taking this feedback seriously, accelerating how we simplify our processes and the way we work.

For example, Oxygen, our Group-wide initiative to simplify and introduce smart ways of working, has already freed up more than 633,000 hours of colleague time. This is thanks to innovations such as dynamic routing, piloted in Poland, which is reducing travel time for sales teams visiting customers by around a third, freeing up 10% of their time. We are now rolling dynamic routing out to new markets.

With a new network of passionate 'change leaders' across the organisation, we look forward to accelerating cultural progress in 2024, against the ultimate objective to put our customers first, make it simple and open up opportunities for growth.

Making culture real through storytelling

Sharing stories from our diverse and talented people from across our markets is one of the best ways in which we can ensure colleagues feel seen, heard, valued and connected to each other – and to our culture.

Red Talks has been an effective platform to enable this and in 2023, it proved to be a popular way for colleagues to share personal and professional experiences, ideas and insights securely via their preferred channel – from videos to live storytelling and presentations.

Meanwhile, Coffee Corner events were well attended. These open, informal live chats invite our storytellers to share on a range of topics, from leadership and growth to development and feedback. With 150-250 participants per session, Coffee Corner events have sparked interest from across the organisation. All our people stories are stored in the Red Talks Hub to be accessed anytime, anywhere.

Growth pillars continued
Cultivate the potential of our people

Engagement and collaboration

Prior to our bi-annual culture and engagement survey in September, a pulse survey in April already showed improvement in five out of six strategic areas: Strategic Priorities; Work-Life Balance; Customer Centric Recognition; Simplification and Retention. The culture and engagement survey was updated to align with our new values and leadership model. Record-breaking participation (92%) and a high sustainable engagement index score (86%) were headline achievements, alongside 'belief in our strategic priorities' (88%), 'feeling proud to be part of our Company' (93%), and 'recommend the Company to others' (87%). We also saw a nine percentage points increase in Business Developer retention scores vs 2022. Our 2023 results were two percentage points below the Qualtrics Global Top Decile Norm for engagement and we will continue to benchmark our performance against other high-performing companies. We are also improving how we collaborate across functions, which we measure through the 'collaborating for impact' survey. We saw participation nearly doubling, reaching 28,358 responses, and significant progress in cross-functional collaboration. Our internal NPS score improved to 30 in November from 15 in February. While we keep sight of the desired behaviours we want to nurture, we are focusing to address the opportunities on the biggest drivers to create a tangible impact with our frontliners and our customers.

Participation in our performance management framework, 'performance for growth', reached an all-time high of 97%. We refreshed the framework as well, aligning it with our new values and leadership model and emphasising simplification, value-adding activities and prioritisation.

We also revisited feedback loops, introduced colleague feedback processes, enhancing collaboration across functions and borders. This new feedback approach resulted in more employees receiving individual feedback (67% compared with 46% in 2022). This positive evolution underscores our commitment to cultivating a high-performance culture that resonates with our workforce.

Employee turnover continued to fall, landing at 11.4% compared with 11.8% in 2022. Retention remains a key priority and we prioritise exit surveys, attractive remuneration and regular dialogue through STAY conversations. We have decreased the ratio of female managers leaving compared with male counterparts, thanks in part to focus groups that were held to better understand the root causes of female turnover and the action plans put in place.

86%
sustainable engagement index score

88%
belief in our strategic priorities

93%
feeling proud to be part of our Company

87%
recommend the Company to others



Supporting our people in Ukraine

We could not be prouder of the resilience, collaboration and unity demonstrated by our team in Ukraine as the country faced a second year of war and uncertainty.

Their safety and wellbeing have remained our utmost priority, while colleagues from around the world have continued to give generously – with monetary aid, time, awareness and support. We also ran resilience webinars and coaching sessions, townhall events and engagement workshops, both on- and offline to ensure our Ukraine colleagues feel involved and supported by us all.

Our 'women in sales' community was created to amplify learning and development for female Ukrainian sales teams, while our 'reskill to win' programme helped anyone having to relocate within the country. We continued working with local youth organisations, providing hope and opportunity for those starting their careers and we restarted the Fast Forward development programme to bring local talent together.



Welcoming Egypt to the Coca-Cola HBC family

Integrating over 5,600 new colleagues from Egypt was a key focus during the year. The Leadership Conference, hosted in the country, was a strong starting point to align on culture and ambitions, supported by the Culture Manifesto and followed up by 11 roadshows across the country. We also extended our culture and engagement survey to Egypt, with an impressive participation rate of 97% and a sustainable engagement index score of 85%. We have identified further improvement opportunities in connecting and collaborating with our colleagues in Egypt, which we will address through follow-up workshops.

We also rolled out in Egypt our annual talent review programme and performance management cycle, covering over 700 people by the end of the year. Line manager labs focused on talent acquisition, rewards and policies, attended by over 500 colleagues. Meanwhile, more than 1,500 end users and 1,200 as Business Developers and Sales Team Leaders were trained, as our new SAP system went live in the country.

Growth pillars continued
Cultivate the potential of our people

Health and safety

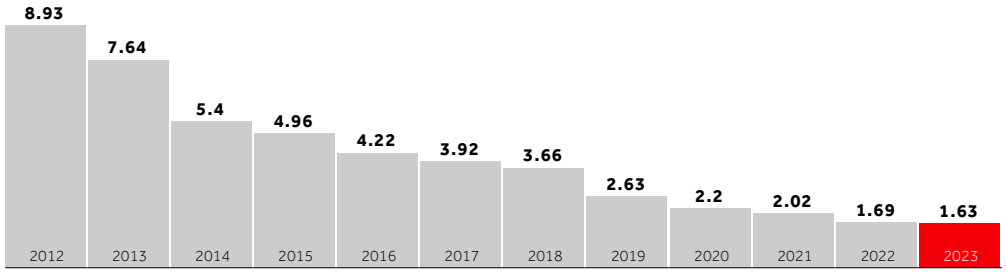
The health and safety of our people is of paramount importance for us, which is why we keep focusing on improving systems and initiatives, while engaging employees and contractors. We enhanced our behaviour-based safety programme by embedding more human and operational principles across manufacturing and non-manufacturing locations. We have reached 97% programme coverage in manufacturing, 96% in warehousing, 95% in commercial (excluding Nigeria) and 56% in our offices. By end of 2023, 2,168 employees and 740 contractors were trained as behaviour-based safety observers, and we eliminated 80.3% of barriers to safety identified under this programme.

The programme was rolled out to three new manufacturing locations in Egypt, where 47 observers were trained, and 831 behaviour-based safety observations were conducted.

We are very happy to report zero employee fatalities. However, with great regret there were five contractor fatalities that happened on the road and within our premises.

Out of three road accidents leading to a contractor fatality, two were caused by a public driver. Unfortunately, one on-site fatality was reported when a contractor's truck assistant was hit by a reversing truck and the other unfortunate on-site incident happened during a forklift repair. In both cases, we made a detailed root cause analysis, took appropriate corrective actions and shared the lessons learned across all our countries with mandatory preventative actions to be put in place. Our Employee Lost Time Accident Rate (LTAR) was 0.27, a 23% improvement versus 2022. The Contractors' Lost Time Incident Frequency rate (LTIFR) improved by 9%. In compliance with TCCC's Life Saving Rules (LSR), we conducted quarterly assessments of all manufacturing and non-manufacturing facilities, achieving 84.7% compliance (excluding Russia). Based on these assessments, each country has developed its own corrective actions to address critical gaps and achieve full compliance.

Accidents per million kilometres





Keeping in place our established fleet safety programmes, together with special attention on vehicle safety, we can report another year of continuous improvement in reducing accidents per million kilometres, achieving 1.63.

To maintain health and safety momentum, we conducted two engagement campaigns on increasing the safety awareness. One of them was linked to World Safety Day in April: "See, Say, Do something – Save a life. Stay safe for what you love." The second campaign in October addressed safety awareness before the winter season and was a continuation titled "Stay Safe for what you love!" We also launched a health and safety observation toolkit as an app-based resource for all colleagues to observe and report hazards or unsafe behaviours and to encourage safety conversations. Despite positive progress in our LTAR Mission 2025 commitments, we seek to accelerate it by working with selected business units with higher LTARs and engaging their leadership teams. We will also continue optimising our behaviour-based safety programme and strengthen the safety culture and behaviour of our employees and contractors.

Wellbeing and reward

We continue our commitment to fostering a workplace culture that prioritises and supports the wellbeing of our people. A dedicated wellbeing framework, centred around physical, mental, financial and social wellbeing, has been crucial to nurturing a healthy and resilient workforce. In 2023, alongside continued wellbeing initiatives, we organised a session focused on resilience and stress management led by a professional counsellor from our Employee Assistance Programme. Amid high inflation in many of our operating countries, we prioritised financial wellbeing, including conducting a session with valuable insights and strategies to manage financial pressures.

We automated our rewards processes by implementing the Beqom platform for annual increases in four business units. Following very positive user feedback, we also developed a management incentive plan (MIP) module and deployed digitalised processes to more business units, now numbering eight, with the expectation to run our annual increases and MIP in almost all business units on the platform in 2024. Preparing to launch a new workforce administration system, Workday, in 2024, we have doubled down on increasing the quality of data management, which will be a critical enabler in a consistent and better employee experience, supported by simplified, standardised and automated HR administration.

Continuous improvement in reducing accidents

4%

reduction in accidents per million kilometres in 2023, from 1.69 to 1.63

Growth pillars continued
Cultivate the potential of our people

Diversity and inclusion

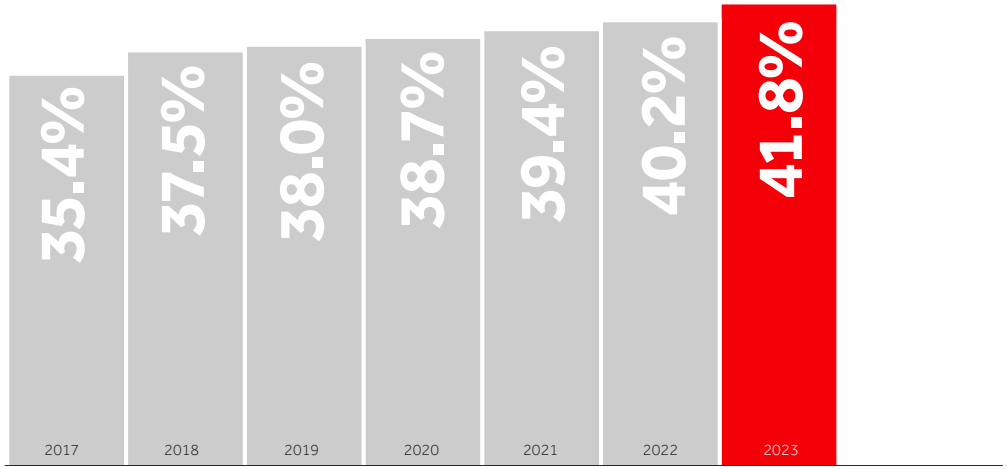
We maintained our commitment to diversity and inclusion, executing actions as part of our business plans and monitoring our progress closely. A consistent, continuous focus on recruitment, talent and retention has improved gender diversity at all levels, with 41.8% of management positions now held by women, thanks to proactive strategies such as gender-balanced recruitment shortlists. Overall, nearly half of our internal appointments were women (46%), while also 38% of our external hires were female. On a management level, 51.4% of external hires were women, while amongst our sales-based external hires the share of females was 36.2%.

We were proud to receive 15 diversity-related awards. Further highlights included the following:

- Ten women senior managers joined WeQual, an initiative that brings together global organisations to drive gender equality. Our CEO continues to be a judge at the WeQual awards for female leaders.
- Participating in the LEAD conference, as a TCCC partner – the largest diversity and inclusion event for the European FMCG and retail industry.
- Support The Boardroom in Greece to develop women for Board positions.

To ensure we adhere to all applicable laws and regulations and demonstrate best practice around diversity and inclusion, we regularly review our Human Rights Policy, our Code of Business Conduct, and other internal standards. Find out more on pages 114 to 115 and on our website.

Management positions held by women



Championing women in leadership

We continue to champion the professional development of our female talents through our Women in Leadership programmes. During the last year, 78 of our female leaders participated in the six-month programme, which aims to build engaged and capable female leaders, support their transition into new roles and change cultural factors that may hold them back. 32% of participants who completed 'Women in Leadership 1' and 23% of participants who completed 'Women in Leadership 2', during 2022 and 2023, have been promoted. Our CEO, Zoran Bogdanovic, featured as the first guest in its new community talks.

Our own 'women leader stories' video series included topics around work-life balance, career growth and leadership. It has attracted over 18 million views since its launch in 2021! Finally, our local business units continued creating their own regionally targeted campaigns to empower women, including breaking women in sales stereotypes in Serbia and women in supply chain campaigns in Austria and Romania.

Production Manager, Anna Zehetner-Tüttö, in our Irish business explains her journey as part of our Women in CCHBC series





Finding our Gen Z future leaders

We were delighted to kick-start our international leadership trainee programme. Designed to challenge and develop Gen Z graduates to become our next generation of leaders, it is focused on commercial experience through a 70-20-10 learning model that combines hands-on experience with mentoring from our senior leaders and highly acclaimed formal learning in partnership with Hult, a private business school. We supported the programme with a marketing campaign, 'Bring Your Own Magic', which reached out to more than 2.5 million Gen Z candidates. The campaign was nominated for ten global and local awards for digital communication and employer branding excellence, and won six including Silver in the Digital Communication Awards 2023.

Here are our new leaders in action!



Growth pillars continued
Cultivate the potential of our people

Talent development: Our lighthouse capability

Our commitment to people development is supported by our constantly evolving Talent review framework, which enables us to identify successors for senior leadership roles. This year we have increased the number of successors to country function head roles by 2 percentage points and out of all identified successors 48% are now women. At the same time, we identified more than 200 emerging talent individuals to tailor their development early on in their career and accelerate their growth. We continued optimising development tools, such as STAY and career conversations, and individual development plan guides. Talent Builders was launched as a programme to support all new people leaders on an end-to-end journey dedicated to the essentials of recruiting, developing and retaining people. 1,325 frontline leaders started their Talent Builder journey in 2023.

To enhance talent visibility across business units and functional areas, we worked with 26 cross-country talent pools, enabling more internal moves across our countries and functions. This contributed to 87 appointments into senior leadership roles, with 84% filled internally.

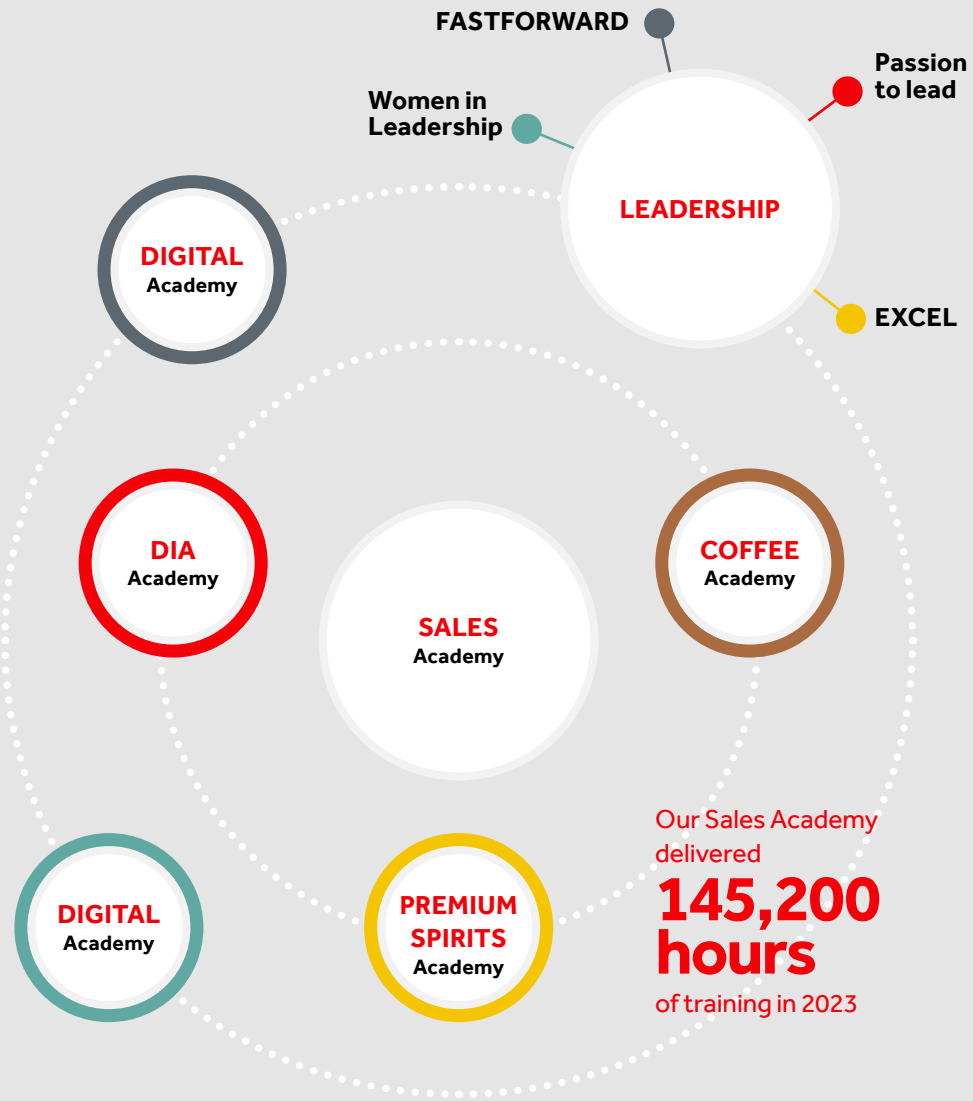
In total, around 300 people went through our acceleration programmes in 2023, which continues to be the main source of our internal succession. We have also focused on our critical growth capabilities, introducing 'x-ray' reviews to proactively identify where we need to invest in external hires or internal capability development, which are vital for sustainable business performance and growth. This will help us to strengthen the talent pipeline, ensure proactive identification of succession gaps and enable long-term planning.

Developing critical sales and supply chain capabilities

We offer a suite of academies that support professional development of key sales roles. We had another year of strong uptake in 2023, with over 1,300 new Business Developers becoming certified (licence to start and licence to sell) and 89% of existing Business Developers achieving certification. Alongside new Premium Spirits and Coffee Academies, we launched a Digital Commerce Academy and relaunched our Sales Academy for Key Accounts. We also launched MYcroLearnings across all our markets as five-minute bitesize online sessions offered every two weeks to our entire sales force to reinforce foundational and critical elements of sales capabilities.

We launched a new selection tool to hire Business Developers in 2023. Combining input from over 3,600 candidates and existing Business Developers, we were able to introduce performance and retention predictors to support hiring decisions. The new tool has already improved candidate experience, reduced time to recruit by 15% and improved retention of new Business Developers by around 5%.

When it comes to investing in our supply chain talent, we launched the Supply Chain Academy to approximately 95% of all supply chain personnel across manufacturing, logistics, quality, planning and procurement. More than 1,300 colleagues acquired their licence, and we are targeting 100% participation in the year ahead – showing operational excellence in action.

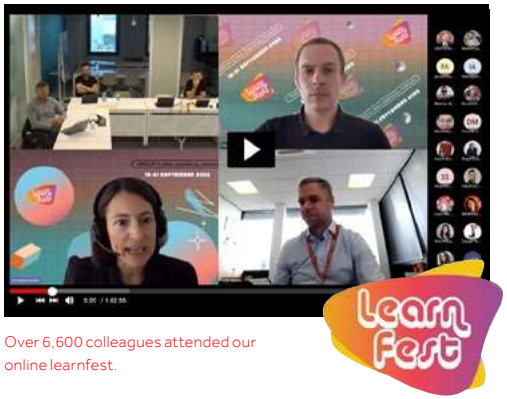


Growth pillars continued
Cultivate the potential of our people

Helping our people realise their potential

Our talent development reinforces continuous learning and upskilling, while giving people the opportunities for personal growth. Continuously striving to make learning accessible to all, we delivered over 830,000 hours of learning in 2023, of which 12% was in personal skills and 74.6% was in functional skills. The majority of our employees learned 'online', with 71% of the learning activity being in self-paced, 'anytime, anywhere' format. In its fourth consecutive year, our virtual LearnFest drew in over 6,600 attendees across 16 sessions and four days.

Ensuring our employees can also learn from each other, we provide access to coaches and mentors through technology-enabled solutions. After a successful campaign to inspire and encourage internal coaching, in 2023 we incorporated it into other learning and talent initiatives. Looking to future talent, Avature, our new recruitment platform, saw rapid and full adoption by our recruiters, doubling the number of candidates per recruitment requisition and candidates in our talent network. We successfully completed the second phase of Avature implementation with a new career site, automated recruitment reporting and advanced talent acquisition analytics.



Over 6,600 colleagues attended our online learnfest.

Recognised as an employer of choice

In 2023, we increased our ranking in Universum's employer of choice ratings, despite ongoing change in talent preferences. Overall, external perception of our business increased by six points, positioning us in 12th place across all industries and in the top five of preferred employers in the FMCG sector, of 16 markets. Our brand and reputation as an employer is supported by authentic accounts shared by our people – each year, around 1,300 employees share regular content about Coca-Cola HBC on social media platforms, reaching over three million potential recruits to our business – a consistent growth of 85% versus 2022.

Our people practices have been recognised externally, with 74 prizes and awards in the last year. As well as the diversity and inclusion awards listed above, recognition was given to employer branding, talent and employer reputation. Three markets were certified by the Top Employers Institute.

Percent of female leaders

41.8%

Hours of learning

830,000

Talents went through acceleration programmes

300

Romanian PR Awards
Silver award for excellence in 'Employer Branding and Diversity Management'

Digital Communication Awards
Silver winner 2023

Employer Branding Awards
Gold Best Use of ' Employee Generated Content'
Silver award in 'Best Use of Social Media in an Employer Branding Campaign'
Bronze award in 'Best Employer Branding Campaign Targeting Gen Z'
Bronze award in 'Best Recruitment Campaign'

The RAD Awards
Early Careers Attraction Nominee
Candidate Experience Nominee
Graduate Campaign Nominee

European Excellence Awards
'Innovation of the year' Nominee

Priorities in 2024

- 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.
- Cultivate our growth mindset-driven culture through simplicity and proactive collaboration.
- Enable our people and teams to drive higher impact, through gender-balanced teams and more productive ways of working, while strengthening our critical capabilities.

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.

Growth pillars

5 Earn our licence to operate

At Coca-Cola HBC, we are proud to be global industry leaders in sustainability. We have the highest scores and rankings in ten of the most-recognised ESG ratings.

We are clear and ambitious about what we want to achieve on our sustainability journey. Our Mission 2025 commitments on climate, packaging, water, ingredients, nutrition, people and communities set measurable targets. We aim to achieve net zero emissions by 2040 and have a net positive impact on biodiversity in critical areas of our value chain.

You can read more about our sustainability achievements in this chapter and find out what colleagues think about our ESG ratings in the video below.

Watch our video online



We were ranked as the world's most sustainable beverage company for the seventh time by Dow Jones Sustainability Indices 2023[1]

Top 1%
S&P Global Corporate Sustainability Assessment (CSA) Score 2023
S&P Global Sustainable1

MSCI ESG RATINGS AAA
CCC B BB BBB A AA AAA

CDP DISCLOSURE INSIGHT ACTION A LIST 2023 CLIMATE WATER

CDP SUPPLIER ENGAGEMENT LEADER 2023

1 As at 8 December 2023

Growth pillars continued

5 Earn our licence to operate

2023 highlights

- Continued our decarbonisation journey in alignment with our NetZeroby40 roadmap.
- Focused on packaging decarbonisation using a higher percentage of recycled materials.
- Supported further roll-out of Deposit Return Schemes in our EU markets.
- Promoted Extended Producer Responsibility (EPR) policies and the launch of new packaging collection systems in priority markets.
- Completed biodiversity impact study following the SBTN methodology.
- Expanded our partnerships in water and waste reduction.
- Continued our focus on #YouthEmpowered as our flagship community programme.
- Ongoing support to communities in need.

KPIs

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

Principal risks and opportunities

- Product relevance and acceptability
- Sustainable packaging
- Suppliers and sustainable sourcing
- Managing our carbon footprint
- Water availability and usage
- Ethics and compliance

Read more on p88 to 107

Material topics

- Biodiversity
- Climate change
- Corporate citizenship
- Responsible marketing
- Nutrition
- Packaging and waste management
- Sustainable sourcing
- Water stewardship

Read more on p54 to 68

Stakeholders

- Our customers
- Our communities
- Our consumers
- The Coca-Cola Company
- Our investors



Volunteers joined The Zero Waste Tisza programme in Hungary to clean up the river

Sustainable growth

We are proud to be global industry leaders in sustainability. This year we were ranked – for the seventh time – as the world's most sustainable beverage company by the Dow Jones Sustainability Indices[1]. Our score positions us in the top 1% of 9,400 companies across 62 industries. This year we also scored a double-A ranking for our commitment to transparency on climate and water from CDP and we are on CDP's 2023 Supplier Engagement Leaderboard.

These achievements are the result of our clear vision and targets in sustainability, bold and entrepreneurial mindset, and continuing investment in technology and innovation. Strong collaboration with our suppliers and partners and highly skilled and committed colleagues working across our markets have also been crucial to this success. We know we still have work to do and remain committed to being part of the solution to global sustainability challenges.

Sustainability creates value for our stakeholders and supports the socio-economic development of the communities in which we operate. As we continue to produce our drinks in more sustainable ways, it helps us open up opportunities for a better future.

Here are some examples of what we are doing:

- A significant focus for us is promoting plastic circularity, and our primary packaging is already 100% recyclable. We are making strong progress towards achieving our other Mission 2025 commitments on packaging of collecting at least 75% of the primary packaging we place in the market and using, on average, 35% recycled PET in our bottles[2].
- In 2023, 100% of our electricity in the EU and Switzerland came from renewable and clean sources.
- On water stewardship, we now have community projects in 12 water risk areas where we operate – up from eight last year.
- We announced a new charitable foundation, with an initial donation of €10 million, dedicated to supporting local communities.
- We became a partner in the $137.7 million Greycroft Coca-Cola System Sustainability Fund with seven other bottlers and The Coca-Cola Company.

We strongly believe sustainability is a true growth driver for us and our partners. We continue to integrate sustainability in our business model and support value creation for the business:

- In Austria, we invested €12 million in a returnable glass bottling line for both one litre and our new 400ml resealable bottles[3]. We also introduced an industry-leading, innovative solution to replace plastic shrink film with 100%-recyclable paper on 1.5 litre multi-packs. These innovations help us improve packaging circularity and win in the marketplace as they meet our consumers' demand for glass packaging and no-plastic packaging.
- We have invested more than €50 million in three in-house rPET production units. This supported our shift to 100% rPET portfolio in selected markets. In-house rPET production helps us reduce costs compared with buying from third-party suppliers and eliminates extra transport costs.
- We exceeded our goal of having 50% energy-efficient coolers in the market (excluding Egypt, which we acquired in 2022), with a total of 55% by December 2023 – two years ahead of target. These coolers consume less energy, so they generate less emissions, and mean lower energy costs for our customers.

This year we integrated Egypt into our sustainability strategy – after we acquired the Coca-Cola Bottling Company of Egypt in 2022 – and developed specific plans for the market. As we continue to develop our 2030 aspirations, we will integrate our Egyptian operations in our future commitments.

We know that there is a lot to be done, but we are encouraged by the progress we have made in 2023 and remain committed to accelerating our efforts to build a more sustainable future.

1. DJSI as at 8 December 2023.
2. Excluding Egypt.
3. Co-funded by the European Union, NextGenerationEU.

Growth pillars continued
Earn our licence to operate

Climate

Towards net zero emissions

In 2021, we committed to achieve net zero emissions across our entire value chain by 2040. This is our most ambitious, complex and forward-looking commitment. We were among the first companies to adopt science-based reduction targets by the Science Based Targets initiative (SBTi). In our net zero roadmap, our starting point is 2017, which is the baseline for our science-based targets.

We have halved direct emissions and reduced our absolute total value chain emissions in scopes 1, 2 and 3 by a third1 from 2010 to the end of 2023, despite a global increase in emissions[2]. These results come from our sustained investment and focus, and highlight our consistent approach to decarbonisation.

Reducing carbon emissions is the non-negotiable goal for our business. We continued to work across our value chain to reduce emissions, with a particular focus on packaging, coolers and ingredients. We do this because we will make the biggest progress by delivering sustainable solutions in these parts of our value chain.

By the end of 2023, we had reduced emissions from scope 1 and 2 from our direct operations by 36% and in all three scopes, our absolute emissions, by 16.4% compared with 2017.

1. Excluding Egypt.
2. Global Carbon Project; Expert(s) (Friedlingstein et al. (2023)).

Looking ahead

In 2023, we updated our net zero roadmap with two important changes. We integrated our Egyptian operations into our 2030 and NetZeroby2040 climate targets and, in January 2024, we submitted them to the SBTi for validation and approval. We also added new Forest, Land and Agriculture (FLAG) targets.

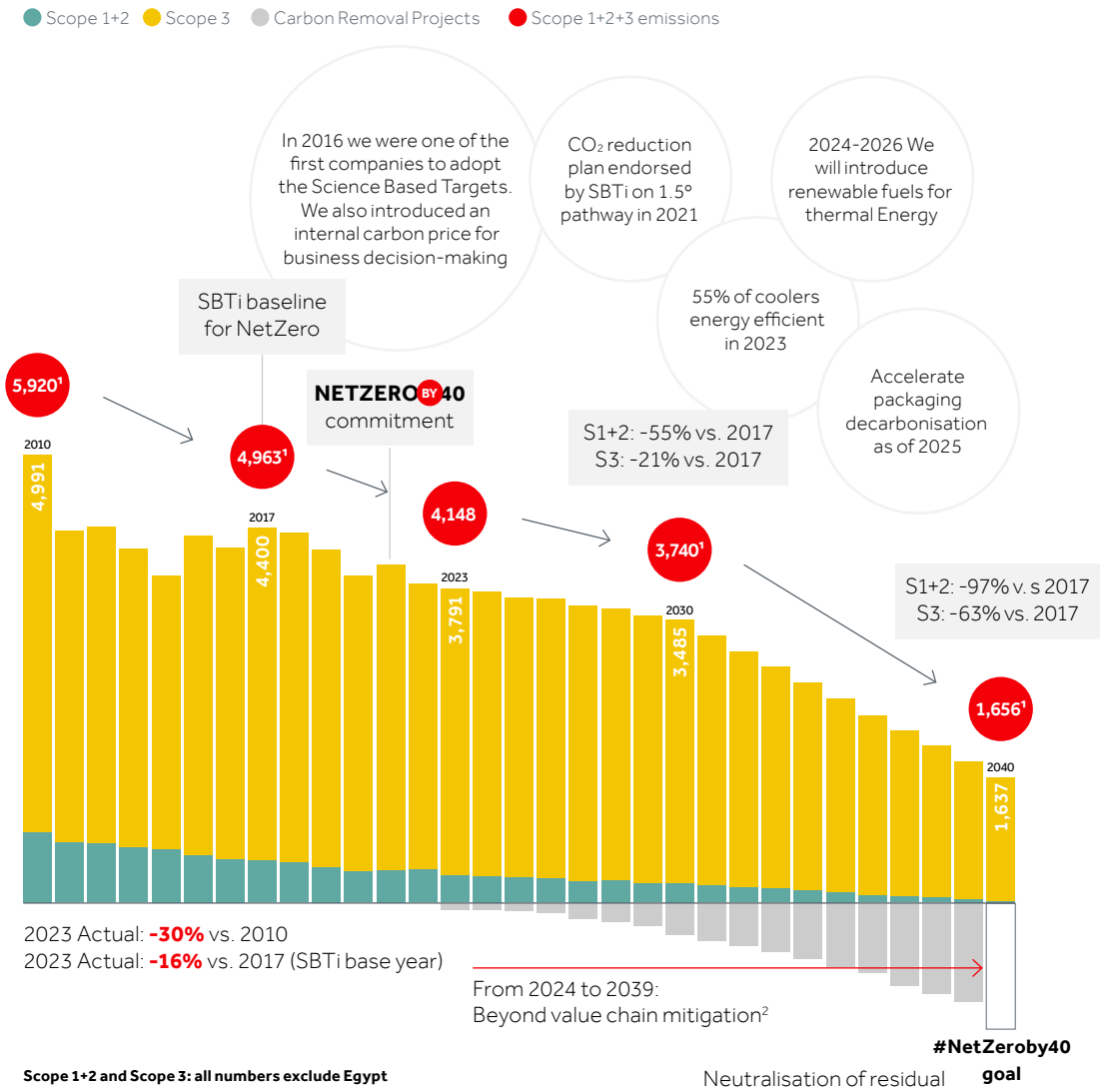
After SBTi validation, these changes will be reflected in our net zero roadmap:

- In scope 1 and 2, we integrated Egypt and follow the already established pathway (1.5°C pathway) for 2030 and 2040.
- In scope 3, we integrated Egypt and split our targets into two categories: energy and FLAG.
- In scope 3, our energy-related targets will follow the newly established pathway Well-Below-2-Degrees (WB2D) until 2030 and then the 1.5°C pathway until 2040, our net zero year.

The SBTi introduced the new targets for FLAG in 2023. This new standard guides businesses to split greenhouse gas emissions (GHG) into non-FLAG and FLAG-related categories. Non-FLAG emissions are commonly known as energy-related GHG emissions. FLAG-related emissions apply to commodities from forestry, land and agricultural sectors. For us, this means scope 3 packaging, wood and paper pulp, and sugar and fruit juices. We do not have any FLAG-related business or activity under our own operational control. However, we have them in our upstream value chain in forestry and agricultural commodities (scope 3).

We will now update our climate transition plans to reflect all our main decarbonisation strategies, quantify our main strategic resources and milestones, and convert these to a clear set of actions.

#NetZeroby40 roadmap for scopes 1, 2 and 3



Scope 1+2 and Scope 3: all numbers exclude Egypt

1. Recalculation of carbon emissions due to conversion factors changes and according to the GHG Corporate Accounting and Reporting Standard.
2. As defined based on Science Based Targets initiative.

Growth pillars continued
Earn our licence to operate

Performance summary

By the end of 2023, we had reduced emissions by the following amounts:

GHG emissions[1]

	vs 2022	vs 2017
Scope 1 and 2	-19%	-36%
Scope 3	0%	-14%
Scope 1, 2 and 3	-1.6%	-16.4%

1. Excluding Egypt.

Scopes 1 and 2

We have taken action on two of the main contributors of scope 1 and 2 emissions:

- Focusing on being more energy efficient by reducing the amount of energy we use.
- Switching to low carbon and sourcing our energy from renewable sources such as solar and hydro power.

We delivered several projects that helped to progress reductions in scope 1 and 2 emissions of CO_2.

Scope 3: Reducing indirect emissions from our value chain

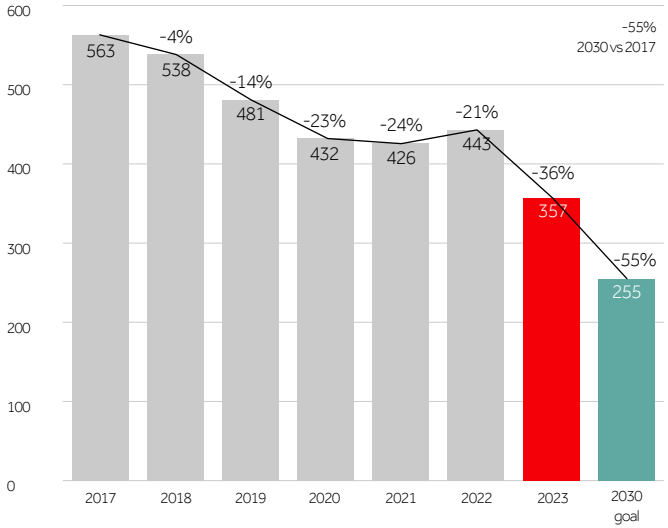
Over 90% of our emissions are in scope 3, we focus on three main areas in collaboration with our suppliers: packaging, ingredients and coolers.

- Packaging accounts for 36% of our scope 1,2 and 3 emissions. We are reducing packaging-related emissions through a range of actions, including rolling out new packaging collection systems, increasing recycled content, expanding reuse and eliminating unnecessary packaging.
- In 2023, we exceeded our target of having 50% of energy-efficient coolers in shops and outlets by five percentage points, bringing the total to 55%. As a result, we reduced emissions by 127,461 tonnes compared with our 2017 baseline.



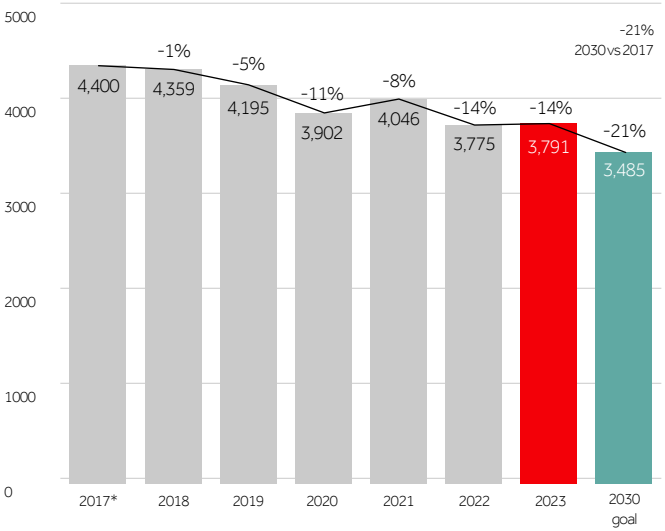
100%
rPET bottles in Romania

Absolute scope 1 and 2 CO_2e emissions[2] ('000 tonnes)



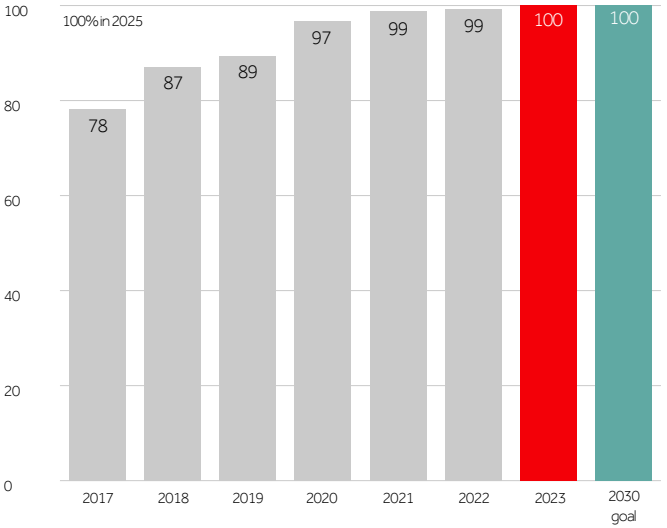
2. Excluding Egypt.

Absolute scope 3 CO_2e emissions[3] ('000 tonnes)



3. Emissions are recalculated due to conversion factors change and exclude Egypt.

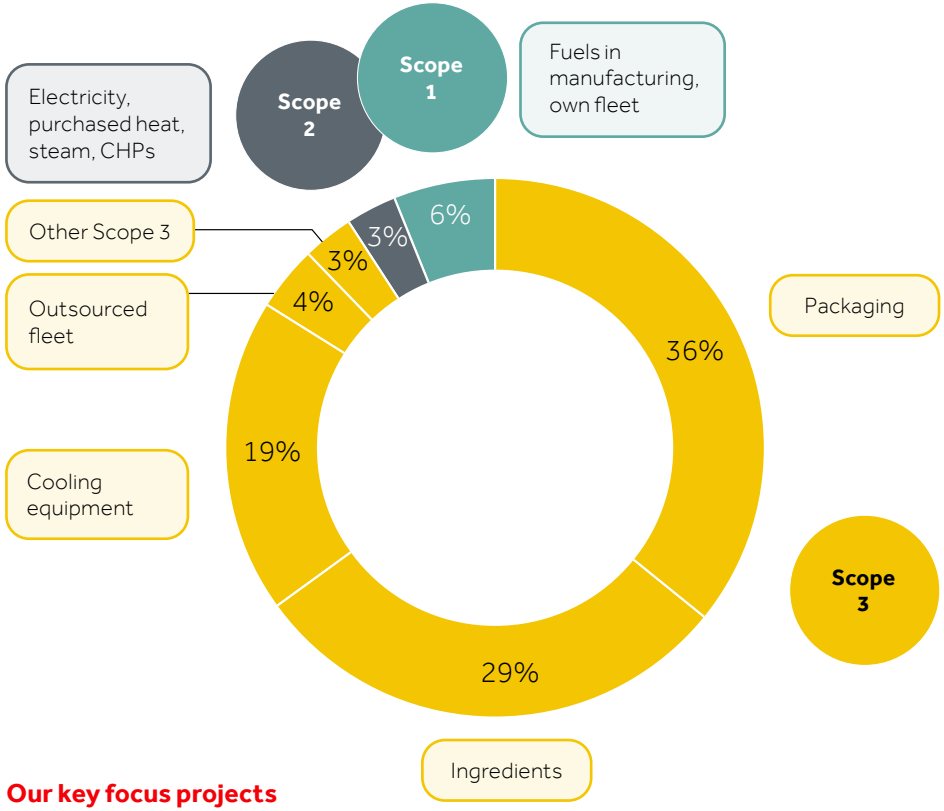
Renewable and clean[4] electricity in the European Union and Switzerland (%)



4. Clean source means CHP using natural gas.

Growth pillars continued
Earn our licence to operate

GHG CO_2e split by scopes and categories FY 2023 (including Egypt)



Our key focus projects

Scope 1
- Renewable fuels
- Green Fleet

Scope 2
- Renewable energy
- Energy optimisation projects

Scope 3
- Packaging: rPET; packageless; refillables; lightweighting; replacing plastic in secondary packaging
- Ingredients: low- no-sugar, sustainable sourcing
- Cooling equipment: energy-efficient coolers, greening of electricity grid
- Critical enabler: suppliers' emissions improvement

We collaborate with our suppliers and partners to encourage them to reduce their own emissions. In 2021, fewer than ten suppliers were in CDP to disclose their emissions, so we set up our emissions supplier programme. By the end of 2023:

- 189 of our significant suppliers disclose their emissions through CDP.
- 117 have already set, or have committed to set, science-based targets.
- These 189 suppliers buy – on average – 26% of their energy from renewable sources.

Engaging suppliers to reduce energy and use renewable energy is key to meeting our NetZeroby40 commitments. In 2023, our Supplier Conference focused on 'opening up a more sustainable future together'. We were joined by about 200 supply partners. At the conference, we gave them inspiration and tools to start or continue their own sustainability journey and celebrated those who are already on the path to reducing emissions. The event was supported by expert insight from CDP and the World Economic Forum.

Innovating for decarbonisation

Delivering our drinks in more sustainable ways

We can reduce CO_2 emissions by changing the types of transport we use. In the first pilot of its kind on the island of Ireland, we are using three best-in-class electric Heavy Goods Vehicles (e-HGVs) with a range of 300km. We expect the e-HGVs to reduce carbon emissions by 229 tonnes each year – the equivalent of charging over 25 million smartphones[1]. We've collaborated with a customer and transport supplier on this initiative. This type of partnership along the value chain aims to showcase how important it is for the industry to work together and share insights so we can reach our shared and individual sustainability goals.

In Serbia, we more than doubled the number of Compressed Natural Gas (CNG) trucks we use in 2023. Since 2021, we have reduced our CO_2 emissions by around 480 tonnes annually and by the end of 2024, we expect to save around 830 tonnes each year.

1. US Environmental Protection Agency comparison.



Growth pillars continued
Earn our licence to operate

Innovating for decarbonisation

Manna drones in Ireland

Drones offer fast, safe and quiet home delivery, and can deliver to a five-kilometre radius in less than three minutes. They can also be up to eight times more efficient in terms of CO_2 emitted during delivery when compared with conventional petrol vehicles, according to a report from Maynooth University in Ireland in 2022.

We are pleased to have invested – through our Ventures arm – in Manna Aero, an Irish start-up leading the way in food and beverage drone deliveries. We believe this partnership will help us drive profits, deliver better customer service and, importantly, reduce harmful CO_2 emissions.We are looking forward to Manna Aero expanding its operations and bringing drone deliveries to more cities in the EU and elsewhere.



Watch Manna Drones in action



Decarbonising our value chain

We continued our work to meet our emissions reduction targets for 2025, 2030 and 2040. We invested in energy efficiency and recovery, and in low or zero-carbon (renewable) energy sources, and continued to improve, for example, our processes, planning and cleaning.

Our EU and Swiss manufacturing facilities moved from using 99.2% in 2022 to 100% renewable and clean[1] sources this year. We have energy transition plans in place for other business units to follow suit. We also intensified our efforts in Nigeria and Egypt.

By the end of 2023, we had invested about €28 million in energy-efficient solutions, including Top 20 energy savers (excluding Egypt).

Sourcing our energy

In Nigeria, our eight manufacturing plants now have solar panels and source 14% of their electricity from renewable energy sources. We had increased our Nigerian renewable and clean energy supply from 58% in 2022 to 73% by the end of 2023. All the electricity supplied from the public grid is renewable for our Nigerian operations.

This year, we started using cleaner sources such as solar energy from rooftop panels in our production plant in Challawa. We also continued to extend these sources in our production plants in Ikeja and Abuja, reaching total installed capacity to 12 MW compared with 10 MW in 2022.

In Egypt, we installed solar rooftop panels in four out of five of our plants, so 10% of our annual electrical energy comes from renewable sources. We are working on plans to optimise energy use solutions and collaborating with our partners to expand renewable electricity sourcing plans.

1. Clean source means CHP using natural gas.

Transitioning to a green fleet

In 2023 , we built on the positive momentum of our Green Fleet Programme, keeping the trajectory to achieving our 2030 CO_2 emissions reduction goal. We continued our transition to electric and hybrid vehicles, which comprise 44% of our total light fleet, compared with 16% in 2021 and 28% in 2022. We reduced our fleet carbon footprint compared with our baseline (2017) by 43%, a reduction of about 43,743 tonnes of CO_2. We reduced our emissions on our light fleet by 19,513 tonnes compared with our baseline, and about 24,230 tonnes of emissions reduction over the same period for our heavy fleet.



Our Green Fleet Programme helped us to reduce emissions in 2023.

Growth pillars continued
Earn our licence to operate

Packaging

Packaging plays a central role in delivering our Mission 2025 commitments and CO_2 emissions reduction target, as it accounts for over a third of our scope 3 emissions.

Improving the sustainability of our packaging is a critical priority for us. 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 reused. We focused on making our packaging more sustainable by investing in recycled content, expanding reusable formats, in-house rPET production infrastructure – which helps us to have a high-quality, steady supply of more affordable rPET in selected markets – and driving the implementation of effective collection models.

Packaging can only be circular if it is recyclable. Since 2022, 100% of our primary packaging – PET, glass, aluminium and aseptic cartons – has been recyclable by design. We achieved this milestone three years ahead of our 2025 target.

Our Mission 2025 sustainable packaging vision is built on three main pillars:

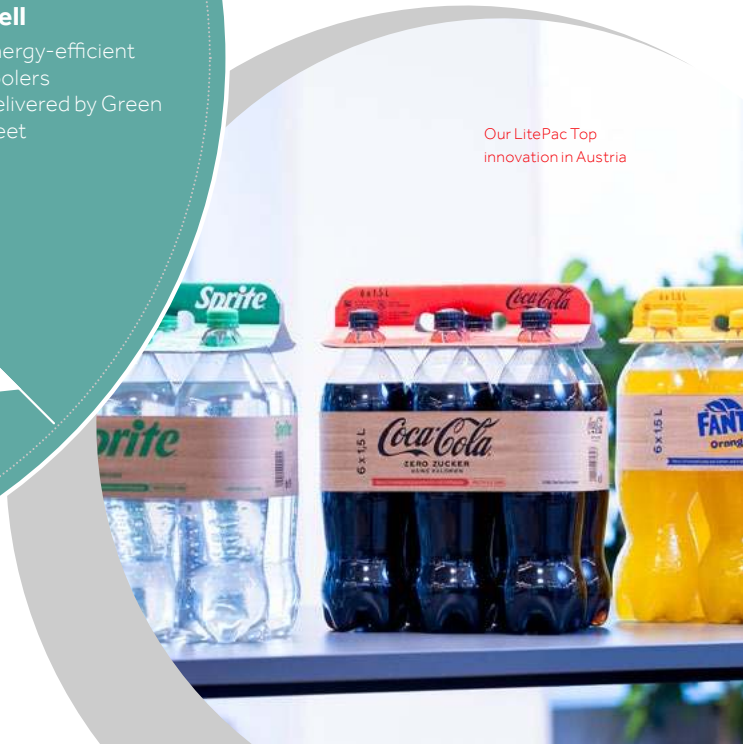
- Recovering our primary packaging for recycling or reuse.
- Making our primary packaging fully recyclable.
- Increasing the percentage of rPET in our bottles.

Our sustainable packaging model



100%
of our primary packaging is recyclable by design





Our LitePac Top innovation in Austria

Growth pillars continued
Earn our licence to operate



Progress towards our sustainable packaging vision

Slovakia: Outstanding collection results from DRS

PET collection rates in Slovakia soared from 50% in 2022 to 92% in 2023, after a new Deposit Return Scheme was introduced in 2022. In its second year of operation, the scheme had 3,250 collection points and high levels of consumer engagement. This demonstrates how effective a well-designed and properly implemented DRS can be in increasing collection rates. The scheme gives a right of first refusal to all registered producers on the market to purchase their fair share of the collected post-consumer materials, supporting circularity and high-quality bottle-to-bottle and can-to-can recycling.

In 2023, we kick-started the Pack Mix of the Future programme across all EU geographies. It sets out our vision and trajectory on pack mix to continue profitable growth while reducing our CO_2 footprint through packaging,

We continued to explore the role of dispensers and reusable vessels to assess how they could contribute to increasing reusable packaging. As we do this, we leverage existing market solutions and pilot new technologies.

Collecting and recycling

We are leading industry efforts to introduce effective and efficient collection systems in all our markets. These include Deposit Return Schemes (DRS) in most of our EU markets.

Romania became the first market in our Group in 2023 to combine all three key ingredients of plastic packaging circularity:

- A 100% rPET local bottle portfolio.
- An in-house rPET facility.
- A Deposit Return Scheme.

By the end of 2023, six of our markets had launched DRS: Croatia, Estonia, Latvia, Lithuania, Romania and Slovakia, The Republic of Ireland and Hungary launched DRS in Q1 2024. The Hungarian DRS will have a six-month transition phase. Well-designed DRS have a proven track record of delivering very high collection rates, typically over 90%. We are supporting several additional markets to launch DRS in 2025-27.

These combined efforts meant that, in 2023, we made significant progress towards our packaging collection goal, delivering an overall collection rate of 56%, an increase of eight percentage points from 2022[1].

In Africa, we are working with governments and other stakeholders to help establish effective Extended Producer Responsibility (EPR) systems for packaging collection on a national level. In 2023, in Nigeria, we supported a range of collection projects, including those of the Food & Beverage Recycling Alliance (FBRA). As an alliance, FBRA collected almost 40,000 metric tonnes (MT) PET in total in 2023 – more than three times the amount collected in 2022.

In Egypt, we continued our partnership with recycler BariQ to collect and recycle more than 20,000 MT PET, while also engaging with the Egyptian government to offer our support in establishing a new national Packaging Recovery Organisation (PRO).

Tethered or attached closures help capture the entire package for recycling. From 4 July 2024, all plastic closures on beverage containers over three litres in Europe must have tethered caps to meet new rules in the EU's Single Use Plastic Directive.

In 2023, we extensively rolled out tethered closures to over 80% of our beverage containers in scope, so we were prepared for this EU Directive. This roll out covered our EU markets and Bosnia, North Macedonia, Serbia and Switzerland.

rPET

Using recycled content is a key part of our approach to making our packaging circular. In 2023, 16.1% of the PET that we used was rPET[1]. This represented a significant increase compared with our 2022 performance (10.5%) and solid progress towards our 2025 target to have 35% rPET usage across our Group[1].

By the end of 2023, in Austria, Italy (excluding water), the Republic of Ireland and Northern Ireland, Romania and Switzerland, we had shifted our locally produced plastic bottles to 100% rPET.

With these initiatives, we almost doubled the percentage of rPET in EU markets and Switzerland in the last year from 22.3% rPET in 2022 to 42% rPET in December 2023. To date, we have invested over €50 million in in-house rPET production facilities in Italy, Poland and Romania. In-house rPET production helps us reduce costs compared with buying from third-party suppliers and eliminates extra transport costs.

We are on track to achieve 50% rPET in our plastic bottles across our portfolio in EU markets and Switzerland by 2025.



Romania rPET in-house launch video

New RGB line in Austria video

1. Excluding Egypt.

Growth pillars continued
Earn our licence to operate



Zoran Bogdanovic, CCHBC CEO, Marcel Ciolacu, Prime Minister of Romania, and Nikos Koumettis, The Coca-Cola Company, President of Europe Operating Unit, at the opening of our new in-house rPET production facility in Romania

Expanding reusable packaging

Reusable packaging plays a critical role in reducing waste and our carbon footprint, and minimising the amount of packaging we produce. Reusable packaging includes returnable and refillable glass, and dispensers such as fountains or freestyle machines, provided reusable vessels are used.

We continued to explore new-generation Compact Freestyle Dispensers in selected markets. These allow consumers to use their own cup or vessel for more than 40 soft drinks and cut emissions by up to 70% emissions compared with PET[1].

In 2023, 11.7%[2] of the drinks we sold were in returnable containers and 4.3%[2] through dispensers.

Eliminate unnecessary packaging

We launched innovative secondary packaging for multi-packs of 1.5 litre Coca-Cola, Fanta and Sprite. The revolutionary new type of cardboard – LitePac Top – is easy to carry and recycle. The pilot project in Austria will initially save about 200 tonnes of plastic each year.

We trialled new, high-performance stretch film in Ireland and Austria that reduces the amount of film needed by 30%. We will continue to test this in 2024 and plan to introduce this to our sparkling soft drinks portfolio in 2025.

Technology helped us to reduce the overall weight of packaging materials. In 2023, we did this successfully in the Baltics, the Czech Republic, Greece, Hungary, Poland, Nigeria and Northern Ireland. This saved over 600 tonnes of PET and reduced, on average, the amount of resin we used by 11% for specific stock-keeping units (SKUs). It also reduced CO_2 emissions by 1,300 tonnes a year.

We reduced the weight of aseptic plastic closures in the Czech Republic, Hungary, Poland and Romania, and closures for sparkling soft drinks in Nigeria. Overall, this saved 300 tonnes of High-Density Polyethylene (HDPE) a year, reducing CO_2 emissions by over 600 tonnes.

Read more on HUG-IT story p17

Increasing recycled materials in secondary packaging

We piloted using 100% PCR content in shrink film in some of our packs in Italy, Poland and Switzerland. We plan to launch these in markets in 2024.

Progress towards our sustainable packaging vision

Poland: Reusing customer displays

A new approach to promotional displays has been piloted with our customer Żabka, a large chain of convenience stores in Poland. This new system only requires the customer to change the branding of our products in stores – not the display units themselves. This means that our customer retains a high-quality display and we save money on transport and production costs. This collaborative initiative created commercial value for us and for our customers while reducing waste and cutting down on CO_2 emissions.





Progress towards our sustainable packaging vision

Austria: Innovating to expand reusable packaging

Coca-Cola HBC Austria is a first mover in our 29 markets when it comes to innovating with reusable packaging and minimising plastic, both of which are in demand by customers and consumers.

In 2023, we opened a new high-speed, water and energy efficient, returnable glass bottling line in Edelstal. This €12 million investment was co-funded by the European Union NextGenerationEU.

For the first time in Coca-Cola HBC, we now produce 400ml returnable, resealable glass bottles, so consumers can enjoy our drinks on the go or at home.

We also produce one-litre, reusable and universal bottles. This means we use the same shape of bottle for all our soft drinks portfolio.

Funded by the European Union NextGenerationEU

1. Lifecycle analysis (LCA) by IFEU: LCA study with Product Environmental Footprint methodology, July 2022.
2. Transactions excluding beer, coffee and spirits.

Growth pillars continued
Earn our licence to operate

Water

Water touches every aspect of our business.

Climate change affects water availability and water quality. Our commitment is to protect this valuable resource, especially in those areas of our operations where water is scarce or at risk. We do this by:

- reducing, reusing and replenishing the amount of water we use in our activities;
- recycling the wastewater from our manufacturing sites and returning it to the environment;
- ensuring that communities have access to safe, clean water; and
- engaging with suppliers on our Principles for Sustainable Agriculture.

Read more on p66

We use water from the start to the end of the production process for our drinks:

- Growing core ingredients, such as sugar and the fruit that provides our juice concentrates.
- Using it as the largest component of our beverages and cleaning, washing and sanitising production equipment and processes.

We have been doing comprehensive risk assessments for many years and calculating the True Cost of Water for investment decisions. We have updated this every year since 2015.

Water reduction and stewardship

Our Mission 2025 commitment for water risk areas is to reduce water-use ratio in plants by 20% compared with our 2017 baseline and help secure water availability for communities in which we operate.

In our operations, we have 19 water priority locations[1], including Armenia, Bulgaria, Cyprus, Greece, Italy and Nigeria. These locations face specific stress factors such as:

- water being scarce;
- local communities lacking access to water and sanitation services; or
- deteriorating water quality in the watersheds.

In these areas, we focus on water-replenishment activities, nature-based solutions and improving water quality.

In 2023, our overall reduction in water priority locations was 6.8% compared with our 2017 baseline. We maintained water efficiency at the same levels as 2022 in all our production plants. In water priority locations, our water usage was 0.6 percentage points higher than 2022.

Our production plants in the following markets performed well:

- In Bulgaria, we improved the overall water efficiency by 5% compared with 2022.
- In Greece and Cyprus, we improved the overall water efficiency by 6% compared with 2022.
- In Nigeria, five of our production plants delivered strong results on water efficiency. The decrease ranged from 1% to 5% compared with 2022.

Our water community projects

Greece: Tackling water scarcity for impact

Water scarcity is a threat to farmers, local communities and tourism in Crete's largest city, Heraklion. This year we improved irrigation and water supply systems at five locations to save 14.5 million litres of water a year through our Zero Drop programme, which we funded with The Coca-Cola Foundation. The water resources protection programme is locally implemented by the Global Water Partnership – Mediterranean (GWP-Med) in collaboration with the Municipality of Heraklion.

In Profitis Ilias, we replaced old leaking pipes to secure the water distribution network for irrigation. And in Voutes, we upgraded two major pumping stations, saving energy, reducing CO_2 emissions and preventing water losses.

We shared water-saving advice with the local community and a team of environmental educators trained schoolchildren. This included playing a water-saving game of snakes and ladders that was specially created for the programme. We also produced new educational displays for one of our customers, Chalkiadakis stores. These shared tips on how to save water on the promotional displays and in take-away leaflets for customers. Consumers can also buy our products at a discount. This important community issue is strongly connected with our customer's ESG agenda. Our collaboration increased sales, created a positive perception and benefitted the wider community.

We also completed the first part of work in Schimatari/Tanagra in Greece to prevent water losses at a local water treatment plant.



Our water community projects

Romania: Rivers Interceptors project

Trapping litter on four rivers flowing into the Danube is helping to reduce pollution in Romania. The innovative cleaning system spreads over the entire width of the river in specific areas that were chosen after a technical evaluation of where it would be most effective. The traps collect litter that's floating on, and one metre below, the surface to stop it from going any further. The River Water Interceptors project brings together the private and public sector. We are in partnership with the CSR Nest Association, a non-governmental organisation that is managing the project, The Romanian Waters National Administration and local municipalities. Since it was set up in February 2022, the traps have stopped over 11 tonnes of waste from flowing into the River Danube and on to the Black Sea. This has included 1.5 tonnes of recyclable PET and 8.5 tonnes of wood, which we donated to local communities to use.

1. Excluding Egypt.

Growth pillars continued
Earn our licence to operate



Our water community projects

Nigeria: WASH projects

Providing access to clean and safe water in local communities is an important part of our work in Nigeria. In 2023, we built sanitation and water facilities in Benin, Kano, Lagos, Maiduguri and Owerri as part of our €1 million commitment to celebrate our 70th anniversary in Nigeria. The facilities, which include a block of toilets, new boreholes and overhead tanks, aim to improve people's lives through access to Water, Sanitation and Hygiene (WASH) services in communities where we operate.

We continued to invest across our markets in technologies with a focus on Top Water Savers to reach our 2025 commitments.

For example, we have invested in:

- dry rinsers that clean without water;
- automated controls for our reverse osmosis systems;
- data-driven ion exchangers;
- backwash filtration units;
- optimising chemicals for coagulation; and
- upgrading cooling towers.

Some of our production plants in Egypt are located in water stressed areas, so in 2023 we implemented several projects to mitigate the risks, including the following:

- commissioning a new water treatment in the Sadat plant to increase capacity and improve water efficiency;
- initiating an upgrade to the wastewater treatment plant in Sadat;
- installing new in-line instrumentation in the Alexandria plant to monitor raw water quality; and
- integrating new flowmeters and updating water maps for all plants.

Working with our suppliers

We measure the water consumption of our critical suppliers to assess their basin and operational water risks using the Water Risk Filter methodology. We then work with suppliers operating in high-risk areas to develop plans so they can reduce their water use.

Water stewardship community projects

We have 12 water stewardship community projects in water risk areas where we have plants. In 2023, we started new projects in Maiduguri, Nigeria. With support from The Coca-Cola Foundation, we delivered solar-powered boreholes with overhead tanks in four communities. These aim to give 14,000 local people access to safe WASH services. We estimate our projects in Nigeria have provided about 4.8 billion litres of clean and safe water in the last five years.

Our water community projects



Cyprus: Zero Drop – Mission Water

The last phase of the water resources protection programme "Zero Drop–Mission Water" in Cyprus was implemented in 2023 by Global Water Partnership – Mediterranean (GWP-Med) NGO in collaboration with the Municipality of Aglantzia and Coca-Cola in Cyprus, with the exclusive funding from The Coca-Cola Foundation. According to GWP-Med, the programme's technical interventions in the municipality have the capacity to save an estimated 3,000,000 litres of water annually, while improving the irrigation of the municipality's green spaces. From these interventions, about 10,000 people from the local community of Aglantzia, Cyprus have benefited. This new project builds on the successful implementation of a previous 10-year water resources protection programme in Cyprus that has achieved remarkable results, saving several million litres of water annually and positively impacting the lives.

Growth pillars continued
Earn our licence to operate

People and Communities

In 2023, we remained focused on making a positive impact on the local communities where we operate. We supported young people through #YouthEmpowered with training programmes and skills development, and communities in need with product donations, volunteering initiatives and disaster relief activities.

We are here for colleagues and communities when disaster strikes

The world sadly witnessed more devastating conflicts, natural disasters and extreme weather events in 2023. We mobilised rapidly to provide immediate aid where possible. This included the following:

- **Greece wildfires:** About 9,000 cases of our soft drinks, water, juices and coolers were distributed through Humanity Greece, the Red Cross and local municipalities.
- **Greece floods:** We donated more than two million bottles of beverages, mainly Avra water, to people affected by the devastating floods in Thessaly, central Greece. Together with The Coca-Cola Company and Bodossaki Foundation, we donated €100,000 to support their immediate needs. Through a mobile unit of 'Doctors without Borders', the donation provided medical and psychosocial support to people affected in Thessaly. We plan to implement a recovery project in the affected area in 2024.
- **Slovenia floods:** Access to clean and safe drinking water and rebuilding infrastructure across the country were critical to help communities recover. The Coca-Cola System donated Römerquelle water and €100,000 to the Slovenian Red Cross to help with this work.
- **Turkey and Syria earthquakes:** It was important for us to help provide relief and support the efforts of The Coca-Cola Company and The Coca-Cola Foundation when these earthquakes happened. Turkey and Syria are not territories where we do business, but we donated €100,000 to the Turkish Red Crescent and CARE international in Syria.



Thank You Fund in the island of Ireland



Around 60 employees and players from the Viennese Football Club cleaned the home district of SK Rapid in Austria. Photo credit by Martin Steiger

Working with our communities

Ireland, Czech Republic and Slovakia, and Italy: Donations to Food Banks

We want to support people in need and tackle food waste as part of our sustainability commitments. Here are some of the initiatives we were involved with this year:

- Donated 70,000 meals in December 2023 in the Republic of Ireland. We collaborated with our customer partner Tesco and FoodCloud, a not-for-profit social enterprise working to tackle food waste and food security (pictured right).
- Co-operated with food banks in the Czech Republic and Slovakia to donate more than 800,000 litres of beverages to food banks worth more than €360,000.
- Supported Banco Alimentare (National Food Bank) in Italy to distribute over 1.5 million meals during the Christmas period. We also took part in its National Food Collection Day with 55 colleagues volunteering. Our seven local family days donated the proceeds of their Christmas markets to Banco Alimentare.



All figures include Egypt and Bambi.

Growth pillars continued
Earn our licence to operate





Providing community support in Ukraine

1.5m litres
of Coca-Cola to Ukrainian families

US$1.8m
to rebuild a kindergarten in Bohdanivka, Ukraine

8.9m litres
of beverages for food banks, disaster relief, and numerous local initiatives

> 3,000 colleagues
focused on supporting vulnerable communities, youth and environment

>€7.9m
- Long-term community initiatives
- Disaster relief for Greece, Croatia, Slovenia, Bulgaria, Italy and Austria

All figures include Egypt and Bambi.

Community support in Ukraine

We continued to offer practical help and support to people in Ukraine and our employees affected by the conflict in 2023. With The Coca-Cola Company and NGO partners, we provided water and beverages to affected regions, offered humanitarian assistance, restored infrastructure, and installed electricity and heat generation equipment. Since the beginning of the conflict in Ukraine, the Coca-Cola System and The Coca-Cola Foundation have committed US $35 million to support people in Ukraine.

The Coca-Cola System has helped in the following ways:

- We donated €4.7 million and volunteering support. In partnership with the Red Cross Society of Ukraine, we provided 70,000 food kits and beverages to people in the regions most affected by food and water shortages. One kit contains one month's supply of food that does not need to be refrigerated.
- 54 electric generators were sent to hospitals, schools, kindergartens, boarding schools and centres for temporarily displaced people across Ukraine after The Coca-Cola Foundation donated US $500,000 to the Red Cross Society of Ukraine. Seventeen centres for internally displaced people also received 5,000 sleeping kits for their residents through this partnership and strong volunteering support.
- 45 mobile boilers were donated to Ukrainian communities most in need to help to keep people warm during the winter. The cost of the project was about US $3.5 million, which was donated by The Coca-Cola Foundation, in partnership with the Ukrainian Red Cross,
- A kindergarten that was destroyed in the village of Bohdanivka is now being rebuilt and will be able to accommodate more children. The Coca-Cola Company donated US $1.2 million and we donated US $1.8 million to make this happen. Our production plant has been operating nearby for almost 25 years.
- At the end of 2023 we donated one million bottles for the most vulnerable Ukrainians to make the winter holidays a little more joyful. Many company volunteers were involved in the project across the whole country. Our Ukrainian plant produced a batch of one million 1.5-litre Coca-Cola bottles with a special mark on the label 'For you'. With the help of partner humanitarian organisations such as the Ukrainian Red Cross and Caritas Ukraine we distributed the drinks from December 2023 until February 2024. This token of gratitude was also shared with the communities closest to the frontline. We donated some of our beverages to the D.R.E.A.M. Charitable Foundation, which works together with the Scottish organisation Siobhan's Trust, to provide warm meals to residents of such regions.

Growth pillars continued
Earn our licence to operate

#YouthEmpowered progress

#YouthEmpowered progress

We passionately believe that every young person has the potential to thrive. Through our #YouthEmpowered programme, we are equipping them with the skills, experience and confidence they need to secure a brighter future.

By the end of 2023, we had trained 944,948 young people since the programme launched in 2017.

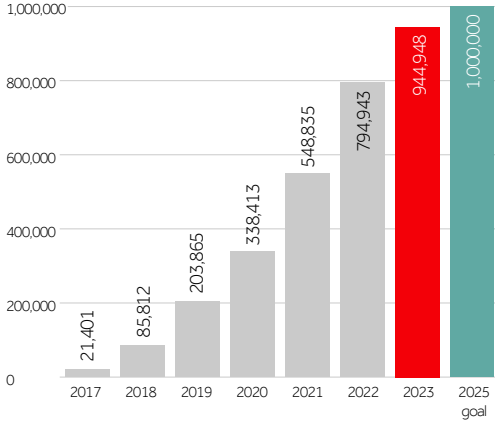
We are confident we will meet our Mission 2025 target of training one million young people ahead of target year.

By the end of 2023

944,948

young people trained

Cumulative number of young people trained through #YouthEmpowered since 2017



Here are just some of our 2023 #YouthEmpowered activities:

- **In Nigeria,** we trained 1,865 young people on viable entrepreneurship and career skills during the 2023 campus edition of our #YouthEmpowered initiative. This is part of our commitment to nurturing the country's future leaders.
- To celebrate its thirteenth year, The Coca-Cola Thank You Fund across the **island of Ireland** doubled the value of its grants to €200,000. This year, 28 non-profit organisations were awarded grants to help them champion and empower young people to take an active role in shaping, creating, and maintaining sustainable communities. The Coca-Cola Fund operates in partnership with the Irish Youth Foundation and YouthAction Northern Ireland and is jointly funded by The Coca-Cola Company.
- Experts from the Coca-Cola System across **Bulgaria** shared valuable advice and insights with young people to help them develop their skills before transition to employment. Collaborating with SoftUni Digital, Junior Achievement Bulgaria, Teen Station, and local universities, free training was delivered to 4,788 young people.

Working with our communities

Co-operation, Creativity, Communication, Critical Thinking and AI

More than 4,000 young people from Poland, Estonia, Latvia and Lithuania joined our 2023 #Skills4Future hybrid event hosted by Polish influencer, Natalia Sisik.

The theme of the 2023 event was co-operation, creativity, communication and critical thinking – and the role of AI in youth development.

We invited 17 experts and business practitioners to talk about each skill and share their experiences, including the role of personal branding in the job market and combining creativity with new technologies.

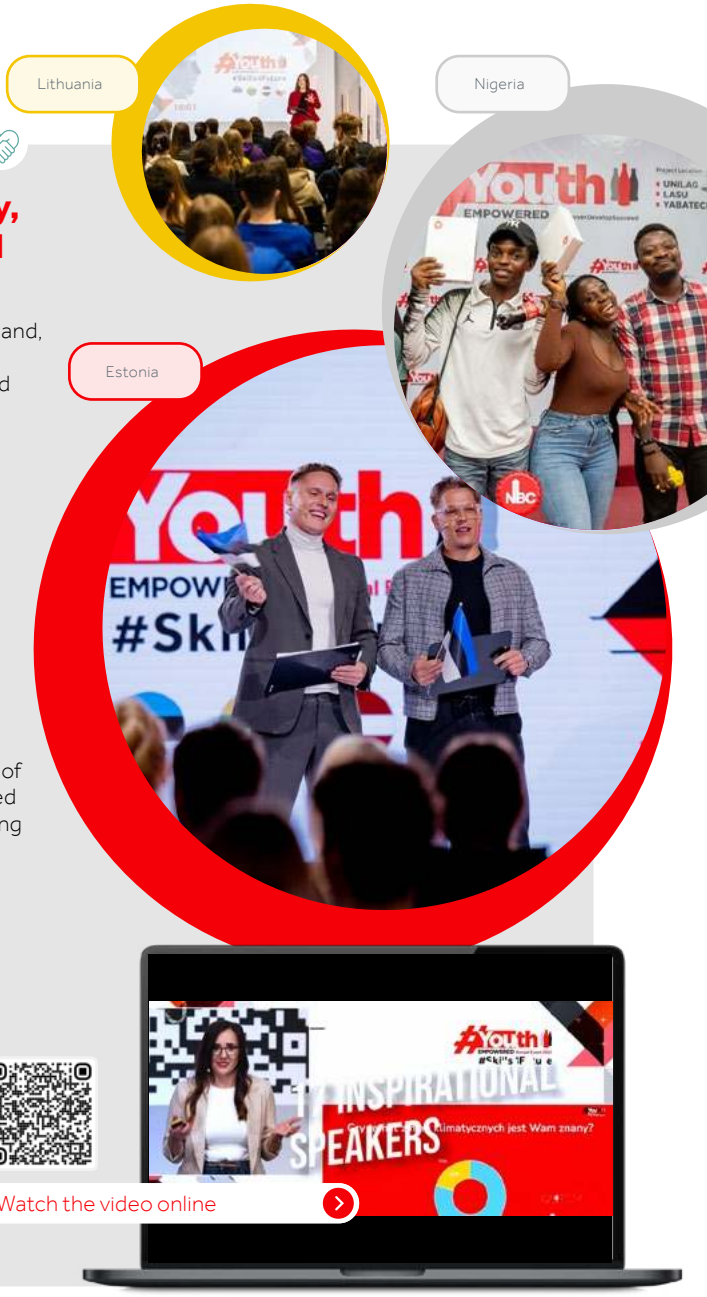
During the event, Natalia presented the results of a survey carried out on behalf of Coca-Cola HBC in Poland. These showed that 3 in 4 young people believe that using modern technologies will translate into their future in the labour market.

"It was just wow."

"I would definitely recommend it, good experience."

"During the practical sessions, I clarified what my strengths are, I learned more about myself."

Quotes from participants in Lithuania



Growth pillars continued
Earn our licence to operate

Coca-Cola HBC Foundation

Working with our communities

The Coca-Cola HBC Foundation

We were proud to launch The Coca-Cola HBC Foundation in December, and donated €10 million to support communities in 2024.

We have always had a strong focus on operating sustainably, and a long tradition of giving back to the communities we are a part of.

We have identified a number of critical areas where we will prioritise our support. These include:

- natural disaster relief;
- packaging and waste management;
- corporate citizenship; and
- empowering youth and women.

The new foundation brings clear focus to our work and empowers us to make decisions quickly to take action where it is most needed.

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.

In 2023, we reached 79%. 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.

Read more on p25 to 27



Nutrition

As part of the Coca-Cola System, we want to deliver great-tasting soft drinks that support balanced diets. We do this in five strategic ways:

- **Less sugar, more choices:** 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 2023, we had reduced calories by 19% per 100ml of sparkling soft drinks. To reach our commitment, we focus on growing zero formulations such as Coca-Cola Zero Sugar Zero Caffeine and new flavour creations within the Fanta and Schweppes brands.
- **New and different drinks:** We are responding to changing consumer preferences by innovating our recipes and pack sizes, offering more choice. New zero formulations across our brands help us drive growth and show how constant innovation is keeping us at the forefront of consumer choice and customer preference. In 2023 we launched nectars reformulation for five mono fruit flavours with added functionalities and reduced sugar by 30%. We also launched new recipes for Schweppes Bitter Lemon Zero and Kinley Tonic Water in local markets with lower sugar and better taste. We expanded Pink Lemonade, the first zero sugar drink in our Lemonade range.
- **Informed decisions:** We provide clear and transparent nutrition information about what's inside our drinks, such as the Guideline Daily Amount (GDA) and traffic-light labels on our core sparkling drinks in 22 markets.
- **No marketing targeting children:** We commit to not market any of our drinks directly to children under 13 and do not offer any soft drinks in primary schools.
- **Promoting low- and no-sugar choices:** We are promoting Coke Zero Sugar as our 'hero' in marketing campaigns encouraging more people to choose low- and zero-sugar drinks.

Read more on p28



Growth pillars continued
Earn our licence to operate

Biodiversity

We are serious about making a net positive impact on biodiversity in critical areas of our operations and supply chain by 2040 and eliminating deforestation in our supply chain by 2025. To reach this objective, we joined the Science Based Targets Network (SBTN) to focus our efforts on the relevant actions so both nature and business can thrive.

In 2023, we undertook the mapping and materiality assessment on biodiversity across our value chain to help us set targets in areas that matter the most and to measure our progress. This assessment shows that the biggest impact on biodiversity comes from land conversion and water withdrawal from our upstream activities, mainly from agricultural suppliers.

We will focus in 2024 on collaborating with our suppliers to develop plans to address these two risk areas and develop an appropriate monitoring system to measure deforestation at supplier level. In our direct operations, we currently report on seven manufacturing sites adjacent to critical to biodiversity areas. We have initiated a few biodiversity projects in some of these sites. We will now learn from these and take action in all the critical areas by following the official SBTN guidance and engaging with our business partners and the local communities.

In 2024, we will also start to implement the recommendations of the Taskforce on Nature-related Financial disclosures (TNFD) recommendations.



Caring for local biodiversity

Serbia: Creating scenic hiking trails

Visitors to Lake Vlasina, an area of extraordinary biodiversity and beauty in south-east Serbia, can now use 47 kilometres of new hiking trails. We partnered with the United Nations Development Programme (UNDP), the Ministry for the Development of Underdeveloped Municipalities and the Municipality of Surdulica to create the new trail. Our natural spring water plant is located in Vlasina – an area of national significance due to its endemic flora and fauna, unforgettable gastronomy and rich historical and cultural heritage. Our ambition is to establish Vlasina as a regional must-see tourist destination, while supporting local businesses and our neighbours to grow in a sustainable way. Visitors can now learn about the lake and biodiversity along the trail or by visiting digital trails on the Serbia Trails portal. Vlasina hosted the nation's largest hiking event, ROSA Hiking Day, when the trail opened in September 2023. New waste bins to separate packaging for recycling were also installed along the Vlasina Lake and in restaurants and cafes, in partnership with local waste management operator Sekopak.



Caring for local biodiversity

Poland: Renovating a mineral water spring for local communities in Tylicz

Tourists visiting the natural water spring in Tylicz, Poland, can now enjoy its therapeutic qualities even more after a joint project helped to bring it back to life. Our local team worked with Multivita and municipal employees to unblock the flow and build a new casing for the water spring. These both help improve access to the water spring, making the region more attractive to visitors.

Growth pillars continued
Earn our licence to operate





Caring for local biodiversity

Hungary: Zero Waste Tisza River project

Coca-Cola Hungary joined forces with the water management authorities and civil society to help clean up Hungary's second largest river, the Tisza. More than 100 tonnes of waste have been removed since 2019 as part of the initiative. GPS-based tracking maps the amount of plastic waste and the path it takes to help find solutions for the future. A lot has been done to improve waste collection and treatment in Subcarpathia and a new water purifying container has been developed to make clean water more accessible to the local population. This initiative brings together the Plastic Cup team and the General Directorate of Water Management (OVF) with support from The Coca-Cola Foundation.

Priorities in 2024

- Evolve our sustainability strategy with 2030 commitments.
- Update our NetZeroby40 roadmap incorporating our Egypt operations and have FLAG targets approved.
- Continue decarbonisation of our business in all three scopes.
- Support the roll out of national DRS in EU markets and advance our collection model in Nigeria.
- Continue to innovate in sustainable packaging formats.
- Strengthen collaboration across ESG areas with our customers and suppliers.
- Get ready for compliance with new EU ESG reporting frameworks.
- Continue on SBTN roadmap to define our action plan for biodiversity hotspots.

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.



Tracking our progress

Key performance indicators

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.

Growth pillars

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[1].

What happened in the year

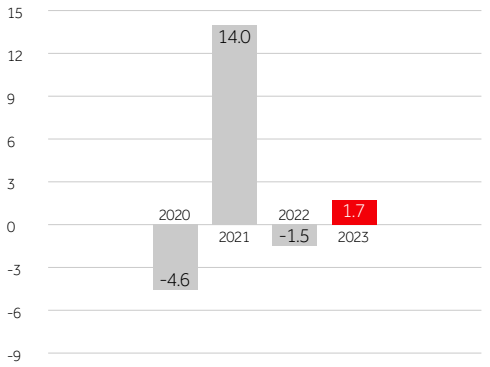
Volumes increased by 1.7% on an organic basis, led by our strategic priority categories of Sparkling, Energy and Coffee, which offset a decline in Stills, as a result of a conscious decision to drive profitable growth.

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.

Full description of the MIP p168

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

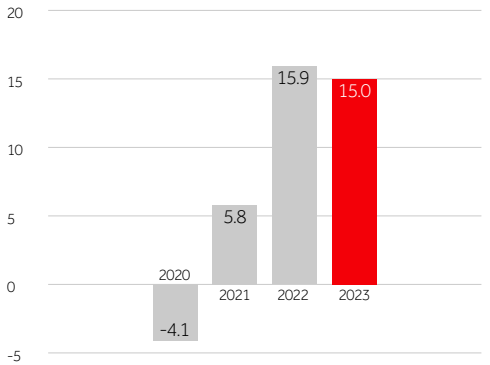
Organic revenue per case grew by 15.0%, as pricing and revenue growth management actions in all markets drove improvements throughout the year. Organic revenue grew by 16.9%.

Link to remuneration

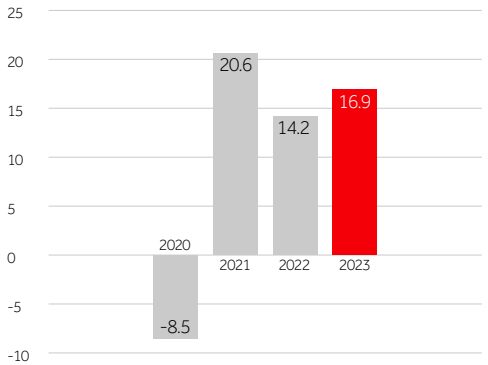
Revenue growth is used to assess business performance for the purpose of our MIP awards.

Full description of the MIP p168

Organic[1] revenue per case growth (%)



Organic[1] revenue growth (%)



1. For details of APMs, refer to 'Definitions and reconciliations of alternative performance measures (APMs)' on pages 295 to 301.

Tracking our progress continued

Key performance indicators

Growth pillars

3 Fuel growth through competitiveness & 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

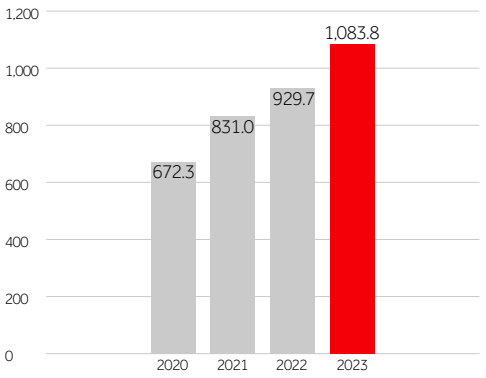
Comparable EBIT grew by 16.6% and by 17.7% on an organic basis. Comparable EBIT margins improved 10 basis points on an organic basis.

Link to remuneration

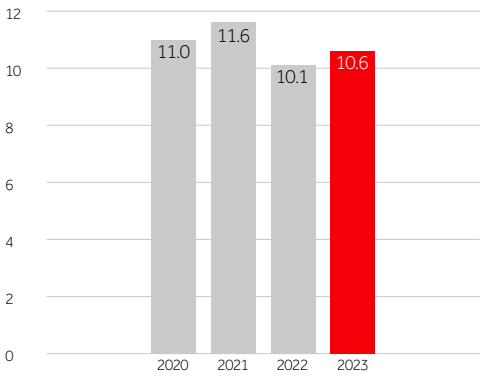
Comparable EBIT is used to assess business performance for the purpose of our MIP awards.

Full description of the MIP p168

Comparable EBIT[1] (€m)



Comparable EBIT[1] margin (%)



How we measure our progress

Capex[1] as percentage of NSR (%); ROIC[1] (%)

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 revenue was 6.6%, towards the low end of our targeted range of 6.5% to 7.5%, reflecting the strong level of revenue growth achieved in the year.

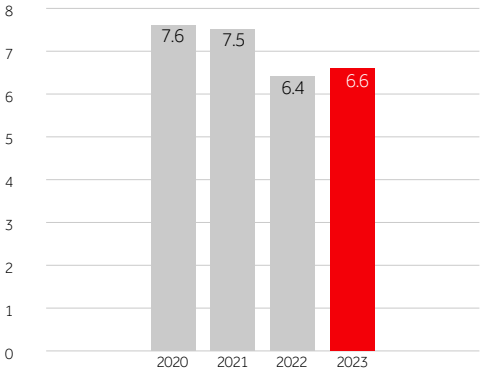
ROIC expanded by 230 basis points to 16.4%, driven by higher profit, partly offset by higher invested capital.

Link to remuneration

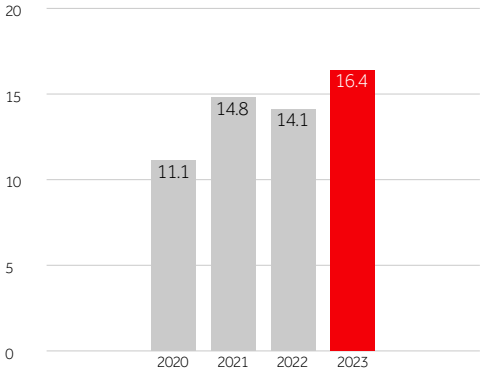
ROIC is given a 42.5% weighting in the assessment of performance conditions used to determine long-term Performance Share Plan (PSP) awards.

Full description of the MIP p168

Capex[1] as percentage of NSR (%)



ROIC[1] (%)



1. For details of APMs, refer to 'Definitions and reconciliations of alternative performance measures (APMs)' on pages 295 to 301.

Tracking our progress continued

Key performance indicators

Growth pillars

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 score increased, getting closer to our ambition of 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.

Full description of the MIP p168

How we measure our progress

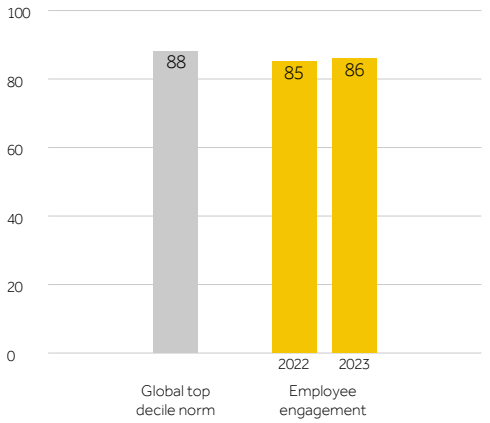
One of our Mission 2025 commitments is to have at least 50% of management positions held by women by 2025.

What happened in the year

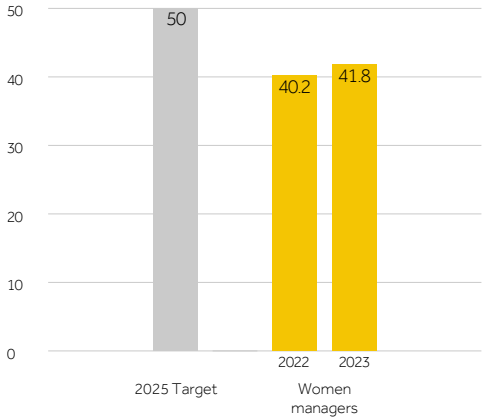
In 2023 women held 41.8% of management roles, compared with 40.2% in 2022. Our efforts to create a more diverse work environment were recognised externally in 2023 with 11 diversity-related awards.

Full description of the MIP p168

Employee engagement score (%)



Percentage of managers that are women (%)



Tracking our progress continued

Key performance indicators

Growth pillars

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 p168

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.

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.:

- on track
- progress made but acceleration required
- no significant progress

Sustainability areas and material issues	UN's Sustainable Development Goals (SDGs) and their targets	2025 commitments[1]		2023 performance	Status
Climate and renewable energy • Climate change • Socio-economic impact	7.2, 7.3, 9.4, 11.6, 12.2, 13.1	**30%**	reduction in carbon ratio in direct operations	**44%**	
		50%	increase in energy-efficient coolers to half of our coolers in the market	**55%**	
		50%	of our total energy from renewable and clean[2] sources	**55%**	
		100%	total electricity used in the EU and Switzerland from renewable and clean[2] sources	**100%**	

Tracking our progress continued

Sustainability areas and material issues	UN's Sustainable Development Goals (SDGs) and their targets	2025 commitments[1]		2023 performance	Status
Water reduction and stewardship • Water stewardship • Socio-economic impact • Biodiversity	6 CLEAN WATER AND SANITATION: 6.1, 6.4, 6.5, 6.6 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE: 9.4 11 SUSTAINABLE CITIES AND COMMUNITIES: 11.6	**20%**	water reduction in plants located in water-risk areas (water priority locations)	**7%**	Impact from Russian operations. Further implementation of successful practices and innovations for those locations is planned.
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION: 12.1, 12.2, 12.4 15 LIFE ON LAND: 15.1 17 PARTNERSHIPS FOR THE GOALS: 17.17	**100%**	help secure water availability for all our communities in water-risk areas (water priority locations)	**63%**	
World Without Waste • Packaging and waste management • Socio-economic impact	8 DECENT WORK AND ECONOMIC GROWTH: 8.4 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE: 9.4 11 SUSTAINABLE CITIES AND COMMUNITIES: 11.6	**75%**	help collect the equivalent of 75% of our primary packaging	**56%**	
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION: 12.1, 12.2, 12.5 14 LIFE BELOW WATER: 14.1 17 PARTNERSHIPS FOR THE GOALS: 17.17	**35%**	of total PET used from recycled PET and/or PET from renewable material	**16%**	Significant progress from 10.5% last year. Annualised effect of Romania and Ireland initiatives will be reflected in 2024 results.
		100%	of consumer packaging to be recyclable[3]	**100%**	
Ingredient sourcing • Product quality • Human rights, diversity and inclusion • Socio-economic impact • Sustainable sourcing	8 DECENT WORK AND ECONOMIC GROWTH: 8.3, 8.8 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE: 9.4 12 RESPONSIBLE CONSUMPTION AND PRODUCTION: 12.1, 12.2, 12.4, 12.6, 12.7 13 CLIMATE ACTION: 13.1	**100%**	of our key agricultural ingredients sourced in line with sustainable agricultural principles	**79%**	Impact of suppliers in emerging countries that are still in the process of acquiring the certifications.
Nutrition • Product quality • Nutrition • Responsible marketing	3 GOOD HEALTH AND WELL-BEING: 3.4 12 RESPONSIBLE CONSUMPTION AND PRODUCTION: 12.8	**25%**	reduce calories per 100ml of sparkling soft drinks (all CCHBC countries)[4]	**19%**	

Tracking our progress continued

Sustainability areas and material issues	UN's Sustainable Development Goals (SDGs) and their targets	2025 commitments[1]		2023 performance	Status
Our people and communities • Human rights, diversity and inclusion • Employee wellbeing and engagement • Corporate citizenship • Packaging and waste management • Socio-economic impact	3 GOOD HEALTH AND WELL-BEING: 3.4, 3.6 4 QUALITY EDUCATION: 4.3, 4.4 5 GENDER EQUALITY: 5.5 8 DECENT WORK AND ECONOMIC GROWTH: 8.5, 8.6, 8.8 10 REDUCED INEQUALITIES: 10.2, 10.4 11 SUSTAINABLE CITIES AND COMMUNITIES: 11.6 12 RESPONSIBLE CONSUMPTION AND PRODUCTION: 12.2, 12.4 16 PEACE, JUSTICE AND STRONG INSTITUTIONS: 16.7 17 PARTNERSHIPS FOR THE GOALS: 17.16, 17.17	**10%**	community participants in first-time managers' development programmes	**7%**	
		1M	train one million young people through #YouthEmpowered	**944,948**	Cumulative number 2017-2023; 2023-only number is 150,005.
		20	engage in 20 zero-waste partnerships (city and/ or coast)	**15**[5]	
		10%	of employees take part in volunteering initiatives	**11%**	
		ZERO	target zero fatalities among our workforce	**0**	
		50%	reduced lost time accident rate per 100 FTE	**33%**	The main causes: falls / slips / trips, road accidents and contact with machinery and tools.
		50%	of managers are women	**42%**	Female retention, capability building, balanced external hiring, country specific targets and plans, see page 49.

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 and in the number references above we disclose the SDG targets relevant for our business, where we contribute positively to the UN SDG agenda, for example, 3. 4, 8.5.

1. Baseline 2017. Egypt is excluded as it was not foreseen in the baseline year nor in the target year.
2. Clean source means CHP using natural gas.
3. Technical recyclability by design.
4. Baseline 2015.
5. Supported by The Coca-Cola Foundation

Chief Financial Officer's letter

Disciplined execution powers another year of strong growth



"For the first time, we exceeded €10 billion in sales and €1 billion in comparable EBIT. Not only have we achieved record financial results, but we've accelerated our investment for the future – to strengthen our customer centricity, to enhance our execution capabilities and to do the right thing for our planet."

Dear Stakeholder,

It has been a privilege to be CFO of such a dynamic, high-growth business, with great people, which has delivered great results for the third year running, despite significant headwinds. 2023 comparable EBIT was €1,084 million, exceeding €1 billion for the first time in our history. Not only have we achieved record financial results and invested in the business to drive future growth, but we have also made strides in our sustainability journey: creating value and strengthening our resilience, doing the right thing for our people and the planet, and strengthening our right to win with customers and consumers.

Our record profitability was driven by our revenue growth management initiatives, together with effective actions on input cost inflation and our focus on cost control. This significant profit delivery, aided by effective management of our finance costs, capturing the spread between our largely fixed cost of borrowing and the benefit of rising interest rates on our cash deposits, led our comparable EPS to grow by 21.8%.

Converting our operational profitability to free cash flow, while maintaining our future-focused investment profile, is a key area for CCH. We managed that very successfully, achieving another year of record free cash flow of €712 million, which helped reduce net debt to €1.6 billion. This enabled us to increase our returns to shareholders and initiate a €400 million, two-year share buyback programme, consistent with our capital allocation priorities and demonstrating our confidence in future growth. And we further expanded ROIC to record levels, despite the challenges we faced.

1. For details of APMs refer to 'Definitions and reconciliations of alternative performance measures (APMs) on pages 295 to 301

All of these results would not have been possible without our people and their commitment and dedication to our customers and consumers. We are actively nurturing our talent pipeline, especially in the broader finance community, providing them with opportunities for growth and strengthening our succession options across all levels of the organisation. The appointment of my successor, Anastasis, from this talent pool, is testament to our investment in our people, ensuring the future of CCH.

When it comes to funding our sustainability agenda, our approach is to integrate sustainability projects in growth-orientated initiatives. For example, as we have invested in our route-to-market capabilities with a wider network of coolers in customer premises, we surpassed our target of ensuring over 50% of our installed base was energy efficient by June, 18 months ahead of schedule. By the end of the year, that figure was 55%, excluding Egypt. We have also been investing in packaging circularity, more on this in Earn our licence to operate on pages 60 to 62.

Mid-term outlook from 2024 onwards

Organic[1] revenue growth

+6-7%

Organic[1] EBIT margin growth

+20-40bps

- Continued focus on **ROIC** expansion
- **CAPEX** 6.5-7.5% of revenue
- Growing **free cash flow** to support capital allocation priorities

Chief Financial Officer's letter continued

In September, we published our Green Finance Report outlining our wider plans for creating a sustainable future, detailing the proceeds allocation and impact of our first Coca-Cola HBC green bond issued in September 2022. I am proud of our commitment to allocating funds to projects that make a real difference to the environment, allowing us to grow responsibly and continue to deliver our products sustainably.

Looking ahead

While we expect the macroeconomic and geopolitical environment to remain challenging, we have high confidence in our 24/7 portfolio and the opportunities for growth in our diverse markets, amplified by our bespoke capabilities, and, above all, the talent of our people.

At our full-year results on 14 February 2024, we set out our ambitions for the year, and fully expect to make progress against the medium-term targets we set out at our capital markets event in May.

I know that when I leave Coca-Cola HBC in May 2024, the Company will be in a strong position and will be in experienced hands with Anastasis Stamoulis, the incoming CFO. Anastasis has a proven track record and broad experience gained from 16 years at the Company where, through his development journey, he held several senior financial positions.

I wish Anastasis and all my talented colleagues at Coca-Cola HBC, as well as our customers, the Coca-Cola Company, the Monster Energy team, and other valued stakeholders my best wishes and heartfelt expectation that we will continue to open up moments to refresh us all in the years ahead.

Ben Almanzar
Chief Financial Officer



"My focus will be continuing to deliver our growth story and the mid-term targets we shared at our investor day in May. I look forward to working more closely with Zoran, Naya and the other ELT members to ensure we continue to focus on disciplined capital allocation and on organic growth."

Anastasis Stamoulis
Incoming Chief Financial Officer from 1 May 2024

Introducing our new CFO, Anastasis Stamoulis Q&A

Anastasis has been with CCH for 16 years and has held several senior financial positions, including CFO in our Baltic, Bulgarian and Italian operations. He has also held senior Group roles such as Group Financial Controller, Head of Finance Operations, and Head of Strategic Finance and Financial Planning and Analysis. Before joining CCH, he spent seven years in senior financial positions in the automotive industry. He is a FCMA CGMA Fellow of the UK Chartered Institute of Management Accountants and he holds an MBA in Finance and a BS in marketing from Golden Gate University in San Francisco, USA.

What moments were opened up for you in 2023?

For me, 2023 was about opening up more moments to think of our customers and the services we offer as a finance team. In response to all the changes in our business, for example our expanded 24/7 portfolio including the acquisition of Finlandia, we have developed an elevated way of working to support our commercial partners. I am incredibly proud of our cross-functional teams, their resilience, agility and collaboration with customers. And I am incredibly proud that we delivered another strong year of record profits and free cash flow.

I visited our Nigerian business in May, and was impressed by the level of excitement, the dedication and commitment of our people there. Their passion, resilience and great long-standing relationships with customers, meant that we were able to navigate the currency devaluation and the cash crisis in the country. It is such challenges that open up the opportunities to show how strong and resilient our teams are, and this extends across all functions driving CCH forward.

How would you describe your leadership style?

In my view, leadership style is something that evolves over your career. I've been very fortunate, both while in CCH and prior, to have experienced a diverse range of business environments and industries. Over the last 16 years, I have come across many leaders and talents who have provided me with great insights across the breadth of the business, and who have made an impact on my development as a leader.

I would say my style is transparent and accessible, letting my peers clearly know my views, and I prefer to tackle the issues with a hands-on approach. I believe in being very present in all aspects of the business in addition to the finance function. I am fully inspired by our leadership values, and I aspire living them through my daily interactions. One thing is certain – that I continue to learn and evolve every day.

What will be high on your agenda in 2024?

First, we have a very solid base to build upon and a proven track record of delivering our strategy. My focus will be continuing to deliver our growth story and the mid-term targets we shared at our investor day in May. I look forward to working more closely with Zoran, Naya and the other Executive Leadership Team (ELT) members to ensure we continue to focus on our capital allocation priorities driving sustainable growth. Maintaining an efficient balance sheet, while delivering more value to our shareholders, is high on my agenda.

Finally, a clear priority for me is investing in our talent pipeline and key people. By developing the right capabilities for the finance function of the future, such as embracing acceleration of digitalisation and automation of finance, we will open up moments for our people to unleash their full potential.

Group financial review

Income statement

	2023	2022	% change reported
Volume (m unit cases)	**2,835.5**	2,711.8	4.6
Net sales revenue (€m)	**10,184.0**	9,198.4	10.7
Net sales revenue per unit case (€)	**3.59**	3.39	5.9
Operating profit (EBIT)[2] (€m)	**953.6**	703.8	35.5
Comparable EBIT[1] (€m)	**1,083.8**	929.7	16.6
EBIT margin (%)	**9.4**	7.7	170bps
Comparable EBIT margin[1] (%)	**10.6**	10.1	50bps
Net profit[3] (€m)	**636.5**	415.4	53.2
Comparable net profit[1,3] (€m)	**764.2**	624.9	22.3
Comparable basis earnings per share[1] (€)	**2.078**	1.706	21.8

Percentage changes are calculated on precise numbers.

1. For details of APMs, refer to 'Definitions and reconciliations of alternative performance measures (APMs)' on pages 295 to 301.
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.

Focused execution of our 24/7 strategy delivered strong organic[1] growth

In 2023, our organic revenue growth was 16.9% (10.7% on a reported basis), a very strong performance given continued cost inflation, and the global macroeconomic and geopolitical challenges.

Against this backdrop, achieving organic volume growth of 1.7% (4.6% on a reported basis) across the business was a very positive result, and with an encouraging trend in the fourth quarter, where we saw organic volumes up 6.8%.

Organic revenue per case grew 15.0% (5.9% on a reported basis). Of this, pricing continued to be the largest contributor, accounting for the majority of the gain. Package and category mix were also accretive, with continued improvements in our single-serve mix.

2023's organic revenue performance followed 14.2% organic revenue growth in 2022, and over 20% in 2021.

Major contributors to these results were a good conversion of our revenue growth management initiatives, together with effective mitigation actions on input cost inflation, albeit partially offset by transactional FX impacts. In addition, we delivered modest improvement to operating costs as a percentage of revenue.

Operating profit, margins and cost control

Comparable gross profit grew by 13.2%, with gross profit margins up 80 basis points to 35.0%. Cost of goods sold (COGS) inflation was again a material headwind for the business in 2023, reflecting inflation in many commodities as well as increased costs as a result of currency devaluations, particularly in Nigeria. As a result, improving our price and mix was an important priority for the business in 2023. This we did successfully.

While operating costs increased overall, reflecting the impact of inflation and investments in our capabilities across the Group, as a percentage of revenue they decreased by 10 basis points to 24.4% on a comparable basis. We benefitted from good operational leverage while we increased marketing spend and added route-to-market capabilities, seizing opportunities across our markets while maintaining tight control of non-essential costs.

Organic EBIT up 17.7%

Comparable EBIT increased by 16.6% on a reported basis to €1,083.8 million, exceeding €1 billion for the first time in our history, principally driven by organic profit growth across our markets, only partially offset by negative foreign currency movements. On an organic basis, comparable EBIT grew 17.7% in the year. Operating profit grew 35.5% to €953.6 million.

The comparable EBIT margin was 10.6%, up 50 basis points on a reported basis, and 10 basis points on an organic basis, benefitting from operational leverage.

On a reported basis, our average comparable EBIT growth was more than 10% since 2019, showing our sustained, long-term focus on increasing the financial fitness of this business and creating shareholder value.

We saw a negative translational and transactional currency impact in 2023, driven by the depreciation of the Nigerian naira, Russian rouble and Egyptian pound.

Net impairment losses were €16.9 million lower, reflecting a €109.4 million charge in Egypt, more than offset by the non-repeat of the charges taken in 2022.

Net finance costs were €34.4 million lower than the prior year at €48.3 million, driven mainly by higher finance income as a result of increased interest on cash deposits and stable finance costs on fixed rate borrowings.

Comparable taxes amounted to €277.1 million, representing a comparable tax rate of 27%, at the top end of our guided range of 25% to 27%.

Comparable net profit grew 22.3% to €764.2 million. Reported net profit increased by 53.2% to €636.5 million.

Comparable basic EPS grew 21.8%, supported by strong profit delivery and effective management of finance costs, capturing the spread between our largely fixed cost of borrowing and the benefit of rising interest rates on our cash deposits.

Organic revenue growth year on year

16.9%

Comparable EBIT

€1,083.8m

Group financial review continued

Balance sheet

	2023 € million	2022 € million
Assets		
Total non-current assets	**5,969.4**	6,139.5
Total current assets	**3,910.2**	3,716.2
Total assets	**9,879.6**	9,855.7
Liabilities		
Total current liabilities	**3,846.3**	3,006.7
Total non-current liabilities	**2,846.6**	3,463.4
Total liabilities	**6,692.9**	6,470.1
Equity		
Owners of the parent	**3,092.8**	3,282.3
Non-controlling interests	**93.9**	103.3
Total equity	**3,186.7**	3,385.6
Total equity and liabilities	**9,879.6**	9,855.7

Strong balance sheet to drive shareholder returns

Our balance sheet remains very strong and we continue to manage it prudently. It is a source of strength and flexibility, providing ample capacity for investments both organically and through M&A.

Total non-current assets decreased by €170.1 million during 2023, primarily driven by foreign currency translation, which was partially offset by the Group's continued investment in property, plant and equipment. Net current assets decreased by €645.6 million, while non-current liabilities decreased by €616.8 million during 2023 respectively, mainly due to the reclassification of the current portion of borrowings from non-current liabilities to current liabilities.

Cash flow

	2023 € million	2022 € million
Cash flow from operating activities	**1,386.7**	1,234.6
Payments for purchases of property, plant and equipment[1]	**(623.0)**	(531.8)
Proceeds from sales of property, plant and equipment	**7.2**	7.5
Principal repayments of lease obligations	**(59.1)**	(65.2)
Free cash flow	**711.8**	645.1

1. Payments for purchases of property, plant and equipment for 2023 include €12.3 million (2022: €8.4 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.

Record investment in sustainable growth

Capital expenditure increased by €85.4 million to €674.9 million as we continued to invest in developing our production facilities, renovating and expanding our cooler footprint, and driving other strategic opportunities that help deliver our sustainability agenda. We added seven new lines, three of those in the high-growth Energy category. We also increased our footprint of energy-efficient coolers to over 55% of our fleet, excluding Egypt, helping support broader market presence and drive single-serve growth, and invested in our sustainability goals, including rPET production and packaging solutions.

Capex as a percentage of revenue was 6.6%, towards the low end of our targeted range of 6.5% to 7.5%, reflecting the strong level of revenue growth achieved in the year.

Continued strong ROIC performance

ROIC is one our most important KPIs. ROIC expanded by 230 basis points to 16.4%, driven by higher profit, partly offset by higher invested capital – a record ROIC performance even as we managed through another challenging year.

Free cash flow

€711.8 m

ROIC

16.4%

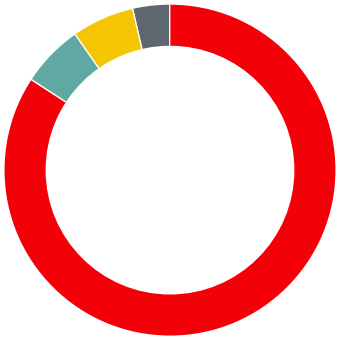
Group financial review continued

Borrowings

At the close of the year, total borrowings were €3,424.5 million and net debt to EBITDA was 1.1x, even after completing the acquisition of Finlandia in November. The Group is well insulated from interest rate exposure by having most of our debt on fixed rates.

After the publication of our 2023 financial results, and before the signing of this year's Integrated Annual Report, we took advantage of attractive financial markets to undertake a new bond financing, effectively pre-financing a significant bond due for repayment in the second half of the year. This was successfully completed on attractive terms.

2023 borrowing structure (€m)



Bonds	2,887.3
Commercial paper	211.0
Leases	210.1
Other	116.1

Capital allocation priorities

Our priorities for capital allocation are very clear. To be the leading 24/7 beverage partner, we make thoughtful choices, ensuring that we deploy capital efficiently and effectively in the service of profitable growth.

For example, we continue to invest in acquisitions that further improve our portfolio, or our capabilities, particularly around strengthening our route to market for customers and consumers. Finlandia was a good example of a targeted portfolio enhancement, and we remain open to seizing the right opportunities as they come up.

Our capital discipline has also allowed us to drive higher returns to shareholders. In November, we launched a €400 million share buyback programme, reflecting the Board's long-term confidence in our business performance, the prudent financial management of our balance sheet, and our commitment to return capital to shareholders responsibly.

Dividend

The Board of Directors has proposed a dividend of €0.93 per share, a 19.2% increase from the €0.78 per share dividend paid in 2022, maintaining the Group's progressive dividend policy and reflecting the strength of our balance sheet and healthy liquidity position, The payout ratio is 45%, within the target payout ratio of 40 to 50%. The dividend payment will be subject to shareholders' approval at our Annual General Meeting.

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.

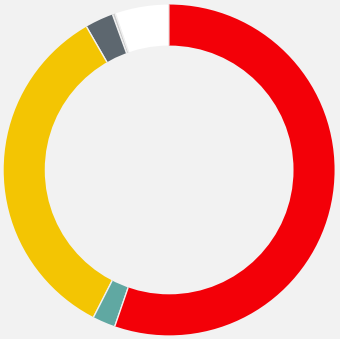
As at 31 December 2023, the Group had net debt of €1.6 billion. In addition, at 31 December 2023, the Group had cash and cash equivalents of €1.3 billion, an undrawn revolving credit facility of €800 million, an uncommitted money market loan agreement of €200 million, as well as €0.8 billion available 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. 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.

Taxes we contribute to our communities

Coca-Cola HBC attributes the utmost importance of earning trust in all tax matters. Specifically, we stand firmly behind the principle of paying relevant taxes in the countries where value is created and ensure that we are fully compliant, not only with the letter of tax laws and regulations, across all jurisdictions we operate in, but with the spirit as well. 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 effectively, efficiently and without unwarranted delays. We support the communities in the countries where we operate directly, by creating economic wealth, and indirectly, by paying our fair share of taxes.

Total tax by category in 2023 (%)



Corporate income tax	55.4%
Withholding tax	2.3%
Payroll taxes	34.2%
VAT (cost)	2.8%
Environmental taxes	0.1%
Other taxes	5.2%

Group financial review continued

Segment highlights



Organic volume growth

-2.4%

Organic revenue per case growth

15.1%

Established markets

In the Established segment, organic revenues grew by 12.3%.

Organic revenue per case was up 15.1%, driven by price increases weighted to the first half. Positive category and package mix also helped. We continued to focus on single-serve activation, resulting in a 320 basis point improvement in single-serve mix.

Established markets volume declined by 2.4%, reflecting tough comparatives particularly in the middle of the year, but with an improving trend towards the end of the year. Sparkling volumes were slightly lower versus the prior year, largely reflecting comparable growth of over 9% in 2022. Within Sparkling, Coke Zero and Adult Sparkling delivered good mid-single digit growth.

Energy volumes expanded by mid-teens despite very tough comparatives, with good growth in Monster. Coffee also grew strongly – up mid 20s – despite lapping strong growth in 2022.

Stills declined by high-single digits, driven by the Water category, especially impacting Italy, where we made conscious choices to prioritise profitable revenue growth.

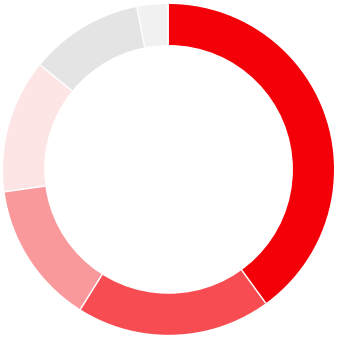
Greece, as an example, delivered mid-single digit performance in Sparkling, with high-single digit growth from Coke Zero and Fanta, and low-double digit growth from Adult Sparkling. Results were helped by a prolonged tourist season.

Improving margins while investing in growth has been a key priority for some of our Established markets, particularly Italy, and, in 2023 the Established segment improved organic comparable EBIT margins by 100 basis points. Overall, organic comparable EBIT grew 23.0%. Operating profit grew 22.2%.

	2023	2022	% change reported	% change organic
Volume (million unit cases)	**628.7**	643.9	-2.4%	-2.4%
Net sales revenue (€ million)	**3,358.5**	2,974.1	12.9%	12.3%
Operating profit (EBIT) (€ million)	**379.2**	310.4	22.2%	
Comparable EBIT (€ million)	**381.1**	307.1	24.1%	23.0%
Total taxes (€ million)[1]	**163.8**	156.3	4.8%	
Population (million)[2]	**93**	93	–	
GDP per capita (thousands US$)[2]	**43.7**	43.5	0.5%	
Bottling plants (number)	**15**	15	–	
Employees (number)	**6,809**	6,392	6.5%	
Water footprint (billion litres)	**3.913**	4.048	-3.3%	
Carbon emissions (tonnes)	**65,460**	67,720	-3.3%	
Safety rate (lost time accidents >1 day per 100 employees)	**0.55**	0.69	-20.3%	

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. Data source is IHS Jan 2024 release; GDP refers to 'GDP, real, harmonised' in US dollars. 2022 data was updated to reflect the change of source to IHS.

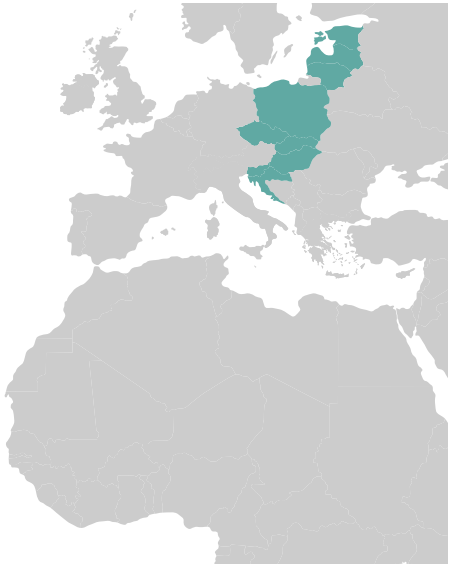
Volume breakdown by country (%)



Italy	40%
Greece	19%
Republic of Ireland and Northern Ireland	14%
Austria	13%
Switzerland	11%
Cyprus	3%
Global exports[1]	0%

1. Global exports market refers to the export business for Finlandia and Three Cents for the period November to December 2023.

Group financial review continued
Segment highlights continued



Organic volume growth
-1.7%

Organic revenue per case growth
20.2%

Developing markets

In the Developing segment, revenues were up over 18%. Revenue per case increased by 20.2%, driven by pricing initiatives, and positive category and package mix.

We are focused on growing the share of multi-packs of single serve and are now reaping the benefits of this, with a positive contribution from package mix for the segment as a whole.

Volumes were down 1.7%, but with an improving trend. The full-year performance largely reflects cycling very strong growth in 2022.

Across the categories, volume trends were broadly consistent. In Sparkling, Coke Zero delivered good growth and Trademark Coke was slightly negative – a good outcome given the very strong comparatives and underlying market conditions. Monster also delivered mid-teens growth. Coffee grew strongly throughout the year.

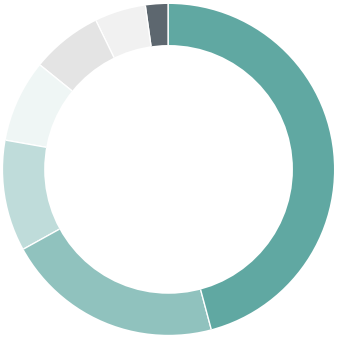
In terms of country performance, one highlight was Poland, where volumes increased by 1.5%, despite lapping high 2022 comparatives. Sparkling grew low-single digits, led by double-digit growth in Coke Zero and Sprite, and an encouraging performance from Coke Zero Sugar Zero Caffeine launched in 2023. Like Italy, we made deliberate choices to focus on profitable growth in Water at the expense of volume, with good success.

Developing segment improved organic comparable EBIT margin by 50 basis points. Overall, organic comparable EBIT grew 26.9%, with operational leverage and cost control more than offsetting input cost inflation. Operating profit grew 34.9%.

	2023	2022	% change reported	% change organic
Volume (million unit cases)	**471.0**	478.8	-1.6%	-1.7%
Net sales revenue (€ million)	**2,088.6**	1,719.7	21.5%	18.2%
Operating profit (EBIT) (€ million)	**152.6**	113.1	34.9%	
Comparable EBIT (€ million)	**153.8**	115.1	33.6%	26.9%
Total taxes (€ million)[1]	**73.4**	66.0	11.2%	
Population (million)[2]	**75**	76	-1.3%	
GDP per capita (thousands US$)[2]	**19.3**	19.2	0.5%	
Bottling plants (number)	**9**	9	-	
Employees (number)	**4,227**	4,157	1.7%	
Water footprint (billion litres)	**3.335**	3.557	-6.24%	
Carbon emissions (tonnes)	**46,255**	47,779	-3.2%	
Safety rate (lost time accidents >1 day per 100 employees)	**0.21**	0.46	-54.3%	

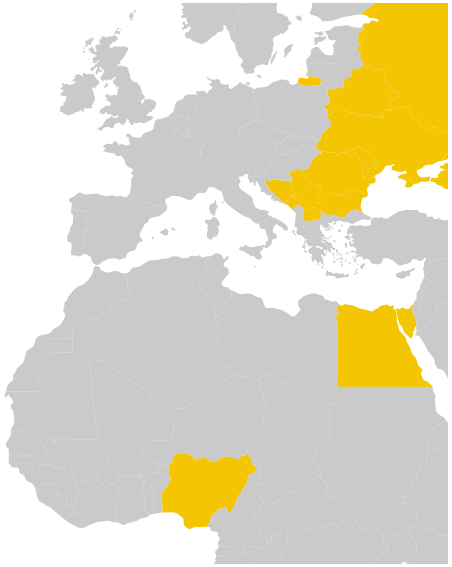
1. Total taxes include corporate income tax, withholding tax and deferred tax, as well as social security costs and other taxes that are reflected as operating expenses; as per IFRS accounts.
2. Data source is IHS Jan 2024 release; GDP refers to 'GDP, real, harmonised' in US dollars. 2022 data was updated to reflect the change of source to IHS.

Volume breakdown by country (%)



Poland	46%
Hungary	21%
Czech Republic	11%
Baltics	8%
Croatia	7%
Slovakia	5%
Slovenia	2%

Group financial review continued
Segment highlights continued



Organic volume growth
4.3%

Organic revenue per case growth
15.0%

Emerging markets

In the Emerging segment, organic revenue grew by almost 20%, driven by both volume and good price mix. Revenue per case increased 15.0%, reflecting proactive actions to manage the impact of currency devaluation and cost inflation.

Emerging markets volume grew 4.3%. Sparkling volumes were up by mid-single digits, with good growth in Nigeria, Ukraine and Egypt. Energy volume grew strong double digits, and we were very satisfied with the successful launch of our position in the category in Egypt.

Still category volumes were broadly unchanged year on year, despite the substantial price increases in Water in Egypt during the first half of the year.

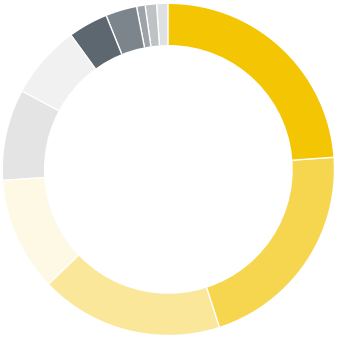
In terms of country performance, the volume growth improvements delivered in Nigeria were positive. Our results demonstrate the depth of expertise and strength of our team in the country as they achieved strong market share gains while tackling the impact of significant currency devaluation.

Organic comparable EBIT margin was down 80 basis points, reflecting the net effect from currency headwinds. Overall, organic comparable EBIT grew 11.7%. Operating profit grew 50.5%

	2023	2022	% change reported	% change organic
Volume (million unit cases)	**1,735.8**	1,589.1	9.2%	4.3%
Net sales revenue (€ million)	**4,736.9**	4,504.6	5.2%	19.9%
Operating profit (EBIT) (€ million)	**421.8**	280.3	50.5%	
Comparable EBIT (€ million)	**548.9**	507.5	8.2%	11.7%
Total taxes (€ million)[1]	**243**	185.0	31.4%	
Population (million)[2]	**571**	567	0.7%	
GDP per capita (thousands US$)[2]	**5.8**	5.7	1.8%	
Bottling plants (number)	**38**	38	0.0%	
Employees (number)	**21,712**	22,494	-3.5%	
Water footprint (billion litres)[3]	**74.650**	66.800	11.8%	
Carbon emissions (tonnes)[3]	**313,452**	391,553	-19.9%	
Safety rate (lost time accidents >1 day per 100 employees)[3]	**0.22**	0.26	-15.4%	

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. Data source is IHS Jan 2024 release; GDP refers to 'GDP, real, harmonised' in US dollars. Population excludes North Macedonia. 2022 data was updated to reflect the change of source to IHS.
3. 2022 safety and environmental data reported in the 2022 IAR was recalculated to include Egypt.

Volume breakdown by country (%)



Nigeria	24%
Russian Federation	21%
Egypt	18%
Romania	11%
Serbia (including the Republic of Kosovo)	9%
Ukraine	7%
Bulgaria	4%
Belarus	3%
Bosnia and Herzegovina	1%
Armenia	1%
Moldova	1%

Materiality assessment

The strategic objectives referred to previously have been determined through a robust materiality assessment.

This process looks in depth at our role in society, specifically the impact we have on stakeholders, communities and the environment, as well as their impact on our own activities. We conduct this assessment at least annually, evaluating the complex interaction between our business, our stakeholders and the world at large. The outcome is a list of topics that matter most to our stakeholders and our business, incorporating current and emerging ESG trends.

The topics that matter most

As shown in the matrix opposite, the issues deemed to be of greater importance, from both an impact and a financial perspective, are packaging and waste management, and climate change. Our 2023 assessment also confirmed the critical importance of sustainable sourcing, product quality, and water stewardship. The horizontal axis shows impact materiality, while the vertical axis discloses the financial materiality. The size of the bubble reflects the topic's prioritisation as defined by our stakeholders.

The matrix has been reviewed and endorsed by the Social Responsibility Committee of the Board.

2023 process

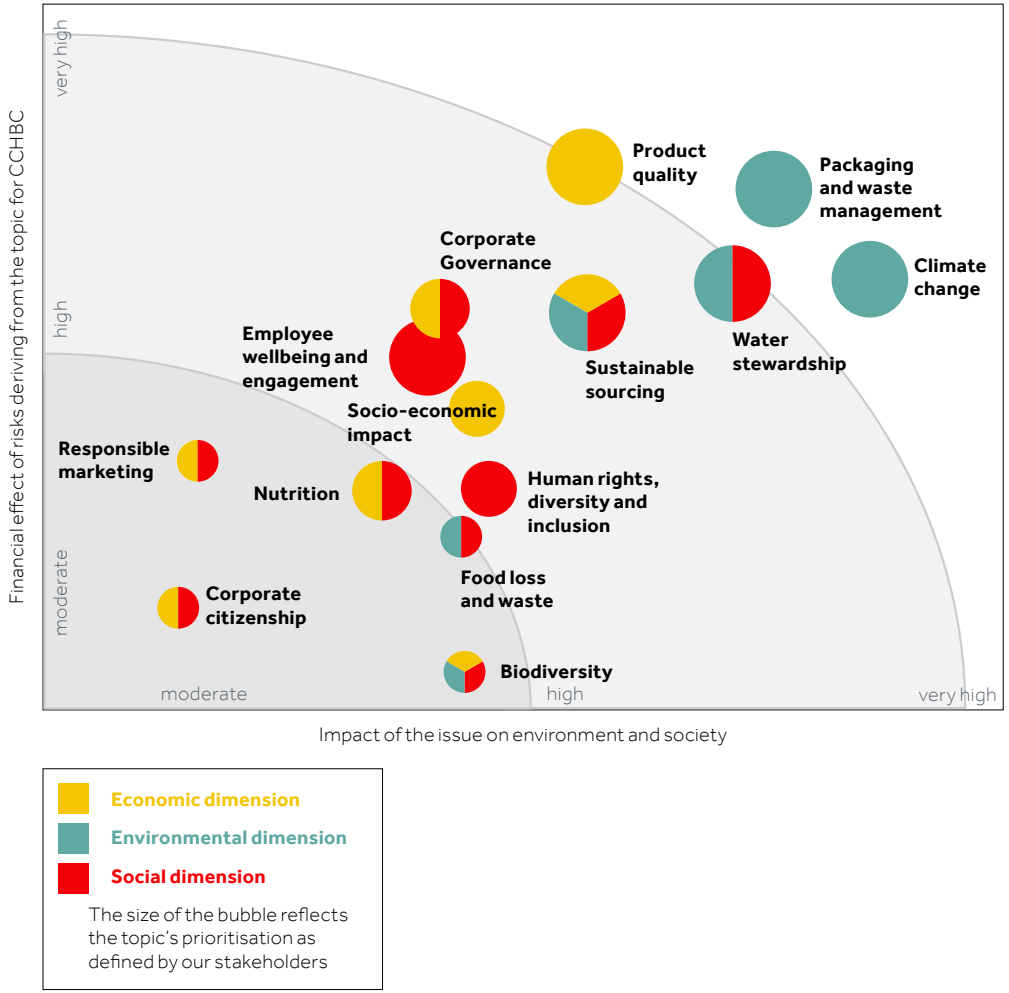
Based on the GRI best practices, our materiality assessment was conducted in four phases:

1) understanding the context to identify a 'long list' of potentially relevant material issues;
2) assessing their impact on society and environment;
3) assessing their impact on, or importance to, stakeholders and the business, including financial impact; and
4) reviewing and validating findings and reporting priority areas.

In step two and three, we consulted with approximately 500 internal and external stakeholders, including customers, wider consumers, employees, suppliers, community representatives, governments, non-governmental organisations, investors, trade associations and academics. We asked them to identify the topics they saw as having the greatest impact on people, society, the economy and the environment over time, as well as those significantly impacting our financial performance. We also asked which topics they wanted us to prioritise in our strategy and plans.

As in previous years, we took an integrated, inclusive approach, drawing on Group risk assessments, colleague input across multiple functions and insights from The Coca-Cola Company. In applying this rigorous methodology, we were able to assess impacts both negative and positive, short- and long-term, intended and unintended, and reversible or irreversible – all from the perspective of different stakeholder groups. We were also able to evaluate the scale, scope, irremediability and likelihood of each impact across the value chain – upstream; in our direct operations; and downstream.

CCHBC materiality matrix 2023



Materiality assessment continued

What materiality means to our Growth Story

The material issues identified are integrated into our Growth Story 2025 strategy, our short-, medium-, and long-term goals and our management of risks and opportunities across the value chain.

The process also informs our disclosure, including this Integrated Annual Report, which is aligned to the International Integrated Reporting Council's (IIRC) framework and the Sustainability Accounting Standards Board (SASB) – see pages 120 to 122. It is prepared in accordance with 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.

Understanding the topics that matter most to our business and stakeholders enables us to contribute to wider efforts, such as the UN Agenda for Sustainable Development and its Sustainable Development Goals (SDGs) and the UN Global Compact (see our latest Communication on Progress UNGC COP Coca-Cola HBC (https://unglobalcompact.org/what-is-gc/participants/2263-Coca-Cola-Hellenic)). Our Mission 2025 sustainability commitments, our short-, medium-and long-term ESG goals (including NetZeroby40) and our material issues are all mapped to the SDGs and their underlying targets. You can find more about how our material issues and sustainability commitments link to the SDGs on pages 72 to 74 of this report and on our website - Materiality (https://www.coca-colahellenic.com/en/a-more-sustainable-future/our-approach/materiality).

Key
Low | Medium | High

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
Socio-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 and 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.

Materiality assessment continued

Future-fit materiality

A key milestone in 2023 was pivoting towards a double materiality methodology in preparation for the forthcoming Corporate Sustainability Reporting Directive (CSRD). In addition to the impact materiality, where we assess impacts the organisation has or could have on the economy, the environment, people, and human rights, which in turn can indicate their contribution to sustainable development (inside-out approach), we take also an 'outside-in' approach, focusing on the financial impact which identifies and analyses the material topics from a financial point of view, namely those that affect or could affect the Company's financial condition or operating results (outside-in approach). As a first step, we've applied this approach qualitatively by considering mainly the ESG risks and opportunities. Dynamic materiality recognises that the materiality of sustainability impact can evolve over time, and sometimes quite rapidly. In other words, topics that might be considered immaterial today could prove to be of critical importance tomorrow.

Hearing from our stakeholders on what matters most

Every year, we bring together (in virtual format) a group of diverse stakeholders to formally review our sustainability performance and to understand their expectations for the future. In 2023, over 130 representatives, from customers, industry associations and academia, to non-governmental organisations, policy makers and peer companies – and 25 countries – came together under the theme, Water Regeneration – partnering to strengthen communities' resilience and drive economic growth. This is a prominent ESG risk that touches every aspect of our business and is central to our sustainability strategy and Mission 2025 commitments.

The theme was covered in the context of climate resilience, economic growth and the wellbeing of people. Stakeholders proposed collaborative ideas and collective actions that could accelerate progress towards a water-resilient future, identifying levers for change; tapping into the power of partnerships and collaboration; and scaling impactful interventions collectively.

The common message was that water is a topic that requires a holistic, transboundary and multi-stakeholder approach. To address and balance complex challenges between water, agriculture, climate and biodiversity requires us to step up partner engagement at international and local levels.



Behind the scenes of our virtual stakeholder forum

Specific recommendations from stakeholders included:

- mobilising local resources and enhancing community engagement in water solutions;
- catalysing and strengthening communities of practice to facilitate knowledge-sharing across sectors;
- fostering a cooperative approach to address the transboundary challenges of water;
- scaling up action to address the nexus of water–climate challenges;
- unlocking innovative technologies to mitigate water risks; and
- leveraging partnerships across markets to raise awareness and amplify achievements in water stewardship.

These recommendations have been reviewed by the Social Responsibility Committee and we look forward to accelerating our impact by investing further to address water stress, protect local water resources and build community climate resilience and economic empowerment.

Managing risk
A resilient business

In a volatile operating environment, every business is presented with a similar set of challenges, whether it be economic upheavals, pandemics, geopolitical crises, or regulatory changes. What sets apart those companies that struggle from those companies that not only survive but thrive is the ability to identify challenges and develop plans to manage through them; or, if they can't be prevented or predicted, the agility and responsiveness to reduce the impact and even take advantage of the opportunity inherent in change.

This is business resilience.

Our Business Resilience programme is designed to embed the capability, processes and mindset that enable us to proactively manage risks – and embrace opportunities – so that we grow sustainably and meet our short-, medium- and long-term objectives.

The Group-wide programme includes appropriate mitigation and response systems that can be deployed when and where required. Our integrated and holistic approach has been particularly important in recent years of geopolitical, economic and environmental change. We continue to embed the key principles of business resilience and risk management throughout our business, providing managers at all levels with the processes and tools they need to proactively identify and assess risks, make well-thought-out decisions and take appropriate and timely action.



We measure the extent to which these principles and processes are embedded in our business through various key performance indicators, including an annual risk maturity survey involving over 350 senior managers across all areas designed to measure our risk culture. In 2023, we scored 92.5% on our overall risk culture score, an improvement of over four percentage points on 2022 results.

Integrated approach

We have continued the integration of risk management, insurance, security, business continuity and crisis management to develop our holistic Business Resilience programme further. The Group Business Resilience Team, led by the Chief Risk Officer (CRO), has responsibility for facilitating cross-functional identification, assessment and management of all current and emerging risks. Working in close collaboration with risk owners across our business units, Group functions and the Executive Leadership Team (ELT), it is tasked with maintaining a wide-angled view of all business streams and emerging risks and opportunities and, through regular reporting, ensuring visibility and decision support is provided to the ELT and our Board.

Our processes recognise that, the earlier we identify, assess and manage risk, the higher the likelihood is of preventing or reducing negative impacts and taking advantage of opportunities. For those events that we cannot prevent or that are unforeseeable, we have well-established processes to reduce impact on the business. These include tested contingency plans, a business continuity programme, our Incident Management and Crisis Resolution (IMCR) programme and an insurance programme.

Business units and markets

Risk sponsors and risk and insurance coordinators in every business unit facilitate the assessment of current and emerging risks and opportunities on a country-by-country basis, as well as the management of those risks, as set out in our Enterprise Risk Management (ERM) framework. Risk assessments are reviewed in senior leadership team meetings every month and risk registers are updated accordingly. All risk registers are visible to the Group's Business Resilience Team, which reviews risks, identifies key trends and provides benchmarking for risk and opportunity management across the business. It 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 hosts a conference where all risk sponsors, risk and insurance coordinators, and Business Resilience Managers are updated on key trends and emerging risks across the business. The CRO also facilitates discussion with the regional management teams twice a year to discuss risk and resilience issues and trends, and to calibrate and benchmark risks across the business. At least every two years, each business unit participates in an IMCR validation exercise led by a cross-functional Group team. This includes training and participation in crisis simulation based on a relevant business risk.

In 2023, we focused on further embedding our integrated approach across our business units. This included piloting a new risk management tool to improve visibility of key risks and enhance best practice sharing and analysis. It also involved optimising assessment of business interruption risks, and embedding the outcomes in our insurance and business continuity programmes.

Managing risk continued

We have enhanced the criteria for evaluating crisis management performance in our business units, identifying a number of key improvement opportunities. Also in 2023, we completed the incorporation of our Egypt business into our Business Resilience programme, involving training and development of key managers and senior leadership, including in IMCR. A risk register is now in place, alongside appropriate insurance coverage.

Group management

The outcomes of engagement with business units, region teams and the Group function heads are integrated into a principal risk report, which is reviewed by the Group Risk and Compliance Committee (GRCC).

Comprising Group function heads as 'risk owners' for each of our risk categories, the GRCC meets quarterly and is co-chaired by the CRO. It ensures that principal risks (defined on page 88) are reviewed with a broader, cross-functional perspective, integrating findings into the principal risk report submitted quarterly to the ELT and the Audit and Risk Committee of the Board.

The Group function heads also perform an important role in understanding and managing risk aggregation. One of the key principles of our risk and resilience programme is that no risk exists in isolation, neither can any risk be managed within a functional silo. For example, the macroeconomic environment affects, and is affected by, the geopolitical environment, which also affects our supply chain. We have seen this most noticeably through conflicts in Ukraine and the Middle East. Our cross-functional approach helps ensure that we consider the broader implications of all risks to the business and take a consistent and aligned approach to their management.

Sustainability risks

Within the ESG materiality assessment process (see pages 83 to 85), we have reassessed risks and opportunities facing our business, the environment and society. One of the most significant risks to our resilience over the longer term is climate change. By proactively preparing for and managing climate risk through our business strategy and capital investments, however, we can harness significant opportunities. Climate risk is fully integrated into our risk management programme and our CRO facilitates more frequent discussions with a cross-functional team that includes representatives from Business Resilience, Finance, Quality, Safety and Environment, and Corporate Affairs and Sustainability.

Risk governance

The Board retains overall accountability and responsibility for the Group's risk management and internal control systems. It has defined the Group's risk appetite, and, through the Audit and Risk Committee, reviewed the effectiveness of these systems. During the year, the Board reviewed our principal risks and opportunities, including those associated with climate change and cyber security. Additionally, the Social Responsibility Committee of the Board takes a particular interest in risks associated with climate change, as set out on pages 100 to 104. Also in 2023, our CRO conducted a risk management workshop with the full Board to refresh Directors' understanding of business resilience and risk management principles, and how they are applied within the business. This is part of our regular risk management education programme at all levels across the Company.

A key role of the Board is to establish the Group's risk appetite. In 2023, the Audit and Risk Committee reviewed the Risk Appetite Statement and risk tolerance levels that will be applied to every risk, as a key element of our risk assessment process at both business unit and Group level. This review will be considered by the Board in the first quarter of 2024.

Our internal audit department conducts an annual independent audit 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 the International Accounting Standard. The Head of Corporate Audit makes recommendations to improve the programme, where required, and the findings are submitted to the Audit and Risk Committee. The Board and its committees 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 153 to 158.

In the section that follows, 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 climate change risks and opportunities**

Principal risks trend


Increasing


Stable


Decreasing

Risk included in viability assessment

Y N

Link to growth pillars

1 2 3 4 5

Read more p 87 to 106

Principal risks and opportunities

We define principal risks and opportunities as those that are material and have the most potential to impact the Group's strategic objectives. In this section, we have grouped our principal risks and opportunities to highlight connectivity between them.

A. Responding to upheavals in the macroeconomic and geopolitical environment

Principal risks and opportunities:

A1. Foreign exchange fluctuations

A2. Marketplace economic conditions

A3. Geopolitical and security environment

In 2023, we saw some easing and stability in global commodity costs. However, the general macroeconomic and geopolitical environment remained volatile as a result of the continuing Russia-Ukraine conflict, inflationary conditions and high interest rate environment. Economic challenges are particularly evident in some key markets, such as Nigeria and Egypt, where high inflation and volatile exchange rates create headwinds to economic expansion. In the latter part of the year, conflict between Israel and Hamas led to instability in the Middle East, impacting shipping and potentially disrupting supply chains, as well as increasing some costs. Calls for boycotts of US brands, including Coca-Cola, as a result of the US government's support for Israel, may impact our sales in some predominantly Muslim communities.

A1. Foreign exchange fluctuations

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:
Y N

Risk owner:
Head of Treasury

Timeframe:
Short term (1-2 years)

Strategic Growth pillar:
1 **2** 3 4 5

Link to material issues:
Socio-economic impact

Risk tolerance:
Group Treasury is required to continually monitor foreign exchange risk and ensure there are effective mitigation plans in place, recognising many external factors are largely out of our control. To the extent possible, residual risk is to remain at or below our 'moderate' rating.

Key drivers

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

Consequences

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

Mitigation

In 2023, we:

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

Metrics and targets

- % of hedged foreign currency exposures, foreign exchange losses

Principal risks trend trajectory

Increasing

Outlook

- We expect continuing short to medium-term volatility in key markets, particularly Nigeria and Egypt. In early 2024 and after publishing our 2023 results, there was a significant fall in the value of the Nigerian naira.
- Conflict in the Middle East is expected to exacerbate Egyptian economic challenges.

Focus for 2024

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

Principal risks and opportunities continued

A. Responding to upheavals in the macroeconomic and geopolitical environment continued

A2. Marketplace economic conditions

We saw increases in inflation and interest rates across our markets, although conditions became more stable over the year and consumer spending remained robust. Economic conditions, however, remain challenging and may reduce consumer purchasing power, potentially impacting the affordability of our products.

Risk included in viability assessment:
Y N

Risk owner:
Head of Strategic Finance

Timeframe:
Short term (1-2 years)

Strategic Growth pillar:
1 2 3 4 5

Link to material issues:
Socio-economic impact

Risk tolerance:
Group Finance is required to continually monitor economic conditions in collaboration with our business units and ensure that effective mitigation plans are in place, recognising many external factors are largely out of our control. To the extent possible, residual risk should remain at or below our 'moderate' rating.

Key drivers

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

Consequences

- Volume and revenue decline
- Reduced profitability

Mitigation

In 2023, 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 outflows;
- developed coordinated and targeted plans with TCCC and other business partners on promotions and marketing initiatives; and
- continued to monitor conditions and adjust our action plans.

Metrics and targets

- FX-neutral revenue growth, operating expenses, profitability

Outlook

- We expect challenging economic conditions to continue in the short term as central banks increase interest rates to manage inflation and conflicts in Ukraine and the Middle East continue.

Focus for 2024

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

Principal risks trend trajectory



Increasing

Principal risks and opportunities continued

A. Responding to upheavals in the macroeconomic and geopolitical environment continued

A3. Geopolitical and security environment

Our concerns remained centred on the Russia/Ukraine crisis. In Ukraine, our focus was and remains the safety of our people first, and continuing our production and distribution where it is safe to do so.

In Russia, the decision by TCCC 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 as the new government reduces subsidies in key areas to improve economic management. Geopolitical 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. Conflict in the Middle East threatens to impact oil prices and may lead to disruptions and increased costs in our supply chain. Calls for boycotts of US brands, including Coca-Cola, may impact our business in markets with large Muslim communities.

Risk included in viability assessment:
Y N

Risk owner:
Chief Risk Officer

Timeframe:
Short to long term (1-5+ years)

Strategic Growth pillar:
1 2 3 4 5

Link to material issues:
- Employee well-being and engagement
- Socio-economic impact

Risk tolerance:
We have no appetite for knowingly exposing our employees to potentially dangerous situations without having effective plans in place to reduce the risk to acceptable levels that are reviewed and tested regularly. Residual risk should remain at or below our 'low' rating.

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 and Armenia
- Social discontent driven by continuing tough economic conditions
- Continuing conflict in the Middle East
- US elections in 2024

Consequences

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

Mitigation

In 2023, we:

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

Metrics and targets

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

Principal risks trend trajectory

Increasing

Outlook

- We expect continuing volatility over the medium to long term. While the situation remains unpredictable, we do not expect a resolution of the Russia/Ukraine crisis in the short term. Wavering support for Ukraine could encourage Russia to continue hostilities.
- Conflict in the Middle East may continue for some time in 2024, with a potential for impacting supply chains and oil prices.
- The outcome of the US election in 2024 may increase geopolitical instability globally, and in our region in the medium to long term.
- Continuing tough economic conditions in the short term will increase the risk of social discontent and political instability.

Focus for 2024

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

Principal risks and opportunities continued

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

Principal risks and opportunities:

B1. Product relevance and acceptability

B2. Strategic stakeholder relationships

B3. Competing in the digital marketplace

To maintain true business resilience, we continue to evolve our portfolio of products and routes to market. To that end, we need to maintain strong relationships with our partners, constantly monitoring and responding to changing consumer preferences, customer needs, and the business and regulatory environment. In 2023, we faced significant challenges, and adapted our business to respond to those challenges while keeping our long-term objectives firmly in sight.

B1. Product relevance and acceptability

In 2023, debates around sweeteners, as well as discussion on appropriate responses to key ESG priorities, increased the potential for consumer concerns relating to our products, regulatory change and imposition of additional taxes.

This was exacerbated by government actions to reduce national debt. Despite these concerns, ensuring we have highly relevant and high-quality products that continue to delight consumers, and addressing ongoing and emerging health and environmental concerns through robust sustainability initiatives, remains part of our resilience and a significant opportunity for our business. This is closely linked with climate change risks, particularly Sustainable packaging and Impact of our sustainability performance on our reputation (see page 107).

Risk included in viability assessment:

Y N

Strategic Growth pillar:

1 2 3 4 **5**

Risk owner:
Head of Public & Regulatory Affairs

Timeframe:
Short to medium term (1-5 years)

Link to material issues:
- Corporate citizenship
- Responsible marketing
- Nutrition
- Socio-economic impact

Risk tolerance:
All business units are required to continually monitor consumer concerns, regulatory changes and potential new taxes in their countries, ensure all significant changes are reflected in their risk register and report potential changes to Group CA&S. Residual risk should remain at or below our 'moderate' rating.

Key drivers

- Heightened consumer concerns around health, environmental and social issues
- Actions of public health advocates and NGOs
- Government responses to health issues and climate change at EU and national levels

Consequences

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

Mitigation

In 2023, we:

- continued product innovation and expansion of our 24/7 portfolio to respond to consumer needs, including expansion of low-/no-calorie beverages;
- took a proactive approach to partner with key stakeholders to better understand and address concerns;
- continued our proactive advocacy with business unit support plans in place; and
- gathered insights from our Group-wide assessment tool.

Metrics and targets

- ESG reputation scores
- Calorie-reduction targets
- Mission 2025 targets

Principal risks trend trajectory

Increasing

Outlook

- Heightening concerns particularly around sustainability and the impact of climate change in the medium to longer term. Increasing risk of additional sugar/beverage taxes in the short term. The EU regulatory environment will increasingly focus on health and sustainability issues, which could increase scrutiny of our ESG performance. There is opportunity for growth in increasing our performance, and consumer perceptions of our performance, in key ESG areas.

Focus for 2024

- Continuing proactive approach in partnership with key stakeholders to better understand and address concerns. Key sustainability projects to meet our NetZeroby40 targets.

Principal risks and opportunities continued

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

B2. Strategic stakeholder relationships

It is critical that we remain aligned with our key strategic partners, such as TCCC, Monster Energy, COSTA Coffee and premium spirits manufacturers. In 2023, the Russia/Ukraine crisis resulted in TCCC 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 TCCC, remains strong, reflected by the recent renewal of our bottling agreements, strong marketing support across our territories and close collaboration and alignment on our sustainability initiatives. Our relationship with our key partners is important for our sustainability agenda and our response to climate change, particularly in new products and formulations and packaging. This risk is closely linked with climate change risks, particularly Sustainable packaging and Impact of our sustainability performance on our reputation (see page 107).

Risk included in viability assessment:
Y N

Strategic Growth pillar:
1 2 3 4 5

Risk owner:
Head of Strategic Finance

Timeframe:
Medium to long term (2 – 5 years +)

Link to material issues:
- Socio-economic impact
- Corporate governance and business ethics

Risk tolerance:
We are committed to maintaining strong, positive relationships with our strategic partners. Residual risk should remain at or below our 'low' rating.

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

Consequences

- Financial impact
- Damage to the Coca-Cola system

Mitigation

In 2023, we:

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

Metrics and targets

- FX-neutral revenue growth

Principal risks trend trajectory

Stable

Outlook

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

Focus for 2024

- 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 Pack Mix of the Future project.

Principal risks and opportunities continued

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

B3. Competing in the digital marketplace

The digital marketplace continued to evolve and remained highly competitive, with new and existing companies seeking to take advantage of e-commerce growth. We continued to see considerable growth, with 9% of our sales now taking place online

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 also an emerging risk and opportunity.

Risk included in viability assessment:
Y N

Strategic Growth pillar:
1 2 3 4 5

Risk owner:
Head of Digital Commerce

Timeframe:
Medium to long term (2 – 5+ years)

Link to material issues:
- Socio-economic impact

Risk tolerance:
Digital commerce business models are still evolving and may not always be successful. We take the approach of making small investments to test our ideas and models, and being prepared to fail fast and learn before making significant investments. Residual risk should remain at or below our 'moderate' rating.

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

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

Mitigation

In 2023, we:

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

Metrics and targets

- % active e-customer coverage, revenue and market share on leading e-commerce platforms, number of active customers on our in-house Customer Portal platform, revenue generated on B2B platforms, share of B2B orders generated digitally

Principal risks trend trajectory

Stable

Outlook

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

Focus for 2024

- 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.

Principal risks and opportunities continued

C. Maintaining operational excellence in volatile markets

Principal risks and opportunities:
C1. Health and safety
C2. Suppliers and sustainable sourcing
C3. Cyber incidents
C4. People retention
C5. Ethics and compliance

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, and maintain business operations to continue to serve our customers and achieve excellent results.

C1. Health and safety – employee safety

Risks associated with the COVID-19 pandemic and influenza continued to reduce. We saw a reduction in lost time accidents of employees and contractors, and we had no serious injuries or fatalities in our employee population. However, we regret that we had contractor and public fatalities, primarily associated with traffic accidents caused mainly by poor road infrastructure in Africa.

Risk included in viability assessment:
Y N

Strategic Growth pillar:
1 2 3 4 5

Risk owner:
Head of Quality, Safety and Environment

Timeframe:
Medium term (2-5 years)

Link to material issues:
- Employee wellbeing and engagement (including employee safety)

Risk tolerance:
We have no tolerance for failing to comply with workplace health and safety policies. Residual risk should remain at or below our 'low' rating.

Key drivers
- Non-compliance with or breaches of health and safety (H&S) requirements
- Inadequate contractual provisions and/or behaviours of contractors

Consequences
- Fatalities and/or serious injury of employees, contractors, third parties, and members of the public
- Damage to our reputation as a caring responsible employer if not handled properly
- Financial losses

Mitigation
In 2023, we:
- continued implementation of our Behaviour Based Safety (BBS) programme, including human and organisational principles (HOP), across the entire organisation;
- continued implementation of E2E contractor management process;
- involved leaders on all levels in H&S observations and H&S conversations;
- ensured Life Saving Rules are in place and incorporated in our cross-country verification programme; and
- continued to work towards H&S management system certification.

Metrics and targets
- Number of injuries and fatalities
- LTA rates

Principal risks trend trajectory
Stable

Outlook
- We remain optimistic that our training and awareness programmes will continue to reduce fatalities and injuries.

Focus for 2024
- We will continue to closely monitor road and traffic accidents to ensure our education and awareness programmes are effective.

Principal risks and opportunities continued

C. Maintaining operational excellence in volatile markets continued

C2. Suppliers and sustainable sourcing

The macroeconomic environment, the Russia/Ukraine crisis, the Israel/Palestine conflict and supply/demand imbalances continued to create challenging conditions for securing the supply of key ingredients, packaging and services at a reasonable cost.

This risk is closely linked with the Macroeconomic environment (see page 89) and climate change risks, particularly Sustainable packaging, the impact of climate change on the cost and availability of key ingredients and Impact of our sustainability performance on our reputation (see pages 100 to 107). Working more closely with our supply chain partners to reduce the impact of a continuing volatile operating environment and the longer-term impact of climate change makes us more resilient and presents a significant opportunity for maintaining our profitability and jointly achieving our sustainability goals. 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 and opportunity

Risk included in viability assessment:
Y N

Risk owner:
Chief Procurement Officer

Timeframe:
Medium (2-5 years)

Strategic Growth pillar:
1 2 3 4 5

Link to material issues:
- Sustainable sourcing
- Socio-economic impact
- Biodiversity

Risk tolerance:
We only deal with suppliers that demonstrate a capability for consistently delivering high-quality products that meet our guiding principles. Residual risk should remain at or below our 'low' rating.

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
- Impact of climate change over the longer term
- The Israel/Palestine conflict
- New EU regulations driving the need for increasing transparency in our supply chain

Consequences

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

Mitigation

In 2023, we:

- contracted volumes of key ingredients and packaging materials;
- contracted prices with focus on local currency wherever feasible;
- ensured hedgeable contracts and introduced a hedgeable energy component;
- expanded our supplier base and introduced new and 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.

Metrics and targets

- FX-neutral raw material cost per case
- COGS per case
- % key ingredients sourced sustainably

Principal risks trend trajectory

Increasing

Outlook

- We expect some continuing volatility in the 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 will affect the cost of ingredients.

Focus for 2024

- 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.

Principal risks and opportunities continued

C. Maintaining operational excellence in volatile markets continued

C3. Cyber incidents

We saw continuing cyber attacks against government operations and companies in many of our markets. 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 cyber crime, which also helps to reduce risk to companies such as ours.

Risk included in viability assessment:
Y N

Strategic Growth pillar:
1 2 3 4 5

Risk owner:
Chief Information Security Officer

Timeframe:
Short to medium term (1-5 years)

Link to material issues:
- Socio-economic impact

Risk tolerance:
We are committed to establishing and maintaining strong internal controls related to cyber security across our business. Residual risk should remain at or below our 'low' rating.

Key drivers

- Increasing use of cloud-based IT solutions and working from home increasing exposure
- Increasing sophistication of malware and ransomware actors
- Russia/Ukraine crisis

Consequences

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

Mitigation

In 2023, we:

- maintained ISO/IEC 27001 certification (Information Security management Systems);
- continued to strengthen our endpoint and cloud security program;
- improved end user and privileged accounts identity security;
- launched mandatory cyber security training for all employees;
- executed simulated hacker attacks and vulnerability assessments, remediated gaps and improved overall cyber hygiene;
- continued implementing network zero trust principles for IT environment and plants; and
- improved our capability to respond and recover from cyber incidents and attacks by executing cyber crisis tabletop exercises covering ELT, business unit teams and IT Teams, and testing our contingency plans and incident response procedures at least semi-annually.

Metrics and targets

- Cyber security maturity level
- Cyber attacks detected and prevented

Principal risks trend trajectory

Increasing

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 cyber crime.

Focus for 2024

- Improve cyber threat prevention and detection capabilities in plants
- Enhance cyber risk governance and oversight by introducing continuous controls monitoring practices
- Introduce targeted cyber training to sensitive user groups
- Improve identity and network security by enforcing zero trust access policies
- Strengthen our threat detection capabilities in IT and plants through our new Cyber Fusion Center
- Develop an annual program of testing controls over sensitive cyber and IT domains

Principal risks and opportunities continued

C. Maintaining operational excellence in volatile markets continued

Risk management in action

Prepared for crisis response

In 2023, we conducted a cyber security incident response exercise with members of our ELT to practise our cyber IMCR response processes. The exercise simulated a cyber attack against one of our largest production facilities. The exercise required ELT members, in consultation with our Group IMCR Team and external experts, to quickly review the operational response of our cyber security team, evaluate options and make a series of key decisions to protect data privacy and efficiently restore our operations. A number of key lessons are being incorporated into our continuously improving IMCR programme at all management levels. We have committed to conducting an IMCR exercise with the ELT annually using a variety of different scenarios.

At least every two years, all business units, alongside TCCC counterparts, go through a full-day training and simulation exercise to ensure the IMCR leaders and teams have the capabilities to manage incidents and prevent crises, and to ensure IMCR processes are robust. A joint validation team, made up of senior managers from both CCH and TCCC, provides the training, observes the business unit team in action and provides feedback on areas for improvement.

One of the BU's to go through an IMCR Validation in 2023 was Romania. IMCR Leader and Corporate Affairs and Sustainability Director Alice Nichita puts the team's performance down to preparation. Alice said "The standout lesson for me is the critical need for thorough preparation to ensure effective incident management. The team's outstanding performance depended on our ability to swiftly analyse and address a complex scenario, the value of disciplined leadership and effective IMCR tools at hand. The experience reinforced the need for constant readiness and seamless coordination to navigate challenges efficiently."



The Romanian IMCR Team debriefing after a successful IMCR Validation

Principal risks and opportunities continued

C. Maintaining operational excellence in volatile markets continued

C4. People retention

We made good progress in addressing higher turnover rates for female employees and maintained a relatively high retention rate overall (88%), although not yet meeting our internal targets (94%). We showed improvement in our employee engagement (+1 percentage point) by attaining a sustainable engagement index score of 86%.

Risk included in viability assessment:
Y N

Risk owner:
Head of People Operations

Timeframe:
Medium to long term (2-5+ years)

Strategic Growth pillar:
1 2 3 4 5

Link to material issues:
- Employee wellbeing and engagement
- Human rights, diversity and inclusion
- Corporate citizenship

Risk tolerance:
We will strive to remain an employer of choice, provide effective career development programmes and maintain high levels of employee engagement. Residual risk should remain at or below our 'low' rating.

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
- Difference between high inflation rates and salary increases

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

Mitigation

In 2023, 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; and
- implemented action plans to improve retention of female employees.

Metrics and targets

- Retention rate
- Engagement score

Principal risks trend trajectory

Increasing

Outlook

- Talent retention will be an ongoing challenge over the short to medium term as adjustments are made to new ways of working. However, highly engaged and talented people are critical for our resilience and our investment in our workforce presents a significant opportunity for our business.

Focus for 2024

- Carefully monitor productivity and engagement levels as we refine our flexible working arrangements.

Principal risks and opportunities continued

C. Maintaining operational excellence in volatile markets continued

C5. Ethics and compliance

A number of economic and other sanctions imposed by the EU against Russia and Belarus increased the risk of inadvertent non-compliance.

We continued focusing on our sanctions compliance programme, strengthening our processes and training our employees. The risk of fraud against the Company, and non-compliance with anti-bribery and corruption standards remained a focus area. We continued integrating the Egypt business unit, rolling out our key compliance policies, processes, trainings and controls to accelerate the full integration and adherence to our Group standards.

Risk included in viability assessment:
Y N

Risk owner:
Head of Legal Compliance

Timeframe:
Medium term (2-5 years)

Strategic Growth pillar:
1 2 3 4 5

Link to material issues:
Corporate governance

Risk tolerance:
We have no tolerance for knowingly breaching legal and regulatory requirements, our Code of Business Conduct, Anti-bribery Policy, other Group and business unit Ethics and Compliance policies, and international sanctions. All business units are required to actively monitor changes in the laws and regulations specific to their country of operation and ensure appropriate controls are in place to maintain compliance with our policies and the law. Residual risk should remain at or below our 'low' rating.

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
- Tougher economic conditions that increase the risk of internal and external fraud

Consequences

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

Mitigation

In 2023, we:

- continued our monitoring of economic and other sanctions imposed against Russia and Belarus;
- focused on ongoing risk assessment and sanctions screening process for transactions, particularly for suppliers in Russia, Belarus and Ukraine;
- trained risk zone employees on Anti-Bribery and Corruption (ABaC) and sanctions compliance;
- executed our ABaC audit plan, including ABaC audits in Egypt and Russia;
- monitored our Speak Up! Hotline and followed up.

Metrics and targets

- % employees trained, resolution of Speak Up! reports
- Audit reports

Principal risks trend trajectory

Increasing

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.

Focus for 2024

- Completing the Egypt compliance integration plan implementation, including introduction of a cross-functional joint task force. Continued strengthening of our Code of Business Conduct, Anti-bribery Policy and sanctions compliance programmes.

Principal risks and opportunities continued

D. Managing climate change risks and opportunities

Principal risks and opportunities:

D1. Sustainable packaging

D2. Water availability and usage

D3. Managing our carbon footprint

We continued to improve our assessment of the effects of climate change, with a focus on clear targets and robust action plans to deliver on our commitments, mitigate risks and take advantage of the opportunities inherent in change.

In 2023, we added a comprehensive assessment of the risks and opportunities associated with sustainable packaging and the cost and availability of key ingredients. Both of these are linked directly with the Principal risk: Managing our carbon footprint, see pages 103 to 104, which in turn directly impacts our ability to meet our NetZeroby40 commitments. We updated our assessments of Water availability and usage see page 102 and Managing our carbon footprint as a result of updated external and internal data.

During the year we invested €220.3 million, representing 33% of our total capex, on sustainability initiatives and this is expected to rise to 40% of our total capex by 2025 and 50% by 2030. This included investments in recycled PET manufacturing for example increasing food grade recycled PET availability. We expect almost 50% of our requirement for recycled PET will be served in-house by the end of 2024 which also reduces costs. Our investment in energy efficient coolers decreases our carbon emissions and also improves our sales. Investments in more energy efficient equipment improves our manufacturing capabilities as well as reduces emissions and delivers cost savings.

Our investment in sustainability-related initiatives should be considered in the context of opportunities for our business. In addition to reducing our impact on the environment, cost savings for business and mitigating the negative impacts of climate change, there is a direct link between how consumers perceive our sustainability performance – as measured by our "E-score", and their willingness to purchase our products. If we are able to increase our E-score, we also increase consumers' willingness to purchase and, assuming their willingness to purchase leads to an increase in actual purchase, this represents a very significant opportunity for our business. For further information, see our assessment of the Emerging opportunity: Impact of our sustainability performance on our reputation on page 107.

Principal risks and opportunities continued

D. Managing climate change risks and opportunities continued

D1. 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 over 30% of our emissions – managing the risk and opportunity associated with Sustainable packaging directly impacts and is impacted by our future business strategy.

It is closely linked with other principal risks, particularly Managing our carbon footprint (see pages 103 to 104) and the emerging risk Impact of our sustainability performance on our reputation (see page 107). In 2023, we designed our Pack Mix of the Future vision starting with EU markets. The development of a profitable packaging strategy aims to reduce our environmental impact, address escalating stakeholder concerns relating to packaging waste and takes into account new EU regulations such as the EU Directive on packaging and packaging waste. 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, Sustainable packaging is also an emerging risk and opportunity.

Risk included in viability assessment:
Y N

Risk owner:
Head of Sustainability

Timeframe:
Medium to long term (2-5+ years)

Strategic Growth pillar:
1 2 3 4 5

Link to material issues:
- Packaging and waste management
- Sustainable sourcing

Risk tolerance:
All business units are required to establish a process for monitoring and reporting potential regulatory changes relating to packaging. Residual risk should remain at or below our 'moderate' rating.

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 and packaging waste
- Impact of packaging on meeting our NetZeroBy40 commitments
- Consumers' concerns on waste and its influence on perceptions of our environmental performance

Consequences

- Impact on reputation and ultimately consumer base
- 15% increase in annual cost of packaging by 2030 and 1.8% by 2040 under a Paris Ambition (RCP1.9) climate scenario; and 9% increase in annual packaging costs by 2030 and 1% by 2040 under a stated policy (RCP4.5) climate scenario
- Capex costs associated with changing packaging mix
- Very significant opportunity associated with innovative, profitable solutions

Mitigation

In 2023, we:

- continued implementing TCCC's World Without Waste initiatives;
- focused on meeting Mission 2025 commitments, including increasing percentage of recycled materials;
- partnered with regulatory authorities, industry peers, start-ups and NGOs to develop effective recovery systems;
- identified new technologies and innovation, focusing on new and alternative packaging solutions such as packageless, refillable, recycling and improving packaging sustainability;
- collaborated with suppliers on plans for decarbonising the value chain;
- expanded portfolio in refillables through innovative packaging types, such as resealable refillable bottle and universal glass bottle launches in Austria; and
- piloted LitePac Top, the world-first innovations for plastic-free multipacks for the family pack sizes.

Metrics and targets

- Mission 2025 targets relating to collection of packaging, use of recycled PET and % of packaging recyclable

Principal risks trend trajectory


Increasing

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.

Focus for 2024

- Establish and implement operational plans to drive sustainable packaging initiatives at the business unit level.

Principal risks and opportunities continued

D. Managing climate change risks and opportunities continued

D2. Water availability and usage

We updated our water risk assessment based on revised data and including our Egyptian plants. That assessment did not identify any material changes to our 2021 and 2022 assessments. Availability and quality of clean water is fundamental to our business, our suppliers and the local communities in which we operate.

Risk included in viability assessment:
Y N

Risk owner:
Head of Quality, Safety and Environment

Timeframe:
Long term (5+ years)

Strategic Growth pillar:
1 2 3 4 5

Link to material issues:
- Water stewardship
- Sustainable sourcing
- Biodiversity

Risk tolerance:
We have a low tolerance for conducting activities that have a significant negative impact on the environment. Residual risk should remain at or below our 'low' rating.

Key drivers

- 7[1] 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

[1] Excluding Egypt which is not part of Mission 2025; however its locations are also priority ones

Consequences

- Insufficient water to service our needs, the needs of our suppliers and the needs of the local community
- Increased annual baseline water costs by up to 40% by 2030 but a decrease in annual costs by up to 15% by 2040 as a result of capex expenditure and reduced water usage by 2040
- Requirement for up to an additional €111 million in capital expenditure over the next 16 years to meet our needs and to replenish watersheds for local communities in water priority areas
- Damage to our reputation

Mitigation

In 2023, we:

- continued to implement water usage reduction plans across our operations;
- implemented water stewardship programmes in water priority locations to mitigate shared water risks; and
- updated source vulnerability assessments for all plants and enhanced our plans, including identification of additional capital expenditure required for enhancing infrastructure,
- made good progress on improving water use ratio in Egypt with a 10% reduction vs 2022,
- integrated environmental KPIs monitoring and reporting for all plants.

Metrics and targets

- Reduce water usage by 20% by 2025
- Number of water availability projects in water risk areas implemented
- % key ingredients sourced sustainably

Principal risks trend trajectory

Increasing

Outlook

- We have assessed that water stress in our water priority locations will continue to increase as a result of climate change. 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 and that will flow through to additional operating costs associated with water that we have estimated in our assessment.

Focus for 2024

- In 2024, we will further implement innovations to reduce our water usage, particularly in water priority locations, which will also include our Egyptian plants. We will implement additional community water projects to help secure water availability for local communities in an additional two locations, bringing the total number of community water projects to 14.

Principal risks and opportunities continued

D. Managing climate change risks and opportunities continued

D3. Managing our carbon footprint

We updated our comprehensive quantitative assessment of the risks associated with managing our carbon footprint in line with our continuing refinement of our NetZeroby40 transition plan and carbon reduction glidepath.

We estimated the future cost of carbon under multiple climate scenarios, including RCP1.9 (Paris Ambition), RCP4.5 (stated policy) and RCP8.5 (current policy), as well as a number of transition scenarios including the NGFS transition scenarios and IEA transition scenarios. For scope 1 emissions, we used projected carbon pricing for the beverage industry and for scope 2 we used projected carbon pricing for utilities. We used these projections to estimate the impact of climate change on future annual operating costs for generating carbon and applied that to our projected carbon emissions to 2040 to meet our NetZeroby40 goal as set out in our NetZeroby40 Roadmap on page 56. This enabled us to create an internal pricing mechanism so that we could align our capital expenditure investments with our carbon reduction targets.

For scope 3 emissions, we conducted a deeper assessment of the costs of packaging (see Principal risk: Sustainable packaging on page 100) and key ingredients (see Emerging risk: Impact of climate change on the cost and availability of key ingredients on page 104) that included estimates of the cost of carbon. All ingredients and materials will continue to be subject to normal market forces but, in isolating the effect of climate change, the most significant will be the cost of carbon emissions. The key opportunity in reducing our scope 3 emissions is working closely with our long-term suppliers and customers, including potential joint investment in low-carbon initiatives.

In addition to the financial costs of meeting our NetZeroby40 commitments, there is a significant opportunity for our business in meeting or exceeding stakeholder expectations in managing our carbon footprint. As noted in our assessment of the impact of our sustainability performance on our reputation on page 106, an increase in perceptions of our environmental performance has a direct link to an increase in consumers' intent to purchase and therefore sales.

Risk included in viability assessment:
Y N

Strategic Growth pillar:
1 2 **3** 4 **5**

Risk owner:
Head of Quality, Safety and Environment

Timeframe:
Medium to long term (2-5+years)

Link to material issues:
- Climate change
- Sustainable sourcing
- Biodiversity

Risk tolerance:
All business units are expected to have country-specific emissions reduction targets and roadmaps supported by decarbonisation plans in place to contribute to the Company's NetZeroby40 commitment, developed in collaboration with Group QSE and Group Sustainability. Residual risk should remain at or below our 'low' rating.

Principal risks and opportunities continued

D. Managing climate change risks and opportunities continued

D3. Managing our carbon footprint continued

Key drivers

- Increasing pressure for transparency on our emissions and actions to reduce those emissions on us and our suppliers and customers
- Legal requirements on packaging recycling content and refillable share in portfolio
- Legal requirements – linking sustainability with financial reporting and investments
- Increasing scrutiny on use of offsets to meet net zero targets
- Increasing use of carbon taxes and trading schemes to reduce carbon emissions

Consequences

- Inability to meet our NetZeroBy40 commitments and the subsequent impact on the environment and our reputation
- Increased costs of scope 1 and 2 emissions that, under an RCP1.9 scenario, we have estimated to peak at an additional annual cost of around 39.6m by 2030, reducing to 17.3m annually by 2040.Under an RCP4.5 scenario, we have estimated the additional costs to be around 18.8m annually by 2030, reducing to additional annual cost of 6.2m by 2040.
- Significant capital expenditure over the longer term to fund carbon reduction initiatives

Mitigation

In 2023, we:

- implemented NetZeroBy40 transition plans, including mitigation and adaptation plans;
- stress tested adaptation plans against multiple climate scenarios;
- embedded climate change response into all business continuity plans;
- enhanced public transparency and communication of climate change risks and adaptation plans;
- continued assessment of physical and transition risks and opportunities across entire value chain;
- integrated Egyptian operations into CCH climate plans and developed relevant mitigation and adaptation measures;
- improved integration of climate-related risks and adaptation plans into long-range and strategic planning; and
- continued our preparation for meeting new regulatory requirements such as EU Directive on CSDD and EU CSRD.

Metrics and targets

- Energy Use Ratio in plants
- % of renewable and clean electricity and energy used in plants
- % of volume produced certified according to ISO Environmental Management System
- Number and percentage of key suppliers committed to SBTi climate targets and CDP and are with SSEF (Supplier Specific Emissions Factors)

Outlook

- We expect that consumer, customer and regulatory pressure will continue to increase and apply pressure on all companies to reduce their carbon footprint.
- We expect there will be increased scrutiny on our sustainability initiatives from regulators and non-government organisations.

Focus for 2024

- In 2024, we will further implement innovations to reduce our carbon footprint.

Principal risks trend trajectory



Increasing

Principal risks and opportunities continued

Emerging risks and opportunities

Emerging risks and opportunities:

Impact of extreme weather on our production and distribution

Impact of climate change on the cost and availability of key ingredients

Impact of Artificial Intelligence

Impact of our sustainability performance on our reputation

In addition to a number of principal risks that we also consider to be emerging, we have identified the following emerging risks and opportunities that may not be currently impacting our business but have the potential to have a significant impact in the future.

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

Risk included in viability assessment:

Y N

Strategic Growth pillar:

1 **2** **3** 4 5

Risk owner:

Chief Supply Chain Officer

Timeframe:

Long term (5+ years)

Link to material issues:

- Socio-economic impact
- Climate change

In 2023, we updated our assessment of the potential impact of three different climate change scenarios (RCP1.9, RCP4.5 and RCP8.5) relating to extreme weather on our plants, using credible insurance industry data. We specifically assessed projected increases in flood risk, likelihood of wildfires, precipitation and drought. We assessed data relating to 63 locations and identified 17 plants that were considered higher risk, requiring capex to upgrade weather-related mitigation or climate change mitigation. All of those facilities are already considered higher risk and subject to current mitigation planning. Only four were assessed as requiring additional capex as a direct result of climate change. 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 approximately €32 million, of which €5.7 million is required for climate change risk mitigation as a direct result of an increased risk of wildfire (two plants) or extreme precipitation (two plants).

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 because of climate change to be approximately €1.5 million per annum by 2050, under an RCP4.5 climate scenario, or by 2030 under an RCP8.5 scenario.

During 2023, we completed a comprehensive assessment of the potential for business interruption across our top eight plants (representing approximately 70% of our volume) for any reason, including climate change. As a result of these assessments, we are updating our business continuity plans to enhance our ability to continue to supply our customers at acceptable levels and within our risk tolerance if reasonably foreseeable disruptive events occur.

Emerging risk and opportunity: Impact of climate change on the cost and availability of key ingredients

Risk included in viability assessment:

Y N

Strategic Growth Pillar:

1 **2** 3 4 **5**

Risk owner:

Chief Procurement Officer

Timeframe:

Long term (5+ years)

Link to material issues:

- Sustainable sourcing
- Biodiversity
- Climate change

In 2023, we assessed the impact of climate change on the cost and availability of ingredients under multiple climate scenarios – RCP1.9 (Paris Ambition), RCP2.6 (Paris Agreement), RCP4.5 and RCP8.5 – with a focus on sugar, both from sugar cane and from sugar beet, as it represents the most significant component of our ingredient spending.

Principal risks and opportunities continued

Emerging risks and opportunities continued

Our assessment indicates that climate change will have a significant impact on the productive capacity of some existing growing regions. Brazil for example, which is a primary source of our cane sugar, is expected to be negatively impacted under most climate scenarios. Italy, a key source of sugar from sugar beet, is also likely to be negatively impacted. However, our assessment also shows that other growing regions for both sugar cane and sugar beet are likely to be positively impacted by climate change, increasing their productive capacity. Assuming those regions leverage that potential productive capacity to fill any gaps in existing regions, the impact of climate change is considered to be neutral.

Where we do expect changes in the cost of sugar is the increasing cost of carbon emissions for those industries that are likely to be passed on through higher input costs to us. This is partially mitigated by those industries gradually reducing their carbon footprint, the reduction in our own use of sugar as we move further towards lower-sugar products, and our ability to pass on costs in our final products. Our assessment estimates the annual additional cost of sugar may increase by 17% by 2030 and 10% by 2040 under a Paris Ambition (RCP1.9) scenario and the annual additional cost may increase by 3% by 2030 and 1% by 2040 under a stated policy (RCP4.5) scenario.

As noted in our 2022 assessment, of the other ingredients that we purchase, coffee and lemon-growing regions are considered to be at medium to high risk of heat stress under a high-carbon scenario by 2050. The majority of growers are conducting their own assessments and developing contingency plans, including identification of alternative regions for supply. Given the relatively small amounts of these ingredients that we purchase, these costs are not considered material.

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 therefore have more time to better understand the potential impact and find ways to adapt to changing conditions and create appropriate contingency plans.

Emerging risk and opportunity: Impact of Artificial Intelligence

Risk included in viability assessment:

Y N

Strategic Growth pillar:

1 2 3 4 5

Risk owner:

Chief Information Security Officer

Timeframe:

Medium (2-5 years)

Link to material issues:

- Socio-economic impact
- Corporate governance and business ethics
- Corporate citizenship

The amount of data we create and consume is increasing exponentially. With the help of emerging technologies and more specifically artificial intelligence (AI), we will be able to capture and analyse internal and external data to help us make more informed business decisions. The application of AI spans across several business processes and will support our acceleration, augmentation and automation of business processes and user experiences. Examples are planning sales visits, retrieving product information from store visit photographs and optimizing our transportation. Recently we also introduced the use of digital assistants for productivity gains such as summarizing emails.

However, AI technology also poses various risks to the organisations, society and individuals due to potential misuse by malicious actors and potential of unintended consequences.

While we are utilising AI primarily for efficiency gains and enhancing insights from largely internal data for non-critical business processes, and while we do not rely only on AI for decision making, we have assessed the risk associated with AI to be low. We have existing policies and guidelines, and have enhanced training and awareness on appropriate use of AI. As a result, we are comfortable that we have captured the risks and management of those risks within the existing principal risks associated with cyber incidents and data privacy.

What remains an emerging risk is the broader use of AI, its application to external data and the potential over-reliance on AI as an end-to-end decision support tool. Errors in algorithms or biases could lead to faulty decisions, affecting our ability to consistently supply product to our customers. AI could increase the severity of cyber attacks against our information systems, leading to violations of rights to privacy of individuals and non-compliance with privacy requirements of the legal and regulatory framework. The use of AI could increase the severity of cyber attacks against our production systems, leading to business interruption and inability to supply our customers. Our employees may be concerned about the privacy of their information or potential loss of jobs with greater automation of financial or production systems.

In order to mitigate the risk, we have established a cross-functional team to ensure compliance by design and a robust governance and operating model to ensure deployed AI technologies are secure, safe and ethical, and comply with internal corporate policies. We have developed a process to monitor the use of AI and will revisit our risk assessment regularly.

Principal risks and opportunities continued

Emerging risks and opportunities continued

Emerging risk and opportunity: Impact of our sustainability performance on our reputation

Risk included in viability assessment:
Y N

Strategic Growth pillar:
1 2 3 4 5

Risk owner:
Head of Sustainability

Timeframe:
Long term (5+ years)

Link to material issues:
- Climate change
- Sustainable sourcing
- Packaging and waste management

In 2023, we continued to refine our model for assessing the impact of meeting, or not meeting, the expectations of key stakeholder groups on our environmental performance. We considered three key stakeholder groups in our assessment:

- 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; and
- consumers and their willingness to purchase our products.

Of those three groups, we determined that employees and investors were well aware of our environmental performance through external ESG ratings. This year we were ranked, for the seventh time, as the world's most sustainable beverage company by the Dow Jones Sustainability Indices (as at 8 December 2023). Our score positions us in the top 1% of 9,400 companies across 62 industries. We now have the highest scores and rankings in ten of the most-recognised ESG ratings including CDP Climate and Water, ISS ESG, MSCI ESG, Sustainalytics, FTSE4Good and Vigeo Eiris.

These achievements are a great source of pride for our employees. As a business, we have an opportunity to build greater awareness amongst consumers of these achievements, and our actions, to deliver our drinks in more sustainable ways. Research indicates that an increase in positive perceptions of our environmental performance – a higher 'E-score' – correlates to an increase in the likelihood that consumers will purchase our products (intent to purchase) and conversely a decrease in E-score can reduce consumers' intent to purchase. Intent to purchase scores were used to determine the impact on our business of meeting, exceeding or failing to meet expectations.

Our assessment included perceptions of our environmental performance, or 'E-score', for consumers in eight selected markets and, in comparison, to our direct competitors and other companies in the food and beverage industry. That assessment indicates that, as with many large companies in the food and beverage sector, consumers perceive that there is more we can do to meet their expectations on environmental performance.

Our assessment indicates that, across the eight selected markets, the perceived industry leader has an E-score 7 points higher than ours on average, and, on average, there is a gap of 13 points to an E-score rating of 'strong'. Matching the industry leaders in selected markets could increase consumers' intent to purchase on average by 6% and attaining a rating of 'strong' on average across our markets could increase consumers' intent to purchase by 10.9%. If this intent to purchase were to translate directly to actual sales, this represents a very significant opportunity for our business.

We continue to refine our model to better understand the impact of our environmental initiatives. However, it is clear that enhancing our environmental initiatives is not only good for the environment and the communities we serve, but it also makes good business sense.

Task Force for Climate-related Financial Disclosures (TCFD)

Climate change is having and will have a significant impact on 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.

We follow the guidelines provided by the TCFD as an important framework for reporting climate-related risks and their financial impacts. Our TCFD disclosures can be found throughout this report. The table below, provides a summary of where those disclosures can be found and how the information is consistent with the TCFD recommendations.

For additional information on our climate-related disclosures, see our 2023 CDP submission.

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 150 to 151 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 page 152 and 'Managing risk' on pages 86 and 111.	a) Fully consistent
b) Describe management's role in identifying, assessing and managing climate-related risks and opportunities	The section 'D: Managing climate change risk' on pages 100 to 104 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 pages 54 to 57 (Climate), page 58 to 60 (Packaging) and page 61 to 62 (Water). Sections C3.3 and C3.4 on pages 20 to 21 of our 2023 CDP Climate response describe how our assessments of climate-related risks and opportunities have influenced our strategy and financial planning.	b) Fully consistent

Task Force for Climate-related Financial Disclosures (TCFD) continued

Location of disclosures consistent with TCFD recommendations

Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the Company's business, strategy and financial planning where material		Consistency status
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 risks and opportunities' on pages 100 to 104 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 Sections C2.3 and C2.4, on pages 10 to 17 of our 2023 CDP Climate response, describe a number of risks and opportunities associated with climate change that the Company has identified.	a) Fully consistent
b) Describe management's role in identifying, assessing and managing climate-related risks and opportunities	The section 'D: Managing climate change risks and opportunities' on pages 100 to 104 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 pages 55 to 54 to 57 (Climate), page 58 to 60 (Packaging) and page 61 to 61 (Water). Sections C3.3 and C3.4 on page 20-21 of our 2023 CDP Climate response describe how our assessments of climate-related risks and opportunities have influenced our strategy and financial planning.	b) Fully consistent
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 risks and opportunities' on pages 100 to 104 describes our assessment of the impact of each of the principal and emerging risks and opportunities associated with climate change under multiple different climate scenarios, including the RCP1.9 or 'Paris Ambition' and related transition scenarios IEA B2DS and NGFS NZ50 ; and how the Company is mitigating those risks and opportunities.	c) Fully consistent
Risk management: Disclose how the Company identifies, assesses and manages climate-related risks and opportunities		**Consistency status**
a) Describe the Company's process for identifying and assessing climate-related risks and opportunities	'Managing risk' on pages 86 and 111 provides an overview of the Company's process for identifying all risks and opportunities, including those relating to climate change, and 'Managing climate change risks and opportunities', on pages 100 to 104 describes those processes specifically relating to the principal and emerging risks and opportunities related to climate change. Sections 2.1a, 2.1b and 2.2a on pages 7, 8 and 10 of our 2023 CDP Climate response describe 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 risks and opportunities', on pages 100 to 104 describes how the Company is managing the risks and opportunities specifically relating to climate change, particularly in the 'Mitigation': and 'Focus for 2024' sections for each of the principal and emerging risks and opportunities. Key performance indicators on pages 54 to 57 and 72 to 74 relating to the 'Earn our licence to operate' pillar describe how the Company is managing climate-related risks and opportunities.	b) Fully consistent

Task Force for Climate-related Financial Disclosures (TCFD) continued

Location of disclosures consistent with TCFD recommendations

c) Describe how these processes are integrated into the overall risk management programme	'Managing risk' on pages 86 and 111 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 risks and opportunities', on page 100 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 programme, and pages 101 to 104 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		**Consistency status**
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 100 to 104 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 72 to 73 relating to the 'Earn our licence to operate' pillar (Mission 2025 commitments), and the sections relating to 'NetZeroby40' on page 54, Packaging on pages 58 to 60 and Water on pages 61 to 62 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 Sections C4.1 and C4.2 on pages 22 to 32 of our 2023 CDP Climate response list 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 55 shows our Scope 1, 2 and 3 GHG emissions. The Principal risk, 'Managing our carbon footprint' on pages 103 to 104 describes how we are managing the risks and opportunities associated with our emissions, Section C5.2 on page 39, and Section C6 on pages 43 to 49 of our 2023 CDP Climate response provide further detail on Scope 1, 2 and 3 emissions and the risks associated with them. In the 2023 GRI Content Index, in the environmental table on page 54 and as part of the disclosures 305-1 on page 27, 305-2 on page 28, and 305-3 on pages 28 to 29, 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 risks and opportunities', on pages 99 to 103 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 73 to 75 relating to the 'Earn our licence to operate' pillar (Mission 2025 commitment), and the sections relating to Climate on pages 55 to 56, Packaging on pages 59 to 61 and Water on page 62 describe the metrics and targets the Company is using to assess climate-related risks and opportunities and our performance against those targets, and Sections C4.1 and C4.2 on pages 22 to 32 of our 2023 CDP Climate response list a number of metrics and targets used to assess climate-related risks and opportunities.	c) Fully consistent

Task Force for Climate-related Financial Disclosures (TCFD) 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 includes Egypt						
		29%	36%	10%	6%	19%		
		Business impacts: Physical risks of climate change (risks P1-4)						Physical risks
Changes to weather and precipitation patterns	P1: Impact of climate change on the cost and availability of key ingredients and raw materials	●	●					P1: The effect of changes to weather on the cost and availability of key ingredients and raw materials (See Emerging risk: Impact of climate change on the cost and availability of key ingredients on page 105)
Extreme weather events	P2: The effect of extreme weather events on production			●				P2: The effect of extreme weather events on production (see Emerging risk: Impact of extreme weather on our production and distribution on page 105)
	P3: The effect of extreme weather events on distribution				●			P3: The effect of extreme weather events on distribution (see Emerging risk: Impact of extreme weather on our production and distribution on page 105)
Water scarcity	P4: Water availability and usage			●				P4: Water availability and usage (see Principal Risk: Water availability and usage on page 102)
		Business impacts: Risks of transition to a low-carbon economy (risks T1-4)						Transition risks
GHG regulation	T1: The effect of changes in GHG regulations on the cost and availability of sustainable packaging		●					T1: The effect of changes in GHG regulations on the cost and availability of sustainable packaging (see Principal Risk: Sustainable packaging on page 101)
	T2: The effect of changes in GHG regulations on the costs of managing our carbon footprint			●	●	●		T2: The effect of changes in GHG regulations on the costs of managing our carbon footprint (see Principal Risk: Managing our carbon footprint on pages 103 to 104)
Stakeholder perceptions of our sustainability performance	T3: The effect of stakeholder perceptions of our sustainability performance on our corporate reputation.						●	T3: The effect of stakeholder perceptions of our sustainability performance on our corporate reputation (see Emerging risk and opportunity: Impact of our sustainability performance on our reputation on page 107)
Water regulation	T4: The effect of increasing government regulation on the cost and availability of water			●				T4: The effect of increasing government regulation on the cost and availability of water (see Principal risk: Water availability and usage on page 102)

Task Force for Climate-related Financial Disclosures (TCFD) continued

Governance

As noted on page 87, 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 the 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 our ability to attract and retain people, and attract capital, as well as 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 our assessment of the Impact of our sustainability performance on our reputation, see page 107, 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

Many of the risks associated with climate change are common across the global Coca-Cola System. We therefore take a global system approach to the identification, assessment and management of climate-related risks. The Coca-Cola System – which consists of TCCC 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. We have fully integrated the assessment and mitigation of these physical and transition risks associated with climate change into our risk management programme, which underpins our robust approach to all risks to our business.

The Coca-Cola System has identified eight risks – four physical and four transition risks, as depicted on the pictogram on page 111,

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 are shared across our business units, supporting climate resilience across our planning and operations.

Metrics and targets

We use clear metrics and targets in the assessment and management of all our risks in order to continually measure risk drivers, the potential impact – including the 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.

Emissions reduction in line with NetZeroby40 roadmap is a performance target for our ELT members and senior leaders, impacting at risk compensation.

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 2023, we invested €220.3 million in capex initiatives aligned with our sustainability strategy, which represents 33% of our total capex. We are planning to increase the 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 programme of capital expenditure over the medium to long term based on our assessment of the risks to our business and stakeholders.

Viability statement

Business model and prospects

Our business model and strategy, outlined on pages 22 to 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.

Macroeconomic conditions, while improving in the latter stages of 2023, are expected to remain challenging in the short term. Most forecasts are for modest short-term growth in most of the countries that we operate and some easing of inflation, with the exception of Egypt and Nigeria. The ongoing conflict between Russia and Ukraine and more recently the Israel/Palestine conflict and the prospect of continuing geopolitical instability could continue to impact the global supply chain and exacerbate economic challenges. We have considered the potential future implications of continuing volatility in macroeconomic and geopolitical conditions in our financial forecasts to the extent possible.

While the Board considers that our markets will continue to face challenges over the medium to longer term it 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.

Confidence in our continuing growth was also reflected in the recent renewal of our bottler agreements with TCCC to produce and distribute it's global brands.

Our Board has historically applied and continues to apply a prudent approach to the Group's capital management decisions also relating to major projects and investments. From 2019 to 2023, we generated free cash flow of €580 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, particularly associated with the transition to a lower carbon economy and the costs of carbon under multiple climate scenarios (see also pages 101 to 104 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 2028 for the purpose of our viability assessment);
- the impact of conflicts such as the Russia-Ukraine conflict and ongoing instability in the Middle East, including loss of sales volume and revenues as a result of TCCC's suspension of its operations in Russia;
- foreign exchange rates and FX liquidity in Nigeria and Egypt; including the economic conditions affecting the Egyptian Pound, the Nigerian Naira and the impact of the Russia-Ukraine conflict on the Russian Rouble;
- 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 88 to 107 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.

In late 2023, the Company completed the acquisition of Brown Forman Finlandia Oy, owner of the Finlandia vodka brand. An assessment of key risks has been completed and appropriate management plans are being implemented to effectively manage those risks. 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.

The Board has concluded that the Group's well-established processes across multiple streams continue 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 and Middle East tensions. 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 materials and energy costs. Principal risks: Commodity costs, Suppliers and sustainable sourcing, and Marketplace economic conditions.

Scenario 5:
Higher costs of water, carbon and the impact of 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 2028.

Non-financial reporting

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

Read more p 9-11



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

Read more p 10

- Customer first
- Make it simple
- We over I
- Deliver sustainably

Policies

see our website

Environmental matters
- Biodiversity Statement
- Climate Change Policy
- Environmental Policy
- Food Loss and Waste Policy
- Packaging waste management Policy
- Principles for Sustainable Agriculture
- Water Stewardship Policy

Employees
- Code of Business Conduct
- Diversity and Inclusion Policy
- Occupational Health and Safety Policy
- Quality and Food Safety Policy

Human rights
- Human Rights Policy
- Slavery and Human Trafficking statement
- Supplier Guiding Principles

Social matters
- Code of Business Conduct
- Community Contributions Policy
- GMO position statement
- Health and Wellness Policy
- HIV/AIDS Policy
- Premium Spirits Responsible Marketing Policy
- Public Policy Engagement Policy
- Quality and Food Safety Policy
- Supplier Guiding Principles

Anti-bribery and corruption
- Anti-bribery Policy and Compliance Handbook
- Code of Business Conduct
- Community Contributions Policy
- Supplier Guiding Principles
- Whistleblowing Policy

Principal risk
- Risk Policy

Non-financial reporting continued

Effective oversight

Our Board and senior management ensure we stay on course to achieve our vision.

The Executive Leadership Team

Read more p140 to 142



How our Board considers stakeholders in decision making

Read more p133 to 134

Social Responsibility Committee

Read more p150 to 151

Positive influence

Being conscious of stakeholders, risks, market changes and material issues, while responding through our business model in a positive way.

Business model

Read more p22 to 23

Stakeholder engagement

Read more p12 to 18

Market trends

Read more p20 to 21

- Regulatory environment
- Sustainability

Principal risks

Read more p88 to 107

Material issues

Read more p83 to 84

GRI Content Index

The GRI Content Index can be downloaded at

coca-colahellenic.com/IAR2023

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

Read more p11

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

Read more p158 to 183

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. We now have the highest scores and rankings in ten of the most-recognised ESG ratings, 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 178 to 179

CEO pay ratio

See page 182

Mission 2025 sustainability commitments

Read more p72 to 74

- Emissions reduction
- Water reduction and stewardship
- World Without Waste (Packaging)
- Ingredient sourcing
- Nutrition
- Our people and communities

Non-Financial Reporting under Swiss statutory law

As of 1 January 2023, we must comply with the new requirements of Art. 964a of the Swiss Code of Obligations (CO) regarding the report on non-financial matters as well as to the due diligence and transparency requirements according to Art. 964j-l CO in relation to minerals and metals from conflict-affected areas and child labour.

Report on non-financial matters as per Art. 964a CO

The report on non-financial matters must according to Swiss law contain information on the following topics: environment matters, in particular the CO_2 goals, social issues, employee-related issues, respect for human rights and combating corruption.

This Integrated Annual Report has been prepared in accordance with the GRI Standards (2021).

The following sections give information on the topics as required under Art. 964b CO. The vote on the non-financial report under Swiss statutory law at the annual general meeting is limited to the content of these sections:

General information required to understand our business

- Section 'Business overview' on pages 2-4 of the 2023 IAR
- Our vision and purpose: page 11 of the 2023 IAR

Description of the business model

- Section 'Our business model' on pages 22-23 and 'Stakeholder engagement' on pages 12-18 of the 2023 IAR; disclosure 2-6 of the 2023 GRI Content Index

Environmental matters (incl. CO_2 goals)

- Environmental policies on our website
  - Biodiversity statement
  - Climate change policy
  - Environmental policy
  - Food loss and waste policy
  - Packaging and waste management policy
  - Principles for sustainable agriculture
  - Water stewardship policy
- Section 'Earn our licence to operate' on pages 52-68, section 'Non-financial reporting' on page 114 of the 2023 IAR
- Environmental table of the 2023 GRI Content Index (pages 51-55); sections 201-2 Financial implications and other risks and opportunities due to climate change, 301-3 Reclaimed products and their packaging materials, all sections GR 302 Energy, GRI 303 Water and Effluents, GRI 304 Biodiversity, GRI 305 Emissions, GRI 306 Waste, and GRI 308 Supplier environmental assessment of the 2023 GRI Content Index
- Section 'Managing risks' on pages 86-87, subsection 'Managing climate change risks and opportunities on pages 100-112

Social issues

- Social policies on our website
  - Community contributions policy
  - Health and wellness policy
  - Occupational health and safety policy
  - Responsible marketing policy for alcoholic beverages
  - Quality and food safety policy
  - Hiv and aids policy
  - Supplier guiding principles
  - Principles for sustainable agriculture
- Section 'Earn our licence to operate' on pages 61-68, section 'Non-financial reporting' on page 114, section 'Cultivate the potential of our people' on pages 45-51 of the 2023 IAR
- Social table of the 2023 GRI Content Index (pages 56-57); all sections GRI 413 Local communities, GRI 414 Supplier social assessment, GRI 416 Customer health and safety, GRI 417 Marketing and labelling, GRI 418 Customer privacy of the 2023 GRI Content Index
- 'Section 'Managing risks' on pages 86-87, section 'Principle risks and opportunities' on pages 88-104 of the 2023 IAR

Employee-related issues

- Policies on our website
  - Occupational health and safety policy
  - Inclusion and diversity policy
  - Whistleblowing policy
  - Quality and food safety policy
- Section 'Non-financial reporting' on page 114 of the 2023 IAR
- Section 'Cultivate the potential of our people' on pages 45-51 of the 2023 IAR
- Social table of the 2023 GRI Content Index (pages 56-57); sections 2-7 Employees, 2-19 Remuneration policies, 2-21 Annual total Compensation ratio, 2-30 Collective bargaining agreements, all sections GRI 401 Employment, GRI 402 Labour/Management relations, GRI 403 Occupational health and safety, GRI 404 Training and education, GRI 405 Diversity and equal opportunity, GRI 406 Non-discrimination, GRI 407 Freedom of association and collective bargaining of the 2023 GRI Content Index
- Section 'Managing risks' on pages 86-87, section 'Principle risks and opportunities' on pages 88-104 of the 2023 IAR

Respect for human rights

- Human rights policies on our website
  - Human rights policy
  - Human rights policy managers guide
  - Slavery and human trafficking statement
  - Inclusion and diversity policy
  - Whistleblowing policy
- Section 'Non-financial reporting' on page 114 of the 2023 IAR
- Social table of the 2023 GRI Content Index (pages 56-57); sections 2-26 Mechanisms for seeking advice and raising concerns, all sections GRI 408 Child Labor, GRI 409 Forced or compulsory labour, GRI 414 Supplier social assessment of the 2023 GRI Content Index
- Section 'Managing risks' on pages 86-87 of the 2023 IAR

Combating corruption

- Policy on our website
  - Antibribery policy
  - Code of business conduct
  - Supplier guiding principles
  - Community contributions policy
  - Whistleblowing policy
- Section 'Non-financial reporting' on page 114 of the 2023 IAR
- Sections 2-27 Compliance with Laws and Regulations, 3-3 Management of material topics (Anti-corruption) on page 18, 205-1 Operations assessed for risks related to corruption, 205-2 Communication and training about anti-corruption policies and procedures, 205-3 Confirmed incidents of corruption and actions taken, 206-1 Legal actions for anti-competitive

Non-Financial Reporting under Swiss statutory law continued

behaviour, anti-trust, and monopoly practices of the 2023 GRI Content Index

Main performance indicators

- Section 'Mission 2025' on pages 72-74, 'Earn our licence to operate' on pages 54-55, 'Cultivate the potential of our people' on pages 47-49 of the 2023 IAR
- Section 'Tracking our progress' on pages 69-74, 'Business conduct and anti-bribery' and 'Whistleblowing' on page 157 of the 2023 IAR

References to national, European or international regulations

- Section 'About our report' on page 313, 'EU Taxonomy' on pages 117-118, SASB Index on pages 119-121 of the 2023 IAR

Reporting on compliance with due diligence and transparency requirements in relation to conflict minerals and child labour

We have determined that we are exempt from the due diligence and reporting the obligations in relation to minerals and metals from conflict-affected areas as we do not place in free circulation or process any minerals or metals as defined in Art. 964j CO.

Concerning the due diligence and reporting obligations in relation to child labour under Swiss law (Art. 964j et seqq. CO), we comply and adhere with the ILO Conventions Nos 138 and 182 as well as the ILO-IOE Child Labour Guidance Tool for Business of 15 December 2015 as well as the UN Guiding Principles on Business and Human Rights, as noted in our Human Rights Policy available on our website andtherefore we conclude, that we are exempt from reporting in accordance with the Swiss law regulations in respect of child labour according to Art. 964j CO."

Anastassis G. David
Chairman of the Board

EU taxonomy

Supporting a more sustainable economy

As part of the EU's plan to direct investments towards a more sustainable economy that aligns with the European Green Deal, the European Commission defined a classification system of sustainable activities under taxonomy regulation in 2020. The EU taxonomy regulation creates a common definition of environmentally sustainable economic activities to be used by investors, corporates, policymakers and other stakeholders.

Climate change mitigation and climate change adaptation environmental objectives were set out in the Climate Delegated Acts[1], and apply since 2022, while the remaining four objectives came into force in June 2023 under the Environmental Delegated Act[2], and are effective from 2024 onwards. For each of these objectives, the Delegated Acts define which activities are eligible. For an economic activity to be considered aligned with EU taxonomy, however, it needs to meet all the below: a) to substantially contribute to at least one environmental objective; b) to meet the technical screening criteria (TSC) defined for per activity; c) to do no significant harm to any of the remaining objectives; and d) to comply with the minimum social safeguards.

Relevance to Coca-Cola HBC

As a company domiciled in Switzerland, we are not subject to the EU Non-Financial Reporting Directive and hence are not currently required to report following the EU taxonomy. However, in line with our practice to provide stakeholders with high-quality and value-adding ESG data, we have decided to voluntarily publish key information related to EU taxonomy for 2023. This is the result of the preparatory work we have been doing, in anticipation of the mandatory EU taxonomy disclosure next year, as CCH falls into the expanded scope of the Corporate Sustainability Reporting Directive, introduced in January 2024.

Taxonomy eligibility assessment

According to the EU taxonomy Delegated Acts, our main economic activity of 'Food and beverage manufacturing' is not considered eligible for EU taxonomy. It is important to note that non-eligibility simply refers to the fact that an economic activity is not in scope of the EU taxonomy and should not be considered as indicative of ESG performance. Following a thorough assessment of economic activities across territory, we have mapped some of our investments and operational expenses deriving from these investments with secondary activities under the objectives of 'transition to a circular economy' and 'climate change mitigation'.

According to the Environmental Delegated Act, the Gaglianico plant fits the criteria of eligibility under the '1.1 Manufacture of plastic packaging goods' economic activity, significantly contributing to the 'transition to a circular economy' environmental objective. To enable the transition of the Italian market to 100% rPET[3], we have invested €30 million to convert the old Gaglianico factory into an innovative hub, which transforms up to 30,000 tonnes of post-consumer PET per year into new 100% recycled PET preforms, covering the 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. Even if it is not required to disclose alignment for the first year of implementation of the Environmental Delegated Act, we have performed a preliminary assessment and are proud to share that the Gaglianico plant meets all technical screening criteria. In 2024, we will fully evaluate the Do No Significant Harm (DNSH) criteria and take necessary action to mitigate potential gaps, if any.

We are committed to achieving net zero emissions by 2040 across our value chain. One of the key drivers to reduce scope 3 emissions is the investment in energy-efficient coolers. At the end of 2023, 55% of all coolers in our markets excluding Egypt were energy efficient, reducing greenhouse gas emissions by 127,461 tonnes compared with our 2017 baseline. This activity qualifies as eligible for EU taxonomy purposes, under economic activity '7.3 Installation, maintenance and repair of energy efficiency equipment', significantly contributing to the climate change mitigation environmental objective. However, as coolers are purchased from third parties, we were not able to collect all information required to assess alignment with the relevant DNSH criteria, and we report zero alignment for this economic activity.

Our continuous investment in green fleet is also considered eligible for EU taxonomy under economic activity '6.5 Transport by motorbikes, passenger cars and light commercial vehicles', significantly contributing to the climate change mitigation environmental objective. In 2023, we continued the transition to electric and hybrid vehicles, which now comprise 44% of our light fleet, compared with 28% in 2022. In total, we have reduced the carbon footprint of our fleet compared with our baseline (2017) by 43,743 tonnes of CO_2. Even if we could assess the relevant TSC for alignment, we were not able to obtain the required information for the implementation of the DNSH requirements from our suppliers. Thus, we will prudently consider zero alignment for this economic activity for 2023.

Investment in charging stations is also eligible as per economic activity '7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)', but not aligned.

Finally, Capex and Opex related to buildings owned or leased under right-of-use are captured in the '7.7 Acquisition and ownership of buildings' eligible activity.

Minimum social safeguards have also been assessed[4] and any limited gaps regarding human rights due diligence, anti-corruption, taxation compliance, and fair competition will be addressed in view of the next reporting period.

The table below contains all our economic activities that have been identified as EU taxonomy eligible, whilst none can currently be considered EU taxonomy aligned. Given that our secondary economic activities are not revenue generating, the percentage of eligible turnover is zero. However, we are presenting the percentage of eligible Capex and Opex following the definitions of EU taxonomy regulation.

It is important to note that the Capex denominator in 2023 includes €204.4 million (out of total of €901.3 million) as additions in intangible assets coming from the acquisition of Finlandia.

1. Commission Delegated Regulation (EU) 2021/2139, Commission Delegated Regulation (EU) 2023/2485.
2. Commission Delegated Regulation (EU) 2023/2486.
3. Excluding Water.
4. Assessment based on the 'Final Report on Minimum Safeguards' published by the Platform on Sustainable Finance (PSF) in October 2022, in the absence of further guidance from the European Commission.

EU taxonomy continued

EU taxonomy-eligible but not taxonomy-aligned activities[1]	Substantial contribution to environmental objective	% turnover	% Capex	% Opex
1. Manufacturing				
1.1 Manufacture of plastic packaging goods	Transition to a circular economy	–	0.13%	0.11%
6. Transport				
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Climate change mitigation	–	3.65%	7.73%
7. Construction and real estate activities				
7.3 Installation, maintenance and repair of energy efficiency equipment	Climate change mitigation	–	11.60%	16.68%
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Climate change mitigation	–	0.01%	–
7.7 Acquisition and ownership of buildings	Climate change mitigation	–	4.10%	11.18%
Total taxonomy-eligible but not taxonomy-aligned activities		**–**	**19.49%**	**35.70%**

Next steps

EU taxonomy regulation is still evolving, and we remain alert for any amendments to the existing Delegated Acts or the introduction of new ones. As we work towards meeting our NetZeroBy40 commitment, we aspire to improve alignment with EU taxonomy by cooperating closely with our suppliers and by addressing any gaps identified. Undoubtedly, in the case that our main economic activity of food and beverage manufacturing will be included in future Delegated Acts, it will be considered eligible, hence expanding the scope of the EU taxonomy application for CCH.

Finally, the implementation of the CSRD earlier this year will significantly increase the sustainability disclosure requirements. Building on the strong foundation of robust ESG reporting over many years, we are committed to carrying out all the necessary implementation activities that will facilitate and ensure CSRD compliance for financial year 2024.

1. Turnover, Capex and Opex % have been calculated following the EU taxonomy guidelines.

SASB index

The majority of the information required by the Sustainability Accounting Standards Board (SASB) framework is included in the 2023 IAR and the 2023 GRI Content Index. Part of the information refers to our public website https://www.coca-colahellenic.com/

Coca-Cola HBC AG 2023 IAR has been prepared in accordance with the Global Reporting Initiative Standards (GRI Universal Standards 2021). It has been independently assured by PwC. The independent assurance statement is on pages 302 to 309 of the 2023 IAR.

All the numbers refer to total CCHBC markets including Egypt unless otherwise stated. Currently, we do not track all metrics included in the Non-Alcoholic Beverages Standards and will work towards including more data in the future.

Table 1. Sustainability disclosure topics and accounting metrics

Topic	Accounting metric	Category	Unit of measure	Code	Response
Fleet fuel management	Fleet fuel consumed	Quantitative	Gigajoules (GJ)	FB-NB-110a.1	1,171,751
	Percentage renewable		Percentage (%)		0%
Energy management	Operational energy consumed	Quantitative	Gigajoules (GJ)	FB-NB-130a.1	6,262,163
	Percentage grid electricity		Percentage (%)		38%
	Percentage renewable		Percentage (%)		36%
Water management	Total water withdrawn	Quantitative	Thousand cubic metres (m^3)	FB-NB-140a.1	29,764
	Total water consumed		Thousand cubic metres (m^3)		17,941
	and percentage of each in regions with High or Extremely High Baseline Water Stress		Percentage (%)		31% (excluding Egypt)
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and analysis	n/a	FB-NB-140a.2	2023 IAR, Water section, Managing Risk, and TCFD sections. 2023 GRI Content Index (GRI 303: Water and Effluents). Our water management practices don't result in tradeoffs in land use, energy production, and greenhouse gas (GHG) emissions.
					CCHBC website – Water stewardship (https://www.coca-colahellenic.com/en/a-more-sustainable-future/mission-2025/water-reduction-and-stewardship)
Health and nutrition	Revenue from: zero- and low-calorie beverages	Quantitative	EUR	FB-NB-260a.1	€1,507.7 million only from SSD portfolio, 21.3% of total SSD revenue
	No added sugar beverages		EUR		Not reported; we report towards our Mission 2025 commitment for calorie reduction per 100ml SSD by 25% (2025 vs 2015): in 2023 we reduced the calories in our SSD by 19% vs 2015.
	Artificially sweetened beverages		EUR		CCHBC website – Sustainability section – Nutrition (https://www.coca-colahellenic.com/en/a-more-sustainable-future/mission-2025/nutrition)
					Not reported

SASB index continued

Table 1. Sustainability disclosure topics and accounting metrics continued

Topic	Accounting metric	Category	Unit of measure	Code	Response
Product labelling and 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 the 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 (https://www.coca-colahellenic.com/en/about-us/corporate-governance/policies/health-wellness-policy) • Responsible Marketing Policy for Alcoholic Beverages (https://www.coca-colahellenic.com/en/about-us/corporate-governance/policies/responsible-marketing-policy-for-alcoholic-beverages)
	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: €10,184 million (100% of the portfolio). CCHBC website – GMO Policy (https://www.coca-colahellenic.com/en/about-us/corporate-governance/policies/genetically-modified-organism-position-statement)
	Number of incidents of non-compliance with industry or regulatory labelling and/or marketing codes	Quantitative	Number	FB-NB-270a.3	12 incidents of non-compliance with regulatory labelling and 6 isolated incidents in 2 out of 17 business units with industry marketing codes in 2023, with mitigation plans in place for all of the above incidents. 4 out of 6 mitigation actions (67%) were already completed by February 2024. Refer to the 2023 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: €1,733.58 in 2023. Refer to the 2023 GRI Content Index (417-2 and 417-3).
Packaging lifecycle management	Total weight of packaging		Metric tonnes (t)		964,319
	(2) Percentage made from recycled and/or renewable materials	Quantitative	Percentage (%)	FB-NB-410a.1	16% rPET (placed on the market); 31% recycled glass; 47% recycled aluminium
	(3) Percentage that is recyclable, reusable, and/or compostable		Percentage (%)		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 (https://www.coca-colahellenic.com/en/a-more-sustainable-future/mission-2025/world-without-waste)

SASB index continued

Table 1. Sustainability disclosure topics and accounting metrics continued

Topic	Accounting metric	Category	Unit of measure	Code	Response
Environmental and 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	2023 GRI Content Index (2-6, 308-1, 308-2, 407-1, 408-1, 409-1, 414-1, 414-2). CCHBC website – Sustainable sourcing and Our suppliers sections (https://www.coca-colahellenic.com/en/about-us/what-we-do/supply-chain) CCHBC website – Sustainability section – Sourcing (https://www.coca-colahellenic.com/en/a-more-sustainable-future/mission-2025/sourcing) CCHBC website – Supplier Guiding Principles (https://www.coca-colahellenic.com/en/about-us/corporate-governance/policies/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	1.3% of ingredients of suppliers spend (on total spend) is in high/very high water risk areas, as per our assessment by using WWF Water Risk Filter. 3.4% of ingredients of suppliers spend (on total ingredients spend) is in high/very high water risk areas, as per our assessment by using WWF Water Risk Filter.
	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 (https://www.coca-colahellenic.com/en/a-more-sustainable-future/mission-2025/sourcing) 2023 GRI Content Index (2-6, 308-1, 308-2, 407-1, 408-1, 409-1, 414-1, 414-2). CCHBC website – Sustainable sourcing and Our suppliers sections (https://www.coca-colahellenic.com/en/about-us/what-we-do/supply-chain)

Table 2. Activity Metrics

Topic	Accounting metric	Category	Unit of measure	Code	Response
Volume of products sold		Quantitative	Millions of hectolitres (Mhl)	FB-NB-000.A	16,012.33
Number of production facilities		Quantitative	Number	FB-NB-000.B	60 production facilities for non-alcoholic beverages
Total fleet road miles travelled		Quantitative	Kilometres	FB-NB-000.C	387,262,652

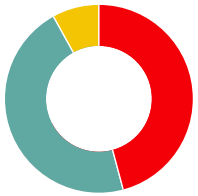
Corporate Governance Report

Governance at a glance

Corporate Governance Compliance statement

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. Find out more on pages 127 to 129.

Board Independence (number and %)



Independent NEDs	6	46%
NEDs	6	46%
Executive directors	1	8%

Shareholder structure (%)



TCCC	21
KAR-Tess Holding	23
Free float	56

Board gender diversity (number and %)



Men	8	62%
Women	5	38%

Tenure (years)

1–2	2	15%
2–3	1	8%
3–4	1	8%
5–6	1	8%
6–7	1	8%
7–8	2	15%
8–9	2	15%
9–10	2	15%
17–18	1	8%

Nationalities

American	1	8%
American/Brazilian	1	8%
British	5	38%
Bulgarian	1	8%
Croatian	1	8%
Greek	2	15%
Nigerian	1	8%
Swiss	1	8%

Compliance with the UK Corporate Governance Code

Board Leadership and Company Purpose

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: 124
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- Strategic Report 2
- Engaging with our key stakeholders 134-135
- Culture in action 138
- Overseeing strategic delivery 136
- Audit and Risk Committee 157
- Conflicts of interest 129

Division of Responsibilities

F. Leadership of Board by Chair

G. Board composition and responsibilities

H. Role of NEDs.

I. Company's policies, processes, information, time and resources:
- Board composition 128
- Key roles and responsibilities 139
- Division of responsibilities for the Board 139
- Support and training for the Board 148
- Board appointments and succession planning 148

Composition, succession and evaluation

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, Committees and Directors and demonstration of whether each Director continues to contribute effectively:
- Board composition 128
- Application of the Company's corporate governance practices 127
- Diversity, tenure and experience 123, 149
- Performance evaluation of the Board 150
- Nomination Committee 146

Audit, risk and internal controls

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 the Company is willing to take to achieve its long-term objectives:
- Audit and Risk Committee 157
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- Going concern basis of accounting 185
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Remuneration

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:
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Letter from the Chair of the Board

The governance imperative in times of change

"In 2023, the Board has carefully sought to position our company for continued success, preparing to anticipate and seize opportunities, endeavouring to overcome challenges and continuing to focus on good governance: doing what is right over what is easy."

Dear Stakeholder,

It is my pleasure to share this Corporate Governance Report, which details robust governance arrangements throughout the Group, alongside key updates and decisions undertaken by the Board during 2023.

2023 was a successful year for Coca-Cola HBC, despite the ongoing challenges of high inflation and the conflict in Ukraine. The Company continued the momentum of 2022 into 2023, focusing on the health and safety of our people across the business and reacting to cost pressures with measured and focused price and mix changes. Underpinned by the introduction of our clear purpose and the consistent application of our 24/7 beverage strategy, Zoran and our executive team have delivered another year of strong operational and strategic progress and record financial results.

Leading with purpose

In March, I had the pleasure of attending, alongside other members of the Board, our senior leadership conference in Cairo. This was a significant meeting for the Company, our first in four years where we'd been able to bring together our team to unify around some common objectives and celebrate the progress we've made since 2019. Our people have consistently risen to the challenges presented over the last few years. This was passionately showcased by all disciplines within the business and hosted with grace and professionalism by our Egyptian team, the latest country to join our Group. At the event we were joined by many members of The Coca-Cola Company and other key partners who also shared their thoughts on the future of our business.

The leadership conference showcased how our talented, passionate people have adapted and embraced opportunities, ensuring that our company continues to be resilient and enjoy such a strong performance.

The event also showcased our new purpose, endorsed by the Board – to open 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.

One all-employee pulse survey, one culture and engagement survey and two Collaborating for Impact surveys were conducted in 2023. 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 2023 to facilitate understanding of the concerns raised and ensure a rapid response.

The Board and I would like to thank our leadership and all our colleagues for making Coca-Cola HBC a better business every day, working together as a team, delivering our Growth Story and making impressive progress on our journey of becoming the leading 24/7 beverage partner.

Seizing opportunities

In 2022 we acquired the Coca-Cola bottler in Egypt expanding our footprint in long-term high-growth markets. A key priority for the Board during 2023 has been the successful integration of the business into the Coca-Cola HBC family and I am pleased to report that has gone very well. Despite the challenging macroeconomic conditions in the country in 2023, we remain confident for the prospects of our business in Egypt .

In 2023 we undertook a different type of acquisition with the purchase of Finlandia, a superb vodka business, from our long-term partner, Brown-Forman. Zoran and the team have started integration of the business and we expect significant growth opportunities to come as we build-out this excellent brand across our footprint.

Protecting our people

The Board is constantly vigilant of the ongoing conflict in Ukraine. First and foremost, we are focused on protecting our employees and ensuring, in so far as possible, their health and safety. We believe that the decisions we have taken to date achieve the best balance for our team on the ground and our wider stakeholders. We continue to monitor matters closely and will take further actions if needed.

Letter from the Chair of the Board continued

Strategy and performance

Our Growth Story 2025 has remained a cornerstone for the business throughout 2023. We continue to prioritise the actions and investments that strengthen our capabilities and position the Company for sustained success.

Our performance in 2023 demonstrated the benefits of our approach. Coca-Cola HBC delivered strong financial performance with record levels of revenue and comparable EBIT, with a good margin improvement, strong free cash flow reaching all time high and improved ROIC.

I was pleased to launch proceedings at our investor day in May in Rome, where Zoran, Ben, Naya and the team outlined the many actions we are taking to drive revenue growth, margin improvements and sustained strong cash generation. The Board fully supports the raised mid-term guidance Zoran and the team shared with you at the time. Delivering these goals will not be easy, but we have laid strong foundations with sustained investment over the last few years and have developed a culture of resilience and adaptability that serves us well.



Presenting at our Investor Day in May

Leadership in action

2023 was a year full of opportunity and challenge. I am very reassured by the Board's strong contribution to our decision making, representing effectively the interests and viewpoints of all stakeholders in wide ranging topics. This has supported a thorough evaluation of our strategic investments, stretching goals for our management and a continued strong focus on sustainability.

Through our Mission 2025 framework and biodiversity policy, we are committed to reducing emissions and water use, by preserving and re-instating water priority areas, and by sourcing agricultural ingredients sustainably. While index performance is not a goal in itself, we continue to be assured by our ranking as the world's most sustainable beverage company in the Dow Jones Sustainability Index, for another year. Consistent progress underpins our aim to leave nature in a state better than the one we found it in.

For more on our Mission 2025 sustainability plan,

see p72 to 74

This year, together with The Coca-Cola Company and seven other bottling partners, we each committed $15 million to a new venture capital fund, the Greycroft Coca-Cola System Sustainability Fund. This $137.7 million fund will focus on innovative solutions to drive carbon footprint reduction, helping accelerate our journey towards our NetZeroby40 goal. And in December, we were proud to announce the establishment of the CCHBC Foundation dedicated to supporting communities in the areas where we operate, with an initial €10 million transfer to the foundation.

We had two new Board members in 2023, Evguenia Stoichkova and George Pavlos Leventis, both bringing a wealth of experience from the beverage sector.

Dividend growth and capital returns

The Board has maintained our progressive dividend, and for 2023 is proposing €0.93 per share, a 19% increase on the dividend per share versus the prior year, representing a 45% 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.

Letter from the Chair of the Board continued

At the same time, in November 2023 we announced the start of a two-year share buyback programme, aimed at returning up to €400 million to shareholders. We remain committed to a disciplined approach to capital allocation that continues to drive shareholder value. The Group's capital allocation framework follows clear priorities: organic investment in the business to drive delivery of our medium-term financial targets; paying a progressive dividend, targeting a payout of 40%-50% of earnings per share; strategic M&A; and finally, additional capital return. With these priorities in mind, the Board believed that the 2023 share price undervalued the Company's future growth opportunities, and the approval of a share buyback programme provided a compelling opportunity to enhance value for shareholders while continuing to invest in the business.

The 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 have 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 pages 153 to 158. 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 2023 can be found in this report on pages 123 and 127.

Board meetings normally take place in Zug, Switzerland, but also in selected markets across our territories.

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 2023. Key outcomes are included on page 150 of the Nomination Committee report. The evaluation will be conducted again in 2024 to apply learnings.

Board composition and diversity

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. However, the composition and size of the Board continue to be kept under review.

The Financial Conduct Authority's (FCA) Listing Rules on targets for gender and ethnic diversity apply for the first time and our disclosures are in the Nomination Committee report (see pages 148 to 149). 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 continued growth and performance of our operations within our highly specialised industry. We believe that a diverse Board fosters both innovation and resilience and are proud of our track record of female and ethnic minority representation. As of the date of this report, female Directors comprised more than 38% of our Board (compared with 33% in 2022), while ethnic minorities represented 8%, same as in 2022.

Looking ahead

A further record year in 2023 confirms our resilience, despite the impact of cost inflation and the conflict in Ukraine. This reflects the continued investments we have made in the business, focused on strengthening the most critical drivers of future performance.

We will continue to ensure the management team is properly incentivised and stretched to deliver exceptional results. I am proud of the fact that we've been able to reward our teams with healthy remuneration in recent years, consistent we believe with the outcomes they've delivered. We ask for dedication, professionalism and a strong performance from them and they have achieved a great deal in difficult times.

We may have seen the worst of the anticipated inflation, but economic risks remain. As Zoran explains in his statement in the Strategic Report (see page 6), we have taken successful actions to improve price and mix within our portfolio while also being mindful of maintaining affordability for all our consumers. In several countries, consumers are being squeezed by the legacy of high-inflation and weaker economic conditions. Providing relevant products with the right appeal and pricing, working with our customers on appropriate promotions, remains at the heart of how we make ourselves relevant for all consumers. It is this focus and drive that will enable us to deliver on our Growth Story 2025 and our mid-term targets.

Doing all of this sustainably is critical. Within this, climate change remains a top priority. We are well equipped to face these challenges thanks to the strength of our portfolio, proven capabilities and committed partnerships.

This work continues, as we embed our values-based culture to deliver on our clear purpose.

I would like to thank the Board members for their continued commitment and counsel this year, as well as extending my thanks to all CCHBC colleagues, customers, consumers and partners. Our people and culture are at the heart of everything we do. Opening up moments that refresh us all was at the heart of our success in 2023 and will underpin our progress for generations to come.

Anastassis G. David
Chairman of the Board

Application of the Company's corporate governance practices

Compliance with the UK Corporate Governance Code 2018

As a Swiss corporation listed on the 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 2023, 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 2023, except for the following provisions:

(1) The Chair was not independent on appointment (provision 9) and has been a Board member for more than nine years (provision 19). Anastassis David was originally appointed as non-Executive Director (NED) in 2006 at the request of Kar-Tess Holding and was not, at the time of his appointment as Chair, 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 Chair, with unanimous support, 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 continues to keep all positions under regular review and subject to annual election by shareholders at the Annual General Meeting (AGM). The Board continues to believe that the proven leadership of our Chair in combination with his deep knowledge of the Coca-Cola System position him as unique to steer the Group at the current time.

(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 166 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 on the page 123.

Swiss corporate rules

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 et seqq. of the Swiss Code of Obligations. Swiss company law includes provisions regarding the compensation in listed companies and further limits the authority of the Remuneration Committee and the Board to determine compensation. The effective limitations include requiring that the AGM approve the maximum total compensation of each member of the Board and the Executive Leadership Team (ELT), 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 Swiss company law and the specific provisions therein regarding the compensation in listed companies.

UK's City Code on Takeovers and Mergers

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 the 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.

Application of the Company's corporate governance practices continued

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 257. 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 shares. In accordance with the FCA's Listing Rules, the Directors require shareholder authority to repurchase shares. At the AGM on 17 May 2023, 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 4 April 2023. The authority will expire at the conclusion of the 2024 AGM on 21 May 2024 or at midnight on 30 June 2024, whichever is earlier. The Company commenced a share buyback programme on 21 November 2023 and is expected to run for a period of around two years. As at 31 December 2023, the Company reported that 1,638,298 ordinary shares had been purchased at an average price of 2,239.8482 pence per ordinary share and are held in treasury. The buyback programme continues and as at 11 March 2024 (the latest practicable date for inclusion in this report), since 31 December 2023, the Company purchased a further 1,154,432 shares at an average price of 2,475.6449 pence per share and these shares are also held in treasury. Shares held in treasury as at 11 March 2024 total 7,215,615 out of which 3,785,480 are held by CCHBC AG (including the purchased shares) and 3,430,135 shares are held by its subsidiary, CCHBC Services MEPE.

Board composition

On 31 December 2023, our Board comprised 13 Directors: the Chair, one Senior Independent Director, ten NEDs and one Executive Director.

The NEDs are experienced individuals from a range of backgrounds, countries and industries, as shown by their biographies on pages 130 to 132. Evguenia Stoichkova and George Pavlos Leventis were appointed to the Board at the 2023 AGM and at the conclusion of the AGM, Bruno Pietracci and Ryan Rudolph retired from the Board. Evguenia Stoichkova was also elected as a member of the Social Responsibility Committee. This is our first year of reporting on gender and ethnicity metrics in accordance with the FCA Listing Rules. Further details are disclosed on pages 148 to 149 of the Nomination Committee Report.

External 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 Directors are contained in their respective biographies on pages 130 to 132.

Our Chair is active in the international community. With regard to his external appointments, the Board considers that fewer than four of the positions held by the Chair are considered to be significant. A number of our other Directors also have other external roles. With effect from 1 January 2023 Swiss law has amended the definition of 'external appointments' and requires disclosure of external appointments in other undertakings (public or private) with a commercial purpose (opposed to the requirement under the old law to disclose external appointments in legal entities registered in a commercial register or similar register). The Board is satisfied that any additionally disclosed positions are not considered significant. Having considered the scope of the external appointments of all Directors, including the Chair, our Board is satisfied that they do not compromise the effectiveness of the Board. Each Director has sufficient time to devote to as necessary for the performance of their duties and, according to the terms of appointment to the Board. This will include attendance annually at approximately ten Board meetings, AGMs and other meetings. As can be seen in the table of attendance of Board and Board Committee meetings on page 140, the Directors were able to devote the time required to discharge their duties and the Board has determined that each member commits sufficient time and energy to the role, continuing to make a valuable contribution to the Board and its committees.

Application of the Company's corporate governance practices continued

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, representing half of the Board, excluding the Chair, 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 were appointed following nomination by the two major shareholders (see details below) and they are therefore not considered by the Board, to be independent as defined by the UK Corporate Governance Code.

Anastassis David was appointed as Chair on 27 January 2016. The Board 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 Chair in 2016. Prior to his appointment as Chair, major shareholders were consulted, and an external search consultancy engaged to find suitable candidates. The consensus was that Anastassis David was the appropriate candidate to become Chair and that he continues to be effective in his leadership of the Board. In accordance with the established policy of appointing all Directors for one year at a time, the Board continues to keep all positions under regular review and subject to annual election by shareholders at the AGM. The Board continues to believe that the proven leadership of our Chair in combination with his deep knowledge of the Coca-Cola System position him as unique to steer the Group at the current time. Accordingly, Anastassis David has the continuing support of the Board and major shareholders to remain as Chair.

Shareholder nominees

As described on page 309, since the main listing of the Company on the Official List of the London Stock Exchange in 2013, Kar-Tess Holding, TCCC and their respective affiliates have no special rights in relation to the appointment or re-election of nominee Directors. Those Directors who were originally nominated for appointment by TCCC 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 candidates 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 TCCC 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 TCCC or Kar-Tess Holding to be approved. In addition, based on their current shareholdings, neither Kar-Tess Holding nor TCCC 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 the total number of shareholders being represented and voting. Depending on the attendance levels at AGMs, Kar-Tess Holding or TCCC may also be in a position to control other matters requiring supermajority shareholder approval.

Anastassis G. David, Anastasios I. Leventis, Christo Leventis, and George Pavlos Leventis were all originally nominated for appointment by Kar-Tess Holding. Henrique Braun and Evguenia Stoichkova were nominated for appointment by TCCC. The two Directors who retired at the 2023 AGM had been nominated by the two major shareholders: Bruno Pietracci was nominated by TCCC and Ryan Rudolph by Kar-Tess Holding.

Conflicts of interest

In accordance with the Company's Organisational Regulations, Directors are required to arrange their personal and business affairs to avoid a conflict of interest with the Group. Each Director must disclose to the Chair 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 Chair becomes aware of a Director's conflict of interest, the Chair is required to contact that Director promptly and discuss the nature and extent of such a conflict of interest. Subject to exceptional circumstances in which the best interests of the Company dictate otherwise, the Director affected by a conflict of interest is not permitted to participate in discussions and decision-making involving the interest at stake.

Board of Directors

Anastassis G. David

Non-Executive Chair

Appointed: January 2016. He joined the Board of CCHBC as a non-Executive Director in 2006 and was appointed Vice Chair in 2014.

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

For more information on skills and experience see page 147.

External appointments: Anastassis is active in the international community. He serves as Vice Chair of Aegean Airlines S.A., Vice Chair of the Cyprus Union of Shipowners, Chair of the board of Sea Trade Holdings Inc., a ship-owning company of dry cargo vessels, Chair of the board of Nephele Navigation Inc., and member of Adcom Advisory Ltd.

He holds the following positions within the Kar-Tess group of companies: board member of Kar-Tess Holding and Executive of Boval Ltd.

Also, he is a member of the board of trustees of College Year in Athens, and Director of George and Kaity David Foundation.

Nationality: British-Cypriot

Anastassis David has a shared directorship with Alexandra Papalexopoulou, both being a director of Aegean Airlines S.A.. He also has a shared directorship with Anastasis Leventis, both being directors in Nephele Navigation Inc. and has a shared directorship with Anastasios I. Leventis, Christo Leventis and George Pavlos Levelntis, all being directors of Adcom Advisory Ltd.

Zoran Bogdanovic

Chief Executive Officer, Executive Director

Appointed: June 2018.

Skills, experience and contribution: Zoran was previously the Company's Regional 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. Before joining the Company, Zoran was an auditor with auditing and consulting firm Arthur Andersen. Zoran has a track record of delivering results across our territories and demonstrating the values that are the foundation of our Company culture.

For more information on skills and experience see page 147.

External appointments: None

Nationality: Croatian

Charlotte J. Boyle

N R

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.

For more information on skills and experience see page 147.

External appointments: Charlotte serves as Chair of UK for UN High Commission for Refugees (UNHCR), an independent non-executive director and chair of the Environment, Sustainability and Community Committee of Shaftesbury Capital PLC, an independent 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 TCCC. He joined TCCC in 1996 in Atlanta and progressed with increased 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 TCCC 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 TCCC 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.

For more information on skills and experience see page 147.

External appointments: Henrique currently serves as Executive Vice President, International Development for TCCC, 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

- Committee Chair
- A Audit and Risk Committee
- N Nomination Committee
- S Social Responsibility Committee
- R Remuneration Committee

Board of Directors continued

Olusola (Sola) David-Borha

A

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 Standard Bank Group. She was the CEO of the Africa Regions (excluding South Africa) for Standard Bank between 2017 and 2021. Prior to that role, she served as CEO of Stanbic IBTC Holdings Plc, a subsidiary of Standard Bank Group listed on the Nigerian Exchange. Her prior Board appointments include serving as Chairman Stanbic IBTC Bank and a Non-Executive Director on Stanbic Uganda Holdings and Stanbic Bank Uganda.

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.

For more information on skills and experience see page 147.

External appointments: Sola serves as NED on the Board of Stanbic IBTC Holdings Plc, a listed entity that is a member of the Standard Bank Group.

Nationality: Nigerian

Anna Diamantopoulou

N S R

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.

For more information on skills and experience see page 147.

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 and an Advisory Board Member of Delphi Economic Forum. She is also the Chair of the European Commission's High-Level Group on the future of social protection and the welfare state in the EU. Finally, Anna is a member of the Global Advisory Board of KEKST CNC.

Nationality: Greek

William W. (Bill) Douglas III

A

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 (CFO) of CCHBC. Bill has held various positions within the Coca-Cola System since 1985, including positions with responsibility for the IT function, including cyber issues. Before joining TCCC, 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.

For more information on skills and experience see page 147.

External appointments: Bill is the Lead Director and Chair of the Audit Committee of SiteOne Landscape Supply, Inc. He is also a non executive Chair of the Board of Directors of 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

N R

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 CEO of Deutsche Börse AG and from 2002 until 2005, he served as Chair 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-CEO 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 CEO. He earned his Doctorate of Law at the University of Zurich.

For more information on skills and experience see page 147.

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

Nationality: Swiss

Anastasios I. Leventis

S

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.

For more information on skills and experience see page 147.

External appointments: Anastasios is a Board member of A.G. Leventis (Nigeria) Ltd, Vice Chair of the board of Nephele Navigation Inc, a board member of Maxenta Invest Corp., of Middle East Finance Sarl and of Adcom Advisory Ltd. He is a board member of Kar-Tess Holding.

Furthermore, Anastasios is a member of the European Council of the Nature Conservancy, a Board Member of WWF Hellas (Greek branch of WWF), a member of the board of Overseers of the Gennadius Library in Athens, a member of the University of Exeter Global Advancement Board, co founder of the Cyclades Preservation Fund, Member of the Board of Trustees of A.G. Leventis Foundation, and Director of Leventis Foundation Nigeria.

Nationality: British

Anastasios Leventis has a shared directorship with Anastassis David, Christo Leventis and George Pavlos Leventis, all being directors of Adcom Advisory Ltd. He also has shared directorship with Anastassis David, both being directors of Nephele Navigation Inc, and a shared directorship with Christo Leventis, both being directors in Middle East Finance Sarl.

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.

For more information on skills and experience see page 147.

External appointments: Christo is a board member of Alpheus Capital, a single family private equity investment office, a board member of Adcom Advisory Ltd, a board member of Middle East Finance Sarl and holds the following positions within the Kar-Tess group of companies: a board member of Kar-Tess Holding and a board member of Torval Investment Corp.

Furthermore, he is a Director of the A.G. Leventis Foundation.

Nationality: British

Christo Leventis has a shared directorship with Anastassis David, Anastasios Leventis and George Pavlos Leventis, all being directors of Adcom Advisory Ltd. He also has a shared directorship with Anastasios Leventis, both being directors in Middle East Finance Sarl and with George Pavlos Leventis, both being directors in Torval Investment Corp.

Alexandra Papalexopoulou (A)

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. She is an experienced executive director having been appointed in 1995 to the board of Titan Cement Company S.A., where she is employed since 1992. Alexandra holds a BA in Economics and Mathematics from Swarthmore College in the US and an MBA from INSEAD in France.

For more information on skills and experience see page 147.

External appointments: Alexandra is an Executive Member of the Board of Directors of Titan Cement International and Chair of the Board Strategy Committee. 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 an independent non-executive Director of Aegean Airlines S.A..

Nationality: Greek

Alexandra Papalexopoulou has a shared directorship with Anastassis David, both being a director of Aegean Airlines S.A.

Evguenia Stoichkova (S)

Non-Executive Director

Appointed: May 2023.

Skills, experience and contribution: Evguenia is currently the President of Global Ventures for TCCC, a unit that focuses on globally scaling acquisitions and brands, including COSTA Coffee and investment in Monster Beverage Corp. Prior to her current role, Evguenia served as President of the company's Eurasia & Middle East operating unit. From 2017 to 2020, Evguenia was president of the Turkey, Caucasus and Central Asia business unit. From 2013 to 2017, Evguenia served as Franchise General Manager for Italy and Albania. From 2010 to 2013, she was Franchise Operations director for Romania, Bulgaria, Moldova and Albania.

Evguenia joined Coca-Cola Bulgaria in 2004 as Franchise Country Manager. She became Marketing Manager for sparkling soft drinks in the Adriatic and Balkans business unit in 2007. She was named as Area Marketing Manager in Romania, Bulgaria, Moldova and Macedonia in 2008 before becoming Brand Director for still beverages for South Eastern Europe in 2009. Evguenia started her career at Danone Group in 1994 and led Danone marketing in Bulgaria from 2000 to 2004.

For more information on skills and experience see page 147.

External appointments: President of Global Ventures at TCCC

Nationality: Bulgarian

George Pavlos Leventis

Non-Executive Director

Appointed: May 2023.

Skills, experience and contribution: George was a non-executive member of the board of directors of Frigoglass S.A.I.C. from 2014 until May 2023 and held the position of Vice Chair. George previously worked as an analyst in fund management and holds an Investment Management Certificate from the CFA Society. He graduated with a bachelor's degree in modern history from Oxford University and holds a postgraduate Law degree from City University in the UK.

For more information on skills and experience see page 147.

External appointments: George is a board member of Adcom Advisory Ltd, a board member of Chalet Alpette Sarl and a board member of 8 Kensington Park Road Ltd. He is also a Board member of Torval Investment Corp., a company within the Kar-Tess group of companies.

Furthermore, he is a director in Terra Cypria Foundation, a charitable non-governmental organisation, that promotes environmental awareness and sustainability.

Nationality: British

George Pavlos Leventis has a shared directorship with Anastassis David, Christo Leventis and Anastasios Leventis, all being directors of Adcom Advisory Ltd. He also has a shared directorship with Christo Leventis, both being directors in Torval Investment Corp.

Corporate Governance Report
Board leadership and Company purpose

The Board has ultimate responsibility for our long-term success and for delivering sustainable shareholder value, as well as contributing to wider society. It is responsible for setting our purpose, values and strategy and ensuring alignment with culture. This includes ensuring that workforce policies and practices are consistent with our values and long-term sustainable vision.

Key activities of the Board in 2023

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 statement of section 172 of the Companies Act 2006 on page 19.

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 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 strategic importance to evaluate progress, provide insight and, where necessary, decide on appropriate action; and
- legal and governance updates including regulatory updates, governance and compliance updates, proxy agencies scoring and annual Board, Committees' and Directors' assessment.

Performance

Regions and functions
Deep-dive reviews of regions and key functions

Business and financial performance
Regular reviews of business performance by reporting segments and categories, with focus on growth accelerators and new product launches; regular reviews of financial performance, financial insights, FX matters and analysts' updates

Performance measurement
Focusing on the performance of the Revenue Growth Management, Route-to-Market and big data and advanced analytics programmes in order to build the necessary insight capabilities

Retail and e-commerce
Reviewing the execution initiatives in retail, e-commerce and growth results

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 workforce issues that are identified through the employee engagement process; engaging with other stakeholders in assessing performance against strategy

Risk management and internal control

Principal and emerging risks
Continued review of principal and emerging risks and mitigation programmes, Overshight of the internal control framework, and definition of the Group's risk appetite.

Finance and IT
Reviewing the liquidity, financing status and commodity exposure of the Group and reviewing information technology plans, including cyber security

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

Academies
Monitoring the progress of our academies, including Coffee, Digital, Supply Cain and Sales Academies

Operational

Cost optimisation and investment
Ongoing review of the Group's cost optimisation and investment programmes

New acquisitions
Approved the acquisition of Finlandia Vodka; continued oversight of Egypt business integration

Capital expenditure
Review of material capital expenditure projects

Geopolitical events
Continued monitoring geopolictical events that may have operational impact

Net zero initiatives
Review of projects, including the in-house production of PET from recycled PET flakes

Stakeholders

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

Corporate Governance Report continued

Engaging with our Stakeholders

The Board regularly reviews stakeholder engagement activities undertaken, both by it and the Group as whole, and is satisfied that the activities outlined in the next two pages and on pages 12 to 18 remain effective for the mutual benefit of the Company and its stakeholders. Going forward, a focus on our people, customers, consumers, communities and partners will remain high on the Board's agenda.

Shareholders

In 2023, shareholders were permitted to attend the 2023 AGM with the statutory auditors and the independent proxy adviser in person, for the first time since 2019, due to Covid-19 safety restrictions. At the 2023 AGM, 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 4.1.3). In accordance with Provision 4 of the UK Corporate Governance Code, on 15 December 2023 we published an update on the key actions that were taken by the Board of Directors and Remuneration Committee in response to this. In addition to the consultation with its largest shareholders prior to the 2023 AGM 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 connected to the increased 2023-2025 PSP opportunity for the CEO, even though this was within the policy limits approved by shareholders.

More information on the actions taken in response to this vote is included in the Remuneration Report on page 160.

Pursuant to Swiss law and the Articles of Association, shareholders annually elect an independent proxy and have the possibility to authorise and instruct the independent proxy electronically for our general meetings. The Chair, Senior Independent Director and Chair of the Audit and Risk Committee will be available at the 2024 AGM to answer questions from shareholders. The Board encourages shareholders to attend as it provides an opportunity to engage with the Board.

The Chairman meets and maintains a dialogue with the Company's major shareholders to understand their views on the Company's strategy and performance.

More broadly, our investor relations function reports to the CFO. Through the investor relations team, the Company and Board maintain a dialogue with institutional investors and financial analysts on our strategy, financial and sustainability performance. We engaged with the investment community and our shareholders throughout the year, as outlined in the box opposite. Feedback from shareholders was regularly considered by the Board and, where necessary, appropriate action to further engage was taken.

Other Stakeholders

We remain constantly vigilant of the ongoing conflict in Ukraine. First and foremost, we are focused on protecting our employees and ensuring, in so far as possible, their health and safety. We believe that the decisions we have taken to date achieve the best balance for our team on the ground and our wider stakeholders. We continue to monitor matters closely and will take further actions if needed.

Stakeholder interests and matters were also carefully considered by the Board in the context of the acquisition of Brown-Forman Finland Oy, owner of Finlandia, a leading vodka brand in Central and Eastern Europe, on 1 November 2023 and its subsequent integration. The acquisition represents a unique opportunity for the Group as it enhances our journey towards becoming the leading 24/7 beverage partner and creating value for our stakeholders. We have been distributing Finlandia and other premium spirits brands for more than 17 years and the acquisition, which we assessed as an attractive investment is expected to further enrich and strengthen our portfolio across more of our markets. Ownership of the Finlandia vodka business is also expected to enhance our premium spirits credentials; driving mixability opportunities with premium and super-premium NARTD products, helping capture more drinking occasions for our consumers, and strengthening partnerships with customers in strategically important channels such as hotels, restaurants and cafés and creating more value for our partners and customers by capturing new opportunities with our well-rounded beverage portfolio.

Investor relations highlights

February
- US management roadshow – Miami, Boston, New York
- Europe and UK management roadshow (London, Frankfurt)

May
- AGM in Steinhausen
- Investor Day in Rome

June
- dbAccess, Deutsche Bank, Global Consumer Conference 2023 – Paris
- BNP Paribas Exane CEO Conference – Paris
- 3rd Annual Evercore ISI Consumer and Retail Conference – Virtual
- US investor relations roadshow (Chicago, Denver, California, San Francisco)

September
- Toronto investor relations roadshow
- Barclays Global Consumer Staples Conference 2023 – Boston
- Baader Investment Conference – Munich

November
- UK management roadshow (London)
- US management roadshow (New York)
- Jefferies Miami Consumer Conference
- Bank of America Consumer and Retail conference – Miami
- Morgan Stanley and Athens Exchange Greek Investment Conference – London
- Milan – Madrid investor relations Roadshow
- Citi's Global Consumer Conference – London

Corporate Governance Report continued
Engaging with our Stakeholders continued

Championing workforce rights at Board level

Charlotte Boyle, our designated NED for workforce engagement, attended meetings with our European Works Council during the year. She heard from elected employee representatives from our businesses in EU countries, hearing first-hand their experiences during the last couple of years. The insights gained contributed to the Board's decisions in relation to ensuring the appropriate support and resources for our people – not only in terms of safety, but to aid them in their roles.

Charlotte frequently interacted with our Head of Labor Relations Director, who is also responsible for monitoring diversity, equity and inclusion, to better understand the steps we are taking to be more diverse and inclusive (see page 49). 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. Again, Charlotte reported back to the Board on her observations and matters raised by employees, ensuring Board deliberations and decision making were fully informed.

Our people

The Board recognises that our people are core to our strategy – our success depends on our ability to attract, retain and develop the best talent. The safety of our workforce continued to be a focus throughout 2023, ensuring appropriate measures were in place so that people could continue in their roles and that we were supporting a healthy working environment, particularly for colleagues and their families based in or around Russia and Ukraine. The Board closely monitors and reviews the results of the employee engagement surveys. It also reviews talent development initiatives designed to support long-term success. For further details on investing in our people please see below and the Growth Pillar 4 on pages 45 to 51. For further details on rewarding our people please see the Remuneration Committee Report on pages 159 to 184.

Charlotte Boyle, our designated non-Executive Director has the mandate for engagement with our people. Employee engagement survey results are shared with and reviewed by the Nomination Committee and the Board. The CEO held engagement sessions with employees during the year, including Q&As.

Stakeholder group	How the Board engages with Stakeholders	Read more
Our people	To understand what our people needed to work in continually changing circumstances, the Company conducted in total four all-employee surveys in 2023. 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.	p45.
Our customers	Regular business updates on performance and market execution, regular visits, dedicated account teams, joint business planning, joint value-creation initiatives, customer care centres, customer satisfaction surveys.	p33.
Our consumers	Regular business updates on performance and market execution, and consumer trends and insights, consumer hotlines, local websites, plant tours, research, surveys, insights, focus groups.	p24.
Governments	Regulatory updates on issues and developments relevant to the Company's business, Trade Associations, recycling and recovery initiatives, EU Code of Conduct on Responsible Food Business and Marketing Practices, Physical Activity and Health, foreign investment advisory councils, chambers of commerce.	p52.
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.	p52.
NGOs	Dialogue, policy work, partnerships on common issues, membership of business and industry associations.	p52.
The Coca-Cola Company	Regular engagement with the Chair on performance against strategy and governance matters, day-to-day interaction as business partners, joint projects, joint business planning, functional groups on strategic issues, 'top-to-top' senior management meetings.	p18.
Our investors	Annual General Meeting, investor roadshows and results briefings, webcasts, engagement of Chair with major shareholders, engagement of Committee Chairs on significant matters pertaining to their areas of responsibility. Regular business updates on performance and market execution, ongoing dialogue with analysts and investors,	p18.
Our suppliers	Engagement with our suppliers, consultants and counterparts in related industries.	p40.

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 Sparkling, Energy and Coffee • Assessing business development opportunities	• Roll out of Jack and Coke alcoholic ready to drink in prioritized markets • Roll out of Vitamin Water • Discussed Coffee performance and acceleration and engaged with brand owner stakeholders, including Carolina Vergnano of Caffè Vergnano • Deep dive session with TCCC CFO, John Murphy on strategy, priorities, market insights and consumer trends • 2024 business plan review • Acquisition of Finlandia vodka business from long-term partner Brown Forman and business prospects	• Consumer needs and trends, including quality and freshness of products, health and nutrition, affordability, innovation, reducing waste • Creating value for our shareholders and our customers and how a strategic approach to a segmented portfolio can play a critical role to accelerate revenue • Partnerships create long term value for all stakeholders • Marketplace economic conditions
2 Win in the marketplace	• Market execution excellence and initiatives • Digital commerce progress and initiatives, including customer portals and digital marketing • How to maximise use of digital tools and artificial intelligence	• Regular updates from the ELT on business performance, operational priorities and market execution initiatives • Development of eMarketplace solutions to address a growing need for smaller customers looking for effective purchasing aggregation. • Partnership with Microsoft to build in house generative Artificial Intelligence productivity and other tools	• Consumer needs and trends • Customer engagement and satisfaction • Marketplace economic conditions • Shareholder value creation
3 Fuel growth through competitiveness and investment	• Financial performance, insights and trends • CapEx required and timelines for investments for capacity and efficiency, capability building and sustainability • Business development and other investment opportunities • Enterprise wide initiative to drive processes' and projects' efficiency and simplification	• Regular updates from the ELT on financial performance, financial insights, incl. FX matters and analysts' updates; approval of half-year and annual results announcements • Quarterly reports by the Audit and Risk Committee of the Board • Capital expenditure to fuel business growth • Update on Investors' day held in Rome in May by the Group CFO • Share Buy Back programme to run for 2 years to return to shareholders up to €400 million • Approval of EMTN programme update to allow the Company to issue new notes in the market in the next 12 months • Update on enterprise wide initiative to drive processes' and projects' efficiency and simplification • 2024 Business plan review of financials	• Consumers' and customers' evolving needs and trends plus sustainability considerations • Shareholder value creation

Corporate Governance Report continued
Overseeing strategic delivery continued

Our growth pillars	What did the Board consider?	What did the Board discuss and approve?	What were the material stakeholder considerations?
4 Cultivate the potential of our people	• How to deliver our new purpose and culture manifesto • Attracting, maintaining and developing talent • Employee engagement drivers • Progress against our gender diversity KPIs	• Regular reviews of people, talent, succession plans and culture matters • Quarterly reports by the Nomination and Remuneration Committees of the Board • Consideration of employee engagement survey outputs and actions proposed • Update from ELT members on the Company's culture manifesto • Review of initiatives to enhance the Company's employer branding and attractiveness	• Our people and how to engage, retain and develop them and open up opportunities for them in line with our new purpose
5 Earn our licence to operate	• How to do the right thing and deliver against our ambitious ESG targets • Corporate governance as a critical enabler for our license to operate • Regulatory developments	• Regular updates and reviews of sustainability projects • Quarterly reports by the Social Responsibility Committee of the Board • Review of Health & Safety update and approval of improvement plan • Review of ESG benchmarks • Launched the Coca-Cola HBC Foundation, with an initial commitment of €10 million, dedicated to supporting the communities in which the Company operates • Participation to the Greycroft Coca-Cola System Sustainability Fund by committing $15 million for sustainability related investments • Corporate governance updates and overview, including AGM results and consultation process, internal controls and risk management processes, external auditors review, UK Corporate Governance Code requirements and compliance; approval of 2022 integrated annual report; Board self-assessment overview and prioritizing focus areas for 2024. • Regulatory updates, including on UK corporate governance rules & upcoming changes and sweeteners regulations • The Company's insurance renewal proposal review and approval	• Delivering against our ESG targets, within Mission 2025, NetZeroby40 roadmap and biodiversity goals to meet broad stakeholder expectations on sustainability, for employees, consumers, customers, shareholders, regulators and NGOs • Support our communities in need and at time of crisis, prioritising natural disaster relief, packaging and waste management, corporate citizenship and empowering youth and women

Corporate Governance Report continued
Culture in action

The Board is responsible for monitoring and assessing our culture. The Chair ensures that the Board is operating appropriately and sets the Board's culture, which in turn sets the standard for the culture of the Company.

The CEO, supported by members of the ELT, 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 the culture remains appropriate. The Board also assesses the alignment of the Group's policy, practices and behaviours throughout the business with the company's purpose, values and strategy, and, if not satisfied, seeks assurance that the management is taking corrective action. The Board also monitors the Group's performance against its peer group within the same sector.

What defines our culture is who we are, our purpose, our vision, our values, how we need to evolve and the behaviours we commit to each other. In 2023, we further defined this with our Culture Story' which was rolled-out during our Leadership Conference in Cairo. The Board monitored progress through the regular updates from the management team, and culture and engagement surveys ran during the year – see page 47.

Doing the right thing

- continued to prioritise the health, safety and wellbeing of our people and support our local communities in need, including local communities and our people in Ukraine, which continues to be impacted by the conflict – see pages 47 to 48.
- established the Coca-Cola HBC Foundation, with an initial donation of EUR 10 million, dedicated to supporting the communities in which we operate, primarily in areas of natural disaster relief, packaging and waste management, corporate citizenship and empowering youth and women – see page 66.
- continued to invest in programmes that make our people and partners' work – and lives – easier. For example, Project Oxygen is reducing bureaucracy and complexity so they can focus on value-adding activities, showing how our company value of 'making it simple' really matters – see page 46.

Investing in our people

- ran bi-annual culture and engagement surveys one pulse survey and one collaboration for impact survey during the year – see page 47.
- implemented new international Leadership Trainee programme of the Group – see page 49.
- emphasised the well-being of our people with enhancing initiatives as the Employee Assistance Programme – see page 48.
- focused on initiatives to strengthen talent attraction and promote our preferred employer status – see page 51.
- continued to strengthen the diversity of our workforce through workplace inclusion activities and are proud to report that in 2023 we received 15 diversity-related awards; on gender diversity in particular, 41.8% of management positions now held by women – see page 49.

Opening up opportunities for our consumers, customers and partners

- strengthened our portfolio and our 24/7 beverage partner strategy by acquiring Finlandia vodka business from Brown-Forman, an investment that opens up new opportunities for our consumers, partners and customers to create value and offer a broader range in consumption occasions – see page 27.
- continued measuring and continuously improving customer experience using the Net Promoter Score® metric applied through CustomerGauge 'voice of customer' software, which enables instant feedback from customers – see page 36.
- continued investing in technology that enables a personalised experience for our consumers and customers, including connected coolers, digital marketing, digital platforms – see page 43.

Sustainability

- Accelerated our #YouthEmpowered employability programme – see page 65.
- Continued to prioritise a circular approach to packaging, achieving almost 50% rPET in EU and Swiss markets, a year ahead of the 2025 deadline set as part of the Union of European Soft Drinks Associations circular packaging vision for EU markets – see page 58.
- Joined TCCC and seven other leading bottling partners to announce a sustainability-focused venture capital fund. The $137.7 million fund is initially focusing on packaging, heating and cooling, facility decarbonisation, distribution and supply chain – see page 53.
- Accelerated progress towards NetZeroby40 by investing $12 million to open a high-speed returnable glass bottling line in Austria – see page 60.
- Invested in Manna Aero, an Irish start-up leading the way in food and beverage drone deliveries, which can be up to eight times more efficient – see page 57.
- Invested in water, hygiene and sanitation projects in seven Nigerian states to help strengthen community water resilience – see page 62.

Corporate Governance Report continued
Division of responsibilities

Board of Directors

The Board reviews and approves strategy, monitors performance toward strategic objectives, oversees implementation by the ELT and approves matters reserved by the Articles of Association for decision by the Board. The governance process of the Board is set out in our Articles of Association and the Organisational Regulations and can be found at https://www.coca-colahellenic.com/en/about-us/corporate-governance.

Chair

- Leads the Board, sets the agenda and promotes a culture of openness and debate.
- Ensures the highest standards of corporate governance.
- Is the main point of contact between the Board and management.
- Ensures effective communication with stakeholders, together with the CEO.

CEO

- Leads the business, implements strategy and chairs the ELT.
- Is responsible for overall effectiveness in leading the Company and setting the culture.
- Communicates with the Board, shareholders, employees, government authorities, other stakeholders and the public.

Senior Independent Director

- Acts as a sounding Board for the Chair and appraises his performance.
- Leads the independent NEDs on matters that benefit from an independent review.
- 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.
- 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.
- Advises the Board on governance matters.

Board committees

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 130 to 132.

Nomination Committee

- Identifies and nominates new Board members, including recommending Directors to be members of each Board committee.
- Ensures adequate Board training; supports the Board and each committee in conducting a self-assessment.
- Oversees the talent development framework.
- Oversees effective succession planning for the CEO, in consultation with the Chair, and for the ELT, in consultation with the CEO.

Social Responsibility Committee

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

Audit and Risk Committee

- Oversees accounting policies, financial reporting and disclosure controls; approach to internal controls and risk management; information / cyber security matters; and the quality, adequacy and scope of internal and external audit functions.
- Oversees compliance with legal, regulatory and financial reporting requirements and the internal audit function.
- External auditor reports directly to the committee.

Remuneration Committee

- Establishes the remuneration strategy; determines and agrees with the Board the remuneration of Group Executives and approves remuneration for the Chair and the CEO.
- Makes recommendations to the Board regarding remuneration matters to be approved at the AGM.
- Implements or modifies any employee benefit plan resulting in an increased annual cost of €5 million or more.

Corporate Governance Report continued
Division of responsibilities continued

Separation of roles

There is a clear separation of the roles of the Chair and the CEO. The Chair is responsible for the operation of the Board and for ensuring that all Directors are properly informed and consulted on all relevant matters. The Chair, 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 CEO. The Chair promotes a culture of openness and debate within the Board sessions as well as outside the formal sessions. The Chair is also actively involved in the work of the Nomination Committee concerning succession planning and the selection of key people. The CEO, 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 and leads the ELT.

Board Director	Month and year appointed	Board meeting attended/total	Nomination Committee	Social Responsibility Committee	Audit and Risk Committee	Remuneration Committee
Anastassis G. David	January 2016	8/8				
Zoran Bogdanovic	June 2018	8/8				
Charlotte J. Boyle	June 2017	8/8	4/4			4/4
Henrique Braun	June 2021	8/8				
Anna Diamantopoulou	June 2020	8/8	4/4	4/4		4/4
Olusola (Sola) David-Borha	June 2015	8/8			8/8	
William W. (Bill) Douglas III[1]	June 2016	7/8			8/8	
Reto Francioni	June 2016	8/8	4/4			4/4
Anastasios I. Leventis[2]	June 2014	7/8		3/4		
Christo Leventis	June 2014	8/8				
Alexandra Papalexopoulou[3]	June 2015	7/8			8/8	
Bruno Pietracci[4]	June 2021	2/2		1/1		
Ryan Rudolph[5]	June 2016	2/2				
George Pavlos Leventis[6]	May 2023	6/6				
Evguenia (Jeny) Stoichkova[6]	May 2023	6/6		3/3		

1. Bill Douglas III was unable to attend one Board meeting due to a personal family issue.
2. Anastasios I. Leventis was unable to attend one Board meeting and one meeting of the Social Responsibility Committee due to a pre-agreed long-standing prior commitment.
3. Alexandra Papalexopoulou was unable to attend one Board meeting due to a pre-agreed long-standing prior commitment.
4. Bruno Pietracci retired from the Board and from the Social Responsibility Committee at the AGM on 17 May 2023.
5. Ryan Rudolph retired from the Board at the AGM on 17 May 2023.
6. Evguenia Stoichkova and George Pavlos Leventis were appointed to the Board at the AGM on 17 May 2023.

Corporate Governance Report continued
The Executive Leadership Team



Zoran Bogdanovic

(51) CEO, Executive Director

Senior management tenure: Appointed June 2013, appointed Chief Executive Officer December 2017 (11 years)

Previous Group roles: Zoran was previously the Company's Region Director responsible for operations in 12 countries. 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.

Previous relevant experience:

Prior to joining Coca-Cola HBC in 1996, Zoran was an auditor with auditing and consulting firm Arthur Andersen.

External appointments: None

Nationality: Croatian



Naya Kalogeraki

(53) Chief Operating Officer

Senior management tenure: Appointed July 2016, appointed Chief Operating Officer September 2020 (7 years)

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.

External appointments: Naya is a board member of Casa del Caffè Vergnano S.p.A., in which the Group holds a 30% equity shareholding.

Nationality: Greek



Ben Almanzar

(49) CFO

Senior management tenure: Appointed April 2021 (2 years)

Previous Group roles: None

Previous relevant experience: Before joining the Company, Ben held senior financial positions in Mars Incorporated, where he worked for 10 years as Regional CFO, Europe & Southern Africa and subsequently as 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.

External appointments: None

Nationality: Dominican Republic and British

On 15 January 2024 the Company announced that Ben Almanzar will be stepping down as CFO during the second quarter of 2024 and will stay with the company to ensure a smooth transition until the end of May 2024. On 7 February 2024 the Company announced the appointment of Ben's successor, Anastasis Stamoulis, who will be taking over the role of CFO as of 1 May 2024.



Jan Gustavsson

(58) General Counsel, Company Secretary and Chief Corporate Development Officer

Senior management tenure: Appointed August 2001 (22 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.

External appointments: Jan is a board member of Casa del Caffè Vergnano S.p.A., in which the Group holds a 30% equity shareholding.

Nationality: Swedish



Ebru Ozgen

(53) Chief People & Culture Officer

Senior management tenure: Appointed September 2023 (less than 1 year)

Previous Group roles: None

Previous relevant experience: Before joining the Company, Ebru worked with Coca-Cola Icecek (CCI) from 1997, where she progressed through leadership roles in finance until she was appointed as the CFO of the Turkey Operation. In 2017, she assumed the Chief Human Resources Officer role of CCI and became an Executive Committee member, where she led the People and Culture agenda and transformation in business strategy for Turkey, the Middle East, Pakistan and Central Asia operations, bringing a multidisciplinary approach and a holistic business partnering mindset to the People & Culture function. Ebru started her career in 1992 in Arthur Andersen & Co, as an auditor before moving to the FMCG sector.

External appointments: None

Nationality: Turkish

Corporate Governance Report continued
The Executive Leadership Team continued



Ivo Bjelis

(56) Chief Supply Chain Officer

Senior management tenure: Appointed January 2022 (2 years)

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, 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.

External appointments: None

Nationality: Croatian



Marcel Martin

(65) Chief Corporate Affairs and Sustainability Officer

Senior management tenure: Appointed Chief Supply Chain Officer January 2015, appointed Chief Corporate Affairs & Sustainability Officer January 2022 (9 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.

External appointments: None

Nationality: Romanian



Mourad Ajarti

(47) Chief Digital and Technology Officer

Senior management tenure: Appointed October 2019 (4 years)

Previous Group roles: None.

Previous relevant experience: Mourad 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.

External appointments: None

Nationality: British and Moroccan



Spyros Mello

(49) Strategy and Transformation Director

Senior management tenure: Appointed November 2021 (2 years)

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.

External appointments: None

Nationality: Greek



Minas Agelidis

(54) Region Director: Austria, Czech Republic, Estonia, Hungary, island of Ireland, Latvia, Lithuania, Poland, Slovakia, Switzerland

Senior management tenure: Appointed April 2019 (4 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.

External appointments: None

Nationality: Greek

Corporate Governance Report continued
The Executive Leadership Team continued



Frank O'Donnell

(56) Region Director: Armenia, Bosnia & Herzegovina, Bulgaria, Croatia, Cyprus, Greece, Moldova, Montenegro, North Macedonia, Romania, Serbia, Slovenia, Ukraine.

Senior management tenure: Appointed June 2023 (less than one year)

Previous Group roles: Frank joined the Group in 1992 holding positions with increasing responsibility in the commercial function in Ireland, becoming Sales Director in 2003. From 2010, Frank was Commercial Director of our Czech/Slovak business unit. Since 2014, Frank has held general management assignments in a number of our markets, including those of Country General Manager Ireland, Country General Manager Austria and Country General Manager Italy.

External appointments: None

Nationality: Irish



Aleksandar Ruzevic

(53) Region Director: Nigeria, Egypt, Belarus, and Russia

Senior management tenure: Appointed June 2023 (less than one year)

Previous Group roles: Aleksandar joined the Group in 1998 as a sales representative. He was then appointed Commercial Director for Serbia and Montenegro. In 2010 Aleksandar joined the Ukrainian team in the role of Commercial Director, which he successfully led for four years. In 2014 Aleksandar took the position of General Manager in North Macedonia. In 2016 he became Country General Manager in Serbia and Montenegro and from 2018 he led the Russia BU.

External appointments: None

Nationality: Serbian



Barbara Tönz

(53) Chief Customer and Commercial Officer

Senior management tenure: Appointed May 2021 (2 years)

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 TCCC, 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.

External appointments: None

Nationality: Swiss



Vitaliy Novikov

(44) Digital Commerce Business Development Director

Senior management tenure: Appointed September 2020 (3 years)

Previous Group roles: Vitaliy joined the Group in 2011 as General Manager of the Baltics business unit and then 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.

External appointments: None

Nationality: Ukrainian



Jaak Mikkel

(49) New Businesses Director

Senior management tenure: Appointed February 2023 (1 year)

Previous Group roles: Jaak joined the Group in 2008 as Sales Director for Baltics and then held roles of General Management for Pivara Skopje in North Macedonia, Romania with the latest being General Manager for Poland & Baltics.

Previous relevant experience: Prior to joining the Group, Jaak spent ten years with Shell managing Convenience Retail businesses in the Baltics, Central Eastern Europe and in the Nordics.

External appointments: None

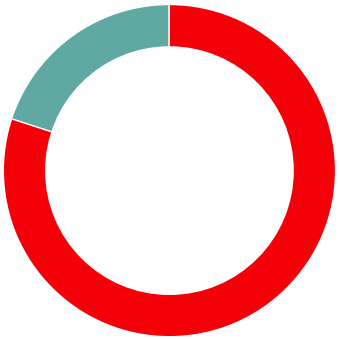
Nationality: Estonian

Corporate Governance Report continued
The Executive Leadership Team continued

Responsibilities of the ELT

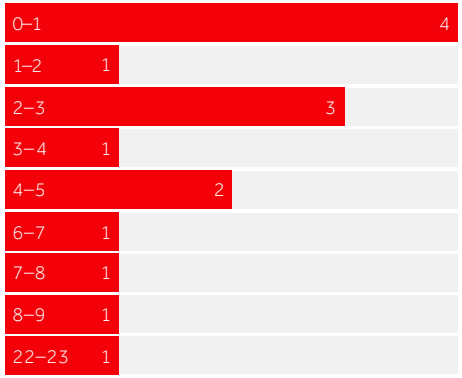
- Day-to-day executive management of the Group and its businesses, including all matters not reserved for the Board or other bodies.
- Development of Group strategies and implementation of the strategies approved by the Board.
- Providing adequate head-office support for each of the Group's countries.
- Setting 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.
- Leading the Group's talent and capability development programmes.

Executive Leadership gender diversity (number and %)



Men	12	77%
Women	3	23%

Executive Leadership Team tenure (years)



Key activities and decisions in 2023

Frequency of meetings: monthly

Long-term direction setting

- Sponsoring the development and launch of the new redesign of the Company purpose, values and leadership manifesto.
- Assessing, approving and reviewing key initiatives related to processes and projects optimisation (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 progress of initiatives on the way to deliver 2025 commitments.
- Setting long-term capability building priorities and programmes.
- Review of company-wide talent strategy and of talents through talent review forums.
- Overseeing the strategic evolution of Supply Chain, People and Culture, Commercial, Finance. Digital & Technology Platform Services, Strategy & Transformation, and Corporate Affairs & Sustainability functions.
- 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 Spirits and Coffee partners.
- Reviewing progress of the aligned priorities, investments and spending.
- Reviewing and approving annual business plans for 2024 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.

Business case reviews and approvals

- Reviewing and approving progress of selected key initiatives, data insight & analytics (DIA), revenue growth management (RGM), digital commerce, digital & technology platforms, sustainability, diversity & inclusion (D&I) and culture.
- 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).
- Initiatives that deliver sustainability benefits.
- Engagement.
- Diversity, Equity & Inclusion.
- Cyber security.
- Business Resilience.
- Digital eCommerce platforms and tools.

Corporate Governance Report continued

Board composition, succession and evaluation

Nomination Committee

Highlights 2023

- Succession planning and talent review
- Appointment of two new NEDs
- Engagement and pulse surveys
- Internships and management changes
- Roll-out of the Group's Culture Manifesto
- New International Leadership Trainee Programme
- Strengthened our status as preferred employer

Priorities for 2024

- Consideration of ethnicity and other diversity targets
- Continued focus on succession planning for the Board and the ELT
- Close monitoring of the Group's talent development framework and pipeline, including talent attraction and retention
- Engagement and culture surveys
- Externally facilitated Board and committee assessments
- Follow-up actions on outcome of 2023 evaluation assessment

Dear Stakeholder

The work of the Nomination Committee focuses on the proper composition and effective operation of the Board, Board and senior management succession planning, the oversight of the talent management framework, as well as employee engagement and diversity initiatives.

In 2023, the Committee continued to review the balance of skills, experience and diversity of the Board, and the overall length of service of the Board, both as a whole and as part of its succession planning and consideration of the need to refresh Board membership. Our Group's Nomination Policy for the Recruitment of Board members is our compass for the recruitment of new Board members. This year, following the retirement of two Board members, two new members were appointed to the Board at the 2023 AGM. As every year, this year the Committee continued to coordinate the evaluation of the Board and the Board committees' effectiveness through an externally facilitated assessment.

On the employee side, the oversight of the Group's talent development, employee engagement and diversity initiatives, which are necessary to ensure that the Group has the people and skills to deliver on its strategy, remained a key priority for the Committee. Regular engagement with senior management to review results of employee engagement surveys and get updates on the new International Leadership Trainee programme, Coke Summership programme, the progress of embedding the Group's Culture Manifesto rolled out earlier in 2023, talent movements within the Group and within the Coca-Cola System, as well as activities to enhance the Group's preferred employer status provided excellent insights for the work of the Committee and in setting our key priorities for 2024.

A summary of the Group's Nomination Policy for the recruitment of Board members is available online and for more details see page 146.



Reto Francioni
Committee Chair

Corporate Governance Report continued
Nomination Committee continued

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 Chair, the succession of the CEO 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 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 Chair, a Board membership succession plan;
- ensuring, together with the Chair, 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 the Group's 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.

The members of the Nomination Committee are Reto Francioni, Charlotte Boyle and Anna Diamantopoulou. All members of the Nomination Committee are independent NEDs. At the AGM in May 2023, 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 May 2023 and regularly interacts with representatives of our shareholders.

Members	Membership status
Reto Francioni (Chair)	Member since 2016, Chair since 2016
Charlotte J. Boyle	Member since 2017
Anna Diamantopoulou	Member since 2020

Work and activities

The Nomination Committee met four times during 2023 and discharged the responsibilities defined under Annex C of the Company's Organisational Regulations. The CEO and the Chief People and Culture Officer regularly attend meetings of the Nomination Committee. In addition, the Chair is actively involved in the work of the Nomination Committee concerning succession planning and the selection of key people. In 2023, the General Counsel also met with the Nomination Committee on several occasions. During 2023, 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 ELT;
- composition of the Board, including the appropriate balance of skills, knowledge, experience and diversity;
- review of the talent management framework;
- review of the newly implemented international Leadership Trainee programme of the Group;
- oversight of pulse survey and engagement survey results and focus areas;
- monitoring of internship programme;
- activities and progress of embedding the Group's Cultural Manifesto following its launch in 2023;
- activities to strengthen our position in employer branding and promote our preferred employer status;
- coordination of the performance evaluation and annual assessments of the Board and its committees;
- presentation of the Board and committees' assessment and alignment on follow-up actions arising from these evaluations; and
- review of the Director induction process and training programmes.

During the Committee's discussions on all matters detailed above consideration of the Company's Inclusion and Diversity and Anti-Harassment Policy, and where appropriate, the Board Nomination Policy, as well as the Company's commitment to such policies, is taken into account to ensure they are embedded into the Group's activities, programmes and initiatives.

Board Nomination Policy

Our 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 that 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.

Committee at work

- Succession planning
- Board composition
- Recruitment
- Shortlisting
- Interview
- Balance of skills assessment
- Appointment
- Induction

Corporate Governance Report continued
Nomination Committee continued

Board members' skills and experience

Director	Corporate governance	Finance, investments & accounting	FMCG Knowledge /Experience	International exposure	Risk oversight & management	Sustainability & community engagement
	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.	Our business is extensive and involves complex financial transactions in the various jurisdictions where we operate.	Our business involves the preparation, packaging, sale and distribution of the world's leading non-alcoholic beverage brands.	Our business is truly international with operations in 29 countries, at different stages of development, on three continents.	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.	Building community trust through the responsible and sustainable management of our business is an indispensable part of our culture. ESG is prominent in our business, in particular workforce matters, environmental and climate change issues and supply chain sustainability.
Anastassis G. David	●	●	●	●	●	●
Zoran Bogdanovic	●	●	●	●	●	●
Charlotte Boyle	●	●	●	●	●	●
Henrique Braun	●	●	●	●	●	●
Sola David-Borha	●	●		●	●	
Anna Diamantopoulou				●		●
Bill Douglas III	●	●	●	●	●	●
Reto Francioni	●	●		●	●	
Anastasios Leventis		●	●	●	●	●
Christo Leventis	●	●	●	●	●	●
Alexandra Papalexopoulou	●	●		●	●	●
Evguenia Stoichkova		●	●	●	●	●
George Pavlos Leventis	●	●	●	●	●	●
Total	**10**	**12**	**9**	**13**	**12**	**11**

Corporate Governance Report continued
Nomination Committee continued

We are proud of the diverse skills and experiences of our Board.

For example, in relation to ESG matters, 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 who 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.

In addition, connected to the ESG, Anastasios Leventis, the Chairman of the Social Responsibility Committee of the Board, is a member of the European Council of The Nature Conservancy (TNC), a global environmental non-profit organisation working to create a world where people and nature can thrive, and he is a board member of WWF Hellas (the Greek branch of WWF). Those experiences support in driving the environmental agenda and in endorsing Coca-Cola HBC's bold sustainability commitments related to climate, water stewardship, biodiversity and packaging.

In relation to risk oversight and management, we are proud that the vast majority of our Board members possess strong risk management expertise, developed over time as a result of their extensive experience in senior leadership positions in large organizations, as executives and/or as board members, where the deep understanding of material risks and their potential impact, the implementation of mitigation and resolution as well as contingency plans and the setting of appropriate internal controls, processes and policies to effectively address these is paramount to successfully perform in such senior roles.

Support and training for the Board

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. All Directors have access to our General Counsel, as well as independent professional advice at the expense of the Company. They have full access to the CEO and senior management, as well as the external auditor and internal audit team.

The Board has in place an induction programme for new Directors. It involves meetings with the Chair, members of the ELT and other senior executives, as well as receiving orientation training in relation to the Group and its corporate governance practices. It 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. In 2023, our Chief Risk Officer ran a risk management workshop for the Board. The Directors individually attend seminars, forums, conferences and working groups on relevant topics. The Nomination Committee reviews 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 and appropriate succession planning for senior management. These cover the short, medium and long term, and 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 – see page 146 – 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, the Board may elect a permanent guest to be proposed for election by the shareholders at the next AGM. 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 Chair. In making such recommendations, the Nomination Committee and the Board must consider objective criteria as above, as well as the overall length of service of the Board as a whole when refreshing its membership. Through this process, the Board is satisfied that the Board and its committees have diversity, independence and knowledge to enable them to discharge their duties, including sufficient time commitment.

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 49 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 considering our geographical footprint, and is critical in promoting a diverse and inclusive culture across the whole Group. The Board has adopted a Board Nomination 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. It does not include targets for either gender or ethnicity. However, the Board is cognisant of the recommendations in the FTSE Women Leaders Review, as well as the targets for gender, ethnicity and persons in senior board positions in the FCA's Listing Rules, and these will be taken into consideration for succession planning and 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 Nomination 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.

Corporate Governance Report continued
Nomination Committee continued

The Board understands the benefits of diversity of gender, ethnicity, knowledge and experience, and this is reflected in the Board Nomination Policy. The Policy's objectives include ensuring female representation on the Board.

Two Directors retired at the 2023 AGM and, following recommendation by the Nomination Committee, two Directors, one male and one female, were appointed at the 2023 AGM. Female representation on the Board increased from around 33% to 38% following appointment of Evguenia Stoichkova at the 2023 AGM.

Board and ELT gender and ethnicity metrics

The FCA's new Listing Rules on targets for gender and ethnic diversity apply to the Company for the first time this financial year. As at 31 December 2023, the Company had met the target for ethnic Board diversity and had just over 38% of female Board representation. Although the female proportion has increased, the Company is slightly behind the required 40% target in the FCA Listing Rules. No senior positions on the Board as described in the FCA Listing Rules are held by women. Female representation in the ELT is 20% and in senior management positions reporting to ELT is 36,79%. 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 including the ELT.

The following metrics set out the range of gender and ethnicity as they relate to our Board and ELT as at 31 December 2023. The ELT refers to the most senior level of managers reporting to the CEO, including the General Counsel/Company Secretary but excluding administrative and support staff, in accordance with the definition in the FCA's Listing Rules. The Board diversity related data is collated on an anonymous basis directly from each Director and ELT member using a questionnaire and given on a self-identifying basis.

Gender representation at Board and ELT level

	Number of Board members	% of the Board	Number of senior positions on Board (CEO, CFO, SID and Chair)[2]	Number in ELT	% of ELT
Men	8	62%	3	12	80%
Women	5	38%	0	3	20%

Ethnicity representation at Board and ELT level

	Number of Board members	% of the Board	Number of senior positions on Board[3] (CEO, CFO, SID and Chair)[2]	Number in ELT	% of ELT
White British or other White (including minority-white groups)	11	85%		12	80%
Mixed/multiple ethnic groups				2	13%
Asian/Asian British					
Black/African/Caribbean/Black British	1	8%			
Other ethnic group, including Arab				1	7%
Not specified/prefer not to say[1]	1	8%			

[1] This includes, as permitted by Listing Rule 9.8.6G, those persons in respect of whom data protection laws in relevant jurisdictions prevent the collection or publication of some or all of the personal data required to be disclosed.
[2] CEO is a senior position on the Board, but CFO is not.
[3] Board diversity data is collated on an anonymous basis directly from each Director using a questionnaire and given on a self-identifying basis and without identifying their position on the Board.

Gender diversity and representation at Board and ELT level

The Board is committed to appointing the best people with the right skills, using non-discriminatory and fair processes during selection, recognising 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. A target has been set of 50% female representation of managers, to be achieved by 2025. 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 46 to 51. The Nomination Committee, in conjunction with the ELT, 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.

We are a global company with a diverse geographic footprint, including in emerging markets. Our ELT is based in Switzerland where the Company is incorporated, but the majority of our senior management reporting to the ELT is located in a number of other countries. We are currently in the process of an internal review and mapping of our senior management and their ethnicity. Until the completion of this review and mapping we are not in a place to set meaningful long-term targets in respect of ethnic minority representation in senior management positions. The Board intends to set a target once it is in a position to do so. We are committed to increasing the diversity of our senior management population and there will be a number of initiatives that will be put in place over the coming years to support this and to ensure that we have the right pipeline of talent. In the future we will also look more closely at ethnic minority representation across the whole Company, not just at the management population, and report on this where appropriate.

Corporate Governance Report continued
Nomination Committee continued

Performance evaluation of the Board

The Nomination Committee led the annual evaluation of Board and committee performance with the support of Lintstock, an external advisory firm we have worked with for the past eight years. Lintstock has no other connection to the Company or individual Directors. The key areas included in the assessment were: Board composition; stakeholder oversight; Board dynamics; management of meetings; Board support; Board committees; strategic, risk and people oversight; and priorities for change in 2024. It also took actions to address the recommendations from the previous (2022) evaluation, as summarised in the box opposite. The Chair will lead on the priorities identified to be actioned during 2024.

In addition to the annual evaluation, the Chair met with Directors throughout the year to receive feedback on the functioning of the Board and its committees, 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.

The independent Directors met separately at every Board meeting to discuss a variety of issues, including the effectiveness of the Board. An evaluation of each Director (other than the Chair) was conducted by the Chair and the Senior Independent Director. The Senior Independent Director leads the evaluation of the Chair in conjunction with the NEDs, considering the views of the CEO, and, as a matter of practice, meets with the other independent NEDs when each Board meeting is held to discuss issues together, without the CEO or other NEDs present. The Chair also holds meetings with the NEDs without the CEO present.

2023 actions based on 2022 Board evaluation findings and previous experience

- Regular updates by the CEO, CFO and Chief Risk Officer on macro factors and considering those in strategic business decision and risk management oversight.
- Regular reviews of the Russia and Ukraine conflict issue as part of business and risk management discussions and overview.
- Focus on strategic initiatives in accelerating digital commerce activities, as well as investing in technology and solutions driving operational and administrational processes digitalisation and automation.
- Continued prioritisation on the evaluation of succession plans for Board members and senior management roles.
- Oversight of people and talent-related matters such as talent programmes, employee pulse surveys, employer branding initiatives, and health & safety performance reviews.

2023 evaluation findings

- Board composition, management of meetings, Board support and stakeholder oversight were rated very highly.
- The atmosphere in the boardroom, the quality of discussion and debate, as well as the support and challenge to management were rated very highly.
- The structure and remits of Board committees and the quality of their reports to the Board were also very highly rated.
- The Board's strategic oversight was highly rated and top priority areas to successfully execute its 2025 Growth Story strategy were validated.
- The Board's oversight on risk was very highly rated, with cyber security and geopolitical risks being identified as areas of particular focus on our risk management approach.
- The succession plans for the executive management, the Board's visibility of potential internal successors and the quality of the Company's talent development processes drew very high ratings.
- The performance of the Board was seen to have been maintained or improved since the last review.
- The opportunity for the Board to draw lessons from geopolitics over the past year was highlighted.

2024 priorities

- Prioritising ESG related topics, with particular focus on sustainability.
- Leveraging the learnings from geopolitical, macro and regulatory developments for strategic planning and risk management purposes.
- Enhance further getting external perspectives and insights on priority areas.
- Continued focus on Emerging markets.
- Talent acquisition, development, and retention to ensure a strong pool of future leaders.
- Risk management and assessment and mitigation plans and monitoring geopolitical, macroeconomic and currency risks.
- Strategic oversight and support to management in achieving the 2025 Growth Story targets.
- Technology and digital, including cyber security.

A robust, independent methodology

The first stage of the review involved Lintstock engaging with the Company Secretary and the Nomination Committee to set the context for the evaluation, and to tailor survey content to the specific circumstances of the Company. 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 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 Chair, 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. Priority areas for 2024 were identified and for the Board to focus on: (a) ESG and sustainability; (b) closely monitoring Emerging markets performance and strategy; (c) attracting, developing and retaining talent; (d) risk assessment and mitigation, and closely monitoring macro, geopolitical and currency risks; (e) strategic oversight and supporting management in achieving the 2025 Growth Story targets; and (f) technology and digital, including cyber security.

Corporate Governance Report continued

Social Responsibility Committee



Highlights 2023

- Close oversight of the 'Earn our licence to operate' pillar as part of our Growth Story 2025, including progress of public Mission 2025 commitments.
- Detailed 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.
- Review of the Company's outcome of the first steps of the Science Based Target Network for Nature (SBTN) methodology, including full value chain mapping, biodiversity risk and impact assessment (upstream, downstream, direct operations) and prioritisation of the key areas for target setting.
- Shifting the Company's commitment of no deforestation across the value chain from 2030 to 2025, aligned with the Forest, Land and Agriculture (FLAG) science-based carbon reduction targets.
- Deep review of mid-term scenarios and potential initiatives to shape our Packaging Mix of the Future – advancing sustainable packaging agenda, with focus on overall decarbonisation vs 'business as usual' and accelerating reuse solutions while growing profits and revenues faster than volumes.
- Deep-dive analysis of Group results in various ESG benchmarks.
- Monitoring innovation projects and partnerships that support our ESG agenda.
- Ongoing updates on plastic packaging levies, Packaging and Packaging Waste Regulation, the new limits set by the EU Commission for Bisphenol A, product tax developments, Green Claims, Dual Quality Omnibus Directive.
- Active involvement in Annual Stakeholder Forum and in Sustainable event with suppliers.
- The launch of the System Sustainability Venture Fund in partnership with the venture-capital firm Greycroft.

Priorities for 2024

- Endorsement of the next set of the Company's sustainability commitments (2030 commitments).
- Setting the first science-based targets on biodiversity based on the outcome of the SBTN methodology.
- Partnerships for innovation in the area of ESG, with both customers and suppliers.
- Implementation of the updated NetZeroby40 roadmap and 2030 science-based targets (including separate FLAG targets, Egypt operations integration, revised target of scope 3 emissions in line with 'well below 2 degrees' pathway) after receiving an approval by the Science Based Targets initiative (SBTi).
- Progress on sustainable packaging agenda.
- Overview of the social impact programmes.
- Progress on 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 Sustainability Responsibility Directive (CSRD), European Sustainability Reporting Standards (ESRS) and standards issued by the International Sustainability Standards Board (ISSB).
- Ongoing activities related to ESG benchmarking, plastic packaging levies and product tax developments.

Dear Stakeholder

Two decades ago, our Company published its first Corporate Social Responsibility Report with the ambition of a 'Journey to World Class'. Since then, we have been integrating the aspects of sustainability, including the environmental and social pillars, in our business strategy, in our decision-making process and in our long-term goals. Our current sustainability commitments, Mission 2025, are approaching their target year and we proudly report that our progress there is significant.

In 2023, 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 and Pack Mix of the Future scenarios and initiatives, which not only help our business to decarbonise, but also contribute to a litter-free world and support sustainability agenda for our customers. The Committee reviewed the proposed solutions of returnable glass bottles and packageless beverages, the pilot testing of Freestyle Compact® machines and approach to reusable vessels, the pilot of LitePac Top in Austria (from shrink film to cardboard holder for family packs multipacks), the results of KeelClip™ roll-out (cardboard holder for cans multipacks) across 22 countries, scenarios for increasing of the rPET content in our markets, and initiatives for post-consumer collection, including plans for Deposit Return Schemes (DRS). We monitored the development of the different ESG regulations but also the ESG reporting regulations that will be mandated to medium and large companies.

We are very proud of the bold progress in every business unit in relation to our NetZeroby40 roadmap, such as renewable energy initiatives, energy-efficient coolers, supplier engagement, and to water stewardship projects in water risk areas.

Corporate Governance Report continued
Social Responsibility Committee continued

In 2023, the Company was again named by the Dow Jones Sustainability Index as a leader, with the highest S&P Global Corporate Sustainability Assessment score in the Beverage industry, which is the seventh time we have topped the industry and marks 13 consecutive years among the top three. We now have the highest scores and rankings in ten of the most-recognised ESG ratings (DJSI, CDP Climate and Water, MSCI ESG, ISS ESG, V.E., Sustainalytics among them).

During the year we reviewed the high-level activities of the capital investments related to sustainability, sustainability communication strategy, and the capability programme prepared for different levels in our organisation aiming to build sustainability knowledge in a tailored, engaging and simple way. Going forward in 2024, 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. 2024 will be the year when we are planning to publish our new set of bold, industry leading sustainability targets in the areas material for our stakeholders, for our business, for society, and for the environment. Biodiversity, water community projects, the requirements of the CSRD, initiatives to support the Company's Packaging Mix of the Future journey, human rights, our social agenda and impact, ESG programmes for our suppliers, and customer partnerships in sustainability, will be among the focus areas in 2024.



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 in 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, our people and communities, and biodiversity), 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
- reviewing Group policies on environmental issues, human rights and other topics as they relate to social responsibility

The Social Responsibility Committee comprises one independent and two non-independent Directors: Anastasios I. Leventis (Chair), Anna Diamantopoulou, Bruno Pietracci until May 2023 and Evguenia Stoichkova from May 2023. Anastasios I. Leventis and Anna Diamantopoulou were each re-elected and Evguenia Stoichkova was elected for the first time, for a one year term, by the shareholders at the AGM in May 2023.

Members	Membership status
Anastasios I. Leventis (Chair)	Member since 2016 Chair since 2016
Anna Diamantopoulou	Member since June 2020
Bruno Pietracci	Member from June 2021 until May 2023
Evguenia Stoichkova	Member since May 2023

Work and activities

The Social Responsibility Committee met four times during 2023. The Committee invited other members of the Board to attend the meetings, namely Charlotte J. Boyle, George Leventis and the CEO, as well as the Chief Corporate Affairs and Sustainability Officer and additional senior leaders subject to the discussion topics. During 2023, 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 impact assessment across the entire value chain as per the SBTN guidelines.
- Sustainable packaging cross-functional team agenda and progress towards more sustainable packaging (rPET, packageless, refillables and other), and packaging collection and recovery.
- Lifecycle analysis (LCA) of different packaging scenarios and their impact on the net zero journey.
- Detailed plans and initiatives for delivery of science-based carbon reduction targets and NetZeroby40 commitment, including the Company's application for setting FLAG science-based emissions targets.
- Participation of the Company's CEO in the Alliance of CEO Climate Leaders at the World Economic Forum (WEF).
- Investments in different initiatives that deliver sustainability benefits, the internal carbon pricing and total cost of water.
- The launch of the System Sustainability Venture Fund in partnership with the venture capital firm Greycroft.
- Innovative opportunities related to digital twin in manufacturing plants, green hydrogen, rPET in-house production, potential enzymatic recycling of packaging etc.
- Review of progress in decreasing calories in our beverages;
- Health and safety programmes, including Life Saving Rules and Behavioural Based Safety.
- Social impact community programmes such as #YouthEmpowered programmes and water stewardship projects.
- 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.
- ESG reporting frameworks and benchmarks such as GRI 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).
- Review of mandated in the near-future ESG regulations such as CSRD and the ESRS, EU taxonomy, EU Deforestation Regulation, Corporate Sustainability Due Diligence Directive (CSDDD) etc.

Corporate Governance Report continued

Audit and Risk Committee



Highlights 2023

- Compliance with financial and non-financial (including climate-related) disclosures.
- On-going monitoring of the Russia–Ukraine conflict, including sanctions related issues.
- Overview of the Group insurance renewal process.
- Preparatory work for CSRD implementation.
- Monitoring of the macroeconomic volatility in several countries of the Group, including Egypt and Nigeria.

Priorities for 2024

- 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.
- Ongoing monitoring of the Group's Business Resilience, Risk Management and Quality Assurance programmes.
- Ongoing monitoring of the Group's Cyber Security programme.
- Discussing developments and actions towards CSRD compliance.
- Initiating preparatory work in view of 2025 audit tender.
- Ongoing monitoring of financial markets and exploring financing options for the bond maturing in 2024.
- Overseeing the implementation of the necessary changes in the Corporate Audit Department and the internal audit policies and procedures, to comply with new global internal audit standards to take effect in 2025.

Dear Stakeholder

The Audit and Risk Committee continued to focus its work during 2023 on monitoring and strengthening the Group's internal financial controls, risk management, quality assurance and compliance systems, as well as the existing information system security processes, all of which are recognised by the Board as essential components of effective corporate governance. During 2023, the Audit and Risk Committee worked closely with corporate audit and finance teams in overseeing the implementation of the Group's internal control framework.

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. Emerging risks identified by the Group were discussed by the Audit and Risk Committee, including the impact of climate change on the cost and availability of key ingredients and impact of our sustainability performance on our reputation related risks. Other areas of focus during 2023 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 2023. 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
Audit and Risk Committee 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 in the Company's website under 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.
- Quarterly review of the company's principal risks and the actions the company is taking to manage those risks.
- Establishing and updating the Risk Appetite statement which establishes the level of risk the company is prepared to take in achieving its strategic objectives.
- 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 Exchange, and applicable professional standards.

The Audit and Risk Committee comprises three independent NEDs: 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 AGM in May 2023.

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 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 CFO 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 130 to 132 and in the table set out in page 147.

The Group CFO, as well as the General Counsel, external auditor, the Head of Corporate Audit, and the Group Financial Controller, attend all meetings of the Audit and Risk Committee. Other officers and employees are invited to attend meetings when appropriate. Two NEDs, Henrique Braun and Christo Leventis were invited to attend all meetings during 2023. 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 May 2023 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 2023 and discharged the responsibilities defined under Annex C of the Company's Organisational Regulations. The Committee invited others to attend meetings, including other Board members, namely Henrique Braun and Christo Leventis, and additional senior leaders subject to the discussion topics. 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 2022 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 30 June 2023, prior to their submission to the Board for approval;
- the trading updates for the three-month period ended 1 April 2023, and the nine-month period ended 30 September 2023, as well as a trading update issued in July 2023 for upgrading its 2023 earnings expectations;
- 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;
- review of the Group's Risk appetite statement and the framework for establishing risk tolerance levels for all risks as a key part of the risk assessment process; which supports the application of the risk appetite statement at all levels within the company;
- 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 2022; 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 30 June 2023;

Corporate Governance Report continued
Audit and Risk Committee continued

- report on tax audits undertaken during 2023 and relevant developments for on-going tax audits in a number of territories;
- approval of changes to 2023 internal audit plan and approval of the 2024 internal audit plan;
- quarterly reports on internal audit matters across the Group's business regions, concluding that no material failings were identified;
- direct procurement matters and initiatives for 2023, including the Group's commodities risk management initiatives for 2023;
- cross-regional audits on cyber security, people and culture process, anti-bribery compliance, data privacy compliance and various other ongoing audits on specific projects;
- regular reports on health and safety, GDPR compliance and internal control framework, quality assurance, environmental protection, asset protection, treasury and financial risks, anti-bribery and fraud control, anti-money laundering;
- quarterly reports on business continuity, security, cyber security, insurance and enterprise risk management processes.
- review of market updates for Egypt and Russia;
- review of the Purchase Price Allocation exercise within the framework of the acquisition of the Finlandia business;
- review and approval of insurance renewal process proposals;
- update on CSRD;
- update on the Group's green bond issued in September 2022 progress on internal control assessment and integration of CCHBC Egypt;
- 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 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. Reports to ensure that the Audit and Risk Committee can be satisfied that internal audit has the appropriate resources. The Audit & Risk Committee is satisfied that internal audit has the appropriate resources;
- 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 and Egypt;
- regular updates from the external auditor on accounting and regulatory developments. Also, an update on Swiss regulatory developments;
- tax related matters including:
  - monitoring progress on both the impact and implementation status of key international tax initiatives impacting the Group, namely the OECD Pillar 2 project and the EU's Public country-by-country reporting,
  - ensuring the Group is sufficiently structured and organised to meet its tax obligations (i.e., it's key tax processes and the supporting people and systems) in a rapidly changing international tax environment,
  - awareness of programmes available to provide the Group with certainty in the relationship with tax authorities, e.g., co-operative compliance programmes etc., and progress made by the Group to secure certainty to the extent possible,
  - oversight of open tax audits involving the Group and ensuring tax related risks and developments are appropriately managed,
  - tax automation initiatives aimed at solidifying governance and availability of data to support audits,
  - reviewing and endorsing the Group's annual update of its Tax Transparency Report, and
  - awareness of tax input into M&A activity and new business initiatives;
- approval of changes to chart of authority and delegation for operational activities;
- external audit plan and pre-approval of audit fees for 2024;
- consideration of the external auditor's independence, quality, and adequacy and the effectiveness of its audit of the financial statements; and
- assessment of 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 2023 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 2023 Integrated Annual Report including the Consolidated financial statements is fair, balanced and understandable. 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 2023, 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 the annual impairment testing of goodwill and other indefinite lived intangible assets 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;

Corporate Governance Report continued
Audit and Risk Committee continued

- review of guidance provided by the UK Financial Conduct Authority and Financial Reporting Council related to areas of focus for the 2023/2024 reporting season, including financial reporting, sustainability and climate-related disclosures, Task Force on Climate-related Financial Disclosures (TCFD) disclosures, viability and going concerns, corporate governance matters and The European Single Electronic Format standard;
- review of the interim impairment testing of goodwill and other indefinite lived intangible assets performed by management in relation to the Egyptian CGU;
- assess 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, taking also into consideration the renewal of bottler agreements with The Coca-Cola Company;
- recommended to the Board to approve the viability statement; and
- deeming appropriate that the Group continues to apply the going concern basis for the preparation of the financial statements.

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 first year, for the statutory financial statements on behalf of PwC AG is Patrick Balkanyi, for the year ended 31 December 2023. The Board, at the recommendation of the Audit and Risk Committee, has retained PricewaterhouseCoopers S.A., 260 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 2023. For the third year, the signing partner, the financial statements (for the year ended 31 December 2023) on behalf of PwC S.A. is Fotis Smyrnis.

The appointment of PwC S.A. has also been approved by the shareholders until the next AGM by way of advisory vote for UK purposes. '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 scepticism. 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 challenging macroeconomic conditions, 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 (i) a proposal to reappoint PwC AG be put to a shareholders' vote and (ii) a proposal to reappoint PwC S.A. be put to a shareholders' advisory vote at the next AGM.

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 reappointing PwC as external auditor and made such recommendation to the Board. PwC was reappointed by the Board as the Group's external auditor on 11 December 2015 with effect from the financial year 2017. Currently, the Audit and Risk Committee anticipates that the audit contract will be put out to tender again in 2025 for audit services with effect from financial year 2027, ensuring stability and quality of the audit process. The Company as a Swiss company is not subject to mandatory auditor rotation rules in the EU or UK but understands the requirements. 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 decide 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 2023.

Audit fees and all other fees

Audit fees: The fees for audit services to PwC and affiliates were approximately €5.3 million for the year ended 31 December 2023 (2022: €5.1 million). The audit fees for 2023 include fees associated with the annual audit and review of the Group's half year report, prepared in accordance with IFRS, as well as local statutory audits. Fees for audit services to firms other than PwC and affiliates were €0.6 million for the year ended 31 December 2023 (2022: €0.7 million).

Audit-related fees: Fees for audit-related services to PwC and affiliates for the year ended 31 December 2023 were €1.0 million (2022: €1.1 million).

Corporate Governance Report continued
Audit and Risk Committee continued

Tax-related fees: There were no fees to PwC and affiliates for tax services for the years ended 31 December 2023 and 2022.

All other fees: Fees to PwC and affiliates for non audit services for the year ended 31 December 2023 were €0.1 million (2022: €nil).

Risk management

During 2023, the Company continued to revise and strengthen its approach to risk management as described in detail on pages 86 to 112. 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 bi-annually.

The Company's Group Risk and Compliance Committee reviews the emerging as well as the identified risks biannually and the emerging and material risks along with mitigating actions are presented by the Chief Risk Officer to ELT 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, the Company has in place third-party insurance to cover residual insurable risk exposure such as property damage, business interruption, cyber risks and liability protection, including Directors' and officers' insurance for our Directors and officers.

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 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, 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 2023, the Audit and Risk Committee agreed the FY24 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 2023.

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. Our internal audit function has 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 enterprise risk management 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 page 123.

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 2023 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 CFO, the Country General Managers and Country CFOs 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.

Corporate Governance Report continued
Audit and Risk Committee continued

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. A compliance audit was conducted in our operations in Russia and Belarus at the end of 2023.

Cyber security and Anti-money laundering

There were no significant cyber security incidents in the last five years. For further details as to the identification of cyber security as a principal risk see page 96. In addition, there were no money laundering incidents to report.

Business conduct and anti-bribery

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 ELT, 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 the last training wave in 2021, 26,319 employees passed the course, which was 97.7% of the total active population. Since then, we continued to train every newly hired employee. In 2023 we trained 5,798 employees, including 994 employees in the Egypt BU. As in the past, this training will continue to be a regular requirement for all employees, with a refresher requirement every three years.

In 2023, 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 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 in the Company's website under coca-colahellenic.com/en/about-us/corporate-governance/policies.

Whistleblowing

We have established grievance mechanisms, including an independently operated whistleblower 'Speak Up! line', available in all CCHBC countries in local languages to ensure any concerns can be raised. In 2023, we investigated 640 allegations (2022: 589) of which 422 (2022: 324) 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, 164 (2022: 219) matters were substantiated as code violations of which 18 (2022: 20) involved an employee in a managerial position or involved a loss greater than €10,000. For details concerning the handling of allegations received in 2023, see our website. You can find more on allegations investigated and violations uncovered in our GRI index.

Through the 'Speak Up! line', we receive, retain, investigate and act on employee, officer, consultant, intern, secondee or agent of the Company's complaints or concerns regarding accounting, internal control, suspected fraudulent conduct, corrupt conduct, violation of any applicable antitrust and competition law rules, violation of personal data protection and company system security rules, endangerment of an individual's or individuals' health and safety, endangerment of the environment, commission of a criminal offence, failure to comply with any legal or regulatory obligation, and concealment of any information pertaining to any of the above, or other 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 and related policies or matters involving fraudulent behaviour by officers or employees of the Group. Individuals can report all such allegations, complaints or concerns in local languages, also directly to their Ethics and Compliance Officer, General Manager, Function Head, the Senior Audit Manager – COBC & Compliance, the Head of Corporate Audit, or our General Counsel.

All communications received directly by the above Company's representatives or 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! line 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 CFO, the General Counsel, the Head 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 ELT 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.

Directors' remuneration report

Letter from the Chair of the Remuneration Committee

Highlights 2023

- Excellent financial results, delivering a third year of double-digit growth and record profits
- Investing and opening up our people's potential through our commitment to people development and the unveiling of our culture manifesto
- Continued to strengthen our ongoing engagement with shareholders, ensuring that their feedback and views were considered in the Committee's decision making
- Reviewed the pay arrangements of our wider workforce, taking into account the impact of inflation and the cost of living
- Considered broader trends related to legislative and regulatory development, outcomes from the AGM 2023 season and future trends in executive reward

"Opening up opportunities for our people"

Priorities for 2024

- The Committee will use this year to consider our approach to reward for the top 40 senior leaders, including Executive Directors, to ensure our strategy and remuneration policy remains competitive and appropriate, incorporating best practice, feedback from shareholders and emerging trends
- Subsequently we will do a similar review of reward policies and pay arrangements for the wider workforce
- The Committee will focus on pay equity strategy and execution across all workforce segments in the Group
- We will maintain ongoing engagement with our shareholders with a commitment to consult on any future changes and continue to seek their feedback on remuneration issues

Dear Shareholder,

As the Chair of the Remuneration Committee, I am pleased to share the Directors' remuneration report for the year ended 31 December 2023, which includes: the Directors' remuneration policy that shareholders will be asked to approve at the AGM in May 2024; and the annual remuneration report reflecting how the Directors' remuneration policy has been implemented during 2023.

2023 has been a year where our new purpose has opened opportunities for our customers, partners and employees. Through continued focus on our 24/7 beverage strategy, we delivered another year of record financial results with margin improvements, revenue growth and cash flow generation. After the challenges of recent years, the business is well positioned to continue driving growth in revenue, profit and earnings.

The excellent financial and non-financial results in 2023 are testament to the hard work of all our people. It is the Committee's role to ensure that our people are rewarded for past performance as well as appropriately incentivised to deliver future performance, and that their dedication and commitment is recognised and considered in the context of our broader stakeholder group.

Fundamental to the Committee's decision making during the year is consideration of the remuneration of all our employees. We have regular updates at Committee meetings from our Chief People and Culture Officer and our Head of Rewards. These updates reflect the importance of our 15,000-strong sales force of business developers who are critical employees, directly serving our customers.

Net sales revenue

€10,184.0m

2022: €9,198.4m

Comparable EBIT

€1,083.8m

2022: €929.7m

Free cash flow

€711.8 m

2022: €645.1m

Comparable EPS

€ 2.078

2022: €1.706

ROIC

16.4%

2022: 14.1%

- Included in MIP
- Included in PSP

Directors' remuneration report continued
Letter from the Chair of the Remuneration Committee continued

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

Coca-Cola HBC AG is domiciled in Switzerland and we have a primary listing on the London Stock Exchange. We therefore ensure that we adhere to UK regulations and best practice, except where these conflict with Swiss law, which takes precedence. We receive regular updates from our remuneration advisers on UK best practice and market trends, and we also ensure we are current with pay trends in our markets, reflecting our geographic footprint and international peers.

This year, there were no significant changes in regulation and the format of this year's Directors' remuneration report is consistent with last year. As always, I welcome your feedback and suggestions regarding anything we can do to improve the report.

The Remuneration Committee continues to focus on ensuring that the remuneration policy remains fair, transparent and competitive, and that the approach to remuneration contributes to driving our growth strategy and long-term sustainable performance.

Remuneration in context

2023 was a third year of double-digit growth and record profits. As presented in our full-year results, focused execution of our 24/7 strategy delivered strong performance, with organic revenue up 16.9%. We continued to deliver volume growth, share gains and record levels of free cash flow. The strength of our 24/7 portfolio, our ongoing commitment to develop bespoke capabilities, and our diversified country footprint, are the foundations which support our continuous growth.

Despite the challenging macroeconomic and geopolitical environment, we continued with integrating our Egypt acquisition and we made significant progress towards our Mission 2025 and NetZeroby40 goals. In addition, we continue to explore new ways to invest in our future with our €100k Start-Up Challenge, now in its second year, opening up opportunities to discover innovations from across the start-up ecosystem, which are aligned to the business priorities. Sustainability is integrated within every aspect of our business, creating and sharing value for all our stakeholders. We are proud to 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. Our progress is recognised by the most important ESG benchmarks, such as being ranked as the world's most sustainable beverage company for the seventh time by Dow Jones Sustainability Indices 2023, MSCI ESG rating of AAA, and CDP Climate and Water of A rating for both categories, amongst others.

Our key financial highlights include:

- organic revenue up 16.9% and reported revenue up 10.7%;
- organic revenue per case up 15.0%, reflecting the benefits of revenue growth management initiatives throughout the year;
- comparable EBIT up 16.6% to €1,083.8 million, with organic EBIT up 17.7%, principally driven by organic growth across our markets, only partially offset by negative foreign currency movements;
- comparable EPS up 21.8%;
- another year delivering record free cash flow, with free cash flow increased by 10.3% to €711.8 million, largely reflecting higher operating profit; and
- proposed ordinary dividend of €0.93 per share, up 19.2% year on year and representing a 45% payout.

Stakeholder experience

Our shareholders

Shareholder engagement

As detailed in last year's remuneration report, to recognise the performance of the Group and the contribution of the Chief Executive Officer (CEO) since appointment, the Committee took the decision to apply a one-off increase in the CEO's Performance Share Plan (PSP) award to 450% of salary.

Whilst the proposed increase was within the remuneration policy limits and was designed to reward the CEO for the delivery of our 2025 Growth Story Commitments, the Committee recognised that there were significant minority votes against Resolutions 7 and 9, the advisory votes to approve the UK remuneration report and the Swiss statutory remuneration report. Each was passed with the support of 68.39% of the votes cast. I understand and acknowledge the significance of this outcome.

Ahead of the change being proposed, the Committee actively engaged with shareholders on the challenges it faced in operating the current remuneration policy within the current macroeconomic environment to ensure it struck the right balance in incentivising and rewarding management for strong performance, whilst adhering to best practice.

Following the AGM, I consulted with investors to understand the level of support received on the remuneration report. The key pieces of feedback received centred on (i) the one-off increase in the PSP opportunity for the CEO, where some shareholders felt that, although within the policy limits, the circumstances were not extraordinary and therefore did not justify the increased opportunity; and (ii) windfall gains related to the PSP award vesting in the year.

During 2023, we therefore continued our engagement programme, actively engaging with 38 shareholders as well as proxy advisers. We held meetings with ten of our largest shareholders who had accepted our invitation to meet. This group collectively owned approximately 60% of our shares. Typically, these were positive and constructive discussions, and we are grateful for the ongoing dialogue.

The Committee recognises the feedback from shareholders. As a Committee and in consultation with the Chair, we actively considered alternative approaches to implement the remuneration policy, which balanced UK governance expectations whilst ensuring that the remuneration policy recognised the performance of the executive team and drove delivery of our future growth strategy.

Reflecting on the feedback received from investors, the Committee agreed that, for 2024, the PSP award limit would revert to the normal policy level (330% of salary), and no material one-off decisions would be made on the implementation of the policy. We recognise that, over the past few AGMs, remuneration-related resolutions have received a significant minority of votes against. As detailed further on in my letter, the Committee intends to undertake a review of the remuneration policy over the course of 2024 and consider whether it remains fit for purpose or whether more substantive changes are required going forward. If any material changes are proposed, the Committee is committed to actively engage with all stakeholders ahead of the 2025 AGM.

I would like to thank our shareholders for taking the time to meet with me in 2023 and provide their feedback on the approach to Executive Director remuneration as well as the important topic of our approach to the wider workforce and our stakeholders.

Directors' remuneration report continued
Letter from the Chair of the Remuneration Committee continued

Shareholder experience
Regarding the experience of our shareholders, a dividend of €0.78 per share was distributed in 2023, and a dividend of €0.93 per share is proposed for 2024, up 19.2% year on year. We remain committed to making progressive dividend payments in the future. And in line with the Group's capital allocation framework, in November, the Board approved a share buyback programme aimed at returning up to €400 million to shareholders.

Our employees

The Committee receives regular updates on our active employee engagement activities. During this sustained period of uncertainty and high inflation, our people have continued to exhibit resilience, commitment and passion for what they do, which is evident with the continued high employee engagement scores at 86%, one percentage point higher than 2023. To ensure we are remaining market competitive when remunerating our workforce, we continued to review various data sources on market pay, and provided ad hoc increases in addition to the annual increase in many of our markets, ensuring that our talent and our frontline employees are the focus of these additional increases. This emphasis on performance and market competitiveness is consistent with the reward philosophy we seek across all levels of our workforce.

In addition to reviewing pay practices, benefits and wellbeing remain a priority, and in 2023 we organised a mental health awareness session focusing on resilience and stress management. We also conducted a session on financial wellbeing, with valuable insights and strategies to manage financial pressures. The Committee continues to provide strong oversight on our rewards practices, ensuring remuneration for our wider workforce remains competitive and fit for purpose in 2024.

As the Director responsible for Workforce Engagement, I attend the work councils' meetings to gather insights from representatives across the Company. During 2023, meetings included discussion on workforce concern about inflation and its impact. The Company's decision to provide one-off bonuses provided at the end of 2023, to help alleviate higher cost of living, was well received by the workforce. As in previous years, I interacted directly with the representatives to get their wider insights, which I took back to the Committee for discussion and to share with the Board.

As in prior years, we supported humanitarian efforts for colleagues and communities impacted by war or natural disaster, alongside the Coca-Cola System partners and the Ukrainian Red Cross. In December 2023, we also announced the establishment of a charitable foundation dedicated to supporting local communities where we operate.

We continued our efforts to build an inclusive workplace and a diverse workforce to reflect our customer base and communities. 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 programme, acting as sponsors offering assistance in navigating common career barriers.

Base salary arrangements

The Committee considered a number of factors when reviewing the base salary of the CEO in 2023. This included: consideration of our wider workforce experience (there was an average 7.3% salary increase across the Group) market data against the FTSE 100 and broader international FMCG peer group; and overall business performance. Balancing these factors, we approved a 6.3% increase effective 1 May 2023.

Incentive outcomes

The Committee's role includes incentivising strong business performance and appropriately rewarding contributions to the Company's long-term success. The Committee has reviewed the policy-based outcomes under the annual Management Incentive Plan (MIP) and the PSP.

Against recent headwinds of high, albeit tempering inflation in Europe, continued war in Ukraine and Russia, a bank note crisis and significant currency devaluation in Nigeria, and a temporarily weaker market in Egypt, the Company outperformed against both expectations and the prior year.

MIP

As per the prior year, 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 ongoing war. The outcome reflects record levels of revenue, comparable EBIT and free cash flow, which the 2023 MIP was based on, against a challenging backdrop when set.

The formulaic MIP outcome for the CEO was 76% of the maximum opportunity, with both the performance targets and actual performance determined.

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, overall exceptional business performance, increased 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, with 50% of the MIP payout being 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 177 to 178.

PSP

Reflecting exceptional longer-term performance over the three years ending 2023, the Group exceeded both the maximum targets for EPS and ROIC under the 2021-23 PSP. This was our first year where the plan also included reduction of CO_2 emissions as a third performance metric. Following the notification from the third party (IFEU, an institute preferred by TCCC as the source on material emissions factor change), and in line with GHG Protocol guidance a recalculation of the base year 2017 onwards was triggered in 2023, and again in 2024, to reflect the annual release of emissions factors. Given the methodology change to the base year used for emissions data, which directly impacts future years, the Committee considered it appropriate for this change to flow through to the targets attached to the 2021 PSP award. In doing so, the Committee is confident that the revised targets were not materially easier or harder to achieve than the original targets. Further details are set out on pages 178 to 179.

At the time targets were set in September 2021, Russia and Ukraine were included while Egypt was excluded, and the above results reflect this.

At the end of the period, the Committee considered the formulaic outcome was an appropriate reflection of the underlying performance of the Group, not least factoring in the macroeconomic headwinds impacting key markets the Group operates, in and approved the formulaic outcome of 94% of maximum. The 2021 PSP award was granted at a higher share price than the 2020 PSP award, therefore there are no windfall gains associated with this award.

Directors' remuneration report continued
Letter from the Chair of the Remuneration Committee continued

Looking ahead

Implementation of the policy in 2024

We expect average employee salary increases across the Company at 6.2%. It is anticipated that the CEO's increase will be lower than that of the wider workforce. The increase will be effective from 1 May 2024 and will be communicated in the subsequent Directors' remuneration report.

As in 2023, the 2024 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 2024 (140% of salary).

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.

The Committee intends that 2024 PSP awards will be made subject to the same performance metrics as the 2023 awards: ROIC (42.5%), EPS (42.5%) and reduction of CO_2 emissions (15%). As in the prior year, the Committee has determined to exclude the impact of Russia and Ukraine from the targets of the 2024-26 plan in light of the continued uncertainty as a result of the Russia-Ukraine war. We will proceed with providing the individual grants for the 2024 PSP in March, as per the usual process, with the maximum award for the CEO set at 330% of salary as in previous years and as noted above.

The targets for the 2024 PSP award take into account of our business plan, market expectations and the wider economic and geopolitical environment. The change in the ROIC targets relative to prior years reflects the level of invested capital deployed, which has been impacted by strategic acquisitions (including the acquisition in Finlandia) and recent share buybacks. The Committee has applied the same approach to target setting as in previous years and believes that the proposed target range for ROIC and the other performance metrics are appropriately stretching relative to the business plan and external forecasts of performance.

Remuneration policy going forward

As we further embed our new purpose, the Remuneration Committee will continue to keep the policy under review, ensuring that plans and programmes relating to remuneration support the Company's strategy and objectives, and are appropriately linked to shareholders' interests.

We will continue to review the wider workforce remuneration arrangements with a special focus on our frontline workers and specifically our business developers' salaries and incentives. We will consider the remuneration strategy for our workforce, ensuring it is aligned with the Company's new purpose, strategies and culture. We will continue our journey in diversity, equity and inclusion (DEI) by ensuring balance in our pay equity practices and flexible work arrangements.

With regard to Executive Director remuneration, the Committee welcomes the wider debate that is currently being held regarding the overall competitiveness of remuneration within UK-listed businesses.

Whilst the Remuneration Committee believes that the remuneration policy approved by shareholders at the AGM in May 2023 remains broadly fit for purpose, the Committee intends to undertake a detailed review of the remuneration policy that applies to our top 40 senior leaders, including Executive Directors, over the course of the year. The key objectives will be to ensure that the remuneration policy supports the delivery of the Group's strategy and is an appropriate motivation and retention tool for the senior management team. We welcome feedback and we are committed to continuing engagement with shareholders on this important topic during the year.

Finally, on behalf of the Committee, I would like to thank our shareholders for the time taken to engage during the year, and I look forward to engaging with you further in the year ahead.

As Chair of the Committee, I hope you will support the remuneration-related resolutions at the AGM.

Charlotte J. Boyle
Committee Chair

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 CEO and the members of the Executive Leadership Team (ELT) 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 CEO, the members of the ELT 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 (the MIP) and a long-term incentive plan (the PSP). 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 claw back 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 CEO 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 2023 we provided higher increases to our front line workers in comparison to other employees.

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: CEO – 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 that applies for two years post-leaving. ELT – 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** 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** 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 (ESPP) encourages share ownership and aligns the interests of our employees with those of shareholders. **Fixed pay and benefits (base salary, retirement and other benefits - dependent on country practice)** Base salaries may reflect the market value of each role as well as the individual's performance and potential. Retirement and other benefits are subject to local market practice.

Note: Participants in the PSP are not eligible to participate in the LTIP.

Directors' remuneration report continued

Remuneration arrangements for the CEO – 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 CEO. See page 177 for total compensation figures.

Fixed pay – base salary

The base salary of the CEO is €892,900.

2024 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 2024.

Fixed pay – retirement benefits

The CEO 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.

Fixed pay – 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 equalization and tax filing support and advice. Benefit levels vary each year depending on need.

Fixed pay – ESPP

The CEO may participate in the Company's ESPP.

As a scheme participant, the CEO 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.

Variable pay – MIP

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 2024, 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.

50% cash — 50% shares deferred for three years

Variable pay – PSP

The PSP is an annual share award which vests after three years. For 2024 the CEO will be granted an award of 330% of salary. For the award in 2024, vesting will be based on performance conditions measured over a three-year period against:

i. comparable EPS (42.5% weighting);

ii. 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.

Three year performance period — Two year holding period

Shareholding guidelines

The shareholding guidelines support the alignment with shareholders.

The CEO's minimum shareholding guideline is set at 300% of annual base salary within a five-year period and a post-employment shareholding requirement that applies for two years post-leaving.

Minimum shareholding requirements

Directors' remuneration report continued

Remuneration policy

Introduction

The following section (pages 166-169) sets out our Directors' remuneration policy as approved by shareholders at the Annual General Meeting on 17 May 2023. No changes are being proposed to the policy this year.

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 CEO.

Therefore, for simplicity, this section refers only to the CEO. 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 CEO should be read as being to each Executive Director.

Fixed		
	Base salary	**Retirement benefits**
Purpose and link to strategy	To provide a fixed level of compensation appropriate to the requirements of the role of CEO and to support the attraction and retention of the talent able to deliver the Group's strategy.	To provide competitive, cost-effective post-retirement benefits.
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 CEO's performance, skills and responsibilities; • economic conditions and performance trends; • experience of the CEO; • pay increases for other employees; and • external comparisons based on factors such as: the industry of the business, revenue, market capitalisation, headcount, geographical footprint, stock exchange listing (FTSE) and other European companies. Malus and clawback provisions do not apply to base salary.	The CEO 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 CEO's plan is 65 years. In case of early retirement, which is possible from the age of 58, the CEO 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	Whilst there is no maximum salary level, any increases awarded to the CEO will normally be broadly aligned with the broader employee population. The salary increase made to the CEO 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.	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	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 165.	None.

Directors' remuneration report continued

Fixed continued

	Other benefits	ESPP
Purpose and link to strategy	To provide benefits to the CEO which are consistent with market practice.	The ESPP is an Employee Share Purchase Plan, encouraging broader share ownership, and is intended to align the interests of employees including the CEO with those of the shareholders.
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 CEO 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.	This is a voluntary share purchase scheme across many of the Group's countries. The CEO 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 CEO'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 CEO 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 171.
Maximum opportunity	There is no defined maximum as the cost to the Company of providing such benefits will vary from year to year.	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	None.	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

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.	**Maximum opportunity**	The CEO'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
Operation	Annual cash bonus awarded under the MIP is subject to business and individual performance metrics and is non-pensionable. The CEO'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 171.	**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 177.
		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.

Directors' remuneration report continued

Variable pay continued

PSP

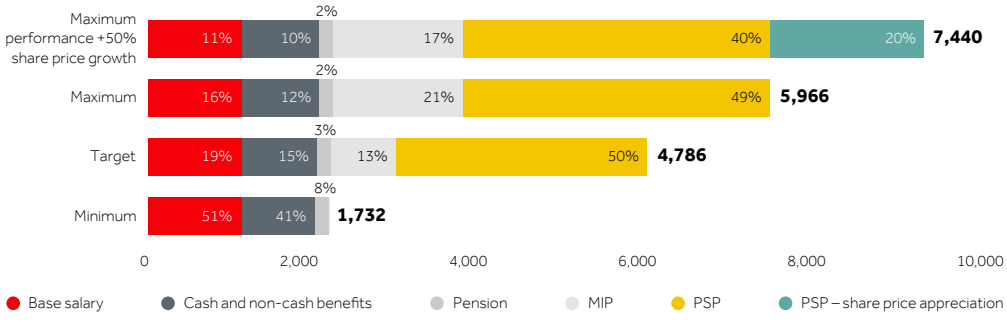
Purpose and link to strategy	To align the CEO's interests with the interests of shareholders, and increase the ability of the Group to attract and reward individuals with exceptional skills.	**Holding period**	Any vested award (net of shares sold to cover tax liability) is subject to a further two-year 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.
Operation	The CEO 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 171.	**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.
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.	**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.
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.		

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 CEO 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 198% of base salary
Maximum performance	Fixed remuneration
	MIP payout of 140% of base salary
	PSP vesting at 330% of base salary
Maximum performance+ 50% share price growth	Fixed remuneration
	MIP payout of 140% of base salary
	PSP vesting at 330% 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]	893	893	893	893
	Pension	134	134	134	134
	Cash and non-cash benefits[2]	705	723	742	742
Variable	MIP	–	625	1,250	1,250
	PSP	–	2,411	2,947	2,947
	PSP – 50% share price Appreciation	–	–	–	1,474
Total		**1,732**	**4,786**	**5,966**	**7,440**

1. Represents the annual base salary as at the last review in May 2023.
2. ESPP employer contributions may vary depending on the MIP payout provided that the CEO 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 CEO deciding to contribute 3% to the ESPP.

Directors' remuneration report continued

Employee Stock Option Plan (ESOP)

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 ten 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 CEO and members of the ELT. 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 CEO is required to hold shares in the Company equal in value to 300% of annual base salary. Members of the ELT are required to hold 100% of annual base salary. The CEO 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 CEO 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 CEO, the members of the ELT and senior management is similar. 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 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. The fees as at 1 January 2024 are set out below: • 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 CEO.
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 CEO, 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 law provisions 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 CEO'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 173.

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 CEO 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 CEO, has a service contract with the Company with a six- month notice period. As noted in the Termination payments section on page 172, the CEO's employment contract does not include any termination benefits, other than as mandated by Swiss law.

The CEO is also entitled to reimbursement of all reasonable expenses incurred in the interests of the Company.

In accordance with the Swiss Code of Obligations, there are no sign-on policies/provisions for the appointment of the CEO.

The table below provides details of the current service contracts and terms of appointment for the CEO 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	17 May 2023	One year
Zoran Bogdanovic	Chief Executive Officer	11 June 2018	17 May 2023	Indefinite, terminable on six months' notice
Charlotte J. Boyle	Non-Executive Director	20 June 2017	17 May 2023	One year
Henrique Braun	Non-Executive Director	22 June 2021	17 May 2023	One year
Olusola (Sola) David-Borha	Non-Executive Director	24 June 2015	17 May 2023	One year
Anna Diamantopoulou	Non-Executive Director	16 June 2020	17 May 2023	One year
William W (Bill) Douglas III	Non-Executive Director	21 June 2016	17 May 2023	One year
Reto Francioni	Senior Independent Non-Executive Director	21 June 2016	17 May 2023	One year
Anastasios I. Leventis	Non-Executive Director	25 June 2014	17 May 2023	One year
Christo Leventis	Non-Executive Director	25 June 2014	17 May 2023	One year
Alexandra Papalexopoulou	Non-Executive Director	24 June 2015	17 May 2023	One year
George Leventis	Non-Executive Director	17 May 2023	17 May 2023	One year
Evguenia Stoichkova	Non-Executive Director	17 May 2023	17 May 2023	One year

The CEO'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 Directors. Pay movement for the wider employment group is considered when making pay decisions for the CEO. 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 86%.

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 will continue 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 CEO and ELT members play no part in determining their own remuneration. The Chair of the Remuneration Committee and the CEO 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 2023 which, in accordance with the UK remuneration reporting regulations and alongside other sections of the Directors' remuneration report, will be subject to an advisory shareholder vote at our 2024 Annual General Meeting.

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 Organizational 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 17 May 2023.

The Remuneration Committee met four times in 2023; in March, June, September, and December. Please refer to the Corporate Governance Report on page 140 for details of the Remuneration Committee meetings.

Activities of the Remuneration Committee during 2023

During 2023, 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 2022 Directors' remuneration report;
- review the 2023 base salary for the CEO;
- review and approve the 2023 base salaries for the ELT members and general managers;
- review and approve the 2022 MIP payout for the CEO;
- review and approve payout levels for the 2022 MIP in relation to ELT members and general managers;
- review and approve the performance achievement of the 2020 PSP award, number of shares vesting and dividend equivalents;
- set and approve 2023 PSP targets;
- review award levels for 2023 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.

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 2023 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 €37,702 and for Deloitte €101,674, 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 2023 and 2022

	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	**FY2023**	**150.000**	–	–	–	–	–	–	**150,000**
	FY2022	150,000	–	–	–	–	–	–	150,000
Charlotte J. Boyle	**FY2023**	**82.000**	–	13.000	6.500	–	–	–	**101.500**
	FY2022	82,000	–	13,000	6,500	–	–	–	101,500
Henrique Braun	**FY2023**	**82,000**	–	–	–	–	–	6,569	**88,569**
	FY2022	82,000	–	–	–	–	–	6,586	88,586
Olusola (Sola) David-Borha	**FY2023**	**82.000**	16.000	–	–	–	–	7.850	**105.850**
	FY2022	82,000	16,000	–	–	–	–	7,871	105,871
Anna Diamantopoulou	**FY2023**	**82,000**	–	6,500	6,500	6,500	–	6,199	**107,699**
	FY2022	82,000	–	6,500	6,500	6,500	–	8,152	109,652
William W. (Bill) Douglas III	**FY2023**	**82,000**	32,000	–	–	–	–	–	**114,000**
	FY2022	82,000	32,000	–	–	–	–	–	114,000
Reto Francioni	**FY2023**	**82,000**	–	6,500	13,000	–	18,000	7,058	**126,558**
	FY2022	82,000	–	6,500	13,000	–	18,000	7,123	126,623
Anastasios I. Leventis	**FY2023**	**82,000**	–	–	–	13,000	–	–	**95,000**
	FY2022	82,000	–	–	–	13,000	–	–	95,000
Christo Leventis	**FY2023**	**82,000**	–	–	–	–	–	–	**82,000**
	FY2022	82,000	–	–	–	–	–	–	82,000
Alexandra Papalexopoulou	**FY2023**	**82,000**	16,000	–	–	–	–	–	**98,000**
	FY2022	82,000	16,000	–	–	–	–	–	98,000
Bruno Pietracci[3]	**FY2023**	**31,033**	–	–	–	2,460	–	2,683	**36,176**
	FY2022	82,000	–	–	–	6,500	–	7,108	95,608
George Pavlos Leventis[4]	**FY2023**	**51,193**	–	–	–	–	–	–	**51,193**
	FY2022	–	–	–	–	–	–	–	–
Evguenia Stoichkova[5]	**FY2023**	**51,193**	–	–	–	4,058	–	–	**55,251**
	FY2022	–	–	–	–	–	–	–	–
Ryan Rudolph[6]	**FY2023**	**31,033**	–	–	–	–	–	2,486	**33,519**
	FY2022	82,000	–	–	–	–	–	6,586	88,586

1. Non-Executive Director fees for 2023 were in line with the fees that were revised in 2022.
2. Social security employer contributions as required by Swiss legislation.
3. Bruno Pietracci retired from the Board of Directors on 17 May 2023. The Group applied a pro-rated base fee from this date.
4. George Pavlos Leventis was appointed to the Board of Directors on 17 May 2023. The Group applied a pro-rated base fee from this date.
5. Evguenia Stoichkova was appointed to the Board of Directors on 17 May 2023. The Group applied a pro-rated base fee from this date.
6. Ryan Rudolph retired from the Board of Directors on 17 May 2023. The Group applied a pro-rated base fee from this date.

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 CEO for the years ended 31 December 2023 and 2022.

	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	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Zoran Bogdanovic	**875**	832	**678**	461	**950**	911	**26**	41	**2,405**	1,905	**148**	144	**1,701**	1,437	**3,381**	2,857	**5,082**	4,294

1. Base pay includes the monthly instalments linked to the base salary for 2023 and 2022.
2. Cash and non-cash benefits includes the value of all benefits paid during 2023. These are outlined in the 'Cash and non-cash benefits' section below and include any gross-ups for the tax benefits.
3. Annual bonus for 2023 includes the MIP payout, receivable early in 2024 for the 2023 performance year, including the amount deferred in shares. Refer to 'MIP performance outcomes-2023' for details.
4. 'Employee Share Purchase Plan' reflects the value of Company matching share contributions under the ESPP.
5. 'Long-term incentives' for 2023 reflects the 2021 awards made under the Performance Share Plan and the dividend equivalent shares paid on PSP shares that will vest in early 2024. The number of shares due to vest to the CEO for the 2021 award is 88,600.
   The CEO will also get 7,243 shares representing the dividend equivalents for the awarded shares for 2021, 2022 and 2023. 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 2020 award in the 2022 figure above). €2,404,608 total vested value of the 2021 award was decreased by €262,412 due to decrease 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 €15,874
7. No malus and clawback was operated.

Fixed pay for 2023

Base salary

In 2023, Zoran Bogdanovic's salary was increased to €892,900, representing an increase of 6.3% effective May 2023. The average increase for our employees was 7.3%

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, €148,069 of retirement benefit was received, inclusive of €15,874 for risk and administration costs.

Normal retirement age for the CEO's plan is 65 years. In case of early retirement, which is possible from the age of 58, the CEO 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 2023. These included cost of living and foreign exchange rate adjustment (€382,122), private medical insurance (€6,522), partner allowance (€1,000), home trip allowance (€2,660), tax support (€21,597), company car (€22,912), housing allowance (€105,952), tax equalisation (€-125,121), and the value of social security contributions (€260,246). Company matching contribution related to the ESPP (€26,258 reflecting the maximum match of 3% under the plan).

Variable pay for 2023

MIP performance outcomes – 2023

The business performance element for the 2023 MIP was based on the following metrics:

- NSR, 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.

The CEO's individual performance metrics were measured versus the following priorities in 2023:

	Priorities	Achievement
Business performance	Increase volume	Volume increased 4.6% versus 2022 on a reported basis and 1.7% on an organic basis
	Increase organic revenue growth	Organic revenue growth 16.9% increase compared to prior year
	Increase comparable EBIT	Comparable EBIT 16.6% increase and 17.7% organic
Employee engagement	Maintain or increase employee engagement	High sustainable engagement index score of 86%
Sustainability commitments	Reduction in CO_2 and increase energy efficient coolers	Energy-efficient coolers up from 55% in 2023 versus 49% in 2022
	Progress towards World Without Waste	56% primary packaging collected for recycling versus 48% in 2022
	Increase in number of women in management	Overall women in management increased from 39.6% to 41.8%
	Increase the number that have access to #Youth Empowered	Over 944,948 young people from 2017 to 2023 have access to #Youth Empowered access versus 790,000 in 2022

Directors' remuneration report continued

The Remuneration Committee took into account the following additional achievements during 2023.

- Continued handling of the challenges posed by the Russia-Ukraine war and the humanitarian support to Ukraine during the war
- Number one contributor to absolute revenue growth for our retail customers within fast moving consumer goods (FMCG) in Europe, according to Nielsen.
- Recognised in the DJSI as leading beverage company and top scores in S&P Global Sustainability Yearbook.

Since 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. In addition, Finlandia, which was acquired in November 2023, was excluded from both the targets and actuals in calculating the payout. In 2023, the comparable EBIT adjustment totalled €306.4 million (2022: €237.3 million), with the increase principally driven by the performance improvement in Ukraine.

The CEO's individual financial metrics were measured as follows:

	Performance level (payout % of Target opportunity)				
	Threshold (0%)	Target (100%)	Maximum (200%)	Achievement	Payout (% of base salary)
Net sales revenue (€m)	**7,843.5**	**8,525.5**	**9,207.6**	**8,630.2**	**32.2%**
Comparable EBIT (€m)	**679.6**	**738.7**	**797.8**	**777.4**	**46.2%**
Free cash flow (€m)	**327.1**	**355.5**	**391.1**	**496.4**	**28.0%**
Total (business performance multiplied by individual performance)					**106.4%**
Total (as a % of maximum)					**76%**

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 2023 financial year for the CEO was therefore €950,046 and 106.4% of salary (76% of maximum). 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 2024 and the remaining 50% will be deferred into shares for a period of three years, subject to continued employment.

PSP awards – 2023-25

The PSP is the Company's primary long-term incentive vehicle. In March 2023, the CEO was granted a performance share award of over 157,114 shares under the PSP, representing 450% 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 2025, and vesting anticipated in March 2026. These vested shares will then be subject to a further two-year holding period, and the CEO 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 CEO under the PSP for 2023-25.

Type of award made	Performance share award over 157,114 shares receivable for nil cost
Share price at date of grant	€24.06 (£21.18)
Date of grant	17 March 2023
Performance period	1 January 2023 to 31 December 2025
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)	€3,780,163
Face value of the award as a % of annual base salary	450%
Percentage that would be distributed if threshold performance was achieved in all three 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

Similar to the award made in March 2022, the 2023 award was subject to comparable EPS and ROIC and reduction in CO_2 emissions targets, as outlined below and exclude Russia, Ukraine and Finlandia.

Directors' remuneration report continued

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. The measures and targets below were set out in the 2022 Directors' remuneration report.

		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%	€1.40	25%	€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%	11.0%	25%	12.9%	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 SBTi and calculated as thousand tonnes of CO_2 emissions equivalent.	15%	4,037	25%	3,851	100%

The vesting schedule for PSP performance conditions is a straight line between the threshold and maximum performance levels.

PSP outcomes of the 2021-23 award

The table below summarises performance against the applicable targets for PSP awards made in 2021, which are due to vest in March 2024.

		Threshold		Maximum		Actual		Total % of max
Measure	Weighting	Target	Vesting	Target	Vesting	Achievement	Vesting	
Comparable EPS	42.5%	€1.63	25%	€1.89	100%	€2.08	100%	94%
ROIC	42.5%	13.0%	25%	14.9%	100%	18.2%	100%	
Reduction of CO_2 emissions	15.0%	4,250	25%	4,020	100%	4,149	58%	

Based on performance against the targets, the formulaic outcome was a vesting level of 94%.

The 2021 PSP award was granted at a higher share price than the 2020 PSP award therefore there are no windfall gains associated with this award. 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.

This was our first year where the plan also included reduction of CO_2 emissions as a third performance metric. Following the notification from the third party (IFEU, an institute preferred by TCCC as the source on material emissions factor change) and in line with GHG Protocol guidance, a re-calculation of the base year 2017 onwards was triggered in 2023 and again in 2024. In 2023 the Net Zero roadmap was re-calculated based on latest annual release of emissions factors with an increase in absolute emissions by 250k MT and cascaded onwards. This also led to higher emissions decline rate year on year. In early 2024, the Net Zero roadmap was re-calculated based on latest annual release of emissions factors, which triggered an increase in absolute emissions base, starting 2017 by 95k MT and cascaded onwards. Given the methodology change to the base year used for emissions data, which directly impacts future years, the Committee considered it appropriate for this technical change to flow through to the targets attached to the 2021 PSP award. In doing so, the Committee was comfortable that the revised targets were not materially easier or harder to achieve than the original targets. It was determined that no adjustment would be made to the formulaic outcome.

The above results include Russia and Ukraine but exclude Egypt as at the time that targets were set in September 2021.

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 ten-year period).

Implementation of policy in 2024

For 2024, we will continue to apply the remuneration policy approved by shareholders in 2023, as outlined on pages 166 to 169.

Directors' remuneration report continued

Base salary and fees

2024 salary increase levels for employees have not been finalised at the date of this report. It is anticipated that the CEO's increase will not be higher than the increases provided for the wider workforce.

Chairman and Board fees effective June 2022 were approved during the 2022 AGM. The fees as at 1 January 2024 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

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 2023.

PSP

The 2024 PSP award for the CEO will revert back to the normal policy maximum of 330% of salary. 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 2023.

The targets for the 2024 PSP award, exclude Russia and Ukraine, and take into account our business plan, market expectations and the wider economic and geopolitical environment, and are as follows:

PSP 2024-26

			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%	€1.53	25.00%	€1.79	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%	11.1%	25.00%	13.1%	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. Aligned with science and 1.5 degree Celsius scenarios and approved by the SBTi and calculated as thousand tonnes of CO_2 emissions equivalent.	15.0%	2,986	25.00%	2,848	100%

The change in the ROIC targets relative to prior years reflects the level of invested capital at work within the business, which has been impacted by strategic acquisitions (including the acquisition of Finlandia) and recent share buybacks. The Committee believes that the proposed target range for ROIC and the other performance metrics are appropriately stretching relative to the business plan and external forecasts of performance.

The performance period for 2024 awards will be the three years to the end of December 2026 and vesting will occur in March 2027. These vested shares will then be subject to a further two-year holding period, and the CEO 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			
	2022 to 2023 %	2021 to 2022 %	2020 to 2021 %	2019 to 2020 %	2022 to 2023 %	2021 to 2022 %	2020 to 2021 %	2019 to 2020 %	2022 to 2023 %	2021 to 2022 %	2020 to 2021 %	2019 to 2020 %
All employees	7.29	4.39	4.59	0.00%	0.40	16.34	4.19	-18.57%	11.86	96.50	-14.79	9.12%
Director												
Anastassis G. David	–	104.08	–	–		–	–	–		–	–	–
Zoran Bogdanovic	6,30	3.10	3.20	0.00%	32.18[1]	-36.53	24.25	34.63%	-12.22	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[3]	–	11.50	–	–	–	–	–	–	–	–	–	–
Ryan Rudolph[3]	–	11.46	–	–	–	–	–	–	–	–	–	–
George Pavlos Leventis[2]	–	–	–	–	–	–	–	–	–	–	–	–
Evguenia Stoichkova[2]	–	–	–	–	–	–	–	–	–	–	–	–

1. The increase in taxable benefits for the CEO was due to negative tax equalisation in 2022.
2. George Pavlos Leventis and Evguenia Stoickova were elected as new Non-executive members of the Board of Directors as of 17 May 2023.
3. Bruno Pietracci and Ryan Rudolph retired from the Board of Directors on 17 May 2023.

Directors' remuneration report continued

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 with 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 2023 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)
2023	Option A	56:1	44:1	35:1
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 has been used as it is the most robust methodology and is based on a sample of full-time Swiss employees as of 31 December 2023. 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	78,870	86,854	109,032
Total remuneration	93,090	118,932	151,097

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 2023.

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 163, 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.

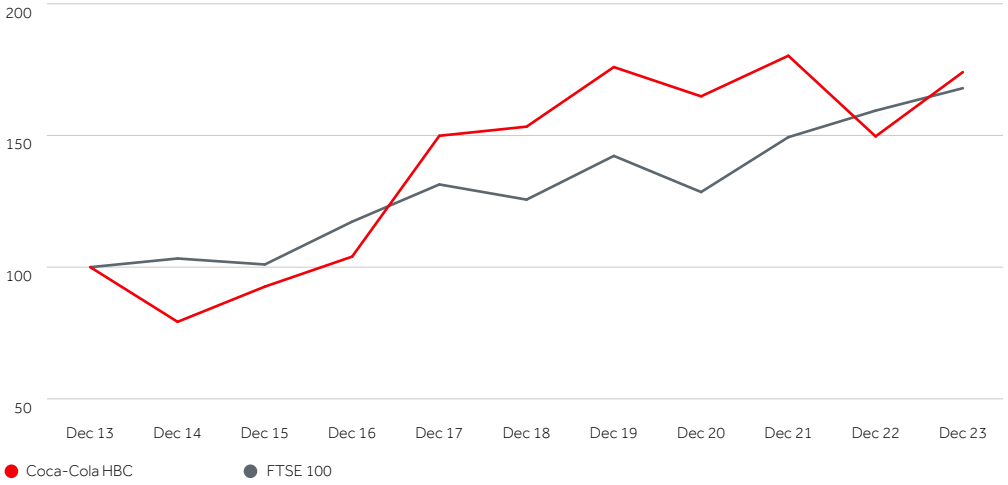
Variable pay is an important element of our reward philosophy and a significant proportion of total remuneration for top managers (including the CEO) is tied to the achievement of our business objectives. As employees advance through the Company, there will be the opportunity to receive higher rewards 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.

The change in the CEO Pay Ratio between 2022 and 2023 was mainly due to the substantial increase in the cash and non-cash benefits and long-term incentives under the variable long-term incentive plan.

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 ten-year period to 31 December 2023, 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



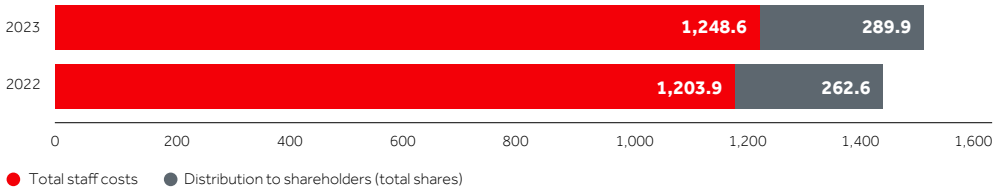
Directors' remuneration report continued

	2014	2015	2016	2017		2018	2019	2020	2021	2022	2023
	Dimitris Lois	Dimitris Lois	Dimitris Lois	Dimitris Lois	Zoran Bogdanovic	Zoran Bogdanovic	Zoran Bogdanovic	Zoran Bogdanovic	Zoran Bogdanovic	Zoran Bogdanovic	**Zoran Bogdanovic**
Total remuneration – single figure (€ 000s)	1,918	3,012	2,923	15,378	410	3,710	2,499	3,340	4,203	4,294	**5,082**
MIP (% of maximum)	45%	75%	55%	53%	5%	48%	56%	40%	91%	78%	**76%**
PSP (% of maximum)	–	–	–	90%	–	100%	75%	50%	75%	48%	**94%**

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 CEO to the end of the financial year, 7 December 2017 to 31 December 2017.

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 buybacks and/or capital returns.



Compared with the prior year, the total staff costs have increased by 3.7%, while dividends distributed to shareholders have increased by 10.4%

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 May 2023.

Resolution	Votes for	Votes against	Abstentions	Total votes cast	Voting rights represented
Advisory vote on the UK remuneration report	186,300,613 68.39%	85,901.908 31.54%	183,061 0.07%	272,385,582	73.97%
Advisory vote on the Swiss statutory remuneration report	186,290,152 68.39%	85,917,120 31.54%	178,310 0.07%	272,385,582	73.97%
Advisory vote on the remuneration policy	255,494,344 93.80%	9,151,410 3.36%	7,739,828 2.84%	272,385,582	73.97%
Approval of the maximum aggregate amount of remuneration for the Board until the next Annual General Meeting	272,010,889 99.88%	336,994 0.12%	37,699 n/a	272,347,883	73.97%
Approval of the maximum aggregate amount of remuneration for the Executive Leadership Team for the next financial year	268,025,852 98.49%	4,099,409 1.51%	260,321 n/a	272.125,261	73.97%

In reaction to the 68% 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. Further detail is set out in the Remuneration Committee Chair's letter. 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 CEO

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 ELT members in the year.

	2023 (€ m)	2022 (€ m)
Total remuneration paid to or accrued for Directors, the ELT and the CEO	**30.6**	28.3
Salaries and other short-term benefits	**20.4**	19.3
Amount accrued for performance share awards	**9.3**	8.0
Pension and post-employment benefits for Directors, the ELT and the CEO	**0.9**	1.0

Credits and loans granted to governing bodies

In 2023, no credits or loans were granted to active or former members of the Company's Board, members of the ELT or any related persons.

Directors' remuneration report continued

Share ownership

The table below summarises the total shareholding as at 31 December 2023, including any outstanding shares awarded through our incentive plans, for the CEO and other Directors.

		With performance measures			Without performance measures						
		PSP			ESOP			ESPP			
	Share interests	Performance shares granted in 2023	Unvested and subject to performance conditions	Vested	Number of stock options outstanding	Fully vested	Vesting at the end of 2023	Number of outstanding shares held as at 31 December 2023	Beneficially owned	Current shareholding as % of base salary[1]	Shareholding guideline met[1]
Zoran Bogdanovic[2]	Yes	162,847	391,872	75,777	39,335	39,335	–	74,157	336,219	1,000%	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		–	–	–	–	–	–	–	–	–	–
Ryan Rudolph		–	–	–	–	–	–	–	–	–	–
George Pavlos Leventis[6]		–	–	–	–	–	–	–	–	–	–
Evguenia Stoichkova		–	–	–	–	–	–	–	–	–	–

There were no changes in share ownership between 31 December 2023 and 13 March 2024 for the Directors except for Zoran Bogdanovic[2].

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 2023, Zoran Bogdanovic exercised 93,408 options under the ESOP due to upcoming expiration consisting of: 30,000 options with an exercise price of GBP 16.00 and the share price at the date of the exercise being GBP 21.45, 35,000 options with an exercise price of GBP 12.56 and the share price at the date of the exercise being GBP 22.30 and 28,408 options with an exercise price of GBP 16.00 and the share price at the date of the exercise being GBP 21.92. In February 2024, he exercised a further 39,335 options with an exercise price of GBP 12.56 and the share price at the date of the exercise being GBP 25.00. As of 13 March 2024, Zoran Bogdanovic did not have any outstanding ESOP.
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. George Pavlos 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;
   (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 294,191 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 159 to 184 was approved by the Board of Directors on 13 March 2024 and signed on its behalf by:

Charlotte J. Boyle
Chair of the Remuneration Committee
13 March 2024

Statement of Directors' responsibilities

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

The Directors, whose names and functions are set out on pages 130 to 132, confirm to the best of their knowledge that:

a) the Integrated 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 adopted by the European Union and in compliance with Swiss law, 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; and

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

The activities of the Group, together with the factors likely to affect its future development, performance, financial position, cash flows, liquidity position and borrowing facilities, are described in the Strategic Report (pages 1 to 122). In addition, Notes 25 'Financial risk management and financial instruments', 26 '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 113.

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 2024

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

Independent auditor's report to Coca-Cola HBC AG

Report on the audit of the consolidated financial statements

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 2023 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 2023 Integrated Annual Report (the 'Annual Report'), which comprise: the consolidated balance sheet as at 31 December 2023; 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, comprising material accounting policy information and other explanatory information.

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 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 or the FRC's Ethical Standard 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 2023 to 31 December 2023.

Our audit approach

Overview

Audit scope	• Following our assessment of the risks of material misstatement of the financial statements, 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. • In addition, we conducted audit procedures around specific account balances and transactions including those covering the group treasury operations. The group engagement team also performed group level analytical procedures over out of scope subsidiary undertakings. • Taken together, the undertakings which were in scope for the purpose of our audit accounted for 82% of consolidated net sales revenue, 80% of consolidated profit before tax and 83% of consolidated total assets of the Group. • Central audit testing was performed where appropriate for reporting components in group audit scope that are supported by the Group's shared services centres. • As part of the group audit supervision process, the group engagement team has performed reviews of the component auditors' audit files and final deliverables. In person site visits to component auditors in Bulgaria, Greece, Italy, Poland, Romania, Serbia and Switzerland were also performed.
Key audit matters	• Goodwill and indefinite-lived intangible assets impairment assessment. • Uncertain tax positions.
Materiality	• Overall materiality: €51.0 million based on 5% of adjusted profit before tax (2022: €41.1 million based on 5% of adjusted profit before tax). • Performance materiality: €38.3 million (2022: €30.8 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.

Independent auditor's report to Coca-Cola HBC AG continued

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 methodology and assumptions used in the Group's impairment assessment over goodwill and indefinite-lived intangible assets, the judgements taken by management in assessing the risk of potentially material tax exposures, business combinations, the accounting implications of the ongoing challenging macroeconomic conditions, and regulatory developments. In September and December 2023, the Audit & Risk Committee discussed and challenged the audit plan. The plan included the matters which we considered presented the highest risk to the audit, including the 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.

The areas of highest risk for the Group audit and where we focused most effort and resources were 'Goodwill and indefinite-lived intangible assets impairment assessment' and 'Uncertain tax positions'. These areas are common with other international beverages companies.

'Geopolitical events in Russia and Ukraine', which was a key audit matter last year, continued to be an area of focus in light of the uncertainty over the macroeconomic and business environment, liquidity and asset values in the wider affected region. Having evaluated the developments in 2023 and to the date of this audit report, as well as the level of audit effort required, we assessed that 'Geopolitical events in Russia and Ukraine' is no longer considered a key audit matter. Otherwise, the key audit matters below are consistent with last year.

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 2023 amount to €1,820.8 million and €738.2 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. We consider this area as a key audit matter due to the magnitude 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 estimations made by management about the future results of the CGUs. These estimations include assumptions surrounding revenue growth rates, costs, foreign exchange rates and discount rates. Management closely monitored the increasing macroeconomic uncertainty in Egypt throughout the previous and current year and as a result of the annual impairment assessment, a charge of €109.4 million for goodwill impairment was recorded for the Egyptian CGU. Relevant disclosure has been included in the financial statements in respect of this CGU. No impairment was identified for the remaining CGUs.	We evaluated the appropriateness of management's identification of the Group's CGUs, the process by which management prepared the CGUs' value-in-use calculations and the design and operating effectiveness of related control activities. 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 ongoing challenging macroeconomic environment in several countries. 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 and perpetuity revenue growth rates. We also evaluated management's assessment of the potential impact 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. Based on our work, we concluded that the results 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.

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 challenges, in the normal course of business, by local tax authorities on a range of matters including corporate tax, transfer pricing arrangements and indirect taxes. As at 31 December 2023, the Group has provisions for uncertain tax positions of €82.8 million that are classified in current tax liabilities, current tax assets and deferred tax liabilities. 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 potential 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, the complexities of dealing with tax rules and regulations in numerous jurisdictions that could materially impact the amounts recorded in the financial statements.	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. We read recent rulings and correspondence with tax authorities, as well as external advice provided by the Group's tax experts and legal advisors. 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 and satisfy ourselves that the tax provisions have been appropriately recorded or adjusted to reflect the latest developments. 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 2023 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 'General information' 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 Italy, Nigeria, Poland, Romania, Russia 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 82% of consolidated net sales revenue, 80% of consolidated profit before tax and 83% of consolidated total assets of the Group. This, together with the additional procedures performed at Group level, gave us sufficient and appropriate audit evidence for our opinion on the financial statements.

At the planning phase of the audit process, we held a two-day audit planning workshop in Greece focusing on planning and risk assessment activities, fraud risk assessment, auditor independence, accounting and auditing developments, ESG related topics and centralised testing procedures. This audit planning workshop was attended by the component teams in scope for group audit purposes. The group engagement team was also responsible for planning, designing and overseeing the audit procedures performed at the shared services centre in Bulgaria. 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 and 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 their audit working papers and deliverables. The senior members of the group engagement team performed site visits in Bulgaria, Greece, Italy, Poland, Romania, Serbia and Switzerland. 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, we participated in the final audit meetings for the trading subsidiary undertakings in Egypt and Nigeria via video conference.

The impact of climate risk on our audit

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, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. We particularly considered how climate change risks would impact the assumptions made in the forecasts prepared by management and 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 2023. Whilst the Group has started to quantify some of the impacts, the future estimated financial impacts of climate risk are clearly uncertain given the medium to long term timeframes involved and their dependency on how governments, global markets, corporations and society respond to the issue of climate change and the speed of technological advancements that may be necessary. Accordingly, financial statements cannot capture all possible future outcomes as these are not yet known. 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 the concept 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	€51.0 million (2022: €41.1 million).
How we determined it	5% of adjusted profit before tax This benchmark has not changed compared to the prior year.
Rationale for benchmark applied	We consider that the income statement remains the principal measure used by the shareholders in assessing the underlying performance of the Group. Therefore, an approach to materiality based on 5% of profit before tax has been applied. However, we have adjusted this benchmark by items which, in our view, are considered unusual and infrequently occurring in nature such as the impairment charges. Therefore, we have used adjusted profit before tax which is a generally accepted auditing benchmark.

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 €3.5 million to €30.0 million.

When planning the audit, we considered if multiple uncorrected and undetected 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 to an appropriately low level, we used a lower level of materiality, known as performance materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to €38.3 million (2022: €30.8 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 €2.5 million (2022: €2.0 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 those relating to climate change, the geopolitical events involving Russia and Ukraine and the tensions in the Middle East, 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 specified for our review. 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:

- Inquiries of 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;
- 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; and
- 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 2017 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 2023, in XHTML format 549300EFP3TNG7JGVE49-2023-12-31-en.xhtml, as well as the provided XBRL file 549300EFP3TNG7JGVE49-2023-12-31-en.zip with the appropriate marking up, on the aforementioned consolidated financial statements, including the other explanatory information (notes to the financial statements).

Independent auditor's report to Coca-Cola HBC AG continued

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').

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 in 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 2023 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 2023, in XHTML file format 549300EFP3TNG7JGVE49-2023-12-31-en.xhtml, as well as the provided XBRL file 549300EFP3TNG7JGVE49-2023-12-31-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 2023 for Swiss statutory purposes. The reports are available in pages 266 and 270.

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

15 March 2024

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	2023 € million	2022 € million
Net sales revenue	7, 8	**10,184.0**	9,198.4
Cost of goods sold		**(6,626.6)**	(6,054.2)
Gross profit		**3,557.4**	**3,144.2**
Operating expenses (excluding exceptional items related to Russia-Ukraine conflict)	9	**(2,613.5)**	(2,354.6)
Exceptional items related to Russia-Ukraine conflict	6	**–**	(127.4)
Operating expenses	9	**(2,613.5)**	**(2,482.0)**
Share of results of integral equity method investments	16	**9.7**	41.6
Operating profit	7	**953.6**	**703.8**
Finance income		**55.7**	13.2
Finance costs		**(104.0)**	(95.9)
Finance costs, net	10	**(48.3)**	**(82.7)**
Share of results of non-integral equity method investments	16	**5.0**	2.5
Profit before tax		**910.3**	**623.6**
Tax	11	**(274.6)**	(208.0)
Profit after tax		**635.7**	**415.6**
Attributable to:			
Owners of the parent		**636.5**	415.4
Non-controlling interests		**(0.8)**	0.2
		635.7	415.6
Basic and diluted earnings per share (€)	12	**1.73**	1.13

Consolidated statement of comprehensive income

For the year ended 31 December

	Note	2023 € million	2022 € million
Profit after tax		**635.7**	415.6
Other comprehensive income:			
Items that may be subsequently reclassified to income statement:			
Cost of hedging	25	**(7.1)**	(3.5)
Net gain on cash flow hedges	25	**19.7**	34.6
Foreign currency translation losses	13	**(484.6)**	(252.6)
Share of other comprehensive (loss)/income of equity method investments	13, 16	**(11.7)**	34.2
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	**(3.0)**	(3.9)
		(486.7)	**(46.0)**
Items that will not be subsequently reclassified to income statement:			
Valuation gain/(loss) on equity investments at fair value through other comprehensive income	13	**0.4**	(0.1)
Actuarial (losses)/gains	13	**(16.4)**	26.0
Income tax relating to items that will not be subsequently reclassified to income statement	13	**1.9**	1.8
		(14.1)	27.7
Other comprehensive loss for the year, net of tax	13	**(500.8)**	**(18.3)**
Total comprehensive income for the year		**134.9**	**397.3**
Total comprehensive income attributable to:			
Owners of the parent		**141.3**	406.1
Non-controlling interests		**(6.4)**	(8.8)
		134.9	**397.3**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated financial statements continued

Consolidated balance sheet

As at 31 December

	Note	2023 € million	2022 € million
Assets			
Intangible assets	14	**2,568.6**	2,542.5
Property, plant and equipment	15	**3,057.1**	3,266.3
Equity method investments	16	**197.0**	205.6
Other financial assets	25	**23.3**	9.4
Deferred tax assets	11	**41.5**	37.5
Other non-current assets	19	**81.9**	78.2
Total non-current assets		**5,969.4**	**6,139.5**
Inventories	18	**773.3**	770.0
Trade, other receivables and assets	19	**1,188.0**	1,147.9
Other financial assets	25, 26	**667.9**	1,063.8
Current tax assets		**17.1**	14.5
Cash and cash equivalents	26	**1,260.6**	719.9
		3,906.9	3,716.1
Assets classified as held for sale	20	**3.3**	0.1
Total current assets		**3,910.2**	**3,716.2**
Total assets		**9,879.6**	**9,855.7**

	Note	2023 € million	2022 € million
Liabilities			
Borrowings	26	**948.1**	337.0
Other financial liabilities	25	**67.3**	41.9
Trade and other payables	21	**2,478.1**	2,331.9
Provisions and employee benefits	22	**199.1**	181.5
Current tax liabilities		**153.7**	114.4
Total current liabilities		**3,846.3**	**3,006.7**
Borrowings	26	**2,476.4**	3,082.9
Other financial liabilities	25	**5.7**	3.7
Deferred tax liabilities	11	**250.3**	264.6
Provisions and employee benefits	22	**109.1**	106.9
Other non-current liabilities		**5.1**	5.3
Total non-current liabilities		**2,846.6**	**3,463.4**
Total liabilities		**6,692.9**	**6,470.1**
Equity			
Share capital	27	**2,030.3**	2,024.3
Share premium	27	**2,555.7**	2,837.4
Group reorganisation reserve	27	**(6,472.1)**	(6,472.1)
Treasury shares	27	**(144.1)**	(131.2)
Exchange equalisation reserve	27	**(1,708.9)**	(1,218.2)
Other reserves	27	**272.1**	292.5
Retained earnings		**6,559.8**	5,949.6
Equity attributable to owners of the parent		**3,092.8**	**3,282.3**
Non-controlling interests		**93.9**	103.3
Total equity		**3,186.7**	**3,385.6**
Total equity and liabilities		**9,879.6**	**9,855.7**

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 2022	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[1]	–	–	–	–	–	(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[2]	–	–	–	–	(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**
Shares issued to employees exercising stock options	6.0	8.2	–	–	–	–	–	**14.2**	–	**14.2**
Share-based compensation:										
Performance shares	–	–	–	–	–	20.4	–	**20.4**	–	**20.4**
Movement in shares held for equity compensation plan	–	–	–	–	–	0.2	–	**0.2**	–	**0.2**
Appropriation of reserves	–	–	–	29.7	–	(25.0)	(4.7)	**–**	–	**–**
Purchase of shares held by non-controlling interests	–	–	–	–	–	–	(9.9)	**(9.9)**	(2.7)	**(12.6)**
Acquisition of treasury shares	–	–	–	(42.6)	–	–	–	**(42.6)**	–	**(42.6)**
Dividends	–	(289.9)	–	–	–	–	2.7	**(287.2)**	(0.3)	**(287.5)**
Transfer of cash flow hedge reserve, including cost of hedging to inventories, net of tax[3]	–	–	–	–	–	(25.9)	–	**(25.9)**	–	**(25.9)**
	2,030.3	**2,555.7**	**(6,472.1)**	**(144.1)**	**(1,218.2)**	**262.2**	**5,937.7**	**2,951.5**	**100.3**	**3,051.8**
Profit for the year, net of tax	–	–	–	–	–	–	636.5	**636.5**	(0.8)	**635.7**
Other comprehensive loss for the year, net of tax	–	–	–	–	(490.7)	9.9	(14.4)	**(495.2)**	(5.6)	**(500.8)**
Total comprehensive income for the year, net of tax[4]	–	–	–	–	(490.7)	9.9	622.1	**141.3**	(6.4)	**134.9**
Balance as at 31 December 2023	**2,030.3**	**2,555.7**	**(6,472.1)**	**(144.1)**	**(1,708.9)**	**272.1**	**6,559.8**	**3,092.8**	**93.9**	**3,186.7**

1. The amount included in other reserves of €41.5 million 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.
2. 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 losses included in non-controlling interests for 2022 represents the exchange loss attributable to 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.
3. The amount included in other reserves of €25.9 million for 2023 represents the cash flow hedge reserve, including cost of hedging, transferred to inventories of €30.8 million gain, and the deferred tax expense thereof amounting to €4.9 million.
4. The amount included in the exchange equalisation reserve of €490.7 million loss for 2023 represents the exchange loss attributable to owners of the parent, including €11.7 million loss 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 €9.9 million gain for 2023 consists of cash flow hedges gain of €12.6 million, valuation gains of €0.4 million on equity investments at fair value through other comprehensive income and the deferred tax expense thereof amounting to €3.1 million.
The amount of €622.1 million gain attributable to owners of the parent comprises profit for the year, net of tax of €636.5 million, actuarial losses of €16.4 million and the deferred tax income thereof amounting to €2.0 million.
The amount of €6.4 million loss included in non-controlling interests for 2023 represents the exchange loss attributable to the non-controlling interests of €5.6 million, and the share of non-controlling interests in profit for the year, net of tax of €0.8 million loss.

For further details, refer to Note 13 'Components of other comprehensive income', Note 24 'Business combinations and acquisition of non-controlling interest', Note 25 'Financial risk management and financial instruments', Note 27 'Equity' 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	2023 € million	2022 € million
Operating activities			
Profit after tax		**635.7**	415.6
Finance costs, net	10	**48.3**	82.7
Share of results of non-integral equity method investments	16	**(5.0)**	(2.5)
Tax charged to the income statement	11	**274.6**	208.0
Depreciation of property, plant and equipment including right-of-use assets	15, 17	**385.1**	403.4
Impairment of property, plant and equipment including right-of-use assets	15	**14.8**	81.5
Employee performance shares		**20.4**	16.5
Amortisation of intangible assets	14	**1.4**	1.4
Impairment of intangible assets	14	**112.5**	13.7
Impairment of equity method investments	6	**–**	52.8
Other non-cash items	24	**–**	70.5
		1,487.8	**1,343.6**
Share of results of integral equity method investments	16	**(9.7)**	(41.6)
(Gain)/loss on disposals of non-current assets	9	**(1.3)**	1.5
Increase in inventories		**(142.6)**	(241.1)
Increase in trade and other receivables		**(212.7)**	(104.7)
Increase in trade and other payables		**491.0**	472.6
Tax paid		**(225.8)**	(195.7)
Net cash inflow from operating activities		**1,386.7**	**1,234.6**
Investing activities			
Payments for purchases of property, plant and equipment		**(610.7)**	(523.4)
Proceeds from sales of property, plant and equipment		**7.2**	7.5
Payment for business combinations, net of cash acquired	24	**(180.4)**	(399.2)
Proceeds from settlement of derivatives relating to business combination	24	**–**	13.0
Payment for integral equity method investment	16, 28	**–**	(4.0)
Receipts from integral equity method investments	16, 28	**6.7**	9.7
Payments for non-integral equity method investments	16, 28	**–**	(6.5)
Receipts from non-integral equity method investments	28	**7.0**	1.8
Net proceeds from/(payments for) investments in financial assets at amortised cost		**473.5**	(333.4)
Net proceeds from investments in financial assets at fair value through profit or loss		**–**	142.6
Payments for investments in financial assets at fair value through other comprehensive income		**(5.9)**	–
Loans to related parties		**(4.7)**	(0.4)
Repayments of loans by related parties		**0.5**	2.0
Interest received		**38.0**	7.2
Net cash outflow from investing activities		**(268.8)**	**(1,083.1)**
Financing activities			
Proceeds from shares issued to employees exercising stock options	27	**14.2**	4.7
Purchase of shares from non-controlling interests	24	**(12.6)**	(108.9)
Acquisition of treasury shares	27	**(42.6)**	–
Proceeds from borrowings	26	**136.4**	650.0
Repayments of borrowings	26	**(89.7)**	(358.6)
Principal repayments of lease obligations	26	**(59.1)**	(65.2)
Dividends paid to owners of the parent	27	**(287.2)**	(260.2)
Dividends paid to non-controlling interests		**(0.2)**	(0.2)
Proceeds from settlement of derivatives regarding financing activities	26	**4.6**	0.1
Interest paid	26	**(76.2)**	(60.4)
Net cash outflow from financing activities		**(412.4)**	**(198.7)**
Net increase/(decrease) in cash and cash equivalents		**705.5**	**(47.2)**
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 January		**719.9**	782.8
Net increase/(decrease) in cash and cash equivalents		**705.5**	(47.2)
Effect of changes in exchange rates		**(164.8)**	(15.7)
Cash and cash equivalents as at 31 December	26	**1,260.6**	**719.9**

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. General information

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, across Nigeria, Egypt and 26 countries in Europe, while in Russia the Group operates under a business model focusing on local brands. Information on the Group'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 buyout 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 depositary 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 14 March 2024 and are expected to be verified at the Annual General Meeting to be held on 21 May 2024.

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 and overall financial position, the Group's quantitative viability exercise linked to its principal risks, including those relating to climate change, the geopolitical events involving Russia and Ukraine, and the tensions in the Middle East. Management has reviewed the Group's 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, its committed funding facilities and 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. The subsidiaries' accounting policies are consistent with policies adopted by the Group. All inter-company transactions and balances between Group companies are eliminated on consolidation.

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.

When the Group ceases to have control over a subsidiary, it derecognises the related assets and liabilities, non-controlling interests and any other components of equity, while any resulting gain or loss is recognised in the income statement. Any retained interest in the former subsidiary 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 rates prevailing at the balance sheet date. The results of foreign subsidiaries are translated into Euro using the average monthly exchange rates, 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 rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are remeasured at the rates 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 and share premium 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 the translation purposes in respect of one Euro are:

	Average 2023	Average 2022	**Closing 2023**	Closing 2022
US Dollar	**1.08**	1.05	**1.11**	1.06
UK Sterling	**0.87**	0.85	**0.87**	0.88
Polish Zloty	**4.54**	4.68	**4.32**	4.69
Nigerian Naira	**695.06**	448.99	**1,056.96**	493.61
Hungarian Forint	**381.75**	390.36	**382.03**	401.54
Swiss Franc	**0.97**	1.01	**0.94**	0.99
Russian Rouble	**92.40**	74.01	**101.68**	79.23
Romanian Leu	**4.95**	4.93	**4.98**	4.94
Ukrainian Hryvnia	**39.54**	33.92	**41.63**	38.94
Czech Koruna	**24.00**	24.56	**24.69**	24.21
Serbian Dinar	**117.25**	117.47	**117.16**	117.30
Egyptian Pound	**33.15**	20.09	**34.16**	26.35

4. Accounting pronouncements

a) Accounting pronouncements adopted in 2023

The Group has adopted the following standards and amendments to standards which were endorsed by the EU, that are relevant to its operations and effective for accounting periods beginning on 1 January 2023:

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates – Amendments to IAS 8;
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12;
- IFRS 17 – Insurance Contracts and Amendments to IFRS 17; and
- International tax reform – Pillar Two Model Rules – Amendments to IAS 12: Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group has presence, but will be effective for the Group's financial year beginning 1 January 2024 (refer to Note 11).

The adoption of these standards and amendments to standards 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 and Non-Current liabilities with Covenants – Amendments to IAS 1;
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16;
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7 (not endorsed by the EU); and
- The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability – Amendments to IAS 21 (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.

Notes to the consolidated financial statements continued

5. Critical accounting estimates and judgements continued

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).

6. Russia-Ukraine conflict impact

6.1 Exceptional items related to Russia-Ukraine conflict

The conflict between Russia and Ukraine, which began in the prior year, affected the Group's business in those countries resulting in significant non-recurring costs. More specifically, the Group 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. There were no exceptional items related to the Russia-Ukraine conflict in 2023, while for 2022 these costs 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, which were recorded based on a value-in-use exercise, reported in line 'Exceptional items related to Russia-Ukraine conflict' of the 2022 condensed consolidated interim income statement and included under Emerging markets for segmental reporting purposes.

Following June 2022, whilst uncertainty levels remained 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 2022 consolidated income statement and included under Emerging markets for segmental reporting purposes.

During 2023, whilst the conflict with Ukraine is ongoing and thus uncertainty levels remain high in Russia, no impairment indicator was identified in connection with the assets of the Russian operation, as market conditions remained relatively stable compared with 2022 and performance under the new business model was in line with management's forecasts. The Group is continuously monitoring developments in the region to ensure recoverability of its assets.

Following the above, property, plant and equipment of the Russian operation represented approximately 7% of the Group's total property, plant and equipment as at 31 December 2023 (2022: 8%).

Recoverability of the Russian cash-generating unit, including goodwill

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 expected 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 2022 condensed consolidated interim income statement and included under Emerging markets for segmental reporting purposes.

Notes to the consolidated financial statements continued

6. Russia-Ukraine conflict impact continued

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 expected 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 pre-tax impairment losses to 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 2022 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, as well as 2022 interim results:

	2022	2022 interim
Growth rate in perpetuity	4.0%	4.0%
Post-tax discount rate	14.9%	26.5%
Pre-tax discount rate	18.3%	29.2%

The high discount rate used in the 2022 interim results 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 with the first half of the year.

Following the above, the Group's carrying amount of goodwill and other indefinite-lived intangibles for its Russian cash-generating unit was €nil as at 31 December 2023 and 2022.

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 AO 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 2022 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).

Notes to the consolidated financial statements continued

6. Russia-Ukraine conflict impact continued

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. From May 2022, the Group has 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 2023 (2022: 1%). 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 well as for the purposes of the Group's consolidated financial statements for 2023, as it was considered that, whilst operations have resumed, the continued conflict has resulted in significant changes in the relevant market with an adverse effect in the cash-generating unit. No impairment was identified as a result of this impairment testing neither in 2022 nor in 2023. The Group's carrying amount of goodwill and other indefinite-lived intangibles for its Ukrainian cash-generating unit was €nil as at 31 December 2023 and 2022.

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, were incurred by the Group's Ukrainian subsidiary during 2022, of which €3.3 million were 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 respectively. During 2023, an amount of €0.2 million in connection with these losses was reversed, as the relevant items of property, plant and equipment were recovered, and recorded in line 'Operating expenses (excluding exceptional items related to Russia-Ukraine conflict)' 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.

2023 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	**17.5%**	**(3.8)**	**–**	**5.4**	**–**
Ukrainian Hryvnia	**8.4%**	**2.5**	**–**	**(2.9)**	**–**

2023 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	**15.3%**	**(8.2)**	**(0.6)**	**11.2**	**0.9**
Ukrainian Hryvnia	**3.4%**	**0.3**	**–**	**(0.3)**	**–**

Notes to the consolidated financial statements continued

6. Russia-Ukraine conflict impact continued

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	–

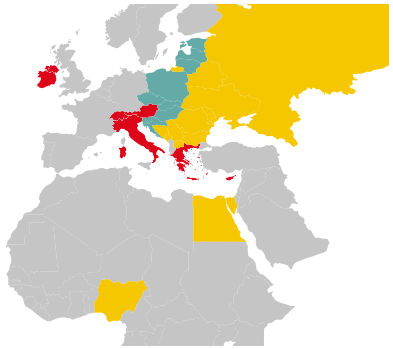
6.3 Other topics

As a result of sanctions and other regulations, 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 €278.7 million equivalent in Russian Rouble, US Dollar and Euro as at 31 December 2023 (2022: €155.3 million). 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.

7. Segmental analysis

The Group has essentially one business, being the production, sale and distribution of primarily non-alcoholic, ready-to-drink, beverages across 29 countries. The Group's markets are aggregated in reportable segments as follows:



Established markets:	Austria, Cyprus, Greece, Italy, Northern Ireland, the Republic of Ireland, Switzerland and Global exports[1].
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.

1. The Global exports market refers to the export business for Finlandia and Three Cents in countries where the Group does not have operations in connection with non-alcoholic ready-to-drink beverages, established due to the Finlandia acquisition (refer to Note 24).

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. The Group's operations in the Established, Developing and Emerging markets 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.

a) Volume and net sales revenue

The Group's sales volume in million unit cases[2] for the years ended 31 December was as follows:

	2023	2022
Established	**628.7**	643.9
Developing	**471.0**	478.8
Emerging	**1,735.8**	1,589.1
Total volume	**2,835.5**	**2,711.8**

Notes to the consolidated financial statements continued

7. Segmental analysis continued

Net sales revenue per reportable segment for the years ended 31 December is presented in the graphs below:

2023
€10,184.0 million



- Established €3,358.5 million
- Developing €2,088.6 million
- Emerging €4,736.9 million

2022
€9,198.4 million



- Established €2,974.1 million
- Developing €1,719.7 million
- Emerging €4,504.6 million

Sales or transfers between the Group's segments are not material, nor are there any customers that represent more than 10% of net sales revenue for the Group.

In addition to non-alcoholic, ready-to-drink beverages, as well as coffee and snacks ('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[2]:	**2023**	2022
NARTD	**2,831.2**	2,708.4
Premium spirits	**4.3**	3.4
Total volume	**2,835.5**	**2,711.8**
Net sales revenue in € million:		
NARTD	**9,886.1**	8,956.0
Premium spirits	**297.9**	242.4
Total net sales revenue	**10,184.0**	**9,198.4**

2. 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[3], Italy and Nigeria was as follows for the years ended 31 December:

	2023 € million	2022 € million
Switzerland	**464.1**	426.7
The Russian Federation[3]	**1,196.4**	1,103.2
Italy	**1,231.9**	1,096.1
Nigeria	**894.4**	989.4
All countries other than Switzerland, the Russian Federation, Italy and Nigeria	**6,397.2**	5,583.0
Total net sales revenue from external customers	**10,184.0**	**9,198.4**

3. Net sales revenue from external customers for 2023 includes Multon, the Group's juice business in Russia; while for 2022, Multon is included for the period from 11 August 2022 to 31 December 2022 (refer to Note 24).

Notes to the consolidated financial statements continued

7. Segmental analysis continued

b) Other income statement items

Year ended 31 December	Note	2023 € million	2022 € million
Operating profit:			
Established		**379.2**	310.4
Developing		**152.6**	113.1
Emerging		**421.8**	280.3
Total operating profit		**953.6**	**703.8**
Finance costs:			
Established		**(16.4)**	(15.6)
Developing		**(19.5)**	(18.1)
Emerging		**(52.3)**	(55.0)
Corporate[4]		**(141.3)**	(118.7)
Inter-segment finance cost		**125.5**	111.5
Total finance costs	10	**(104.0)**	**(95.9)**
Finance income:			
Established		**3.0**	2.4
Developing		**2.4**	1.0
Emerging		**30.1**	19.0
Corporate[4]		**145.7**	102.3
Inter-segment finance income		**(125.5)**	(111.5)
Total finance income	10	**55.7**	**13.2**

Year ended 31 December	Note	2023 € million	2022 € million
Income tax expense:			
Established		**(82.2)**	(75.7)
Developing		**(32.5)**	(28.5)
Emerging		**(140.1)**	(80.5)
Corporate[4]		**(19.8)**	(23.3)
Total income tax expense	11	**(274.6)**	**(208.0)**
Reconciling items:			
Share of results of non-integral equity method investments	16	**5.0**	2.5
Profit after tax		**635.7**	**415.6**

4. Corporate refers to holding, finance and other non-operating subsidiaries of the Group.

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	2023 € million	2022 € million
Depreciation and impairment of property, plant and equipment:			
Established		**(112.7)**	(96.4)
Developing		**(68.8)**	(57.8)
Emerging		**(218.4)**	(330.7)
Total depreciation and impairment of property, plant and equipment	15, 17	**(399.9)**	**(484.9)**
Amortisation and impairment of intangible assets:			
Developing		**(3.7)**	(0.6)
Emerging		**(110.2)**	(14.5)
Total amortisation and impairment of intangible assets	14	**(113.9)**	**(15.1)**

Notes to the consolidated financial statements continued

7. Segmental analysis continued

c) Other items

The balance of non-current assets[5] attributed to Switzerland (the Group's country of domicile), Egypt, Italy and Nigeria was as follows for the years ended 31 December:

	2023 € million	2022 € million
Switzerland	**636.3**	596.0
Egypt	**402.3**	615.7
Italy	**1,170.0**	1,137.4
Nigeria	**390.0**	744.7
All countries other than Switzerland, Egypt, Italy and Nigeria	**3,255.1**	2,946.0
Total non-current assets[5]	**5,853.7**	**6,039.8**

5. 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:

	2023 € million	2022 € million
Established	**166.0**	154.1
Developing	**89.5**	75.7
Emerging[6]	**367.5**	302.0
Total expenditure of property, plant and equipment	**623.0**	**531.8**

6. Expenditure on property, plant and equipment for 2023 includes €12.3 million (2022: €8.4 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.

8. Net sales revenue

Accounting policy

The Group essentially produces, sells and distributes primarily non-alcoholic, ready-to-drink 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 2023 that was included in the contract liability balance at the beginning of the year amounted to €14.4 million (2022: €11.6 million). For contract liabilities as at 31 December 2023 and 2022, 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:

	2023 € million	2022 € million
Selling expenses	**1,144.4**	1,045.7
Delivery expenses	**744.5**	698.8
Administrative expenses	**709.3**	518.5
Restructuring expenses	**9.0**	11.9
Acquisition and integration costs (refer to Note 24)	**6.3**	79.7
Operating expenses (excluding exceptional items related to Russia-Ukraine conflict)	**2,613.5**	**2,354.6**
Exceptional items relating to Russia-Ukraine conflict (refer to Note 6)	**–**	127.4
Operating expenses	**2,613.5**	**2,482.0**

In 2023, operating expenses included a net gain on disposals of non-current assets of €1.3 million (2022: €1.5 million net loss).

For the contributions received from The Coca-Cola Company, which are offset against expenses for general marketing programmes, 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:

	2023 € million	2022 € million
Established	**0.9**	(6.1)
Developing	**1.1**	(1.5)
Emerging	**7.0**	19.5
Total restructuring expenses	**9.0**	**11.9**

b) Employee costs

Employee costs for the years ended 31 December comprised:

	2023 € million	2022 € million
Wages and salaries	**910.8**	877.6
Social security costs	**147.4**	163.6
Pension and other employee benefits	**178.3**	147.6
Termination benefits	**12.1**	15.1
Total employee costs	**1,248.6**	**1,203.9**

The average number of full-time equivalent employees in 2023 was 32,747 (2022: 33,043).

Employee costs for 2023 included in operating expenses and cost of goods sold amounted to €940.9 million and €307.7 million respectively (2022: €906.9 million and €297.0 million respectively).

Notes to the consolidated financial statements continued

9. Operating expenses continued

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:

	2023 € million	2022 € million
Salaries and other short-term benefits	**20.4**	19.3
Performance share awards	**9.3**	8.0
Pension and post-employment benefits	**0.9**	1.0
Total remuneration	**30.6**	**28.3**

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:

	2023 € million	2022 € million
Audit fees	**5.3**	5.1
Audit-related fees	**1.0**	1.1
Other fees	**0.1**	–
Total audit and audit-related fees	**6.4**	**6.2**

Fees for audit services to firms other than PricewaterhouseCoopers S.A. and affiliates were €0.6 million for the year ended 31 December 2023 (2022: €0.7 million).

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, reclassification 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:

	2023 € million	2022 € million
Finance income	**55.7**	**13.2**
Interest expense	**(86.3)**	(77.8)
Other finance costs	**(1.8)**	(2.1)
Net foreign exchange remeasurement losses	**(15.9)**	(16.0)
Finance costs	**(104.0)**	**(95.9)**
Finance costs, net	**(48.3)**	**(82.7)**

Other finance costs include commitment fees on loan facilities (for the part not yet drawn down) and other similar fees. Finance income relates to interest income earned from financial assets that are held for cash management purposes as well as gain recognised from the fair value measurement of money market funds.

For the interest expense incurred with respect to leases, refer to Note 17.

Notes to the consolidated financial statements continued

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:

	2023 € million	2022 € million
Current tax expense	**273.5**	235.6
Deferred tax expense/(income)	**1.1**	(27.6)
Income tax expense	**274.6**	**208.0**

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:

	2023 € million	2022 € million
Profit before tax	**910.3**	623.6
Tax calculated at domestic tax rates applicable to profits in the respective countries	**178.8**	162.1
Additional local taxes in foreign jurisdictions	**28.2**	18.8
Tax holidays in foreign jurisdictions	**5.4**	(0.2)
Expenses non-deductible for tax purposes	**49.6**	28.6
Income not subject to tax	**(0.3)**	(3.6)
Changes in tax laws and rates	**(3.2)**	0.4
Movement of accumulated tax losses	**5.4**	2.9
Movement of deferred tax asset not recognised	**–**	0.1
Other	**10.7**	(1.1)
Income tax expense	**274.6**	**208.0**
Effective tax rate	**30.2%**	33.4%

Non-deductible expenses for tax purposes include marketing and advertising expenses, service fees, loss allowance 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's effective tax rate varies depending on the mix of taxable profits by territory, the non-deductibility of certain expenses, non-taxable income, and other one-off tax items across its territories. The changes in applicable tax rates compared to the previous period are driven by a combination of blended tax rates and changes in the standard corporate tax rate in certain territories of the Group (namely Austria, Belarus, Czech Republic, Italy, Northern Ireland, Slovenia and Switzerland).

Notes to the consolidated financial statements continued

11. Taxation continued

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 €82.8 million as at 31 December 2023 (2022: €67.5 million), of which €72.9 million (2022: €67.2 million) are classified in line 'Current tax liabilities', €0.3 million (2022: €0.3 million) in line 'Current tax assets' and €9.6 million (2022: €nil) in line 'Deferred tax liabilities' of the consolidated balance sheet.

The income tax provision per reportable segment for the years ended 31 December was as follows:

	2023 € million	2022 € million
Established	**14.8**	18.2
Developing	**14.3**	14.3
Emerging	**45.2**	25.4
Corporate[1]	**8.5**	9.6
Total income tax provision	**82.8**	**67.5**

1. Corporate refers to holding, finance and other non-operating subsidiaries of the Group.

OECD Pillar Two model rules

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting published the Pillar Two model rules designed to address the tax challenges arising from the digitalisation of the global economy. Under Pillar Two legislation, the Group may be liable to pay a top-up tax for the difference between their Global Anti-Base Erosion ('GloBE') effective tax rate per jurisdiction and the 15% minimum rate[1].

As of 31 December 2023, Pillar Two[2] legislation has been enacted or substantively enacted in certain jurisdictions in which the Group has presence. In particular, Pillar Two legislation was enacted or substantively enacted in Austria, Bulgaria, Croatia, Czech Republic, Finland, Hungary, Republic of Ireland, Italy, the Netherlands, Romania, Slovakia, Slovenia, Switzerland and Northern Ireland. Further countries in which the Group has presence have introduced draft legislation or declared their intention to introduce Pillar Two legislation.

The legislation will be effective for the Group's financial year beginning 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. In May 2023, the IASB amended IAS 12 to provide timely relief for affected entities, to avoid diverse interpretations of IAS 12 and to improve disclosures. The amendments have introduced a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes as well as additional disclosure requirements. The Group applied the temporary exception at 31 December 2023.

The Group has performed a preliminary assessment of its potential exposure to Pillar Two income taxes, following the transitional Pillar Two Safe Harbor rules. This assessment is based on the financial accounts of the Constituent Entities[3] which have been used in the preparation of the Group's consolidated financial statements under IFRS as adopted by the EU for 2021, 2022 and 2023. The assessment considers all countries in which the Group has presence and involves the assessment of whether a local additional tax liability or a tax liability at the level of the respective holding entity is expected to arise.

Based on the Group's assessment, it is expected that no additional tax liability will arise in most of the Group's jurisdictions; however, there is a limited number of jurisdictions where the Pillar Two effective tax rate may be lower than 15%, namely Bulgaria, Kosovo, Bosnia and Herzegovina, Republic of Ireland, Moldova and Romania. While the effective tax rates in 2024 will depend on factors such as revenues, costs and foreign currency exchange rates, an estimation based on the figures of the fiscal year 2023 indicates that, had the Pillar Two legislation been effective for the year ended 31 December 2023, the effective tax rate under IFRS would have been approximately 0.5% higher than the reported effective tax rate of 30.2%. On this basis, the impact of any Pillar Two additional tax liability to the Group's effective tax rate for 2024 is not expected to be material.

1. The top-up tax is calculated on the GloBE income after deduction of the Substance Based Excluded Income (i.e. after deducting part of the income calculated based on the local personnel costs and local tangible assets as per Pillar Two rules).
2. Pillar Two legislation refers to OECD Global Base Anti-Erosion Rules (OECD GloBE Rules) introducing minimum taxation effective on low-tax jurisdictions.
3. Constituent Entities are the entities in scope of the Pillar Two rules, i.e. entities included in the financial statements with full consolidation and certain joint ventures to which CCHBC Group participates with a 50% ownership share.

Notes to the consolidated financial statements continued

11. Taxation continued

Deferred tax assets and liabilities presented in the consolidated balance sheet as at 31 December, can be further analysed as follows:

Deferred tax assets:	2023 € million	2022 € million
To be recovered after 12 months	**52.2**	62.6
To be recovered within 12 months	**92.3**	73.7
Gross deferred tax assets	**144.5**	**136.3**
Offset of deferred tax	**(103.0)**	(98.8)
Net deferred tax assets	**41.5**	**37.5**
Deferred tax liabilities:		
To be recovered after 12 months	**(329.8)**	(339.6)
To be recovered within 12 months	**(23.5)**	(23.8)
Gross deferred tax liabilities	**(353.3)**	**(363.4)**
Offset of deferred tax	**103.0**	98.8
Net deferred tax liabilities	**(250.3)**	**(264.6)**

A reconciliation of net deferred tax is presented below:

	2023 € million	2022 € million
As at 1 January	**(227.1)**	(166.7)
Taken to the income statement	**(1.1)**	27.6
Arising from business combinations (refer to Note 24)	**(28.0)**	(128.1)
Taken to other comprehensive income	**(1.1)**	(2.1)
Taken directly to equity	**4.9**	9.9
Foreign currency translation	**43.6**	32.3
As at 31 December	**(208.8)**	**(227.1)**

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
As at 1 January 2022	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)**
Other movements and foreign currency translation	(0.6)	–	(5.2)	(0.4)	(0.3)	(6.7)	**(13.2)**
As at 31 December 2022	**40.8**	**10.8**	**6.6**	**5.5**	**30.6**	**42.0**	**136.3**
Taken to the income statement	(6.5)	2.7	1.5	(0.7)	5.6	6.1	**8.7**
Arising from business combinations (refer to Note 24)	–	–	11.2	–	1.3	0.8	**13.3**
Taken to other comprehensive income	–	0.8	–	–	–	0.8	**1.6**
Other movements and foreign currency translation	(17.7)	0.8	(0.3)	–	(4.3)	6.1	**(15.4)**
As at 31 December 2023	**16.6**	**15.1**	**19.0**	**4.8**	**33.2**	**55.8**	**144.5**

Notes to the consolidated financial statements continued

11. Taxation continued

Deferred tax liabilities	Tax in excess of book depreciation € million	Derivative instruments € million	Other deferred tax liabilities € million	Total € million
As at 1 January 2022	(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**
Other movements and foreign currency translation	34.5	(0.1)	11.1	**45.5**
As at 31 December 2022	**(332.8)**	**(3.0)**	**(27.6)**	**(363.4)**
Taken to the income statement	(5.8)	(0.4)	(3.6)	**(9.8)**
Arising from business combinations (refer to Note 24)	–	–	(41.3)	**(41.3)**
Taken to other comprehensive income	–	(3.8)	1.1	**(2.7)**
Taken directly to equity	–	4.9	–	**4.9**
Other movements and foreign currency translation	61.7	(0.1)	(2.6)	**59.0**
As at 31 December 2023	**(276.9)**	**(2.4)**	**(74.0)**	**(353.3)**

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:

	2023 € million	2022 € million
Attributable to tax losses that expire within five years	**5.8**	2.1
Attributable to tax losses that expire after five years	**11.2**	–
Attributable to tax losses that can be carried forward indefinitely	**2.0**	4.5
Recognised deferred tax assets attributable to tax losses	**19.0**	**6.6**

The Group has unrecognised deferred tax assets attributable to tax losses that are available to carry forward against future taxable income of €28.6 million (2022: €29.1 million). These are analysed as follows:

	2023 € million	2022 € million
Attributable to tax losses that expire within five years	**21.7**	18.7
Attributable to tax losses that expire after five years	**6.9**	10.4
Unrecognised deferred tax assets attributable to tax losses	**28.6**	**29.1**

The aggregate amount of distributable reserves arising from the realised earnings of the Group's operations was €3,871.2 million in 2023 (2022: €3,574.8 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:

	2023	2022
Net profit attributable to the owners of the parent (€ million)	**636.5**	415.4
Weighted average number of ordinary shares for the purposes of basic earnings per share (million)	**367.8**	366.4
Effect of dilutive stock options on number of shares (million)	**0.5**	0.5
Weighted average number of ordinary shares for the purposes of diluted earnings per share (million)	**368.3**	366.9
Basic earnings per share (€)	**1.73**	**1.13**
Diluted earnings per share (€)	**1.73**	**1.13**

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:

	2023			2022		
	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)	**(7.1)**	**–**	**(7.1)**	(3.5)	–	(3.5)
Cash flow hedges (refer to Note 25)	**19.7**	**(3.0)**	**16.7**	34.6	(3.9)	30.7
Foreign currency translation losses	**(484.6)**	**–**	**(484.6)**	(252.6)	–	(252.6)
Valuation gain/(loss) on equity investments at fair value through other comprehensive income	**0.4**	**(0.1)**	**0.3**	(0.1)	–	(0.1)
Actuarial (losses)/gains	**(16.4)**	**2.0**	**(14.4)**	26.0	1.8	27.8
Share of other comprehensive (loss)/ income of equity method investments	**(11.7)**	**–**	**(11.7)**	34.2	–	34.2
Reclassification of share of other comprehensive income of equity method investments to the income statement, arising from business combinations (refer to Note 24)	**–**	**–**	**–**	145.2	–	145.2
Other comprehensive loss	**(499.7)**	**(1.1)**	**(500.8)**	**(16.2)**	**(2.1)**	**(18.3)**

The foreign currency translation losses for 2023 primarily related to the Nigerian Naira, the Russian Rouble and the Egyptian Pound, while the losses from the foreign currency translation for 2022 primarily related to the Egyptian Pound and the Russian Rouble.

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.

Notes to the consolidated financial statements continued

14. Intangible assets continued

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 rates 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.

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 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
Cost					
As at 1 January 2023	2,108.4	395.8	220.2	17.9	**2,742.3**
Arising from business combinations (refer to Note 24)	7.4	–	197.0	–	**204.4**
Impairment	(110.5)	–	–	(2.0)	**(112.5)**
Foreign currency translation	(2.1)	(62.0)	(0.3)	–	**(64.4)**
As at 31 December 2023	**2,003.2**	**333.8**	**416.9**	**15.9**	2,769.8
Amortisation					
As at 1 January 2023	182.4	–	8.1	9.3	**199.8**
Charge for the year	–	–	0.5	0.9	**1.4**
As at 31 December 2023	**182.4**	**–**	**8.6**	**10.2**	**201.2**
Net book value as at 1 January 2023	1,926.0	395.8	212.1	8.6	**2,542.5**
Net book value as at 31 December 2023	**1,820.8**	**333.8**	**408.3**	**5.7**	2,568.6

Notes to the consolidated financial statements continued

14. Intangible assets continued

Impairment losses of €13.7 million in 2022 relate to the impairment of goodwill in connection with the Group's Russian cash-generating unit (refer to Note 6).

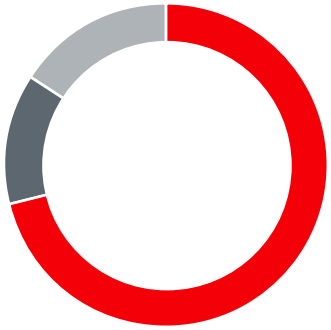
In 2023, the Group recognised an impairment loss of €3.1 million in connection with its self-serve coffee vending business in Poland (the 'Costa Express Business'), as the recoverable amount was lower than the carrying amount. The recoverable amount was determined based on value-in-use calculations, considering management's best estimates of future cash flows expected to arise from the business, discounted at a rate of 7.7%. The impairment was driven mainly by a change in expectations regarding scope and duration of a contract with a key customer. The impairment loss was allocated to goodwill (€1.1 million) and other finite-lived intangible assets (€2.0 million), and was included in line 'Operating expenses' of the consolidated income statement and under Developing markets for segmental allocation purposes.

In addition, impairment losses of €109.4 million in 2023 relate to the impairment of goodwill of the Group's Egyptian cash-generating unit. For details on the impairment testing of the Group's Egyptian cash-generating unit, refer to section 'Annual impairment test for goodwill and other indefinite-lived intangible assets' below.

Intangible assets not subject to amortisation amounted to €2,559.0 million (2022: €2,529.7 million), and are presented in the charts below:

2023

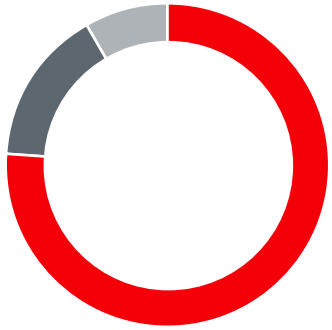
€2,559.0 million



Goodwill	€1,820.8 million
Franchise agreements	€333.8 million
Trademarks	€404.4 million

2022

€2,529.7 million



Goodwill	€1,926.0 million
Franchise agreements	€395.8 million
Trademarks	€207.9 million

The carrying value of intangible assets subject to amortisation amounted to €9.6 million (2022: €12.8 million) and comprised water rights of €5.3 million, trademarks of €3.9 million and other intangible assets of €0.4 million (2022: €6.0 million water rights, €4.2 million trademarks and €2.6 million other intangible assets).

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 materials' 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.

Except for the impairment in the goodwill of the Egyptian cash-generating unit analysed below, no further impairment of goodwill and other indefinite-lived assets was identified during the annual impairment test of 2023.

Notes to the consolidated financial statements continued

14. Intangible assets continued

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 than or equal to 9% of the total, as at 31 December 2023.

Intangible assets not subject to amortisation as at 31 December 2023 (%)



- Italy 30%
- Switzerland 19%
- The Republic of Ireland and Northern Ireland 10%
- Koncern Bambi a.d. Požarevac 9%
- All other cash-generating units 32%

	Goodwill € million	Franchise agreements € million	Trademarks € million	Total € million
Italy	640.9	126.9	–	**767.8**
Switzerland	492.1	–	–	**492.1**
The Republic of Ireland and Northern Ireland	245.8	–	–	**245.8**
Koncern Bambi a.d. Požarevac	115.4	–	118.7	**234.1**
All other cash-generating units	326.6	206.9	285.7	**819.2**
Total	**1,820.8**	**333.8**	**404.4**	**2,559.0**

The key assumptions for these cash-generating units are presented below:

	Growth rate in perpetuity (%)		Post-tax discount rate (%)		Pre-tax discount rate (%)	
	2023	2022	**2023**	2022	**2023**	2022
Italy	**2.0**	2.0	**8.4**	8.6	**11.5**	11.4
Switzerland	**0.8**	0.8	**6.5**	6.7	**7.8**	8.0
The Republic of Ireland and Northern Ireland	**4.0**	4.0	**6.4**	6.6	**7.0**	7.1
Koncern Bambi a.d. Požarevac	**4.5**	4.5	**9.3**	10.9	**10.2**	11.9

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.

Impairment of Egyptian cash-generating unit

We disclosed in our 2022 Integrated Annual Report that in the cash-generating unit ('unit') of Egypt, reasonably possible changes in key assumptions of the 2022 impairment test would remove the remaining headroom. During 2023, we experienced worsening macroeconomic factors in the country, with inflation persisting at record-high levels, more than double the upper bound of the Central Bank of Egypt's target band, and increasing risk of foreign currency crisis due to low reserves, while geopolitical tensions in the Middle East negatively impacted the financial performance of the unit in late 2023.

The Group performed its annual impairment test in 2023, which resulted in an impairment loss for its Egyptian unit of €109.4 million, as the recoverable amount was lower than the carrying amount of the unit. The recoverable amount was determined based on value-in-use calculations consistent with those performed in 2022, updated to consider management's best estimates of expected cash flows and a higher discount rate, reflective of the increased macroeconomic uncertainty in Egypt, as discussed above. The impairment loss was allocated in its entirety to reduce the carrying amount of goodwill allocated to the unit and was included in line 'Operating expenses' of the consolidated income statement and under Emerging markets for segmental allocation purposes.

The following table sets out the key assumptions used in the impairment assessment of the Egyptian unit:

	December 2023	December 2022
Growth rate in perpetuity	**5.0%**	5.0%
Post-tax discount rate	**17.4%**	15.2%
Pre-tax discount rate	**20.8%**	17.8%

As at 31 December 2023, the recoverable amount of the Egyptian unit was approximately €340 million. The Group continues to closely monitor its Egyptian unit in order to ensure that timely actions and initiatives are undertaken to minimise potential adverse impacts on its expected performance.

Notes to the consolidated financial statements continued

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. Climate change-related risks and relevant mitigation and adaptation actions may impact the useful lives of property, plant and equipment. The Group monitors the potential impact of climate change-related risks and associated legislation in the context of its review of the useful lives and no impact has been identified.

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 the 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

	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[1]	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[1]	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**

	Land and buildings € million	Plant and equipment € million	Returnable containers € million	Assets under construction € million	Total € million
Cost					
As at 1 January 2023	1,752.3	4,168.4	497.0	249.1	**6,666.8**
Additions	5.5	136.9	74.4	393.4	**610.2**
Disposals	(7.4)	(145.2)	(17.0)	(1.7)	**(171.3)**
Reclassified to assets held for sale (refer to Note 20)	(11.7)	(0.4)	–	–	**(12.1)**
Reclassified from assets held for sale (refer to Note 20)	–	0.6	–	–	**0.6**
Reclassifications	76.2	249.7	3.7	(329.6)	**–**
Foreign currency translation	(216.8)	(449.2)	(99.1)	(41.9)	**(807.0)**
As at 31 December 2023	**1,598.1**	**3,960.8**	**459.0**	**269.3**	**6,287.2**
Depreciation and impairment					
As at 1 January 2023	612.9	2,685.3	303.9	2.3	**3,604.4**
Charge for the year	47.2	239.7	39.2	–	**326.1**
Impairment	1.4	9.8	2.4	1.1	**14.7**
Disposals	(5.7)	(142.4)	(13.8)	(1.1)	**(163.0)**
Reclassified to assets held for sale (refer to Note 20)	(8.4)	(0.4)	–	–	**(8.8)**
Reclassified from assets held for sale (refer to Note 20)	–	0.5	–	–	**0.5**
Foreign currency translation	(41.7)	(244.1)	(48.4)	–	**(334.2)**
As at 31 December 2023	**605.7**	**2,548.4**	**283.3**	**2.3**	**3,439.7**
Net book value as at 31 December 2023 excluding right-of-use assets	**992.4**	**1,412.4**	**175.7**	**267.0**	**2,847.5**
Net book value of right-of-use assets as at 31 December 2023	**105.2**	**104.4**	**–**	**–**	**209.6**
Net book value as at 31 December 2023	**1,097.6**	**1,516.8**	**175.7**	**267.0**	**3,057.1**

1. 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.

Notes to the consolidated financial statements continued

15. Property, plant and equipment continued

Assets under construction at 31 December 2023 include advances for equipment purchases of €78.6 million (2022: €63.2 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 €203.7 million (2022: €209.6 million) and €181.4 million (2022: €193.8 million) respectively.

Impairment of property, plant and equipment and right-of-use assets

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.

In 2023, the Group recorded impairment losses of €5.1 million, €3.6 million and €10.4 million, and reversals of impairment of €nil, €nil and €4.4 million relating to property, plant and equipment in the Established, Developing and Emerging segments respectively. The impaired assets, being mainly production equipment and returnable containers, were written down based mainly on value-in-use calculations. The Group also recorded impairment losses of €0.1 million and reversals of impairment of €nil relating to right-of-use assets in the Established segment.

16. Interests in other entities

The following are the principal subsidiaries of the Group as at 31 December:

		% of voting rights		% ownership	
	Country of registration	**2023**	2022	**2023**	2022
Adelink Ltd[1]	Russia	**50.0%**	50.0%	**50.0%**	50.0%
AS Coca-Cola HBC Eesti	Estonia	**100.0%**	100.0%	**100.0%**	100.0%
Brown-Forman Finland Oy[2]	Finland	**100.0%**	–	**100.0%**	–
CC Beverages Holdings II B.V.	The Netherlands	**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%
CCHBC Ventures BV[3]	The Netherlands	**100.0%**	–	**100.0%**	–
CCH CirculaRPET S.r.l.	Italy	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola Beverages Belorussiya	Belarus	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola Imbuteliere Chisinau SRL	Moldova	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola Beverages Ukraine Ltd	Ukraine	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Austria GmbH	Austria	**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 Česká a Slovensko, s.r.o. organizačná zložka	Slovakia	**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 Cyprus Ltd	Cyprus	**100.0%**	100.0%	**100.0%**	100.0%
Coca-Cola HBC Egypt[4]	Egypt	**97.8%**	94.7%	**97.8%**	94.7%
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%

Notes to the consolidated financial statements continued

16. Interests in other entities continued

		% of voting rights		% ownership	
	Country of registration	2023	2022	2023	2022
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%
dCommerce Solutions BV	The Netherlands	**100.0%**	100.0%	**100.0%**	100.0%
ESM Effervescent Sodas Management Limited[5]	Cyprus	**100.0%**	100.0%	**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[6]	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.[5]	Greece	**100.0%**	100.0%	**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. Brown-Forman Finland Oy was acquired on 1 November 2023 (refer to Note 24).
3. CCHBC Ventures BV was established on 21 April 2023.
4. Coca-Cola Bottling Company of Egypt S.A.E. was acquired on 13 January 2022 (refer to Note 24) and was renamed to Coca-Cola HBC Egypt as of 18 June 2023.
5. 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).
6. LLC Coca-Cola HBC Eurasia was renamed to Multon Partners LLC as of 29 July 2022.

Associates and joint arrangements

Accounting policy

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% and 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 statement of 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.

Notes to the consolidated financial statements continued

16. Interests in other entities continued

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 the classification of the Group's joint arrangements as joint ventures where the Group has rights to the net assets of the arrangement, or joint operations where the Group has rights to the assets and obligations for the liabilities of the arrangement. In making this assessment, 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 relevant legal framework). The Group participates in a number of joint arrangements with The Coca-Cola Company in connection with its water business across its markets, the classification of which involves a significant degree of judgement due to the complexity of the underlying contractual arrangements of the business model and the diversity of the relevant legal frameworks across markets.

Equity-method investments

Changes in the carrying amounts of equity method investments are as follows:

	Joint ventures € million	Associates € million	**Total € million**
As at 1 January 2022	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**
Share of results of equity method investments	**9.8**	**4.9**	**14.7**
Share of other comprehensive income of equity method investments	**0.3**	**(12.0)**	**(11.7)**
Share of total comprehensive income	**10.1**	**(7.1)**	**3.0**
Dividends	**(9.3)**	**(2.1)**	**(11.4)**
Decrease due to other movements	**–**	**(0.2)**	**(0.2)**
As at 31 December 2023	**86.8**	**110.2**	**197.0**

Notes to the consolidated financial statements continued

16. Interests in other entities continued

The carrying amount of equity method investments as at 31 December 2023 comprises integral and non-integral equity method investments as follows:

	Joint ventures € million	Associates € million	**Total € million**
Integral equity method investments	**82.6**	**–**	**82.6**
Non-integral equity method investments	**4.2**	**110.2**	**114.4**
Total equity method investments	**86.8**	**110.2**	**197.0**

a) Investments in joint ventures

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 Coca-Cola Company until August 2022 (the joint arrangement was classified as a joint venture, as its structure provided to the Group rights to its net assets). 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. As a result, considering the criteria set out in IFRS 10 'Consolidated financial statements', the Group 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 221, 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 221, 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.

The information below 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 AO Group of companies	2022 € million
Summarised statement of comprehensive income[1]:	
Revenue	307.3
Depreciation	(3.4)
Interest income	6.6
Interest expense	(1.1)
Profit before tax	80.5
Income tax expense	(15.9)
Profit after tax	64.6
Other comprehensive income	69.8
Total comprehensive income	**134.4**

1. The summarised statement of comprehensive income for 2022 reflects the period up to 11 August, 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	2023 € million	2022 € million
Summarised balance sheet:		
Non-current assets	**65.1**	**66.1**
Cash and cash equivalents	3.5	0.5
Other current assets	18.7	14.4
Total current assets	**22.2**	**14.9**
Borrowings	(6.0)	(3.6)
Other current liabilities (including trade payables)	(28.9)	(20.8)
Total current liabilities	**(34.9)**	**(24.4)**
Borrowings	(0.8)	(7.0)
Other non-current liabilities	(0.5)	(0.3)
Total non-current liabilities	**(1.3)**	**(7.3)**
Net assets	**51.1**	**49.3**
Summarised statement of comprehensive income:		
Revenue	127.5	91.8
Depreciation	(7.5)	(5.7)
Interest expense	(0.1)	–
Profit before tax	19.8	17.9
Income tax expense	(2.4)	(2.1)
Profit after tax	17.4	15.8
Total comprehensive income	**17.4**	**15.8**
Dividends received	**5.2**	**7.7**

AD Pivara Skopje	2023 € million	2022 € million
Reconciliation of net assets to carrying amount:		
Closing net assets	**51.1**	49.3
Interest in joint venture at 50%	**25.6**	24.7
Goodwill	**16.9**	16.9
Non-controlling interest	**(1.6)**	(1.6)
Carrying value	**40.9**	**40.0**

Summarised financial information of the Group's investment in other joint ventures is as follows:

	2023 € million	2022 € million
Carrying amount	**45.9**	46.0
Share of profit	**1.1**	1.9
Share of other comprehensive income	**0.3**	(0.3)
Share of total comprehensive income	**1.4**	**1.6**

b) Investment in associates

The Group has one significant associate, being Casa Del Caffè Vergnano S.p.A. ('Caffè Vergnano'), a premium Italian coffee company in which the Group holds a 30% equity shareholding. The corresponding investment is classified as an associate, as the Group has significant influence over the investee. The Group has also entered into an exclusive distribution agreement for Caffè Vergnano's products in all its territories outside of Italy. The investment is accounted for using the equity method and is further classified as a non-integral equity method investment in the consolidated financial statements of the Group, considering that the distribution agreement is separate to the shareholding.

During 2022, acquisition costs of €0.8 million accrued in 2021 in connection with the investment in Caffè Vergnano were paid and presented in line 'Payments for non-integral equity method investments' of the consolidated cash flow statement, while in 2023 €0.2 million of accrued acquisition costs were written-off.

The information below reflects the amounts presented in the financial statements of Caffè Vergnano under Italian law, amended to reflect adjustments made by the associate when using the equity method, including fair value adjustments and not the Group's share in those amounts.

Notes to the consolidated financial statements continued

16. Interests in other entities continued

Caffè Vergnano	2023 € million	2022 € million
Summarised balance sheet:		
Non-current assets	**123.4**	**125.2**
Cash and cash equivalents	0.7	1.0
Other current assets	52.0	54.5
Total current assets	**52.7**	**55.5**
Borrowings	(15.6)	(19.6)
Other current liabilities (including trade payables)	(33.4)	(30.6)
Total current liabilities	**(49.0)**	**(50.2)**
Borrowings	(3.0)	(2.4)
Other non-current liabilities	(26.7)	(27.5)
Total non-current liabilities	**(29.7)**	**(29.9)**
Net assets	**97.4**	**100.6**
Summarised statement of comprehensive income:		
Revenue	**109.7**	105.1
Depreciation	**(8.0)**	(7.6)
Loss before tax	**(2.0)**	(3.6)
Income tax	**0.8**	0.3
Loss after tax	**(1.2)**	(3.3)
Total comprehensive loss	**(1.2)**	**(3.3)**
Reconciliation of net assets to carrying amount:		
Closing net assets	**97.4**	100.6
Interest in associate at 30%	**29.2**	30.2
Acquisition costs	**0.9**	1.1
Goodwill	**56.5**	56.5
Carrying value	**86.6**	**87.8**

Summarised financial information of the Group's investment in other associates is as follows:

	2023 € million	2022 € million
Carrying amount	**23.6**	31.8
Share of profit	**5.3**	3.0
Share of other comprehensive loss	**(12.0)**	(0.4)
Share of total comprehensive (loss)/income	**(6.7)**	2.6

We disclosed in our 2022 Integrated Annual Report that Frigoglass Industries (Nigeria) Limited, an associate in which the Group holds an effective interest of 23.9% (2022: 23.9%) through its subsidiary Nigerian Bottling Company Ltd, was guarantor under the amended banking facilities and notes issued by the Frigoglass Group. This guarantee expired in April 2023 as part of the restructuring of Frigoglass Group (refer to Note 28). However, Frigoglass Industries (Nigeria) Limited is a guarantor for the new senior secured notes issued in 2023 by the restructured Frigoglass Group. The Group has no direct exposure arising from this guarantee arrangement, but the Group's investment in this associate, which stood at €14.0 million as at 31 December 2023 (2022: €21.1 million), would be at potential risk if there was a default under the terms of the senior secured notes and the restructured 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
Poland	Multivita
Switzerland	Valser
Serbia	Vlasinka

In addition, the Group has entered into a joint operation arrangement with HEINEKEN Romania S.A., whereby it holds a 50% interest in Stockday S.R.L., an online business-to-business platform and distributor in Romania.

Notes to the consolidated financial statements continued

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 leased 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 component respectively. 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.

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.

Notes to the consolidated financial statements continued

17. Leases continued

Leasing activities

The leases which are recorded on the consolidated balance sheet are principally in respect of buildings and vehicles. 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 one year. 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:

	2023 € million	2022 € million
Current lease liability	**55.3**	53.9
Non-current lease liability	**154.8**	152.1
Total lease liability (refer to Note 26)	**210.1**	**206.0**

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:

	2023 € million	2022 € million
Land and buildings	**36.0**	32.0
Plant and equipment	**50.7**	59.2
Total additions	**86.7**	**91.2**

Right-of-use assets arising on business combinations in 2023 amounted to €6.7 million (2022: €40.1 million) (refer to Note 24).

The consolidated income statement includes the following amounts relating to depreciation and impairment of right-of-use assets:

	2023 € million	2022 € million
Land and buildings	**22.5**	21.4
Plant and equipment	**36.6**	40.8
Total depreciation and impairment charge	**59.1**	**62.2**

The following expenses have been included in cost of goods sold and operating expenses:

	2023 € million	2022 € million
Expense relating to short-term leases	**26.5**	22.7
Expense relating to leases of low-value assets	**5.3**	2.5
Expense relating to variable lease payments	**15.4**	10.8

Interest expense on leases in 2023 was €16.1 million (2022: €16.4 million) and is recorded within 'Finance costs' in the consolidated income statement (refer to Note 10).

The total cash outflow for leases in 2023 was €109.3 million (2022: €103.6 million).

Expenses relating to short-term leases in 2023 and 2022 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:

	2023 € million	2022 € million
Finished goods	**367.8**	331.1
Raw materials and work in progress	**305.8**	329.3
Consumables	**99.7**	109.6
Total inventories	**773.3**	**770.0**

The amount of inventories recognised as an expense during 2023 was €4,989.5 million (2022: €4,509.6 million, including €1.1 million of write-offs related to Russia-Ukraine conflict). During 2023, provision for obsolete inventories recognised as an expense amounted to €31.1 million (2022: €19.2 million), whereas provision reversed in the year amounted to €3.8 million (2022: €0.4 million).

Notes to the consolidated financial statements continued

19. Trade, other receivables and assets

Accounting policy

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.

Trade, other receivables and assets consisted of the following as at 31 December:

	Current assets		Non-current assets	
	2023 € million	2022 € million	**2023 € million**	2022 € million
Trade receivables	**863.2**	804.8	**0.1**	0.1
Receivables from related parties (refer to Note 28)	**53.2**	56.5	**–**	–
Loans receivable	**3.5**	1.1	**2.2**	0.8
Receivables from sale of property, plant and equipment	**0.3**	0.4	**–**	–
Loans and advances to employees	**4.1**	10.1	**–**	–
Other receivables	**127.2**	144.1	**0.2**	1.4
Total trade and other receivables	**1,051.5**	**1,017.0**	**2.5**	**2.3**
Prepayments	**104.1**	88.6	**22.3**	14.3
Pension plan assets (refer to Note 22)	**–**	–	**48.6**	51.9
Non-current income tax receivable	**–**	–	**8.5**	9.7
VAT and other taxes receivable	**32.4**	42.3	**–**	–
Total other assets	**136.5**	**130.9**	**79.4**	**75.9**
Total trade, other receivables and assets	**1,188.0**	**1,147.9**	**81.9**	**78.2**

An amount of €52.7 million (2022: €50.0 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.

Notes to the consolidated financial statements continued

19. Trade, other receivables and assets continued

Trade receivables

Trade receivables classified as current assets consisted of the following as at 31 December:

	2023 € million	2022 € million
Trade receivables	**942.4**	880.6
Less: Loss allowance	**(79.2)**	(75.8)
Total trade receivables	**863.2**	**804.8**

The ageing analysis of trade receivables classified as current assets is as follows:

	2023 € million			2022 € million		
	Gross carrying amount	**Loss allowance**	**Trade receivables**	Gross carrying amount	Loss allowance	Trade receivables
Within due date	**746.8**	**(3.5)**	**743.3**	720.2	(1.1)	719.1
Past due – Up to three months	**102.5**	**(1.8)**	**100.7**	70.5	(0.5)	70.0
Past due – Three to six months	**7.1**	**(1.2)**	**5.9**	7.0	(1.2)	5.8
Past due – Six to nine months	**4.0**	**(1.2)**	**2.8**	3.6	(1.3)	2.3
Past due – More than nine months	**82.0**	**(71.5)**	**10.5**	79.3	(71.7)	7.6
Total trade receivables	**942.4**	**(79.2)**	**863.2**	**880.6**	**(75.8)**	**804.8**

The movement in the loss allowance during the year is as follows:

	2023 € million	2022 € million
As at 1 January	**(75.8)**	(76.1)
Amounts written off during the year	**3.9**	1.7
Amounts recovered during the year	**2.9**	7.3
Increase in allowance recognised in income statement	**(8.2)**	(13.6)
Foreign currency translation	**(2.0)**	4.9
As at 31 December	**(79.2)**	**(75.8)**

Receivables from related parties

The related party receivables, net of the loss allowance, are as follows:

	2023 € million	2022 € million
Within due date	**47.9**	50.9
Past due	**5.4**	5.7
Less: Loss allowance	**(0.1)**	(0.1)
Total related party receivables	**53.2**	**56.5**

The ageing analysis of these receivables is as follows:

	2023 € million	2022 € million
Within due date	**47.9**	50.8
Past due – Up to three months	**4.4**	1.8
Past due – Three to six months	**0.8**	3.6
Past due – More than nine months	**0.1**	0.3
Total	**53.2**	**56.5**

Net impairment

Net impairment loss on trade and other receivables recognised in the income statement is analysed as follows:

	2023 € million	2022 € million
Trade receivables	**4.2**	6.2
Other receivables and assets	**7.3**	2.8
Net impairment loss	**11.5**	**9.0**

Notes to the consolidated financial statements continued

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 2023, the Group's assets classified as held for sale amounted to €3.3 million, comprising the net book value of land and buildings of €1.8 million and €1.5 million in the Group's Established and Emerging segments respectively (2022: €0.1 million of plant and equipment in the Group's Established 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 2022 were reclassified to property, plant and equipment during 2023, as sale did not complete within one year from the date of classification as held for sale.

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:

	2023 € million	2022 € million
Trade payables	1,097.4	947.2
Accrued liabilities	719.4	727.9
Payables to related parties (refer to Note 28)	289.5	268.6
Deposit liabilities	90.6	112.6
Other tax and social security liabilities	173.3	159.2
Salaries and employee-related payables	69.1	69.2
Contract liabilities (refer to Note 8)	15.0	14.7
Other payables	23.8	32.5
Total trade and other payables	**2,478.1**	**2,331.9**

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. As at 31 December 2023, invoices included in the programme amounted to €144.7 million (2022: €175.3 million).

Accrued liabilities regarding volume, marketing and promotional incentives as well as listing fees and other incentives provided to customers as at 31 December 2023 amounted to €351.2 million (2022: €287.3 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:

	2023 € million	2022 € million
Current:		
Employee benefits	**145.8**	131.5
Restructuring provisions	**3.2**	3.2
Other provisions	**50.1**	46.8
Total current provisions and employee benefits	**199.1**	**181.5**
Non-current:		
Employee benefits	**105.8**	103.8
Restructuring provisions	**1.9**	1.1
Other provisions	**1.4**	2.0
Total non-current provisions and employee benefits	**109.1**	**106.9**
Total provisions and employee benefits	**308.2**	**288.4**

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.

Notes to the consolidated financial statements continued

22. Provisions and employee benefits continued

The movements in restructuring and other provisions comprise:

	2023 € million		2022 € million	
	Restructuring provision	**Other provisions**	**Restructuring provision**	Other provisions
As at 1 January	**4.3**	**48.8**	24.8	20.5
Arising during the year	**7.6**	**31.5**	19.3	22.5
Utilised during the year	**(6.1)**	**(23.1)**	(32.1)	(1.4)
Unused amount reversed	**(0.7)**	**(1.7)**	(7.8)	(3.1)
Arising from business combinations	**–**	**–**	0.1	15.1
Foreign currency translation	**–**	**(4.0)**	–	(4.8)
As at 31 December	**5.1**	**51.5**	**4.3**	**48.8**

During 2023, a restructuring provision of €0.7 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 (2022: €3.9 million). Other provisions primarily comprise provisions in relation to donations, employee litigation, legal and other tax provisions.

b) Employee benefits

Accounting policy

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.

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.

Notes to the consolidated financial statements continued

22. Provisions and employee benefits continued

Employee benefits consisted of the following as at 31 December:

	2023 € million	2022 € million
Defined benefit plans:		
Employee leaving indemnities	**66.7**	67.9
Pension plans	**5.5**	3.4
Long-service benefits (jubilee plans) and other benefits	**12.9**	13.2
Total defined benefit plans	**85.1**	**84.5**
Other employee benefits:		
Annual leave	**9.8**	7.6
Other employee benefits	**156.7**	143.2
Total other employee benefits	**166.5**	**150.8**
Total employee benefits obligations	**251.6**	**235.3**

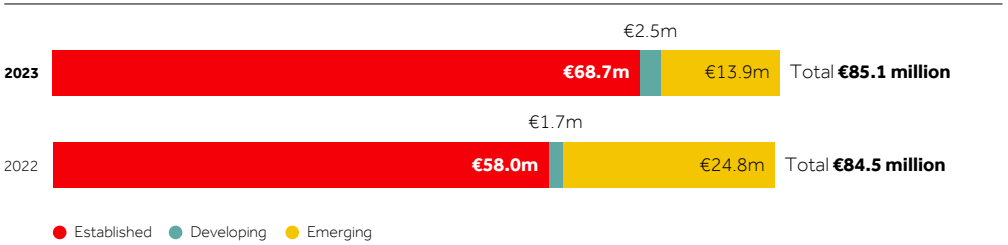
Other employee benefits primarily comprise employee bonuses which are linked to business and individual performance metrics.

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, the 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 15 years and the total employer contributions expected to be paid in 2024 are €11.8 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 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**

	Plan assets € million	Plan liabilities € million	Net surplus/ (deficit) € million
As at 1 January 2023	**431.9**	**(398.5)**	**33.4**
Current service cost	**–**	**(9.8)**	**(9.8)**
Past service cost	**–**	**0.1**	**0.1**
Administrative expenses	**(0.3)**	**–**	**(0.3)**
Curtailment/settlement	**–**	**(1.1)**	**(1.1)**
Interest income/(expense)	**12.8**	**(13.3)**	**(0.5)**
Actuarial losses	**–**	**(0.6)**	**(0.6)**
Total expense recognised in income statement	**12.5**	**(24.7)**	**(12.2)**
Losses from change in financial assumptions	**–**	**(28.3)**	**(28.3)**
Experience adjustments	**–**	**(2.2)**	**(2.2)**
Return on plan assets excluding interest income	**5.3**	**–**	**5.3**
Total remeasurements recognised in other comprehensive income	**5.3**	**(30.5)**	**(25.2)**
Benefits paid	**(22.0)**	**22.0**	**–**
Employer's contributions	**14.4**	**–**	**14.4**
Participants' contributions	**5.1**	**(5.1)**	**–**
Foreign currency translation	**14.9**	**0.3**	**15.2**
As at 31 December 2023	**462.1**	**(436.5)**	**25.6**

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:

	2023 € million	2022 € million
Fair value of plan assets as at 1 January excluding asset ceiling	**462.1**	431.9
Opening unrecognised asset due to the asset ceiling	**(66.0)**	(48.3)
Change in asset ceiling recognised in other comprehensive income	**8.8**	(15.7)
Exchange rate gain	**(3.3)**	(1.8)
Interest on unrecognised asset recognised in income statement	**(1.6)**	(0.2)
Fair value of plan assets as at 31 December including asset ceiling	**400.0**	**365.9**

	2023 € million	2022 € million
Present value of funded obligations	**356.1**	316.6
Fair value of plan assets	**(462.1)**	(431.9)
Defined benefit obligations of funded plans	**(106.0)**	**(115.3)**
Present value of unfunded obligations	**80.4**	81.9
Unrecognised asset due to asset ceiling	**62.1**	66.0
Defined benefit obligations	**36.5**	**32.6**
Plus: Amounts recognised within non-current assets (refer to Note 19)	**48.6**	51.9
Total defined benefit obligations	**85.1**	**84.5**

Funding levels are monitored in conjunction with the agreed contribution rate. The funding level of the funded plans as at 31 December 2023 was 112% (2022: 116%).

Five of the plans have funded status surplus totalling €48.6 million as at 31 December 2023 (2022: five plans, totalling €51.9 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:

	2023 %	2022 %
Discount rate	**2.8**	3.6
Rate of compensation increase	**2.5**	2.8
Rate of pension increase	**2.1**	0.9
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, 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, 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.

Notes to the consolidated financial statements continued

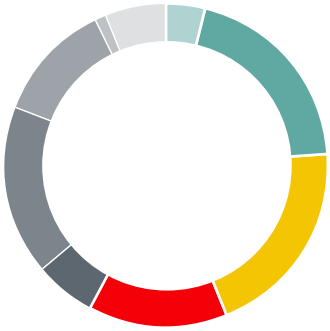
22. Provisions and employee benefits continued

The sensitivity analysis presented below is based on a change in assumption while all other assumptions remain constant.

	Impact on defined benefit obligation (%) as at					
	31 December 2023			31 December 2022		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	**1.00%**	**(12.6%)**	**13.9%**	0.50%	(5.5%)	7.1%
Rate of compensation increase	**1.00%**	**4.0%**	**(3.7%)**	0.50%	1.5%	(1.4%)
Rate of pension increase	**1.00%**	**5.3%**	**(5.1%)**	0.50%	3.8%	(3.8%)
Life expectancy	**1 year**	**2.2%**	**(2.3%)**	1 year	2.4%	(2.4%)

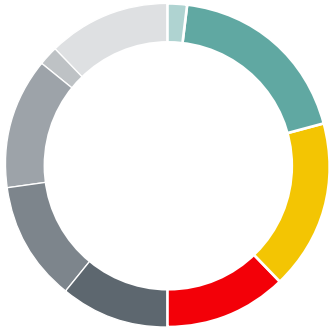
Plan assets are invested as follows:

Assets category 2023 (%)



Equity securities – Eurozone	4%
Equity securities – Non-Eurozone	20%
Government bonds – Eurozone	20%
Government bonds – Non-Eurozone	14%
Corporate bonds – Eurozone	6%
Corporate bonds – Non-Eurozone	17%
Real estate	12%
Cash	1%
Other	6%

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%

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 2023 or 31 December 2022.

Defined contribution plans

The expense recognised in the income statement in 2023 for the defined contribution plans is €41.2 million (2022: €22.5 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, as the offsetting criteria for these are met.

Notes to the consolidated financial statements continued

23. Offsetting financial assets and financial liabilities continued

a) Financial assets

As at 31 December 2023

	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	**101.5**	**–**	**101.5**	**(14.7)**	**86.8**
Trade receivables	**939.8**	**(76.5)**	**863.3**	**–**	**863.3**
Total	**1,041.3**	**(76.5)**	**964.8**	**(14.7)**	**950.1**

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**

b) Financial liabilities

As at 31 December 2023

	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	**73.0**	**–**	**73.0**	**(14.7)**	**58.3**
Trade payables	**1,173.9**	**(76.5)**	**1,097.4**	**–**	**1,097.4**
Total	**1,246.9**	**(76.5)**	**1,170.4**	**(14.7)**	**1,155.7**

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**

Notes to the consolidated financial statements continued

24. Business combinations and acquisition of non-controlling interests

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 Brown-Forman Finland Oy

On 1 November 2023, the Group acquired 100% of the issued shares of Brown-Forman Finland Oy ('BFF'), established in Finland, owner of the Finlandia Vodka brand. The acquisition enhances the Group's premium spirits business, while complementing its existing adult sparkling beverages portfolio and better positions the Group to strengthen partnerships with customers in strategically important channels such as hotels, restaurants and cafes (HoReCa).

The fair value of the consideration for the acquisition of BFF consists of US Dollar 193.8 million (€183.9 million), which has already been paid, and an additional payment, based on BFF's net financial position and working capital movement, of US Dollar 0.6 million (€0.5 million), which is expected to be transferred within the first quarter of 2024. This additional payment is still under discussion with the seller, according to the terms of the sale and purchase agreement.

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. The net assets acquired reflect the additional payment at the provisional amount of US Dollar 0.6 million (€0.5 million).

	Fair value € million
Trademarks	197.0
Property, plant and equipment[1]	6.7
Inventories	4.9
Trade, other receivables and assets	9.1
Cash and cash equivalents	3.5
Borrowings[1]	(6.5)
Trade and other payables	(9.7)
Net deferred tax liability	(28.0)
Net identifiable assets acquired	**177.0**
Add: Goodwill arising on acquisition	7.4
Net assets acquired	**184.4**

1. Property, plant and equipment and borrowings acquired relate to right-of-use assets (refer to Note 17) and lease liability (refer to Note 26), respectively.

Fair values on acquisition are provisional and will be finalised within 12 months of the acquisition date.

The goodwill arising is attributable to the brand's growth potential across the Group's markets. Acquisition-related costs of €5.6 million were included in the 2023 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 €2.0 million, while there was no significant amount of trade receivables acquired considered to be uncollectible.

Net sales revenue and profit after tax contributed by BFF to the Group for the period from 1 November 2023 to 31 December 2023, amounted to €9.5 million and €2.8 million respectively. If the business combination had occurred on 1 January 2023, consolidated net sales revenue and profit after tax for the year ended 31 December 2023 would have been higher by approximately €43.5 million and €7.4 million respectively. This pro forma information reflects the pre-acquisition operating model of BFF and is not adjusted for the benefits arising from the post-acquisition transfer of distribution from Brown-Forman or third-party distributors to CCH operations in the CCH markets, and therefore should not be considered as indicative of Finlandia Vodka brand future performance.

Notes to the consolidated financial statements continued

24. Business combinations and acquisition of non-controlling interests continued

Other acquisition costs

During 2023, the Group incurred acquisition costs of €0.7 million in connection with an acquisition expected to be completed in 2024, which were included in line 'Operating expenses' of the consolidated income statement.

Acquisition of Three Cents

On 21 October 2022, the Group acquired 100% of the issued shares of ESM Effervescent Sodas Management Limited, established in Cyprus, the owner of the super-premium adult sparkling beverage and mixer product line under the Three Cents brand and its subsidiary Three Cents Hellas Single Member S.A., established in Greece (together, 'Three Cents'), 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.

Details of the acquisition with regard to the 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**

No changes to net identifiable assets acquired have been identified compared to the relevant amounts disclosed as part of the Group's 2022 Integrated Annual Report.

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.

Multon AO 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 The Coca-Cola Company. On 8 March 2022, as a result of the Russia-Ukraine conflict, The Coca-Cola Company announced that it was suspending its business in Russia and 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').

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. For more details on the Waiver and the assessment regarding change of control of Multon, refer to Note 24 of the 2022 Integrated Annual Report.

The fair value of the Group's previously held interest in Multon, 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 line 'Operating expenses' of the consolidated income statement.

Notes to the consolidated financial statements continued

24. Business combinations and acquisition of non-controlling interests continued

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 arose 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, 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 chose to recognise the non-controlling interests in Multon (The Coca-Cola Company's 50% share) at their fair value upon change in control. This was determined based on discounted forecasted cash flows of the business and a scenario-based approach altering the potential dates at which The Coca-Cola Company could potentially reinstate its rights in Multon, based on the terms of the unilateral Waiver. The discount rate used in discounting the forecasted cash flows was 27.8%.

For more details on the scenarios used to calculate the fair value of non-controlling interest, refer to Note 24 of the 2022 Integrated Annual Report.

Following the Waiver The Coca-Cola Company 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 is not being allocated to non-controlling interests during the period of the Waiver.

Acquisition of Coca-Cola Bottling Company of Egypt S.A.E.[1]

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 operating results and assets and liabilities of CCBCE have been consolidated from 14 January 2022.

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.

1. Effective 18 June 2023, Coca-Cola Bottling Company of Egypt S.A.E. was renamed to Coca-Cola HBC Egypt.

Notes to the consolidated financial statements continued

24. Business combinations and acquisition of non-controlling interests continued

As part of the MBL acquisition completion, a convertible loan which had been granted to CCBCE from a wholly-owned affiliate of The Coca-Cola Company, 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**

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 proportionate 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 regarding the acquisition of CCBCE, which were included in line 'Operating expenses' of the consolidated income statement.

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 The Coca-Cola Company ('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 were 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 held a 94.7% interest in CCBCE as at 31 December 2022. During 2023, the Group acquired a further 3.1% interest in CCBCE for a consideration of €12.6 million, which was presented in line 'Purchase of shares from non-controlling interests' of the consolidated cash flow statement. Following this, the Group held a 97.8% interest in CCBCE as at 31 December 2023.

25. Financial risk management and financial instruments

Accounting policy

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.

Notes to the consolidated financial statements continued

25. Financial risk management and financial instruments continued

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. The Group intends to hold these equity instruments for the foreseeable future and has irrevocably elected to classify them as 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 its 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.

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 risk 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 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, while 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 through profit or loss 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 the income statement. 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 takes place.

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 or other valuation techniques.

Financial risk factors, objectives and policies

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 cooperation 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.

Notes to the consolidated financial statements continued

25. Financial risk management and financial instruments continued

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 future 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 the 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.

2023 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	13.0%	4.9	7.7	(6.3)	(10.0)
Nigerian Naira	35.7%	11.8	–	(26.0)	–
Russian Rouble	17.5%	(3.8)	–	5.4	–
UK Sterling	4.8%	(1.3)	(0.2)	1.5	0.2
Ukrainian Hryvnia	8.4%	2.5	–	(2.9)	–
Other	–	4.5	(6.0)	(4.1)	5.7
Total		18.6	1.5	(32.4)	(4.1)

2023 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	Loss/(gain) in income statement € million	Loss/(gain) in equity € million	(Gain)/loss in income statement € million	(Gain)/loss in equity € million
Egyptian Pound	10.5%	7.2	1.8	(8.9)	(2.3)
Nigerian Naira	35.3%	7.7	33.5	(67.3)	(70.1)
Russian Rouble	15.3%	(8.2)	(0.6)	11.2	0.9
Ukrainian Hryvnia	3.4%	0.3	–	(0.3)	–
Other	–	(0.4)	–	0.4	–
Total		6.6	34.7	(64.9)	(71.5)

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	23.3%	4.0	15.7	(6.4)	(25.3)
Nigerian Naira	15.5%	12.9	–	(17.6)	–
Russian Rouble	54.5%	(9.4)	(0.1)	31.9	0.2
UK Sterling	7.7%	(1.1)	(0.4)	1.2	0.2
Ukrainian Hryvnia	12.5%	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	Loss/(gain) in income statement € million	Loss/(gain) in equity € million	(Gain)/loss in income statement € million	(Gain)/loss in equity € million
Euro	10.1%	(7.2)	–	8.8	–
Egyptian Pound	22.2%	9.9	–	(15.6)	–
Nigerian Naira	5.9%	11.0	–	(12.4)	–
Russian Rouble	53.0%	(18.7)	–	61.0	–
Ukrainian Hryvnia	4.1%	(0.1)	–	0.1	–
Other	–	(0.4)	–	0.3	–
Total		**(5.5)**	**–**	**42.2**	**–**

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. In determining reasonably possible changes of the respective commodity price, the historical volatility over a 12-month period per contract maturity has been considered.

2023 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	**18.8%**	**(1.6)**	**(42.3)**	**1.6**	**42.3**
Aluminium	**21.4%**	**(1.7)**	**(29.3)**	**1.7**	**29.3**
Aluminium premium	**29.0%**	**(0.1)**	**(2.6)**	**0.1**	**2.6**
Gas oil	**36.1%**	**–**	**(5.8)**	**–**	**5.8**
Plastic	**17.0%**	**(2.2)**	**–**	**2.2**	**–**
Total		**(5.6)**	**(80.0)**	**5.6**	**80.0**

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**

c) Interest rate risk

The Group is subject to interest rate risk for its outstanding borrowings and interest rates swap contracts ('swaptions').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 100 basis point increase or decrease for 2023 (2022: 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

	2023		2022	
	Loss/(gain) in income statement € million	**(Gain)/loss in equity € million**	Loss/(gain) in income statement € million	Loss/(gain) in equity € million
Increase by 100 basis points (2022: 50bps)	**0.1**	**(8.8)**	0.3	–
Decrease by 100 basis points (2022: 50bps)	**(0.1)**	**1.8**	(0.3)	–

The impact in the Group's equity is attributable to the changes in the fair value of the swaptions entered in 2023 for a notional amount of €525.0 million and designated as hedging instruments in a cash flow hedge.

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 2023 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. The Group also carries credit insurance on a portion of the accounts receivable balance. 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 and money market funds to invest excess cash balances and to diversify its counterparty risk. As at 31 December 2023, an amount of €54.8 million (2022: €529.5 million) is invested in time deposits with tenor more than three months and €513.8 million (2022: €497.2 million) is invested in money market funds.

Notes to the consolidated financial statements continued

25. Financial risk management and financial instruments continued

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 2023, the Group has a net debt of €1.6 billion (refer to Note 26), of which €600 million Euro-denominated fixed rate bond matures in 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 2023.

	Up to one year € million	**One to two years € million**	**Two to five years € million**	**Over five years € million**	**Total € million**
Borrowings	**923.2**	**546.0**	**775.3**	**1,132.4**	**3,376.9**
Derivative liabilities	**67.3**	**3.7**	**2.0**	**–**	**73.0**
Trade and other payables (excluding other tax & social security and contract liabilities)	**2,289.8**	**0.4**	**1.1**	**3.6**	**2,294.9**
Leases	**66.7**	**53.0**	**78.4**	**56.9**	**255.0**
As at 31 December 2023	**3,347.0**	**603.1**	**856.8**	**1,192.9**	**5,999.8**

	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**

Capital risk

Accounting policy

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 net impairment of property, plant and equipment, the amortisation and impairment of intangible assets, the employee performance share costs, the net impairment of equity method investments and items, if any, reported in line 'Other non-cash items' of the consolidated cash flow statement. Comparable adjusted EBITDA refers to adjusted EBITDA excluding restructuring expenses, exceptional items related to Russia-Ukraine conflict, acquisition, integration and divestment-related 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.

Notes to the consolidated financial statements continued

25. Financial risk management and financial instruments continued

The Group's goal is to maintain a conservative financial profile. This is evidenced by the credit ratings maintained with Standard & Poor's and Moody's, which were reaffirmed in 2023, while the outlook by Standard & Poor's returned to stable in 2023 compared with negative in 2022.

Rating agency	Publication date	Long-term debt	Outlook	Short-term debt
Standard & Poor's	May 2023	BBB+	Stable	A2
Moody's	May 2023	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:

	2023 € million	2022 € million
Net debt (refer to Note 26)	**1,595.3**	**1,673.3**
Operating profit	**953.6**	703.8
Depreciation and impairment of property, plant and equipment, including right-of-use assets	**399.9**	484.9
Amortisation and impairment of intangible assets	**113.9**	15.1
Employee performance shares	**20.4**	16.5
Impairment of equity method investments	**–**	52.8
Other non-cash items	**–**	70.5
Adjusted EBITDA	**1,487.8**	**1,343.6**
Other restructuring expenses (primarily redundancy costs)	**7.6**	11.8
Unrealised loss on commodity derivatives	**4.6**	2.5
Exceptional items related to Russia – Ukraine conflict	**(0.2)**	4.4
Acquisition and integration costs	**6.3**	9.2
Total comparable adjusted EBITDA	**1,506.1**	**1,371.5**
Net debt/comparable adjusted EBITDA ratio	**1.06**	**1.22**

Other non-cash items 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 (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:

	2023 € million	2022 € million
Total restructuring expenses included in operating expenses (refer to Note 9)	**9.0**	11.9
Less: Impairment of property, plant and equipment presented as part of restructuring expenses	**(1.4)**	(0.1)
Other restructuring expenses (primarily redundancy costs)	**7.6**	11.8

Hedging activity

The carrying amount 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 2023	Notional amount € million	Carrying amount € million	Period of maturity date
Contracts with positive fair values	**695.5**	**15.6**	
Non-current	**79.0**	**4.0**	
Commodity swap contracts	**79.0**	**4.0**	**Jan25 – Nov25**
Current	**616.5**	**11.6**	
Foreign currency forward contracts	**15.0**	**0.2**	**Jan24 – Jun24**
Interest rate contracts	**525.0**	**1.9**	**Jun24**
Commodity swap contracts	**76.5**	**9.5**	**Jan24 – Dec24**
Contracts with negative fair values	**382.6**	**(23.2)**	
Non-current	**80.3**	**(5.7)**	
Commodity swap contracts	**80.3**	**(5.7)**	**Jan25 – Sep26**
Current	**302.3**	**(17.5)**	
Foreign currency forward contracts	**136.8**	**(2.4)**	**Jan24 – Dec24**
Commodity swap contracts	**165.5**	**(15.1)**	**Jan24 – Dec24**

Notes to the consolidated financial statements continued

25. Financial risk management and financial instruments continued

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

The impact on the hedging reserve as a result of applying cash flow hedge accounting was:

	Spot component of foreign currency contracts € million	Cost of hedging reserve of foreign currency contracts € million	Commodity swap contracts € million	Interest rate swap contracts € million	Total € million
Opening balance as at 1 January 2022	**(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 as at 31 December 2022	**(1.7)**	**0.4**	**11.0**	**(14.1)**	**(4.4)**
Net gain of cash flow hedges	**(0.8)**	**–**	**14.1**	**6.4**	**19.7**
Change in fair value of hedging instruments recognised in OCI	(0.8)	–	14.5	(0.2)	**13.5**
Reclassified to income statement	–	–	(0.4)	6.6	**6.2**
Cost of hedging recognised in OCI	**–**	**(3.9)**	**–**	**(3.2)**	**(7.1)**
Reclassified to inventories cost	**(1.2)**	**4.1**	**(33.7)**	**–**	**(30.8)**
Closing balance as at 31 December 2023	**(3.7)**	**0.6**	**(8.6)**	**(10.9)**	**(22.6)**

Notes to the consolidated financial statements continued

25. Financial risk management and financial instruments continued

The effect of the cash flow hedges in the consolidated income statement was:

	2023 (Gain)/loss € million	2022 (Gain)/loss € million
Net amount reclassified from other comprehensive income to cost of goods sold	**(0.4)**	(3.2)
Net amount reclassified from other comprehensive income to finance costs	**6.6**	7.3
Total	**6.2**	**4.1**

The ineffectiveness on the cash flow hedges for the year ended 31 December 2023 was €2.6 million loss (2022: €2.6 million loss) recorded within cost of goods sold.

b) Undesignated hedges

The fair values of derivative financial instruments as at 31 December which economically hedge Group's risks and for which hedge accounting has not been applied were:

As at 31 December 2023	Notional amount € million	Carrying amount € million	Period of maturity date
Contracts with positive fair values	**545.8**	**85.9**	
Current	**545.8**	**85.9**	
Foreign currency future contracts	**177.6**	**82.9**	**Jan24 – Jun 24**
Foreign currency forward contracts	**366.2**	**2.9**	**Jan24 – Dec24**
Commodity swap contracts	**2.0**	**0.1**	**Sep24 – Oct24**
Contracts with negative fair values	**468.3**	**(49.8)**	
Current	**468.3**	**(49.8)**	
Embedded derivatives	**21.4**	**(9.1)**	**Jan24 – Dec24**
Foreign currency forward contracts	**426.6**	**(39.3)**	**Jan24 – Dec24**
Commodity swap contracts	**20.3**	**(1.4)**	**Jan24 – Nov24**

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 future 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 future 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

The effect of the undesignated hedges in the consolidated income statement was:

	2023 Loss/(gain) € million	2022 (Gain)/loss € million
Net amount recognised in cost of goods sold	**6.9**	(34.9)
Net amount recognised in operating expenses	**(40.4)**	(26.0)
Net amount recognised in finance cost	**(30.5)**	3.5
Total	**(64.0)**	**(57.4)**

Notes to the consolidated financial statements continued

25. Financial risk management and financial instruments continued

Financial instruments' categories

Categories of financial instruments as at 31 December were as follows (in € million):

2023

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	**60.1**	**519.7**	**–**	**9.9**	**589.7**	**570.4**	**19.3**
Derivative financial instruments	**–**	**85.9**	**15.6**	**–**	**101.5**	**97.5**	**4.0**
Trade and other receivables	**1,054.0**	**–**	**–**	**–**	**1,054.0**	**1,051.5**	**2.5**
Cash and cash equivalents	**1,260.6**	**–**	**–**	**–**	**1,260.6**	**1,260.6**	**–**
Total	**2,374.7**	**605.6**	**15.6**	**9.9**	**3,005.8**	**2,980.0**	**25.8**

Liabilities	Liabilities held at amortised cost	Liabilities at FVTPL	Derivatives designated as hedging instruments	Total current and non-current	Analysis of total assets: Current	Analysis of total assets: Non-current
Trade and other payables (excluding other tax & social security and contract liabilities)	**2,294.9**	**–**	**–**	**2,294.9**	**2,289.8**	**5.1**
Borrowings	**3,424.5**	**–**	**–**	**3,424.5**	**948.1**	**2,476.4**
Derivative financial instruments	**–**	**49.8**	**23.2**	**73.0**	**67.3**	**5.7**
Total	**5,719.4**	**49.8**	**23.2**	**5,792.4**	**3,305.2**	**2,487.2**

2022

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	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**

Liabilities	Liabilities held at amortised cost	Liabilities at FVTPL	Derivatives designated as hedging instruments	Total current and non-current	Analysis of total assets: Current	Analysis of total assets: 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

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 reclassified to the income statement over the term of the new note.

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 reclassified 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 reclassified to the income statement over the relevant period.

The Group entered into swaption contracts of €525.0 million in 2023 to hedge the interest rate risk related to its Euro-denominated forecast issuance of fixed rate debt in 2024 and formally designated them as cash flow hedges. The valuation of the outstanding swaptions for the year ended 31 December 2023 was €3.4 million loss recorded in other comprehensive income.

Embedded derivatives

During 2023, the Group recognised embedded derivatives whose risks and economic characteristics are 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 2023 amounted to a financial liability of €9.1 million (2022: €nil).

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, forward starting swap contracts and embedded foreign currency derivatives is determined by using valuation techniques, which maximise the use of observable market data and include discounting. The fair value of the foreign currency forward, option and future contracts, commodity swap contracts, embedded foreign currency derivatives and cross-currency swap contracts is calculated by reference to quoted forward exchange and deposit rates, interest 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 note agreements, certain undesignated derivatives and foreign currency futures and forward contracts is determined through the use of estimated discounted cash flows or other valuation techniques that use unobservable inputs. These valuation techniques estimate the fair value of undesignated derivatives by using settlement and forward prices received from counterparty banks and subscription-based publications and the fair value of foreign currency futures and forward 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 2023:

	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial assets at FVTPL				
Foreign currency forward contracts	–	2.9	–	**2.9**
Foreign currency futures contracts	–	–	82.9	**82.9**
Commodity swap contracts	–	0.1	–	**0.1**
Money market funds	513.8	–	–	**513.8**
Convertible note agreements	–	–	5.9	**5.9**
Derivative financial assets used for hedging				
Cash flow hedges				
Foreign currency forward contracts	–	0.2	–	**0.2**
Interest rate swap contracts	–	1.9	–	**1.9**
Commodity swap contracts	–	13.5	–	**13.5**
Assets at FVOCI				
Equity securities	1.1	–	8.8	**9.9**
Total financial assets	**514.9**	**18.6**	**97.6**	**631.1**
Financial liabilities at FVTPL				
Foreign currency forward contracts	–	(4.3)	(35.0)	**(39.3)**
Embedded derivatives	–	(9.1)	–	**(9.1)**
Commodity swap contracts	–	(0.2)	(1.2)	**(1.4)**
Derivative financial liabilities used for hedging				
Cash flow hedges				
Foreign currency forward contracts	–	(2.4)	–	**(2.4)**
Commodity swap contracts	–	(20.8)	–	**(20.8)**
Total financial liabilities	**–**	**(36.8)**	**(36.2)**	**(73.0)**

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 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 note agreements	–	–	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)**
Embedded derivatives	–	–	(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 2022.

Notes to the consolidated financial statements continued

25. Financial risk management and financial instruments continued

The following table presents the changes in Level 3 items for the years ended 31 December 2023 and 2022:

	Commodity swap contracts € million	Foreign currency contracts € million	Equity securities € million	Convertible note agreements € million	Total € million
Balance as at 1 January 2022	**(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)**
(Losses)/gains recognised in income statement	**(0.8)**	**106.1**	**–**	**–**	**105.3**
Payments for/(proceeds from) settlement of derivatives	**4.4**	**(29.2)**	**–**	**–**	**(24.8)**
Addition of financial assets at FVOCI	**–**	**–**	**5.9**	**–**	**5.9**
Capitalised Interest	**–**	**–**	**–**	**0.2**	**0.2**
Addition of financial assets at FVTPL	**–**	**–**	**–**	**4.2**	**4.2**
Foreign currency translation	**(1.0)**	**(26.7)**	**–**	**–**	**(27.7)**
Balance as at 31 December 2023	**(1.2)**	**47.9**	**8.8**	**5.9**	**61.4**

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 that 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 (where applicable) 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:

	2023 € million	2022 € million
Current borrowings	**948.1**	337.0
Non-current borrowings	**2,476.4**	3,082.9
Less: Cash and cash equivalents	**(1,260.6)**	(719.9)
• Financial assets at amortised cost	**(54.8)**	(529.5)
• Financial assets at fair value through profit or loss	**(513.8)**	(497.2)
Less: Other financial assets	**(568.6)**	(1,026.7)
Net debt	**1,595.3**	**1,673.3**

The financial assets at amortised cost relate to time deposits, while the financial assets at fair value through profit or loss relate to money market funds. Line 'Other financial assets' of the consolidated balance sheet includes derivative financial instruments of €97.5 million (31 December 2022: €35.3 million) and related party loans receivable of €1.8 million (31 December 2022: €1.8 million).

Notes to the consolidated financial statements continued

26. Net debt continued

a) Borrowings

The Group held the following borrowings as at 31 December:

	2023 € million	2022 € million
Bonds, bills and unsecured notes	**599.5**	–
Commercial paper	**211.0**	167.5
Loans payable to related parties (refer to Note 28)	**2.7**	–
Other borrowings	**79.6**	115.6
	892.8	**283.1**
Obligations under leases falling due within one year	**55.3**	53.9
Total borrowings falling due within one year	**948.1**	**337.0**
Borrowings falling due within one to two years		
Bonds, bills and unsecured notes	**497.1**	599.0
Borrowings falling due within two to five years		
Bonds, bills and unsecured notes	**697.8**	1,192.5
Borrowings falling due in more than five years		
Bonds, bills and unsecured notes	**1,092.9**	1,091.9
Other borrowings	**33.8**	47.4
	2,321.6	**2,930.8**
Obligations under leases falling due in more than one year	**154.8**	152.1
Total borrowings falling due after one year	**2,476.4**	**3,082.9**
Total borrowings	**3,424.5**	**3,419.9**

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 2022	**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**
Cash flows						
Proceeds from borrowings	136.4	–	–	–	–	**136.4**
Repayments of borrowings	(89.7)	–	–	–	–	**(89.7)**
Principal repayments of lease obligations	–	–	(59.1)	–	–	**(59.1)**
Interest paid	(61.3)	–	(14.9)	–	–	**(76.2)**
Proceeds from settlement of derivatives regarding financing activities	–	–	–	–	4.6	**4.6**
Total cash flows	**(14.6)**	**–**	**(74.0)**	**–**	**4.6**	**(84.0)**
Leases increase	–	–	2.2	84.5	–	**86.7**
Arising from business combinations	–	–	0.5	6.0	–	**6.5**
Effect of changes in exchange rates	(20.5)	(26.7)	(7.0)	(17.1)	–	**(71.3)**
Other non-cash movements	644.8	(582.5)	79.7	(70.7)	(16.2)	**55.1**
Balance as at 31 December 2023	**892.8**	**2,321.6**	**55.3**	**154.8**	**(14.9)**	**3,409.6**

Notes to the consolidated financial statements continued

26. Net debt continued

The 'Other non-cash movements' primarily include the transfer 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, in May 2020 and then in May 2023, 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 (STEP) label 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 2023 was €211.0 million (2022: €167.5 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 for 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 2023, the outstanding liability amounted to €45.4 million (2022: €59.3 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 in October 2022. 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.

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, September 2022 and then in December 2023. 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 reclassification of the loss on the forward starting swap contracts to the income statement 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 2023, a total of €2.9 billion in notes issued under the EMTN programme were outstanding.

Notes to the consolidated financial statements continued

26. Net debt continued

Summary of notes outstanding as at 31 December

Notes € million	Start date	Maturity date	Fixed coupon	Book value 2023 € million	Book value 2022 € million	Fair value 2023 € million	Fair value 2022 € million
€600	10 March 2016	11 November 2024	1.875%	**599.5**	599.0	**590.3**	582.0
€700	14 May 2019	14 May 2027	1.000%	**697.8**	697.1	**656.9**	626.6
€600	14 May 2019	14 May 2031	1.625%	**596.9**	596.5	**540.7**	497.1
€500	21 November 2019	21 November 2029	0.625%	**496.0**	495.4	**433.7**	403.9
€500	23 September 2022	23 September 2025	2.750%	**497.1**	495.4	**495.8**	486.0
Total				**2,887.3**	2,883.4	**2,717.4**	2,595.6

The weighted average effective interest rate of the Euro-denominated fixed rate bonds is 1.89% and the weighted average maturity is 3.9 years. The fair values are within Level 1 of the fair 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 as at 31 December were held in the following currencies:

	Current 2023 € million	Current 2022 € million	Non-current 2023 € million	Non-current 2022 € million
Euro	**867.8**	237.6	**2,363.9**	2,946.6
US Dollar	**17.0**	34.3	**47.4**	64.4
Egyptian Pound	**41.0**	39.3	**17.5**	23.5
Swiss Franc	**4.4**	4.5	**17.8**	4.7
Nigerian Naira	**5.2**	9.6	**8.3**	23.3
Russian Rouble	**2.9**	2.2	**7.4**	4.8
Bulgarian Lev	**2.6**	2.6	**4.3**	4.6
Polish Zloty	**2.0**	1.2	**3.6**	2.6
UK Sterling	**2.8**	1.7	**1.7**	2.4
Romanian Leu	**1.0**	1.4	**1.8**	1.5
Belarusian Rouble	**0.1**	0.1	**0.7**	0.8
Ukrainian Hryvnia	**0.1**	0.1	**0.6**	0.6
Hungarian Forint	**0.5**	0.5	**0.1**	0.5
Czech Koruna	**0.4**	1.3	**0.1**	2.6
Bosnian Mark	**0.1**	0.3	**–**	–
Other	**0.2**	0.3	**1.2**	–
Total borrowings	**948.1**	**337.0**	**2,476.4**	**3,082.9**

The carrying amounts of interest-bearing borrowings held at fixed and floating interest rate as at 31 December 2023 were as follows:

	Fixed interest rate € million	Floating interest rate € million	Total € million
Euro	**3,218.0**	**13.7**	**3,231.7**
US Dollar	**62.0**	**2.4**	**64.4**
Egyptian Pound	**58.5**	**–**	**58.5**
Swiss Franc	**22.2**	**–**	**22.2**
Nigerian Naira	**13.5**	**–**	**13.5**
Russian Rouble	**10.3**	**–**	**10.3**
Bulgarian Lev	**6.9**	**–**	**6.9**
Polish Zloty	**5.6**	**–**	**5.6**
UK Sterling	**1.7**	**2.8**	**4.5**
Romanian Leu	**0.9**	**1.9**	**2.8**
Belarusian Rouble	**0.8**	**–**	**0.8**
Ukrainian Hryvnia	**0.7**	**–**	**0.7**
Hungarian Forint	**0.6**	**–**	**0.6**
Czech Koruna	**0.5**	**–**	**0.5**
Bosnian Mark	**0.1**	**–**	**0.1**
Other	**1.4**	**–**	**1.4**
Total interest-bearing borrowings	**3,403.7**	**20.8**	**3,424.5**

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:

	2023 € million	2022 € million
Cash at bank, in transit and in hand	**441.6**	426.4
Short-term deposits	**819.0**	293.5
Total cash and cash equivalents	**1,260.6**	**719.9**

Cash and cash equivalents are held in the following currencies:

	2023 € million	2022 € million
Euro	**671.0**	348.9
Russian Rouble	**196.3**	96.4
Nigerian Naira	**92.5**	120.9
US Dollar	**80.8**	51.9
Ukrainian Hryvnia	**48.5**	6.6
Egyptian Pound	**35.9**	6.1
UK Sterling	**21.4**	2.6
Armenian Dram	**19.2**	9.3
Serbian Dinar	**16.9**	7.0
Swiss Franc	**15.4**	16.6
Romanian Leu	**13.6**	9.2
Polish Zloty	**13.1**	14.6
Hungarian Forint	**9.6**	0.6
Belarusian Rouble	**9.2**	8.3
Czech Koruna	**6.8**	2.3
Moldovan Leu	**6.3**	8.8
Bosnian Mark	**3.2**	4.1
Other	**0.9**	5.7
Total cash and cash equivalents	**1,260.6**	**719.9**

As at 31 December 2023, time deposits of €54.8 million (2022: €529.5 million), which do not meet the definition of cash and cash equivalents, are recorded as other financial assets.

Cash and cash equivalents include an amount of €92.5 million (€120.9 million as at 31 December 2022) equivalent in Nigerian Naira. This includes an amount of €nil (€10.6 million as at 31 December 2022) equivalent in Nigerian Naira, which related to the outstanding balance held for the repayment of NBC's former minority shareholders, following the 2011 acquisition of non-controlling interests. The financial liability regarding former minority shareholders was extinguished in 2023.

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, Egypt, Serbia and Ukraine, where 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, 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 €278.7 million equivalent in Russian Rouble, US Dollar and Euro as at 31 December 2023 (2022: €155.3 million). 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.

Notes to the consolidated financial statements continued

27. Equity

Accounting policy

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.

Where the Group purchases the Company's equity instruments, for example as the result of a share buyback programme, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the owners of the parent as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the parent.

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.

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 2022	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)**
Shares issued to employees exercising stock options (refer to Note 29)	**891,127**	**6.0**	**8.2**	**–**
Dividends	**–**	**–**	**(289.9)**	**–**
Balance as at 31 December 2023	**372,977,222**	**2,030.3**	**2,555.7**	**(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 redomiciliation 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 2023, the share capital of Coca-Cola HBC increased by the issue of 891,127 (2022: 290,677) 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 €14.2 million (2022: €4.7 million).

Following the above changes, on 31 December 2023 the share capital of the Group amounted to €2,030.3 million and comprised 372,977,222 shares with a nominal value of CHF 6.70 each.

b) Dividends

On 21 June 2022, the shareholders of Coca-Cola HBC AG at the Annual General Meeting approved a dividend distribution of €0.71 per share. 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 shareholders of Coca-Cola HBC AG approved a dividend distribution of €0.78 per share at the Annual General Meeting held on 17 May 2023. The total dividend amounted to €289.9 million and was paid on 19 June 2023. Of this, an amount of €2.7 million related to shares held by the Group.

The Board of Directors of Coca-Cola HBC AG has proposed a €0.93 dividend per share in respect of 2023. If approved by the shareholders of Coca-Cola HBC AG, this dividend will be paid in 2024.

Notes to the consolidated financial statements continued

27. Equity continued

c) Treasury shares and reserves

The reserves of the Group at 31 December were as follows:

	2023 € million	2022 € million
Treasury shares	**(144.1)**	**(131.2)**
Exchange equalisation reserve	**(1,708.9)**	**(1,218.2)**
Other reserves		
Hedging reserve, net	**(20.7)**	(4.4)
Tax-free reserve	**163.8**	163.8
Statutory reserves	**27.3**	22.6
Stock option, performance share and deferred management incentive share reserve	**78.2**	87.5
Financial assets at fair value through other comprehensive income reserve, net	**0.8**	0.5
Other	**22.7**	22.5
Total other reserves	**272.1**	**292.5**
Total reserves	**(1,580.9)**	**(1,056.9)**

Treasury shares

Treasury shares held by the Group represent shares acquired following approval of share buyback 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.

On 20 November 2023, the Group announced the launch of a share buyback programme of up to a maximum of 18,000,000 ordinary shares to be purchased in a manner consistent with the Company's general authority to repurchase shares granted at its Annual General Meeting on 17 May 2023 and any such authority granted at its subsequent annual general meetings. The programme commenced on 21 November 2023 and is expected to run for a period of around two years. As at 31 December 2023, the Group had purchased shares under the programme for a total consideration of €42.6 million, which was reflected in line 'Acquisition of treasury shares' of the consolidated cash flow statement and the consolidated statement of changes in equity.

An amount of €29.7 million in 2023 (2022: €15.4 million) relates to treasury shares provided to employees in connection with vested performance share and deferred management incentive 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 2023, 6,068,537 (2022: 5,386,717) 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 2023, a net amount of €4.7 million was reclassified from retained earnings to statutory reserves relating to the formation of additional reserves by the Group's subsidiaries (2022: €5.7 million net release of statutory reserves).

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 reserve for 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.

Notes to the consolidated financial statements continued

28. Related party transactions

a) The Coca-Cola Company

As at 31 December 2023, The Coca-Cola Company indirectly owned 21.0% (2022: 21.0%) of the issued share capital of Coca-Cola HBC. Coca-Cola HBC's business relationship with The Coca-Cola Company is mainly governed by the bottlers' agreements with The Coca-Cola Company, which are an important element of Coca-Cola HBC's business. The Coca-Cola Company considers Coca-Cola HBC to be a 'key bottler'. Following their expiry on 31 December 2023, all bottlers' agreements in the CCH territories where CCH Group produces, sells and distributes The Coca-Cola Company's trademarked beverages were renewed with effect as from 1 January 2024, for an initial term of ten years, with the option for the CCH Group to request an extension (at the discretion of The Coca-Cola Company) for another ten years upon expiry of the initial term. 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.

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 cooperative 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; and
- 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.

Notes to the consolidated financial statements continued

28. Related party transactions continued

The below table summarises transactions with The Coca-Cola Company and its subsidiaries:

	2023 € million	2022 € million
Purchases of concentrate, finished products and other items	**1,861.4**	1,808.7
Net contributions received for marketing and promotional incentives	**125.1**	108.6
Sales of finished goods and raw materials	**4.7**	4.2
Other income	**4.1**	8.6
Other expenses	**3.6**	4.7

Contributions received from The Coca-Cola Company for marketing and promotional incentives during the year amounted to €125.1 million (2022: €108.6 million) which can be analysed as follows: 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 2023 totalled €59.3 million (2022: €59.9 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 2023 totalled €65.8 million (2022: €48.7 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.

As at 31 December 2023, the Group had a total amount due from The Coca-Cola Company of €42.8 million (2022: €45.3 million), and a total amount due to The Coca-Cola Company of €273.4 million (2022: €226.9 million).

Also, refer to Note 24 regarding consideration paid to The Coca-Cola Company during 2022 for the purchase of the convertible loan and shares held by non-controlling interests in connection with the acquisition of Coca-Cola Bottling Company of Egypt S.A.E.

b) Frigoglass S.A. ('Frigoglass'), Kar-Tess Holding and AG Leventis (Nigeria) Ltd

Truad Verwaltungs AG currently indirectly owns 99.3% (31 December 2022: 99.3%) of AG Leventis (Nigeria) Ltd and also indirectly controls Kar-Tess Holding, which holds approximately 23.0% (31 December 2022: 23.0%) of Coca-Cola HBC's total issued capital.

As at 31 December 2022, Truad Verwaltungs AG also indirectly owned 48.4% of Frigoglass. Frigoglass, a company listed on the Athens Exchange, is a manufacturer of coolers, cooler parts, glass bottles, crowns and plastics. 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. In April 2023, Frigoglass restructured its debt, which resulted in changes to its ownership structure. The restructured Frigoglass Group no longer meets the definition of related party as per IAS 24 'Related party disclosures' for Coca-Cola HBC AG. Accordingly, transactions with Frigoglass and its subsidiaries[1] up to April 2023 and the year ended 31 December 2022 are presented below:

Frigoglass and subsidiaries	Four months ended 28 April 2023 € million	Year ended 31 December 2022 € million
Purchases of coolers, cooler parts, glass bottles, crowns and raw and other materials	**24.4**	112.3
Maintenance, rent and other expenses	**10.0**	33.1

1. Transactions and balances with Frigoglass Industries (Nigeria) Limited, an associate of the Group, for the year ended 31 December 2023 and as at 31 December 2023 respectively, are included in the 'Other related parties' section.

During 2022, the Group received dividends of €1.2 million from Frigoglass Industries (Nigeria) Limited, which were included in line 'Receipts from non-integral equity method investments' of the consolidated cash flow statement.

Transactions and balances with AG Leventis (Nigeria) Ltd for the years ended 31 December are presented below:

AG Leventis (Nigeria) Plc	2023 € million	2022 € million
Purchases of finished goods and other items	**–**	3.6
Other expenses	**11.0**	0.1

As at 31 December 2023, the Group owed €1.1 million (2022: €2.7 million) and had a lease liability of €1.2 million (2022: €4.2 million) to AG Leventis (Nigeria) Ltd.

Notes to the consolidated financial statements continued

28. Related party transactions continued

c) Other related parties

The below table summarises transactions with other related parties:

	2023 € million	2022 € million
Purchases	**47.3**	8.5
Other expenses	**15.5**	15.5

During 2023, the Group incurred subsequent expenditure for fixed assets of €3.2 million (2022: €3.0 million) and purchased coolers and other equipment as well as inventories of €44.1 million (2022: €5.5 million) from other related parties. Furthermore, during 2023, the Group incurred expenses of €15.5 million (2022: €15.5 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 2023, the Group had a total amount due to other related parties of €9.1 million (2022: €3.7 million) and was owed €6.7 million including loans receivable of €4.3 million and dividends receivable of €nil (2022: €nil loans receivable and €5.2 million dividends receivable) from other related parties.

During 2023, the Group received dividends of €7.0 million from non-integral associates (2022: €0.6 million), which are included in line 'Receipts from non-integral equity method investments' of the consolidated cash flow statement and paid €nil in connection with capital increase of non-integral associates (2022: €5.7 million, which was included in line 'Payments for non-integral equity method investments' of the consolidated cash flows statement). During 2023, €nil regarding loans receivable from other related parties was converted to equity (2022: €1.3 million regarding non-integral associates).

Capital commitments to other related parties amounted to €3.8 million as at 31 December 2023 (€4.5 million as at 31 December 2022).

d) Joint ventures

The below table summarises transactions with joint ventures:

	2023 € million	2022 € million
Purchases of finished goods	**26.0**	26.0
Sales of finished goods and raw materials	**7.8**	9.2
Other income	**10.4**	15.8
Other expenses	**8.3**	15.7

Included in 'Other expenses' in the above table is €nil (2022: €7.8 million) of interest charges from loans with joint ventures.

As at 31 December 2023, the Group owed €8.6 million including loans payable of €2.7 million (2022: €4.4 million including loans payable of €nil) to, and was owed €12.3 million including loans and dividends receivable of €4.3 million and €2.6 million respectively (2022: €9.6 million including loans and dividends receivable of €4.3 million and €nil respectively) by, joint ventures. During 2023, the Group received dividends of €6.7 million from integral joint ventures (2022: €9.7 million), which were included in line 'Receipts from integral equity method investments' of the consolidated cash flow statement. Furthermore, during 2023, the Group paid €nil (2022: €4.0 million) in connection with capital increase of integral joint venture which was included in line 'Payment for integral equity method investment' of the consolidated cash flow statement.

e) Directors and senior management

Evguenia Stoichkova and George Leventis have been elected to the Board of Coca-Cola HBC, following a proposal made by The Coca-Cola Company and Kar-Tess Holding respectively. 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 policy

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 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 (the 'deferred MIP 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:

	2023 € million	2022 € million
Performance share awards and deferred MIP shares	**20.6**	15.5
Employee Share Purchase Plan	**6.7**	6.1
Total share-based payments charge	**27.3**	**21.6**

Terms and conditions

Stock option, performance share award and deferred management incentive share plan

The Group has not issued any new stock options since 2014. Based on Plan rules, senior managers were granted awards of stock options, based on performance, potentiality and level of responsibility. Options were 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 and vested in one third increments each year for three years. Options can be exercised for up to ten 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.

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, 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.

Notes to the consolidated financial statements continued

29. Share-based payments continued

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 employees' contribution with an annual employer contribution of up to 5% of the employees' salary that vests annually in December of each year.

Stock option activity

The outstanding stock options are fully vested and are exercisable until 2025.

A summary of stock option activity in 2023 under all grants is as follows:

	Number of stock options 2023	**Weighted[1] average exercise price 2023 (EUR)**	**Weighted average exercise price 2023 (GBP)**
Outstanding as at 1 January	**1,697,730**	**16.02**	**14.15**
Exercised	**(891,127)**	**16.15**	**14.01**
Outstanding as at 31 December	**806,603**	**16.49**	**14.31**
Exercisable as at 31 December	**806,603**	**16.49**	**14.31**

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 as 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 as at 31 December	**1,697,730**	**16.02**	**14.15**
Exercisable as at 31 December	**1,697,730**	**16.02**	**14.15**

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 2023 amounted to €14.2 million (2022: €4.7 million).

The weighted average remaining contractual life of stock options outstanding at 31 December 2023 was 1.5 years (2022: 1.9 years).

Performance shares and deferred MIP shares activity

A summary of performance shares and deferred MIP shares activity is as follows:

	Number of shares 2023	Number of shares 2022
Outstanding as at 1 January	**2,976,201**	2,475,367
Granted[2]	**1,146,585**	1,301,669
Vested	**(947,825)**	(516,156)
Forfeited/cancelled	**(218,413)**	(284,679)
Outstanding as at 31 December	**2,956,548**	2,976,201

2. Includes dividend equivalent shares.

The weighted average remaining contractual life of performance shares and deferred MIP shares outstanding at 31 December 2023 was 1.3 years (2022: 1.3 years).

The weighted average fair value for the 2023 performance share award and deferred MIP share plan was £21.21 per share (2022: £15.95). Relevant inputs into the valuation were as follows:

	2023	2022
Weighted average share price	**£21.25**	£15.98
Dividend yield[3]	**nil**	nil
Weighted average exercise period	**3.0 years**	3.0 years

3. Dividend yield in connection with the valuation of deferred MIP shares granted during 2023 was 3.2% (2022: 3.2%).

Notes to the consolidated financial statements continued

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. 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 the end of 2024. Coca-Cola HBC Greece S.A.I.C. paid the fine in May 2023. 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 appeal is set for 26 September 2024.

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 €7.8 million. The Appeal Court dismissed NBC's appeal and Vacunak's cross-appeal and affirmed the judgement of the first instance court in 2023. Both NBC and Vacunak have 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.

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 2022 (as described in our 2022 Integrated Annual Report available on Coca-Cola HBC's web site: www.coca-colahellenic.com).

31. Commitments

Capital commitments

As at 31 December 2023, the Group had capital commitments for property, plant and equipment amounting to €203.4 million (2022: €210.5 million). Of this, €1.5 million are related to the Group's share of the commitments arising from joint ventures (2022: €0.5 million).

Capital commitments for 2023 include total future minimum lease payments under leases not yet commenced to which the Group was committed as at 31 December 2023 of €10.0 million (2022: €28.8 million).

Notes to the consolidated financial statements continued

32. Post balance sheet events

In late January 2024, the Nigerian Naira depreciated against the US Dollar by approximately 33% compared with the December 2023 respective rate. The Group has assessed the impact of the devaluation to its financial position as at 31 December 2023 and this is not material. We are continuously monitoring the situation to ensure that timely actions are undertaken as planned to minimise the adverse impact from the currency devaluation to the Group's business in Nigeria.

In February 2024, Coca-Cola HBC AG's wholly-owned subsidiary Coca-Cola HBC Finance B.V. completed the issue of a €600 million Euro-denominated fixed rate bond maturing in February 2028 with a coupon rate of 3.375%. The new bond was issued under the Group's €5.0 billion Euro medium-term note programme and it is guaranteed by Coca-Cola HBC AG. At the same time, the Group unwound the €525.0 million nominal amount swaptions, which had been designated as cash flow hedges in connection with the interest rate risk of the new bond. As a result, effective February 2024, the relevant accumulated valuation loss of €2.9 million recorded in other comprehensive income is being reclassified to the income statement over the term of the swaptions, while the settlement will take place in June and July 2024.

In early March 2024, the Egyptian Pound depreciated against the US Dollar by approximately 39% compared with the December 2023 respective rate. The Group has assessed the impact of the devaluation to its financial position as at 31 December 2023 and this is not material. We are continuously monitoring the situation to ensure that timely actions are undertaken as planned to minimise the adverse impact from the currency devaluation to the Group's business in Egypt.

On 13 March 2024, the Remuneration Committee granted performance share and deferred MIP share awards of €25.3 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.

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 2023, the consolidated balance sheet as at 31 December 2023 and the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 194 to 265) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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

Materiality	Overall Group materiality: €51 million
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 82% of consolidated net sales revenue, 80% of consolidated profit before tax and 83% 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 • 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	€51 million
Benchmark applied	Adjusted profit before tax
Rationale for the materiality benchmark applied	We consider that the income statement remains the principal measure used by the shareholders in assessing the underlying performance of the Group. Therefore, an approach to materiality based on the profit before tax has been applied. However, we have adjusted this benchmark by items which, in our view, are considered unusual and infrequently occurring in nature such as the impairment charges. Therefore, we have used adjusted profit before tax which is a generally accepted auditing benchmark.

We agreed with the Audit and Risk Committee that we would report to them misstatements above €2.5 million 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 subsidiary undertakings in Nigeria, Egypt and 27 countries in Europe, as set out in Note 1 'General information' and Note 7 'Segmental analysis' of the consolidated 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 Italy, Nigeria, Poland, Romania, Russia 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.

As the Swiss statutory auditor, we issued group audit instructions to PwC Greece, who has the responsibility as the group engagement team for the Group's reporting requirements for the London and Athens Stock Exchanges. 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 centre in Bulgaria 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 subsidiary in 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 scope for the purposes of the group audit accounted for 82% of consolidated net sales revenue, 80% of consolidated profit before tax and 83% of consolidated total assets of the Group. This, together with the additional procedures performed at Group level, provided us with sufficient and 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	How our audit addressed the key audit matter
Refer to Note 14 'Intangible assets' of the consolidated financial statements. Goodwill and indefinite-lived intangible assets as at 31 December 2023 amount to €1,820.8 million and €738.2 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. We consider this area as a key audit matter due to the magnitude 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 estimations made by management about the future results of the CGUs. These estimations include assumptions surrounding revenue growth rates, costs, foreign exchange rates and discount rates. Management closely monitored the increasing macroeconomic uncertainty in Egypt throughout the previous and current year and as a result of the annual impairment assessment, a charge of €109.4 million for goodwill impairment was recorded for the Egyptian CGU. Relevant disclosure has been included in the financial statements in respect of this CGU. No impairment was identified for the remaining CGUs.	We evaluated the appropriateness of management's identification of the Group's CGUs, the process by which management prepared the CGUs' value-in-use calculations and the design and operating effectiveness of related control activities. 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 ongoing challenging macroeconomic environment in several countries. 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 and perpetuity revenue growth 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. Based on our work, we concluded that the results 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 consolidated financial statements in Note 14 'Intangible assets' and concluded that these are appropriate.

Uncertain tax positions

Key audit matter	How our audit addressed the key audit matter
Refer to Note 11 'Taxation' and Note 30 'Contingencies' of the consolidated financial statements. The Group operates in numerous tax jurisdictions and is subject to periodic challenges, in the normal course of business, by local tax authorities on a range of matters including corporate tax, transfer pricing arrangements and indirect taxes. As at 31 December 2023, the Group has provisions for uncertain tax positions of €82.8 million that are classified in current tax liabilities, current tax assets and deferred tax liabilities. The impact of changes in local tax regulations and ongoing inspections by local tax authorities, could materially impact the amounts recorded in the consolidated 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 potential 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, the complexities of dealing with tax rules and regulations in numerous jurisdictions that could materially impact the amounts recorded in the consolidated financial statements.	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. We read recent rulings and correspondence with tax authorities, as well as external advice provided by the Group's tax experts and legal advisors. 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 and satisfy ourselves that the tax provisions have been appropriately recorded or adjusted to reflect the latest developments. 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 2023 to be reasonable. We also evaluated the related disclosures provided in the consolidated financial statements in Note 11 'Taxation' and Note 30 'Contingencies' and concluded that these are appropriate.

Report on the audit of the consolidated 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 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 consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union (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.

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 para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the consolidated financial statements.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG





Patrick Balkanyi
Licensed audit expert
Auditor in charge

Tobias Handschin
Licensed audit expert

Zurich, 15 March 2024

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 2023, and the income statement, 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 272 to 281) 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 33'707'000
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 1'872'640 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.

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.

Report on the audit of the financial statements continued

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of 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 para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the financial statements.

We further confirm that the proposed appropriation of available earnings and the proposed repayment of the reserves from capital contributions comply with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Patrick Balkanyi
Licensed audit expert
Auditor in charge



Tobias Handschin
Licensed audit expert

Zurich, 15 March 2024

Swiss statutory reporting

Coca-Cola HBC AG, Steinhausen (Zug)

Balance sheet

	Note	As at 31 December CHF thousands 2023	2022
Assets			
Cash and cash equivalents		**16,252**	261
Short-term receivables from direct and indirect participations	2.1	**23,984**	12,311
Receivables from related parties	2.2	**552**	1,430
Short-term receivables from third parties		**2,490**	2,356
Total current assets		**43,278**	**16,358**
Investments in subsidiaries	2.3	**6,159,092**	6,444,931
Property, plant and equipment (incl. right-of-use assets)		**8,966**	6,699
Total non-current assets		**6,168,058**	**6,451,630**
Total assets		**6,211,336**	**6,467,988**
Liabilities and shareholders' equity			
Other payables		**2,296**	2,108
Short-term liabilities to direct and indirect participations	2.4	**33,888**	2,592
Short-term liabilities to related parties		**58**	–
Short-term lease liabilities		**913**	556
Accrued expenses	2.4	**72,274**	59,242
Total short-term liabilities		**109,429**	**64,498**
Long-term interest-bearing liabilities to indirect participations	2.5	**91,591**	200,326
Long-term lease liabilities		**3,188**	1,685
Provisions	2.6	**15,950**	11,542
Total long-term liabilities		**110,729**	**213,553**
Share capital	2.7	**2,498,947**	2,492,977
Legal capital reserves			
Reserves from capital contributions		**3,444,860**	3,721,117
Reserves for treasury shares	2.8	**85,298**	85,298
Retained earnings			
Results carried forward		**(39,441)**	(15,592)
Profit/(loss) for the year		**78,881**	(23,849)
Treasury shares	2.8	**(77,367)**	(70,014)
Total shareholders' equity	2.9	**5,991,178**	**6,189,937**
Total liabilities and shareholders' equity		**6,211,336**	**6,467,988**

Coca-Cola HBC AG, Steinhausen (Zug)

Statement of income

	Note	As at 31 December CHF thousands 2023	2022
Dividend income		**382,132**	265,445
Other operating income	2.10	**46,473**	36,106
Total operating income		**428,605**	**301,551**
Employee costs	2.11	**(50,123)**	(37,837)
Other operating expenses	2.12	**(30,889)**	(16,809)
Write down of investments	2.3	**(285,839)**	(265,445)
Depreciation on property, plant and equipment (incl. right-of-use assets)		**(991)**	(875)
Total operating expenses		**(367,842)**	**(320,966)**
Operating profit/(loss)		**60,763**	**(19,415)**
Finance costs		**(4,834)**	(4,239)
Foreign exchange gains	2.13	**23,141**	–
Profit/(loss) before tax		**79,070**	**(23,654)**
Direct taxes		**(189)**	(195)
Profit/(loss) for the year		**78,881**	**(23,849)**

Swiss statutory reporting continued

Coca-Cola HBC AG, Steinhausen (Zug)

Cash flow statement

	Note	As at 31 December CHF thousands 2023	2022
Profit/(loss) for the year		**78,881**	(23,849)
Depreciation of property, plant and equipment including right-of-use assets		**991**	875
Finance costs		**4,834**	4,239
Foreign exchange gains		**(23,141)**	–
Write down of investments	2.3	**285,839**	265,445
Net change related to employee Performance Share Plan		**35,618**	19,041
		383,022	265,751
Increase in receivables		**(10,928)**	(2,221)
Decrease in investments in subsidiaries	2.3	**(285,839)**	(265,445)
(Decrease)/increase in short-term liabilities (excl. financial liabilities)		**(702)**	13
Increase in accrued expenses		**10,262**	5,044
(Decrease)/increase in provisions		**(262)**	665
Proceeds from dividends received from subsidiaries	2.3	**285,839**	265,445
Tax paid		**(184)**	(193)
Net cash inflow from operating activities		**381,208**	**269,059**
Payments for purchases of property, plant and equipment		**(700)**	(2,505)
Cash outflow from investing activities		**(700)**	**(2,505)**
Principal repayments of lease obligations		**(699)**	(722)
Proceeds from short-term and long-term financial liabilities		**63,726**	11,140
Repayments of short-term and long-term financial liabilities		**(111,652)**	(15,297)
Acquisition of treasury shares		**(40,882)**	–
Dividends paid to owners of the Company		**(284,282)**	(263,551)
Proceeds from shares issued to employees exercising stock options		**13,995**	4,538
Interest paid		**(3,863)**	(4,413)
Net cash outflow from financing activities		**(363,657)**	**(268,305)**
Net increase/(decrease) in cash and cash equivalents		**16,851**	**(1,751)**
Movement in cash and cash equivalents			
Cash and cash equivalents at 1 January		**261**	2,026
Net increase/(decrease) in cash and cash equivalents		**16,851**	(1,751)
Effect of changes in exchange rates		**(860)**	(14)
Cash and cash equivalents at 31 December		**16,252**	**261**

Swiss statutory reporting continued

Notes to the financial statements of Coca-Cola HBC AG, Steinhausen (Zug) for the year ended 31 December 2023

General information

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 buyout 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). The Company is preparing 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 rate differences

The accounting records of the Company are retained in Euro and translated to Swiss francs ('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 2023. 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 gains are deferred within accrued expenses.

	Balance sheet as at		Income statement for the year ended	
Exchange rates	**31 December 2023**	31 December 2022	**31 December 2023**	31 December 2022
EUR	**0.94**	0.99	**0.97**	1.00
USD	**0.84**	0.93	**–**	–
GBP	**1.08**	1.12	**–**	–

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 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	2023	2022
CCB Management Services GmbH, Vienna	**22,959**	11,518
Coca-Cola HBC Finance B.V., Amsterdam	**636**	663
Coca-Cola HBC Holdings B.V., Amsterdam	**300**	–
Coca-Cola Hellenic Business Service Organisation, Sofia	**89**	130
Short-term receivables from direct and indirect participations	**23,984**	**12,311**

2.2 Receivables from related parties

Receivables from related parties consist of receivables from international assignees mainly coming 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	2023	2022
Coca-Cola HBC Holdings B.V., Amsterdam[1]	100%	100%	**6,444,931**	6,710,376
Write down of investment			**(285,839)**	(265,445)
Investments in subsidiaries	100%	100%	**6,159,092**	**6,444,931**

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 2023 is equal to the dividend received in June 2023 from Coca-Cola HBC Holdings B.V. of CHF 285,839 thousand (2022: CHF 265,445 thousand). The extra dividend of CHF 96,293 received 15 December 2023 was excluded from above mentioned practice.

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	2023	2022
CCB Management Services GmbH, Vienna	**1,749**	1,162
Coca-Cola Hellenic Business Service Organisation, Sofia	**73**	60
Coca-Cola HBC Switzerland Ltd, Opfikon	**72**	5
Coca-Cola HBC Finance B.V., Amsterdam[1]	**31,771**	1,346
Coca-Cola HBC Northern Ireland Ltd., Lisburn	**–**	1
Coca-Cola HBC Services MEPE, Athens	**8**	9
Coca-Cola HBC Hrvatska d.o.o, Zagreb	**80**	9
Coca-Cola HBC Romania Ltd, Voluntari	**3**	–
Coca-Cola HBC Polska sp. z.o.o., Warsaw	**5**	–
Coca-Cola HBC Cyprus Ltd., Nicosia	**106**	–
Coca-Cola HBC-Srbija d.o.o., Belgrade	**21**	–
Total short-term liabilities to direct and indirect participations	**33,888**	**2,592**

Swiss statutory reporting continued

2. Information relating to the balance sheet and statement of income continued

2.4 Short-term liabilities to direct and indirect participations and accrued expenses continued

	As at 31 December CHF thousands	
Accrued expenses	**2023**	2022
Direct taxes	**194**	195
Management Incentive Plan ('MIP') and Performance Share Plan ('PSP') for own employees	**19,164**	16,590
Employee-related costs (social security and insurance, payroll taxes)	**6,509**	5,741
Provision for acquiring treasury shares to satisfy subsidiaries' Performance Share Plan rights	**8,960**	11,774
Other accrued expenses	**17,451**	6,881
Net unrealised gains from foreign currency translation	**19,996**	18,061
Total accrued expenses	**72,274**	**59,242**

1 Long-term loans maturing 8 November 2024 at historical value of CHF 151,635 thousand (nominal €133,400 thousand) were reclassified to short-term loans in 2023. On 15 December 2023, loans amounting to CHF 96,293 thousand (nominal €100,000 thousand) were repaid early. The remaining nominal €33,400 thousand loan and relevant accrued interest of €512 thousand were remeasured using the closing exchange rate as at 31 December 2023 according to our accounting principles. This resulted in a foreign exchange gain of CHF 24,069 thousand, whereof CHF 17,673 thousand is realised as disclosed in Note 2.13 'Foreign exchange differences'. Unrealised gains of CHF 6,396 thousand are deferred within accrued expenses.

Following the publication of circular letter 37a by Swiss Federal Tax Administration in May 2018, the Company recognised a provision of CHF 16,464 thousand (2022: CHF 13,636 thousand) that relates to the Company's employee Performance Share Plan, of which CHF 9,018 thousand (2022: CHF 9,182 thousand) is short-term and is disclosed in line 'Management Incentive Plan ('MIP') and Performance Share Plan ('PSP') for own employees'; while CHF 7,446 thousand (2022: CHF 4,454 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 16,172 thousand (2022: CHF 17,533 thousand), of which CHF 8,960 thousand (2022: CHF 11,774 thousand) is short-term and disclosed in accrued expenses, while CHF 7,212 thousand (2022: CHF 5,759 thousand) is long-term and disclosed in Note 2.6, 'Provisions'.

2.5 Long-term interest-bearing liabilities

	As at 31 December CHF thousands	
	2023	2022
Coca-Cola HBC Finance BV, Amsterdam	**91,591**	200,326
Long-term interest-bearing liabilities	**91,591**	**200,326**

Long-term interest-bearing liabilities comprise loans from Coca-Cola HBC Finance B.V. received in 2020, 2021, 2022 and 2023 for CHF 91,591 thousand (2022: CHF 31,319 thousand) maturing 21 November 2029. Long-term loans of CHF 11,938 thousand were repaid early in December 2023 and remaining long-term loans maturing 8 November 2024 of CHF 151,635 thousand were reclassified to short-term loans in 2023 (2022: CHF 169,007 thousand). This early repayment resulted in foreign exchange gain of CHF 5,434 thousand as the loans were denominated in Euro. Foreign exchange differences are disclosed in Note 2.13.

2.6 Provisions

	As at 31 December CHF thousands	
	2023	2022
Long-term Incentive Plan	**734**	547
Provision for acquiring treasury shares to satisfy subsidiaries' Performance Share Plan rights (refer to Note 2.4)	**7,212**	5,759
Performance and management incentive share plan – Coca-Cola HBC AG employees (refer to Note 2.4)	**7,446**	4,902
Provision for social security costs of Performance Share Plan	**558**	334
Provisions	**15,950**	**11,542**

Swiss statutory reporting continued

2. Information relating to the balance sheet and statement of income continued

2.7 Share capital

	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**

	Number of shares	Nominal value CHF	Total CHF thousands
Share capital as at 1 January 2023	372,086,095	6.70	2,492,977
Shares issued to employees exercising stock options	891,127	6.70	5,970
Share capital as at 31 December 2023	**372,977,222**	**6.70**	**2,498,947**

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 2022	3,430,135	24.8673	(85,298)
Total treasury shares as at 31 December 2023	**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 2022	2,464,448	35.5066	(87,504)
Vested PSP and MIP shares[1]	(507,866)	34.4375	17,490
Treasury shares held by the Company as at 31 December 2022	**1,956,582**	**35.7836**	**(70,014)**
Treasury shares held by the Company as at 1 January 2023	1,956,582	35.7836	(70,014)
Vested PSP and MIP shares[2]	(956,478)	35.0543	33,529
Acquisition of shares[3]	1,638,298	24.9541	(40,882)
Treasury shares held by the Company as at 31 December 2023	**2,638,402**	**29.3235**	**(77,367)**
Whereof			
For cancellation	–	–	–
For other purposes (booked against capital contribution reserves)	1,638,298	24.9541	(40,882)

1. In January 2022, following the vesting of the 2019 MIP, 7,717 treasury shares were transferred to relevant participant. In April 2022, following the vesting of the 2019 PSP, 500,149 treasury shares were transferred to relevant participants.
2. In January 2023, following the vesting of the 2020 MIP, 16,007 treasury shares were transferred to relevant participant. In March 2023, following the vesting of the 2020 PSP, 940,471 treasury shares were transferred to relevant participants.
3. On 20 November 2023, the Group announced the launch of a share buyback programme of up to a maximum of 18,000,000 ordinary shares to be purchased in a manner consistent with the Company's general authority to repurchase shares granted at its Annual General Meeting on 17 May 2023 and any such authority granted at its subsequent annual general meetings. The programme commenced on 21 November 2023 and is expected to run for a period of around two years. The Company purchased 1,638,298 of its ordinary shares of CHF 6.70 each for a consideration of CHF 40,882 thousand, reflecting a weighted average price of 2,242.09 pence per share (minimum price of 2,183.45 pence and maximum price of 2,310.06 pence). All 1,638,298 shares have been acquired for other purposes, none for cancellation. Capital contribution reserves in the amount of CHF 40,882 thousand are blocked for distribution until the treasury shares are sold or transferred to PSP/MIP members.

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		(Accumulated losses)/ retained earnings	Treasury shares	Total
		Reserves from capital contributions	Reserves for treasury shares[1]			
	CHF thousands					
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**
Shares issued to employees exercising stock options	**5,970**	**8,025**	**–**	**–**	**–**	**13,995**
Dividends[2]	**–**	**(284,282)**	**–**	**–**	**–**	**(284,282)**
Vested PSP and MIP shares	**–**	**–**	**–**	**–**	**33,529**	**33,529**
Acquisition of treasury shares[3]	**–**	**–**	**–**	**–**	**(40,882)**	**(40,882)**
Profit for the year	**–**	**–**	**–**	**78,881**	**–**	**78,881**
Balance as at 31 December 2023	**2,498,947**	**3,444,860**	**85,298**	**39,440**	**(77,367)**	**5,991,178**

1. Represents the book value of treasury shares held by subsidiaries.
2. On 17 May 2023, the shareholders of the Company at the Annual General Meeting approved the distribution of a gross dividend of €0.78 (2022: €0.71) on each ordinary registered share. The dividend was paid on 19 June 2023 and amounted to CHF 284,282 thousand (2022: CHF 263,551 thousand, paid 2 August 2022).
3. 1,638,298 shares at an average price of 2,242.09 pence have been acquired for other purposes.

Swiss statutory reporting continued

2. Information relating to the balance sheet and statement of income continued

2.10 Other operating income

	2023	2022
	CHF thousands	
Management fees	**42,228**	33,348
Guarantee fee	**4,245**	2,758
Total other operating income	**46,473**	**36,106**

Management fees relate to service income earned from services provided to the Company's direct and indirect participations, whereof CHF 752 thousand (2022: CHF 2,729 thousand) is true-up from the 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

	2023	2022
	CHF thousands	
Wages and salaries	**23,561**	17,287
Social security costs	**3,261**	2,705
Pensions and employee benefits	**23,301**	17,845
Total employee costs	**50,123**	**37,837**

Pension and employee benefits include Performance Share Plan expenses for CCHBC AG employees in the amount of CHF 17,089 thousand (2022: CHF 7,121 thousand). Refer to Note 2.4 for more information.

2.12 Other operating expenses

Other operating expenses amounting to CHF 30,889 thousand for 2023 (2022: CHF 16,809 thousand) mainly include CHF 14,455 thousand (2022: CHF 11,506 thousand) for management fees to CCB Management Services GmbH, whereof CHF 1,258 thousand (2022: CHF 220 thousand) is true-up from the prior year.

2.13 Foreign exchange differences

Foreign exchange gains of CHF 23,141 thousand relate primarily to remeasurement of short-term loans to indirect participations maturing 8 November 2024 at the exchange rate of 31 December 2023 (amounting to CHF 17,673 thousand) and loans to indirect participations fully repaid during the year (amounting to CHF 5,434 thousand).

3. Other Information

3.1 Net release of hidden reserves

No hidden reserves were released for the years ended 31 December 2023 or 31 December 2022.

3.2 Number of employees

In 2023 and 2022, on an annual average basis, the number of full-time equivalent employees did not exceed 50.

3.3 Contingent liabilities

Euro medium-term note programmes

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, September 2022 and then in December 2023. Notes are issued under the EMTN programme through the Company's indirect 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.

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 2023, a total of €2.9 billion (2022: €2.9 billion) in notes issued under the EMTN programme were outstanding.

Committed credit facilities

In April 2019, the Group updated its then-existing €500 million syndicated revolving credit facility ('RCF'), which was set to expire in June 2021. The updated RCF has been increased to €800 million and has been 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 a floating interest rate over EURIBOR. No amounts have been drawn under the RCF since its inception. The borrower under the RCF is the Company's indirect subsidiary Coca-Cola HBC Finance B.V. and any amounts drawn under the RCF are fully, unconditionally and irrevocably guaranteed by the Company.

Swiss statutory reporting continued

3. Other information continued

3.3 Contingent liabilities continued

Commercial paper programme
In October 2013, the Group established a new €1.0 billion Euro-denominated commercial paper programme (the 'CP Programme'). The CP Programme was updated in September 2014, May 2017, May 2020 and then in May 2023. Notes are issued under the CP Programme by Coca-Cola HBC Finance B.V. and guaranteed by the Company. The outstanding amount under the CP Programme was €211 million as at 31 December 2023 (2022: €168 million).

Nigerian Bottling Company Ltd
In December 2019, the Group established an amortising loan facility of US$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 Company's indirect subsidiary in Nigeria. Over the course of 2020 and 2021, the facility has been drawn down for approximately US$78 million. The obligations under this facility are guaranteed by the Company. The outstanding amount under the loan facility was €45 million as at 31 December 2023 (2022: €59 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., Société Générale, 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]

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 and Citibank Nigeria describing general terms and conditions regulating their relationship in regard to foreign currency transactions.

Swiss statutory reporting continued

3. Other information continued

3.4 Significant shareholders

As at 31 December 2023 and 2022, 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	31.12.2022	85,355,019	22.9%	23.3%
Total Kar-Tess Holding	31.12.2023	85,355,019	22.9%	23.3%
Total shareholdings related to The Coca-Cola Company	31.12.2022	78,252,731	21.0%	21.3%
Total shareholdings related to The Coca-Cola Company	31.12.2023	78,252,731	21.0%	21.3%

1. Basis: total issued share capital including treasury shares. Share basis 372,977,222 as at 31 December 2023 (2022:372,086,095).
2. Basis: total issued share capital excluding treasury shares. Share basis 366,908,685 as at 31 December 2023 (2022: 366,699,378).

3.5 Fees paid to the auditor

The audit and other fees paid to the auditor are disclosed in Note 9 to the consolidated financial statements.

3.6 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 2,498,947 thousand as disclosed in the balance sheet differs from the share capital in the commercial register of CHF 2,492,977 thousand as per 31 December 2023 due to the exercise of management options in the course of financial year 2023.

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)
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**
Shares issue to employees exercising stock options in 2023	(891,127)	6.70	(5,970)
Remaining conditional capital as at 31 December 2023	**23,920,963**	**6.70**	**160,271**

4. Subsequent events

The subsequent events in relation to financial year ended 31 December 2023 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	(39,441)
Net profit for the year	78,881
Total accumulated profit to be carried forward	**39,440**
Reserves from capital contributions before distribution	3,444,860
Total available reserves	**3,484,300**

2. Proposed declaration of dividend from reserves

The Board of Directors proposes to declare a gross dividend of €0.93 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 375,000 thousand (the 'Cap'), and thus will reduce the general capital contribution reserve of CHF 3,403,978 thousand, as shown in the financial statements as at 31 December 2023, by a maximum of CHF 375,000 thousand. To the extent that the dividend calculated on €0.93 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 €0.93 at current exchange rate

As of 31 December 2023	CHF thousands
Reserves from capital contributions before distribution	3,444,860
Proposed dividend of €0.93[1]	(337,527)
Reserves from capital contributions after distribution	**3,107,333**

Variant 2: Dividend if Cap is triggered

As of 31 December 2023	CHF thousands
Reserves from capital contributions before distribution	3,444,860
(Maximum) dividend if Cap is triggered[2]	(375,000)
Minimum reserves from capital contributions after distribution	**3,069,860**

1. Illustrative at an exchange rate of CHF 0.98 per Euro. Assumes that the shares entitled to a dividend amount to 370,338,820.
2. Dividend is capped at a total aggregate amount of CHF 375,000 thousand.

Report on the audit of the statutory remuneration report 2023

Report of the statutory auditor
to the General Meeting of
Coca-Cola HBC AG
Steinhausen (Zug)

Report on the audit of the statutory remuneration report

Opinion

We have audited the statutory remuneration report of Coca-Cola HBC AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to article 734a-734f CO on pages 285 to 294 of the statutory remuneration report.

In our opinion, the information pursuant to article 734a-734f CO in the statutory remuneration report (pages 285 to 294) complies 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 statutory 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 information in the statutory remuneration report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the statutory 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 statutory 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 statutory 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 statutory remuneration report

The Board of Directors is responsible for the preparation of a statutory 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 statutory remuneration report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the remuneration system and defining individual remuneration packages.

Report on the audit of the statutory remuneration report 2023 continued

Auditor's responsibilities for the audit of the statutory remuneration report

Our objectives are to obtain reasonable assurance about whether the information pursuant to article 734a-734f CO 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 statutory remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the statutory 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.

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



Patrick Balkanyi
Licensed audit expert
Auditor in charge



Tobias Handschin
Licensed audit expert

Zurich, 15 March 2024

Statutory Remuneration Report

Additional disclosures regarding the Statutory Remuneration Report

The section below is in line with the Swiss Code of Obligations, 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 2023 and 2022. In the information presented below, the exchange rate used for conversion of 2023 remuneration data from Euro to CHF is 1/0.9729 and the exchange rate used for conversion of 2022 remuneration data from Euro to CHF is 1/1.0081.

As the Company is headquartered in Switzerland, it is required for statutory purposes to present compensation data for two consecutive years, 2023 and 2022. The applicable methodology used to calculate the value of stock option and performance shares follows Swiss Standards. In 2023 and 2022, the fair value of performance shares from the 2023 and 2022 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 2023 amounted to CHF 28.6 million (2022: CHF 24.5 million). Out of this, the amount relating to the expected value of performance share awards granted in relation to 2023 was CHF 7.4 million (2022: CHF 5.4 million). Pension and post-employment benefits for Directors and the Executive Leadership Team of the Company during 2023 amounted to CHF 0.9 million (2022: CHF 1.0 million).

Statutory Remuneration Report continued

Remuneration of the Board of Directors

	2023 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, Non-Executive Chairman	**145,935**	**–**	**–**	**–**	**–**	**145, 935**
Zoran Bogdanovic, Chief Executive Officer, Executive Director[2]	**–**	**–**	**–**	**–**	**–**	**–**
Anna Diamantopoulou, Independent non-Executive Director, member of the Nomination Committee, Social Responsibility Committee & Remuneration Committee[3]	**98,749**	**–**	**–**	**–**	**–**	**98,749**
Charlotte J. Boyle, Independent non-Executive Director, Chair of the Remuneration Committee, and member of the Nomination Committee	**98, 749**	**–**	**–**	**–**	**–**	**98, 749**
Olusola (Sola) David-Borha, Independent non-Executive Director, member of the Audit and Risk Committee[4]	**95,344**	**–**	**–**	**–**	**–**	**95,344**
William W. (Bill) Douglas III, Independent non-Executive Director, Chair of the Audit and Risk Committee	**110,911**	**–**	**–**	**–**	**–**	**110,911**
Reto Francioni, Senior Independent non-Executive Director, Chair of the Nomination Committee, and member of the Remuneration Committee[5]	**116,262**	**–**	**–**	**–**	**–**	**116,262**
Anastasios I. Leventis, Non-Executive Director, Chair of the Social Responsibility Committee	**92,426**	**–**	**–**	**–**	**–**	**92,426**
Christo Leventis, Non-Executive Director	**79,778**	**–**	**–**	**–**	**–**	**79,778**
Alexandra Papalexopoulou, Independent non-Executive Director, member of the Audit and Risk Committee	**95,344**	**–**	**–**	**–**	**–**	**95,344**
Ryan Rudolph, Independent non-Executive Director[6]	**30,192**	**–**	**–**	**–**	**–**	**30,192**
Henrique Braun, Non-Executive Director[7]	**79,778**	**–**	**–**	**–**	**–**	**79,778**
Bruno Pietracci, Independent non-Executive Director, member of the Social Responsibility Committee[8]	**32,585**	**–**	**–**	**–**	**–**	**32,585**
George Pavlos Leventis, Non-Executive Director[9]	**49,806**	**–**	**–**	**–**	**–**	**49, 806**
Evguenia Stoichkova, Non-Executive Director, member of the Social Responsibility Committee[10]	**53,754**	**–**	**–**	**–**	**–**	**53, 754**
Total Board of Directors	**1,179,613**	**–**	**–**	**–**	**–**	**1, 179,613**

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 and did not receive additional compensation as a Director.
3. For Anna Diamantopoulou, on top of her fees, the Group paid CHF 6,031 in social security contributions as required by Swiss legislation.
4. For Olusola (Sola) David-Borha, on top of her fees, the Group paid CHF 7,638 in social security contributions as required by Swiss legislation.
5. For Reto Francioni, on top of his fees, the Group paid CHF 6,867 in social security contributions as required by Swiss legislation.
6. Robert Ryan Rudolph retired from the Board of Directors on 17 May 2023. The Group has applied a pro-rated period fee of CHF 30,192, on top of his fees, the Group paid CHF 2,419 in social security contributions as required by Swiss legislation.
7. For Henrique Braun, on top of his fees, the Group paid CHF 6,391 in social security contributions as required by Swiss legislation.
8. Bruno Pietracci retired from the Board of Directors on 17 May 2023. The Group has applied a pro-rated period fee of CHF 32,585, on top of his fees, the Group paid CHF 2,610 in social security contributions as required by Swiss legislation.
9. George Pavlos Leventis was appointed to the Board of Directors on 17 May 2023. The Group has applied a pro-rated period fee of CHF 49,806.
10. Evguenia Stoichkova was appointed to the Board of Directors on 17 May 2023. The Group has applied a pro-rated fee of CHF 53,754.

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

Statutory Remuneration Report continued

	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, Non-Executive Chairman	151,215	–	–	–	–	151,215
Zoran Bogdanovic, Chief Executive Officer, Executive Director[2]	–	–	–	–	–	–
Charlotte J. Boyle, Independent non-Executive Director, Chair of the Remuneration Committee, and member of the Nomination Committe	102,322	–	–	–	–	102,322
Henrique Braun, Non-Executive Director[3]	82,664	–	–	–	–	82,664
Olusola (Sola) David-Borha, Independent non-Executive Director, member of the Audit and Risk Committee[4]	98,794	–	–	–	–	98,794
Anna Diamantopoulou, Independent non-Executive Director, member of the Nomination Committee, Social Responsibility Committee & Remuneration Committee[5]	102,322	–	–	–	–	102,322
William W. (Bill) Douglas III, Independent non-Executive Director, Chair of the Audit and Risk Committee	114,923	–	–	–	–	114,923
Reto Francioni, Senior Independent non-Executive Director, Chair of the Nomination Committee, and member of the Remuneration Committee[6]	120,468	–	–	–	–	120,468
Anastasios I. Leventis, Non-Executive Director, Chair of the Social Responsibility Committee	95,770	–	–	–	–	95,770
Christo Leventis, Non-Executive Director	82,664	–	–	–	–	82,664
Alexandra Papalexopoulou, Independent non-Executive Director, member of the Audit and Risk Committee	98,794	–	–	–	–	98,794
Bruno Pietracci, Independent non-Executive Director, member of the Social Responsibility Committee[7]	89,217	–	–	–	–	89,217
Ryan Rudolph, Independent non-Executive Director[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 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.

Statutory Remuneration Report continued

Remuneration of the Executive Leadership Team

The total remuneration paid to or accrued for the Executive Leadership Team for 2023 amounted to CHF 27.4 million.

	2023 CHF					
	Base salary[1]	Cash and non-cash benefits[2]	Annual bonus accrual[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, Executive Director	851,547	684,902	867,920	151,437	2,206,537	4,762,343
Other current members[6]	5,160,832	4,915,703	4,368,027	635,593	4,579,469	19,659,624
Former members[7]	857,611	748,299	548,878	133,543	657,058	2,945,389
Total Executive Leadership Team	6,869,990	6,348,904	5,784,825	920,573	7,443,064	27,367,356

1. Base salary includes 204,795 CHF non-compete payments in 2023 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 bonus, equalisation amounts and similar allowances.
3. The annual bonus accrual for 2023 includes the accrued Management Incentive Plan (MIP) payout, receivable early in 2024 for the 2023 business performance, including amount deferred in shares, employer social security contribution and gross-up for the tax benefit, of CHF 5,784,825. The monetary value that was paid in 2023 under the MIP reflecting the 2022 business performance is approx. CHF 5,401,503.
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 2023 grant in order to comply with Swiss reporting guidelines.
6. Jaak Mikkel was appointed to the role of New Businesses Director on 1 February 2023. Frank ODonnell and Aleksandar Ruzevic were appointed to the role of Regional Director for on 1 June 2023. Ebru Ozgen was appointed to the role of Chief People and Culture Officer on 12 September 2023.
7. Nikolaos Kalaitzidakis' employment ceased on 30 September 2023. Sanda Parezanovic's employment ceased on 30 November 2023.

The total remuneration paid to or accrued for 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 accrual[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, Executive Director	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 bonus, equalisation amounts and similar allowances.
3. The annual bonus accrual for 2022 includes the accrued MIP payout, receivable early in 2023 for the 2022 business performance, including amount deferred in shares, employer social security contribution 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.

Statutory Remuneration Report continued

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.

	31.12.2023			31.12.2022		
	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, Non-Executive Chairman[3]	**–**	**–**	**–**	–	–	–
Zoran Bogdanovic, Chief Executive Officer, Executive Director	**336,219**	**0.09%**	**0.09%**	299,614	0.08%	0.08%
Charlotte J. Boyle, Independent non-Executive Director, Chair of the Remuneration Committee, and member of the Nomination Committee	**1,017**	**0.00%**	**0.00%**	1,017	0.00%	0.00%
Henrique Braun, Non-Executive Director	**–**	**–**	**–**	–	–	–
Olusola (Sola) David-Borha, Independent non-Executive Director, member of the Audit and Risk Committee	**–**	**–**	**–**	–	–	–
Anna Diamantopoulou, Independent non-Executive Director, member of the Nomination Committee, Social Responsibility Committee & Remuneration Committee	**–**	**–**	**–**	–	–	–
William W. (Bill) Douglas III, Independent non-Executive Director, Chair of the Audit and Risk Committee	**10,000**	**0.00%**	**0.00%**	10,000	0.00%	0.00%
Reto Francioni, Senior Independent non-Executive Director, Chair of the Nomination Committee, and member of the Remuneration Committee	**7,000**	**0.00%**	**0.00%**	7,000	0.00%	0.00%
Anastasios I. Leventis, Non-Executive Director, Chair of the Social Responsibility Committee[4]	**–**	**–**	**–**	–	–	–
Christo Leventis, Non-Executive Director[5]	**–**	**–**	**–**	–	–	–
Alexandra Papalexopoulou, Independent non-Executive Director, member of the Audit and Risk Committee	**–**	**–**	**–**	–	–	–
Bruno Pietracci, Independent non-Executive Director, member of the Social Responsibility Committee	**–**	**–**	**–**	–	–	–
Ryan Rudolph, Independent non-Executive Director	**–**	**–**	**–**	–	–	–
George Pavlos Leventis, Non-Executive Director[6]	**–**	**–**	**–**	–	–	–
Evguenia Stoichkova, Non-Executive Director, member of the Social Responsibility Committee	**–**	**–**	**–**	–	–	–

Statutory Remuneration Report continued

	31.12.2023			31.12.2022		
	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, Region Director	**97,411**	**0.03%**	**0.03%**	66,836	0.02%	0.02%
Mourad Ajarti, Chief Digital and Technology Officer	**42,622**	**0.01%**	**0.01%**	16,858	0.00%	0.00%
Ben Almanzar, Chief Financial Officer	**29,565**	**0.01%**	**0.01%**	11,482	0.00%	0.00%
Ivo Bjelis, Chief Supply Chain Officer	**51,566**	**0.01%**	**0.01%**	38,508	0.01%	0.01%
Jan Gustavsson, General Counsel, Company Secretary and Chief Corporate Development Officer	**243,414**	**0.07%**	**0.07%**	196,868	0.05%	0.05%
Nikos Kalaitzidakis, Region Director[7]	**89,466**	**0.02%**	**0.02%**	62,587	0.02%	0.02%
Naya Kalogeraki, Chief Operating Officer	**109,394**	**0.03%**	**0.03%**	69,301	0.02%	0.02%
Martin Marcel, Chief Corporate Affairs and Sustainability Officer	**153,355**	**0.04%**	**0.04%**	128,434	0.03%	0.04%
Spyros Mello, Strategy and Transformation Director	**67,259**	**0.02%**	**0.02%**	47,638	0.01%	0.01%
Vitaliy Novikov, Digital Commerce Business Development Director	**14,355**	**0.00%**	**0.00%**	47,488	0.01%	0.01%
Sanda Parezanovic, Chief People and Culture Officer[8]	**132,024**	**0.04%**	**0.04%**	98,285	0.03%	0.03%
Barbara Tönz, Chief Customer and Commercial Officer	**5,707**	**0.00%**	**0.00%**	4,176	0.00%	0.00%
Jaak Mikkel, New Businesses Director[9]	**38,791**	**0.01%**	**0.01%**	26.215	0.01%	0.01%
Frank ODonnell, Region Director[10]	**39,821**	**0.01%**	**0.01%**	28.447	0.01%	0.01%
Aleksandar Ruzevic, Region Director[10]	**53,992**	**0.01%**	**0.01%**	38.877	0.01%	0.01%
Ebru Ozgen, Chief People and Culture Officer[11]	**183**	**0.00%**	**0.00%**	–	–	–

Footnotes are presented at the end of the Table

Statutory Remuneration Report 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 2023:

	Stock options (ESOP)			Performance shares (PSP)		
	Number of stock options	Already vested	Vesting at the end of 2023	Granted in 2023	Unvested and subject to performance conditions	Vested
Zoran Bogdanovic, Chief Executive Officer, Executive Director[12]	**39,335**	**39,335**	**–**	**162,847**	**391,872**	**75,777**
Minas Agelidis, Region Director	**–**	**–**	**–**	**24,954**	**69,549**	**27,593**
Mourad Ajarti, Chief Digital and Technology Officer	**–**	**–**	**–**	**20,823**	**55,035**	**22,536**
Ben Almanzar, Chief Financial Officer	**–**	**–**	**–**	**30,465**	**91,844**	**9,743**
Ivo Bjelis, Chief Supply Chain Officer	**–**	**–**	**–**	**20,979**	**54,814**	**15,830**
Jan Gustavsson, General Counsel, Company Secretary and Chief Corporate Development Officer	**–**	**–**	**–**	**32,551**	**90,277**	**38,001**
Nikos Kalaitzidakis, Region Director	**–**	**–**	**–**	**25,248**	**69,724**	**29,170**
Naya Kalogeraki, Chief Operating Officer	**21,239**	**21,239**	**–**	**50,066**	**140,757**	**35,478**
Martin Marcel, Chief Corporate Affairs and Sustainability Officer	**–**	**–**		**28,142**	**78,313**	**32,797**
Spyros Mello, Strategy and Transformation Director	**–**	**–**	**–**	**17,267**	**46,810**	**16,622**
Vitaliy Novikov, Digital Commerce Business Development Director	**–**	**–**	**–**	**24,204**	**68,493**	**22,299**
Sanda Parezanovic, Chief People and Culture Officer	**–**	**–**	**–**	**26,029**	**72,139**	**30,273**
Barbara Tönz, Chief Customer and Commercial Officer	**–**	**–**	**–**	**19,784**	**43,553**	**–**
Jaak Mikkel, New Businesses Director	**15,927**	**15,927**	**–**	**18,179**	**47,445**	**19,200**
Frank ODonnell, Region Director	**–**	**–**	**–**	**16,365**	**46,164**	**14,781**
Aleksandar Ruzevic, Region Director	**7,432**	**7,432**	**–**	**18,201**	**50,732**	**21,370**
Ebru Ozgen, Chief People and Culture Officer	**–**	**–**	**–**	**44,741**	**44,741**	**–**

1. Basis: total issued share capital including treasury shares. Share basis 372,977,222 as at 31 December 2023 (2022: 372,086,095)
2. Basis: total issued share capital excluding treasury shares. Share basis 366,908,685 as at 31 December 2023 (2022: 366,699,378)
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;
   (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;
   (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 George Pavlos 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;
   (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 294,191 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.
7. Mr. Nikos Kalaitzidakis' employment ceased on 30 September 2023.
8. Ms. Sanda Parezanovic's employment ceased on 30 November 2023.
9. Mr. Jaak Mikkel joined the Executive Leadership Team on 1 February 2023.
10. Mr. Frank ODonnell and Mr. Aleksandar Ruzevic joined the Executive Leadership Team on 1 June 2023.
11. Ms. Ebru Ozgen joined the Executive Leadership Team on 12 September 2023.
12. The Remuneration Committee determined at its meeting on 13 March 2024 that, in line with the terms of the PSP, PSP awards granted to Zoran Bogdanovic in 2021 vested over in aggregate 95,843 shares (including the dividend equivalent shares paid on PSP shares that vested in 2024)

Statutory Remuneration Report 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, Chief Executive Officer, Executive Director[9]	132,743	132,743	–	144,826	380,685	69,759
Minas Agelidis, Region Director	–	–	–	28,807	74,108	13,808
Mourad Ajarti, Chief Digital and Technology Officer	–	–	–	21,988	58,317	–
Ben Almanzar, Chief Financial Officer	–	–	–	36,724	71,818	7,612
Ivo Bjelis, Chief Supply Chain Officer	–	–	–	25,327	50,767	7,472
Jan Gustavsson, General Counsel, Company Secretary and Chief Corporate Development Officer	199,658	199,658	–	37,357	98,372	18,639
Nikos Kalaitzidakis, Region Director	11,680	11,680	–	28,807	75,676	13,808
Naya Kalogeraki, Chief Operating Officer	37,166	37,166	–	57,256	128,638	15,782
Martin Marcel, Chief Corporate Affairs and Sustainability Officer	7,103	7,103		32,591	85,250	16,098
Spyros Mello, Strategy and Transformation Director	–	–	–	20,624	47,322	8,076
Vitaliy Novikov, Digital Commerce Business Development Director	15,927	15,927	–	28,158	68,140	10,652
Sean O'Neil, Chief Corporate Affairs and Sustainability Officer[7]	–	–	–	601	–	9,721
Sanda Parezanovic, Chief People and Culture Officer	10,618	10,618	–	29,878	78,490	14,795
Barbara Tönz, Chief Customer and Commercial Officer	–	–	–	23,769	23,769	–
Jaak Mikkel, New Businesses Director[8]	35.040	35.040	–	19.117	49.803	12.257
Frank ODonnell, Region Director[8]	–	–	–	18.860	45.609	7.247
Aleksandar Ruzevic, Region Director[8]	7.432	7.432	–	21.025	55.388	10.208
Ebru Ozgen, Chief People and Culture Officer	–	–	–	–	–	–

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;
   (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;
   (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. Mr Jaak Mikkel, Mr Frank ODonnel and Mr Aleksandar Ruzevic joined ELT in 2023 hence no data was disclosed for them in IAR 2022.
9. The Remuneration Committee determined at its meeting on 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).

Statutory Remuneration Report continued

Information on functions in other undertakings

The following table lists all functions of the individual members of the Board of Directors in other undertakings.

	Companies and associations	Function
Anastassis G. David, Non-Executive Chairman	Aegean Airlines S.A.	Vice Chairman of the Board of Directors
	Cyprus Union of Shipowners	Vice Chairman of the Board of Directors
	Sea Trade Holdings Inc	Chairman of the Board of Directors
	Nephele Navigation Inc	Chairman of the Board of Directors
	Adcom Advisory Ltd	Member of the Board of Directors
	Kar-Tess Holding	Member of the Board of Directors
	Boval Ltd	Executive
	College Year, Athens	Member of the Board of Trustees
	George and Kaity David Foundation	Director
Zoran Bogdanovic, Chief Executive Officer, Executive Director	–	–
Charlotte J. Boyle, Independent non-Executive Director, Chair of the Remuneration Committee, and member of the Nomination Committee	UN High Commissioner for Refugees (UNHCR)	Chairman for UK
	Shaftesbury Capital PLC	Independent Non–Executive Director and Chairman of the Environment, Sustainability and Community Committee
	Thatchers Cider Company Ltd	Independent Non–Executive Director
	Knight Frank LLP	Non–Executive Adviser to Group Executive Board
	Alfanar, the venture philanthropy organisation	Trustee and Chairman of the Finance Committee
Henrique Braun, Non-Executive Director	The Coca–Cola Company	Executive Vice President, International Development
Olusola (Sola) David-Borha, Independent non-Executive Director, member of the Audit and Risk Committee	Stanbic IBTC Holdings Plc	Non–Executive Director
Anna Diamantopoulou, Independent non-Executive Director, member of the Nomination Committee, Social Responsibility Committee & Remuneration Committee	DIKTIO–Network for Reform in Greece and Europe	Founder and President
	European Council on Foreign Relations	Council Member
	Delphi Economic Forum	Advisory Board Member
	KEKST CNC	Member of the Global Advisory Board
	The European Commission	Chairman of the High Level Group on the future of social protection and the welfare state in the EU.
William W. (Bill) Douglas III, Independent non-Executive Director, Chair of the Audit and Risk Committee	SiteOne Landscape Supply Inc	Lead Director and Chairman of the Audit Committee
	The North Highland Company	Non-executive Chair of the Board of Directors
	University of Georgia	Member of the Board
Reto Francioni, Senior Independent non-Executive Director, Chair of the Nomination Committee, and member of the Remuneration Committee	UBS Europe SE	Chairman of the Supervisory Board
	Swiss International Airlines	Chairman of the Supervisory Board
	Medtech Innovation Partners AG	Vice Chairman of the Board of Directors
Anastasios I. Leventis, Non-Executive Director, Chair of the Social Responsibility Committee	A.G. Leventis (Nigeria) Ltd.	Member of the Board of Directors
	Leventis Foundation Nigeria	Director
	A.G. Leventis Foundation	Member of the Board of Trustees
	Nephele Navigation Inc	Vice Chairman of the Board of Directors
	Kar-Tess Holding	Member of the Board of Directors
	Maxenta Invest Corp.	Member of the Board of Directors
	Middle East Finance Sarl	Member of the Board of Directors
	Adcom Advisory Ltd	Member of the Board of Directors
	European Council of the Nature Conservancy	Member
	WWF Hellas (Greek branch of WWF)	Member of the Board of Directors
	Gennadius Library in Athens	Member of the Board of Overseers
	University of Exeter	Member of the Global Advancement Board
	Cyclades Preservation Fund	Co-Founder

Statutory Remuneration Report continued

	Companies and associations	Function
Christo Leventis, Non-Executive Director	Alpheus Capital	Member of the Board of Directors
	Kar-Tess Holding	Member of the Board of Directors
	Torval Investment Corp.	Member of the Board of Directors
	Adcom Advisory Ltd	Member of the Board of Directors
	Middle East Finance Sarl	Member of the Board of Directors
	FOUNDATION ANASTAIOS G LEVENTIS	Director
Alexandra Papalexopoulou, Independent non-Executive Director, member of the Audit and Risk Committee	Titan Cement International	Executive Member of the Board of Directors and Chair of the Board Strategy Committee
	Paul and Alexandra Canellopoulos Foundation	Treasurer and Member of the Board of Directors
	INSEAD Business School	Member of the Board of Trustees
	Aegean Airlines S.A.	Independent Non–Executive Director
Evguenia Stoichkova, Non-Executive Director, member of the Social Responsibility Committee	The Coca–Cola Company	President of Global Ventures
George Pavlos Leventis, Non-Executive Director	8 Kensington Park Road Ltd	Member of the Board of Directors
	Chalet Alpette Sarl	Member of the Board of Directors
	Adcom Advisory Ltd	Member of the Board of Directors
	Torval Investment Corp.	Member of the Board of Directors
	TERRA CYPRIA FOUNDATION	Director

The members of the Executive Leadership Team do not hold any functions in other undertakings.

Credits and loans granted to governing bodies

In 2023, similar to 2022, 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 2023, the Group updated the definitions of items which are deducted from the directly reconcilable IFRS measures to calculate comparable APMs, to include impairment of goodwill and indefinite-lived intangible assets. This update was performed to provide more relevant information on the Group's ongoing operating and financial performance, considering also reporting by its peer group and had no impact on the comparative figures disclosed. 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 impairment of goodwill and indefinite-lived intangible assets, 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. Impairment of goodwill and indefinite-lived intangible assets

Impairment losses recognised for goodwill and indefinite-lived intangible assets as well as reversals of impairment losses recognised for indefinite-lived intangible assets are included within the income statement line 'Operating expenses'; however they are excluded from comparable results so that the users can obtain a better understanding of the Group's ongoing operating and financial performance.

5. 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.

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

6. 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.

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)

	Full year 2023								
	Cost of goods sold	Gross profit	Operating expenses	EBIT	Adjusted EBITDA	Profit before tax	Tax	Net profit[1]	EPS (€)
As reported	**(6,627)**	**3,557**	**(2,614)**	**954**	**1,488**	**910**	**(275)**	**636**	**1.730**
Restructuring costs	–	–	8	8	7	8	(2)	7	0.018
Commodity hedging	5	5	–	5	5	5	(1)	3	0.009
Acquisition costs	–	–	6	6	6	6	–	6	0.017
Russia-Ukraine conflict impact	–	–	–	–	–	–	–	–	0.001
Impairment of goodwill and indefinite-lived intangible assets	–	–	111	111	–	111	–	111	0.301
Other tax items	–	–	–	–	–	–	1	1	0.002
Comparable	**(6,622)**	**3,562**	**(2,488)**	**1,084**	**1,506**	**1,040**	**(277)**	**764**	**2.078**

	Full year 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	(2,482)	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
Acquisition and integration costs	–	–	80	80	9	80	–	80	0.218
Russia-Ukraine conflict impact	1	1	135	136	8	136	(14)	122	0.333
Other tax items	–	–	–	–	–	–	–	–	(0.001)
Comparable	(6,051)	3,148	(2,260)	930	1,372	849	(224)	625	1.706

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)

	Full year 2023			
	Established	Developing	Emerging	Consolidated
EBIT	**379**	**153**	**422**	**954**
Restructuring costs	1	1	6	8
Commodity hedging	(1)	(2)	7	5
Acquisition costs	2	1	3	6
Russia-Ukraine conflict impact	–	–	—	—
Impairment of goodwill and indefinite-lived intangible assets	–	1	109	111
Comparable EBIT	**381**	**154**	**549**	**1,084**

Alternative performance measures continued

1. Comparable APMs continued

6. Other tax items continued

	Full year 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

Figures are rounded.

2. Organic APMs

Organic growth

Organic growth enables users to focus on the operating performance of the business on a basis that 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. 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 of 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 '2022 reported' or, where presented, '2022 adjusted'. Organic growth for comparable EBIT margin is the organic movement expressed in basis points.

Alternative performance measures continued

2. Organic APMs continued

Reconciliation of organic measures

	Full year 2023			
Volume (m unit cases)	**Established**	**Developing**	**Emerging**	**Consolidated**
2022 reported	644	479	1,589	2,712
Consolidation perimeter impact	–	–	78	79
Organic movement	(15)	(8)	69	45
2023 reported	629	471	1,736	2,835
Organic growth (%)	**(2.4%)**	**(1.7%)**	**4.3%**	**1.7%**

	Full year 2023			
Net sales revenue (€ m)	**Established**	**Developing**	**Emerging**	**Consolidated**
2022 reported	2,974	1,720	4,505	9,198
Foreign currency impact	11	42	(817)	(764)
2022 adjusted	2,985	1,761	3,688	8,434
Consolidation perimeter impact	5	7	313	325
Organic movement	369	320	735	1,424
2023 reported	3,359	2,089	4,737	10,184
Organic growth (%)	**12.3%**	**18.2%**	**19.9%**	**16.9%**

	Full year 2023			
Net sales revenue per unit case (€)[1]	**Established**	**Developing**	**Emerging**	**Consolidated**
2022 reported	4.62	3.59	2.83	3.39
Foreign currency impact	0.02	0.09	(0.51)	(0.28)
2022 adjusted	4.64	3.68	2.32	3.11
Consolidation perimeter impact	0.01	0.01	0.06	0.02
Organic movement	0.70	0.74	0.35	0.47
2023 reported	5.34	4.43	2.73	3.59
Organic growth (%)	**15.1%**	**20.2%**	**15.0%**	**15.0%**

	Full year 2023			
Comparable EBIT (€ m)[1]	**Established**	**Developing**	**Emerging**	**Consolidated**
2022 reported	307	115	508	930
Foreign currency impact	2	4	(56)	(50)
2022 adjusted	309	119	452	880
Consolidation perimeter impact	1	3	44	48
Organic movement	71	32	53	156
2023 reported	381	154	549	1,084
Organic growth (%)	**23.0%**	**26.9%**	**11.7%**	**17.7%**

	Full year 2023			
Comparable EBIT margin (%)[1]	**Established**	**Developing**	**Emerging**	**Consolidated**
2022 reported	10.3%	6.7%	11.3%	10.1%
Foreign currency impact	–	0.1%	1.0%	0.3%
2022 adjusted	10.4%	6.8%	12.3%	10.4%
Consolidation perimeter impact	–	0.1%	0.2%	0.1%
Organic movement	1.0%	0.5%	(0.8)%	0.1%
2023 reported	11.3%	7.4%	11.6%	10.6%
Organic growth (%)	**100bps**	**50bps**	**-80bps**	**10bps**

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, 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 with 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.

Alternative performance measures continued

3. Other APMs continued

Capital expenditure

Capital expenditure is defined as payments for purchases of property, plant and equipment plus principal repayments of lease obligations less proceeds from sales of property, plant and equipment. 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.

	2023 € million	2022 € million
Operating profit (EBIT)	**954**	**704**
Depreciation and impairment of property, plant and equipment, including right-of-use assets	**400**	485
Amortisation and impairment of intangible assets	**114**	15
Employee performance shares	**20**	17
Impairment of equity method investments	**–**	53
Other non-cash items included in operating profit[1]	**–**	71
Adjusted EBITDA	**1,488**	**1,344**
Share of results of integral equity method investments	**(10)**	(42)
(Gain)/loss on disposals of non-current assets	**(1)**	1
Cash generated from working capital movements	**136**	127
Tax paid	**(226)**	(196)
Net cash from operating activities	**1,387**	**1,235**
Payments for purchases of property, plant and equipment[2]	**(623)**	(532)
Principal repayments of lease obligations	**(59)**	(65)
Proceeds from sales of property, plant and equipment	**7**	8
Capital expenditure	**(675)**	**(589)**
Free cash flow	**712**	**645**

Figures are rounded.

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 and money market funds), as illustrated below:

	As at 31 December	
	2023 € million	2022 € million
Current borrowings	**948**	337
Non-current borrowings	**2,476**	3,083
Other financial assets	**(569)**	(1,027)
Cash and cash equivalents	**(1,261)**	(720)
Net debt	**1,595**	**1,673**

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 interest, the reclassification to the income statement of items of other comprehensive income and the gain from bargain purchase arising due to the change in control of Multon Z.A.O. group of companies ('Multon'), For more details, refer to Note 24 of the Group's 2022 Integrated Annual Report.
2. Payments for purchases of property, plant and equipment for 2023 include €12.3 million (2022: €8.4 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

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 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.

	As at 31 December	
	31 December 2023 € million	31 December 2022 € million
Comparable operating profit	**1,084**	**930**
Plus: Share of results of non-integral equity method investments	**5**	2
Less: Comparable tax	**(277)**	(224)
Tax shield[1]	**(13)**	(22)
Comparable net profit excl. finance costs, net (a)	**799**	**686**
Average net debt[3]	**1,676**	1,575
Plus: Average equity attributable to owners of the parent[3]	**3,194**	3,300
Capital employed (b)	**4,870**	**4,875**
Return on invested capital (a/b)	**16.4%**	**14.1%**

Figures are rounded.

1. Tax shield is calculated as comparable effective tax rate times finance costs, net, as illustrated below:

	As at 31 December	
	31 December 2023 € million	31 December 2022 € million
Finance costs, net	**48**	83
Comparable effective tax rate (%)[2]	**27%**	26%
Tax shield	**13**	**22**

Figures are rounded.

2. Comparable effective tax rate is calculated as comparable tax divided by comparable profit before tax, as illustrated below:

	As at 31 December	
	31 December 2023 € million	31 December 2022 € million
Comparable tax	**277**	224
Comparable profit before tax	**1,040**	849
Comparable effective tax rate (%)	**27%**	**26%**

Figures are rounded.

3. Five-quarter average net debt and equity attributable to owners of the parent are calculated as presented below:

2023	Q4 2022 € million	Q1 2023 € million	Q2 2023 € million	Q3 2023 € million	Q4 2023 € million	**Average € million**
Net debt	1,673	1,827	1,779	1,505	1,595	**1,676**
Equity attributable to owners of the parent	3,282	3,255	3,005	3,336	3,093	**3,194**

2022	Q4 2022 € million	Q1 2023 € million	Q2 2023 € million	Q3 2023 € million	Q4 2023 € 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**

Figures are rounded.

Independent Auditor's Limited Assurance Report

To the Board of Directors of
Coca-Cola HBC AG
Turmstrasse 26,
6312 Steinhausen, Switzerland

Dear Sirs,

Subject Matter

As described in the engagement letter dated 31 May 2023, we were assigned to provide you with limited assurance on selected sustainability information, listed in Appendices I-IV, included in the Integrated Annual Report 2023 and the GRI Content Index 2023 – (hereinafter referred to as the "Report"), which was prepared by Coca-Cola HBC (hereinafter referred to as "CCHBC"), with retroactive start date on 01/01/2023 and end date on 31/12/2023 (hereinafter "Reporting Period").

Applicable Criteria

Our work exclusively covers the provision of Limited Assurance with ISAE 3000 (Revised) and ISAE 3410 on the following elements included in the Integrated Annual Report 2023 and the GRI Content Index 2023 listed in Appendices I-IV:

i. The preparation of the Report as required for the "Reporting in accordance with the GRI Standards" option (requirements set in GRI 1: Foundation 2021).

ii. All the available General Disclosures of GRI 2: General Disclosures 2021 (Appendix I).

iii. All the available Material Topics disclosures of GRI 3: Material Topics 2021 (listed in Appendix I), including the materiality assessment process.

iv. All the available GRI Topic-specific disclosures (listed in Appendix I).

v. All the available disclosures and metrics based on the Non-Alcoholic Beverages SASB standard (Appendix II).

vi. The relevant non-financial disclosures included in the Report (Appendix IV).

In addition, regarding the Taskforce for Climate-related Financial Disclosures (TCFD), our work covers:

i. The provision of Limited Assurance with ISAE 3000 (Revised) on the adherence of the Report to the "The 11 TCFD recommendations" (Appendix III).

ii. The provision of Limited Assurance with ISAE 3000 (Revised) on the fair statement of the description of the processes in place and activities undertaken.

Management Responsibilities

The Management of Coca-Cola HBC is responsible for the preparation, measurement, presentation and report of the sustainability information included in the Report in accordance with the GRI Standards (2021 update), the Non-Alcoholic Beverages SASB Standard and the TCFD recommendations.

Our Responsibility

Our responsibility is to issue this Assurance Report regarding the Integrated Annual Report 2023 for the Reporting Period, as described in the section "Subject Matter".

Our work was carried out in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 (Revised)"), the International Standard on Assurance Engagements 3410 "Assurance Engagements on Greenhouse Gas Statements" (hereinafter "ISAE 3410"), and the terms of engagement as described in the engagement letter dated on 31 May 2023.

The work performed relates to specific performance indicators, included in the Report for the Reporting Period (as these are described in the section "Applicable Criteria" and in the Appendices) and the provision of limited assurance.

We consider that the evidence we have gathered is sufficient and suitable for the foundation and documentation of this report.

Professional ethics and quality management

We remained independent of Coca-Cola HBC, in accordance with the ethical requirements that are relevant to our work, 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 entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit firm applies the International Standard for Quality Management (ISQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" and accordingly maintains a comprehensive quality management system that includes documented policies and procedures relating to compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Auditor's Limited Assurance Report continued

Scope of Work

We designed and carried out our work in order to obtain the information, analysis and explanations we deemed necessary, where available from CCHBC's Management, in order to assess whether the Report has been prepared in accordance with the "Applicable Criteria". In order to form our conclusions, we performed the following:

i. Assessed the suitability of the Applicable Criteria in terms of their relevance, comprehensiveness, reliability, neutrality and understandability and their consistent application.

ii. Obtained an understanding of CCHBC's control environment, processes and systems relevant to the preparation of the Report. Our procedures did not include evaluating the suitability of the design or operating effectiveness of control activities.

iii. Inspected the relevant documentation of the systems and processes for compiling, analyzing, and aggregating data and tested such documentation on a sample basis.

iv. Obtained an understanding of CCHBC's materiality process and materiality assessment, and verified it against the GRI Standards (2021 update) methodology.

v. Reviewed a sample of supporting documentation and conducted interviews with the information owners to assess whether the outputs of the materiality process fairly represent the identified material issues.

vi. Obtained an understanding of the existing internal processes related to application of policies in relation to the sustainability information, under the scope of our engagement.

vii. Inquired CCHBC's Departmental Managers and information owners responsible for collecting, consolidating and calculating the Subject Matter Information in order to evaluate the appropriateness of measurement and evaluation methods, reporting policies used and estimates made by CCHBC. Our procedures did not involve testing the data on which the estimates are based or separately developing our own estimates against which to evaluate CCHBC's estimates.

viii. Performed analytical procedures and inspection of documents on a sample basis with respect to the compilation and reporting of quantitative performance indicators related to the "Applicable Criteria":

   a. At Group level[1], performed analytical procedures to check that underlying information was complete and accurate, and had been appropriately evaluated or measured, recorded, collated and reported as well as to verify the correct consolidation of the collected data.

   b. At the level of a representative selection of location sites[2], undertook site visits at 11 plants and 8 headquarters (HQs). We selected these sites based on risk assessment procedures performed (factors considered included indicatively inherent risk, site contribution to the consolidated indicators, location, etc.) and performed detailed assurance procedures for all the applicable KPIs at plant and HQ level for all selected locations (combination of on site and remote visits). More specifically, as part of our visits, we performed detailed tests on a sample basis, consisting of checking the correct application of the definitions and agreeing performance indicators to or from source information to check that the underlying subject matter was complete and accurate, and had been appropriately evaluated or measured, recorded, collated and reported.

   c. For the KPI Greenhouse Gas (GhG) emissions, assessed 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 (2017) and the figures for absolute emissions and emissions intensity in 2023.

ix. Performed targeted testing to select significant qualitative statements related to the "Applicable Criteria" listed above and tested their fair statement to identify misstatements that are material to the intended users of the subject matter information. We performed risk-based targeted testing for any remaining qualitative statements with characteristics of increased risk of material misstatement and evaluated remaining population not subject to targeted testing.

x. Evaluated all environmental, social and governance disclosures, and overall presentation of the Subject Matter Information included in the Report for the Reporting Period (as described in the section "Applicable Criteria" and in the Appendices).

The procedures performed in a limited assurance engagement vary in nature and timing and are less extensive than in a reasonable assurance engagement, and accordingly, the level of assurance obtained in a limited assurance engagement is significantly lower than the level of assurance which would have been obtained if an assignment of reasonable assurance had been performed.

Inherent Limitations

The work performed does not provide absolute assurance that all material weaknesses related to the accuracy and completeness of data and relevant disclosures, as these are included in the Report, will be identified.

A material weakness exists when the design of the internal controls is not adequate and thus, does not mitigate the risk of material deficiencies occurring without being detected in a timely manner.

Our work covered only the items listed in the "Scope of Work" paragraph to obtain limited assurance based on the procedures included in the same paragraph. Our work does not constitute an audit or review of historical Financial Information, in accordance with applicable International Standards on Auditing or International Standards for the Engagement of Review Engagements, and for this reason we do not express any assurance other than those listed in the paragraph "Scope of Work".

All issues brought to our attention during the work performed were accordingly communicated to the CCHBC's Management. Relevant points resulting from our work were discussed with Management and subsequently their written responses were obtained.

1. The Departments involved at a group level are: People and Culture Department, Legal Affairs Department (including the Risk team), Internal Controls Center, Commercial Department, Supply Chain Department (including Procurement team, Quality, Safety and Environment team, Fleet team and Cold Drink Equipment team), Investor Relations Department and Corporate Affairs and Sustainability Department, as well as managers from other Group functions.
2. The manufacturing plants are located in Nigeria (Abuja, Ikeja), Egypt (Qaliub, Alexandria), Italy (Nogara), Romania (Ploiești), Czech Republic (Prague), Ireland (Knockmore Hill), Greece (Aeghion, Schimatari) and Russia (Schelkovo).

Independent Auditor's Limited Assurance Report continued

Limited Assurance Conclusion

Based on the procedures we performed, nothing has come to our attention that causes us to believe that the indicators included in the Report for the Reporting Period, as these are described in the section "Subject Matter" are materially misstated.

Moreover, nothing has come to our attention that causes us to believe that the Report for the Reporting Period does not meet the requirements for reporting in accordance with the GRI Standards (2021 update), the Non-Alcoholic Beverages SASB Standard and the TCFD recommendations.

Restrictions in Use

This Limited Assurance report, prepared as part of our work performed, is intended for the use of the Board of Directors and Management of Coca-Cola HBC and covers only the indicated Reporting Period as well as the abovementioned scope of work.

Athens, 15/03/2024



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PricewaterhouseCoopers SA
260 Kifissias Avenue, 15232 Halandri, Greece

Appendix I

The provision of limited assurance concerns the following GRI indicators linked to CCHBC 's material issues and presented in the Integrated Annual Report 2023 and the GRI Content Index 2023:

Code	Description
2-1	Organizational details
2-2	Entities included in the organization's sustainability reporting
2-3	Reporting period, frequency and contact point
2-4	Restatements of information
2-5	External assurance
2-6	Activities, value chain and other business relationships
2-7	Employees
2-8	Workers who are not employees
2-9	Governance structure and composition
2-10	Nomination and selection of the highest governance body
2-11	Chair of the highest governance body
2-12	Role of the highest governance body in overseeing the management of impacts
2-13	Delegation of responsibility for managing impacts
2-14	Role of the highest governance body in sustainability reporting (102-32)
2-15	Conflicts of interest
2-16	Communication of critical concerns
2-17	Collective knowledge of the highest governance body
2-18	Evaluation of the performance of the highest governance body
2-19	Remuneration policies
2-20	Process to determine remuneration
2-21	Annual total compensation ratio
2-22	Statement on sustainable development strategy
2-23	Policy commitments
2-24	Embedding policy commitments
2-25	Processes to remediate negative impacts
2-26	Mechanisms for seeking advice and raising concerns

Independent Auditor's Limited Assurance Report continued

Code	Description
2-27	Compliance with laws and regulations
2-28	Membership associations
2-29	Approach to stakeholder engagement
2-30	Collective bargaining agreements
3-1	Process to determine material topics
3-2	List of material topics
3-3	Management of material topics
201-1	Direct economic value generated and distributed
201-2	Financial implications and other risks and opportunities due to climate change
201-3	Defined benefit plan obligations and other retirement plans
202-1	Ratios of standard entry level wage by gender compared to local minimum wage
202-2	Proportion of senior management hired from the local community
203-1	Infrastructure investments and services supported
203-2	Significant indirect economic impacts
204-1	Proportion of spending on local suppliers
205-1	Operations assessed for risks related to corruption
205-2	Communication and training about anti corruption policies and procedures
205-3	Confirmed incidents of corruption and actions taken
206-1	Legal actions for anti-competitive behaviour, antitrust, and monopoly practices
207-1	Approach to tax
207-2	Tax governance, control, and risk management
207-3	Stakeholder engagement and management of concerns related to tax
207-4	Country-by-country reporting
301-1	Materials used by weight or volume
301-2	Recycled input materials used
301-3	Reclaimed products and their packaging materials
302-1	Energy consumption within the organisation
302-2	Energy consumption outside the organisation
302-3	Energy intensity

Code	Description
302-4	Reduction of energy consumption
302-5	Reductions in energy requirements of products and services
303-1	Interactions with water as a shared resource
303-2	Management of water discharge-related impacts
303-3	Water withdrawal
303-4	Water discharge by quality and destination
303-5	Water consumption
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
304-2	Significant impacts of activities, products, and services on biodiversity
304-3	Habitats protected or restored
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations
305-1	Direct Greenhouse Gas (GHG) emissions (Scope 1)
305-2	Energy indirect Greenhouse Gas (GHG) emissions (Scope 2)
305-3	Other indirect Greenhouse Gas (GHG) emissions (Scope 3)
305-4	Greenhouse Gas emissions intensity
305-5	Reduction of Greenhouse Gas (GHG) emissions
305-6	Emissions of ozone-depleting substances (ODS)
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions
306-1	Waste generation and significant waste-related impacts
306-2	Management of significant waste-related impacts
306-3	Waste generated, Significant spills
306-4	Waste diverted from disposal
306-5	Waste directed to disposal, Transport of hazardous waste
308-1	New suppliers that were screened using environmental criteria
308-2	Negative environmental impacts in the supply chain and actions taken
401-1	New employee hires and employee turnover
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees

Independent Auditor's Limited Assurance Report continued

Code	Description
401-3	Parental leave
402-1	Minimum notice periods regarding operational changes
403-1	Occupational health and safety management system
403-2	Hazard identification, risk assessment, and incident investigation
403-3	Occupational health services
403-4	Worker participation, consultation, and communication on occupational health and safety
403-5	Worker training on occupational health and safety
403-6	Promotion of worker health
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
403-8	Workers covered by an occupational health and safety management system
403-9	Work-related injuries
403-10	Work-related ill health
404-1	Average hours of training per year per employee
404-2	Programs for upgrading employee skills and transition assistance programs
404-3	Percentage of employees receiving regular performance and career development reviews
405-1	Diversity of governance bodies and employees
405-2	Ratio of basic salary and remuneration of women to men
406-1	Total number of incidents of discrimination and corrective actions taken
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
408-1	Operations and suppliers at significant risk for incidents of child labour
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor
410-1	Security personnel trained in human rights policies or procedures
411-1	Incidents of violations involving rights of indigenous peoples
413-1	Operations with local community engagement, impact assessments, and development programs

Code	Description
413-2	Operations with significant actual and potential negative impacts on local communities
414-1	New suppliers that were screened using social criteria
414-2	Negative social impacts in the supply chain and actions taken
415-1	Political contributions
416-1	Assessment of the health and safety impacts of product and service categories
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services
417-1	Requirements for product and service information and labelling
417-2	Incidents of non-compliance concerning product and service information and labelling
417-3	Incidents of non-compliance concerning marketing communications
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data

Independent Auditor's Limited Assurance Report continued

Appendix II

The provision of limited assurance concerns the following SASB indicators presented in the Integrated Annual Report 2023:

Code	Description
FB-NB-110a.1	Fleet fuel consumed, Percentage renewable
FB-NB-130a.1	Operational energy consumed, Percentage grid electricity, Percentage renewable
FB-NB-140a.1	Total water withdrawn, Total water consumed,and percentage of each in regions with High or Extremely High Baseline Water Stress
FB-NB-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks
FB-NB-270a.2	Revenue from products labelled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO
FB-NB-270a.3	Number of incidents of non-compliance with industry or regulatory labelling and/or marketing codes
FB-NB-270a.4	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labelling practices
FB-NB-410a.1	(1)Total weight of packaging, (2) percentage made from recycled and/or renewable materials, (3) percentage that is recyclable, reusable, and/or compostable
FB-NB-410a.2	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle
FB-NB-430a.1	Suppliers' social and environmental responsibility audit: non-conformance rate and associated corrective action rate for (a) major and (b) minor non-conformances
FB-NB-440a.1	Percentage of beverage ingredients sourced from regions with High or Extremely High Baseline Water Stress
FB-NB-440a.2	List of priority beverage ingredients and description of sourcing risks due to environmental and social considerations
FB-NB-000.A	Volume of products sold
FB-NB-000.B	Number of production facilities
FB-NB-000.C	Total fleet road miles traveled

Appendix III

The provision of limited assurance on the accuracy and completeness of metrics and the fair statement of the processes/activities in place to apply the TCFD recommendations, concerns the following indicators presented in the Integrated Annual Report 2023:

Code	Description
Governance 1	Describe the Board's oversight of climate-related risks and opportunities
Governance 2	Describe management's role in identifying, assessing and managing climate-related risks and opportunities
Strategy 1	Describe the climate-related risks and opportunities that the organisation has identified over the short, medium and long term
Strategy 2	Describe the impact of climate-related risk and opportunity on the Company's business, strategy and financial planning
Strategy 3	Describe the resilience of the organisation's strategy considering different climate-related scenarios, including a 2-degree or lower scenario
Risk management 1	Describe the Company's process for identifying and assessing climate-related risks and opportunities
Risk management 2	Describe the Company's process for managing climate-related risks and opportunities
Risk management 3	Describe how these processes are integrated into the overall risk management programme
Metrics and targets 1	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process
Metrics and targets 2	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks
Metrics and targets 3	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Independent Auditor's Limited Assurance Report continued

Appendix IV

The provision of limited assurance, concerns the following internal indicators presented in the Integrated Annual Report 2023:

Description	IAR page
2023 Performance on 2025 commitments	72-74
Scope 1 + 2 and Scope 3: all numbers exclude Egypt (2023 Actual)	54
Performance summary of GHG emissions	55
Water footprint in established/developing/emerging markets	80, 81, 82
Water reduction in water priority location vs. baseline	61
Number of employees/contractors that lost their life	48, 94
Lost Time Accident Rate	48
Lost Time Incident Frequency Rate for contractors	48
Safety rate in established/developing/emerging markets	80, 81, 82
Materiality matrix and materiality process	83
Consumer complaints increase	28
Number of locations with water stewardship programs	62

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.

Shares held by geography



UK	32%
North & Central America	27%
Europe	25%
Nordic	5%
Other	11%

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, stable outlook

Moody's: L/T Baa1, S/T P2, stable outlook

Share price performance

LSE:CCH	2023	2022	2021
In £ per share			
Close	23.04	19.73	25.55
High	25.65	26.87	27.84
Low	19.10	14.61	21.60
Market capitalisation (£ million)	8,457	7,235	9,348

ATHEX: EEE	2023	2022	2021
In € per share			
Close	26.42	22.60	30.26
High	29.45	31.97	32.80
Low	21.78	18.00	24.18
Market capitalisation (€ million)	9,694	8,287	11,071

source: Bloomberg

Share capital

In 2023, the share capital of Coca-Cola HBC increased by the issuance of 891,127 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 €14.2 million.

Following the above changes, and including 6,068,537 ordinary shares held as treasury shares, on 31 December 2023 the share capital of the Group amounted to €2,030.3 million and comprised 372,977,222 shares with a nominal value of CHF 6.70 each.

On 20 November 2023, the Group announced the launch of a share buyback programme of up to a maximum of 18,000,000 ordinary shares to be purchased in a manner consistent with the Company's general authority to repurchase shares granted at its Annual General Meeting on 17 May 2023 and any such authority granted at its following Annual General Meetings.

The programme commenced on 21 November 2023 and is expected to run for a period of around two years. As at 31 December 2023, the Group had purchased shares under the programme for a total consideration of €42.6 million.

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 2023, the Board of Directors has proposed a €0.93 per share dividend, up 19.2% year on year (€0.78 per share in 2022), representing a 45% payout ratio. Dividend pay-out ratio target is 40-50%,

For more information on our dividend policy and dividend history, please visit our website at www.coca-colahellenic.com

Financial calendar

30 April 2024	First quarter trading update
21 May 2024	Annual General Meeting
8 August 2024	Half-year financial results
5 November 2024	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

Glossary of terms

AI
Artificial Intelligence.

B2B
Business-to-business.

Baltics
Estonia, Latvia and Lithuania.

Bottler; Bottling partner
Business entity that sells, manufactures and distributes 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.

Bps
Basis points: one hundredth of one percentage point (used chiefly in expressing differences).

Business developer
Sales person, sales force.

CAGR
Compound annual growth rate.

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.

CDE
Cold drink equipment – a generic term encompassing point of sale equipment such as coolers (refrigerators), vending machines and post-mix machines.

CDP
Formerly Carbon Disclosure Project, CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts (climate, water, forests).

CHP
Combined heat and power units can produce power, heat, cooling in a combined process that is up to 40% more efficient than separate processes.

CO_2
Carbon dioxide, a greenhouse gas.

CO_2e
A carbon dioxide equivalent or CO2 equivalent, abbreviated as CO2e 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 are collectively known as the Coca-Cola System.

COGS
Cost of Goods Sold.

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 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, integration and divestment-related costs, impairment of goodwill and indefinite-lived intangible assets, the impact from Russia-Ukraine conflict and the mark to market valuation of certain commodity hedging activity. Refer also to 'Alternative performance measures' section.

Comparable net profit
Net profit after tax attributable to owners of the parent adjusted for post-tax restructuring costs, acquisition, integration and divestment-related costs or gains, impairment of goodwill and indefinite-lived intangible assets, 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 expenditure
Comparable operating expenditure refers to operating expenditure adjusted for restructuring costs, acquisition, integration and divestment-related costs or gains, impairment of goodwill and indefinite-lived intangible assets, 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
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 food 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.

DIA
Data, insights and analytics.

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.

DJSI
Dow Jones Sustainability Index.

ELT
Executive Leadership Team.

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).

ESG
Environment, social and governance, referring to the three key pillars affecting the sustainability and ethical impact of a business or company.

FMCG
Fast-moving consumer goods.

Glossary of terms continued

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.

GHG (Scopes 1, 2 & 3)
Greenhouse gases. GHG inventory covers the seven direct greenhouse gases under the Kyoto Protocol: Carbon dioxide (CO2), Methane (CH4), Nitrous oxide (N2O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulphur hexafluoride (SF6), Nitrogen trifluoride (NF3).Scopes refer to the GHG Protocol categorisations: Scope 1: direct GHG emissions occur from sources owned or controlled by the company; Scope 2: indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling; and Scope 3: indirect emissions up and down the value chain (raw materials, packaging materials, product cooling, etc.).

GRI
Global Reporting Initiative, global standards for sustainability reporting.

HoReCa
Hotels, restaurants and cafés– a key distribution channel.

IASB
International Accounting Standards Board.

IFRS
International Financial Reporting Standards, issued by the International Accounting Standards Board.

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 we serve, excluding Sicily.

KeelClip™
Paper packaging for multipack cans with a central 'keel', like on a boat, that secures the pack.

KPI
Key Performance Indicator.

Litre of produced beverage (lpb)
Unit of reference to show environmental performance relative to production volume.

LTAR
Lost Time Accident Rate

LTIFR
Lost Time Incident Frequency Rate

M&A
Mergers and acquisitions.

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.

MSCI
MSCI ESG Ratings aim to measure a company's management of financially relevant ESG risks and opportunities.

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.

NARTD
Non-alcoholic ready-to-drink.

NetZeroby40
Our commitment to achieve net zero emissions across our entire value chain (Scope 1, 2 and 3) by 2040. The commitment was published in October 2021 and submitted to a formal approval by the Science Based Target Initiative (SBTi).

NGO
Non-governmental organisation.

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.

PET
Polyethylene terephthalate, a form of polyester used in the manufacturing of beverage bottles.

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 average 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
rPET refers to any PET material that comes from a recycled source rather than the original, unprocessed petrochemical feedstock.

RTD; ARTD; NARTD
Ready-to-drink; alcoholic; non-alcoholic. Drinks that are pre-mixed and packaged, ready to be consumed immediately with no further preparation.

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.

Glossary of terms continued

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.

Socio-economic impact
In conducting socio-economic studies, we use input-output modelling to generate estimates of jobs supported and economic value added across the value chain. 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 System. 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 2023, we updated the studies for six markets, adding this information to the aggregate results from all socio-economic impact studies for the period 2018-2023.

Notes to the socio-economic contributions presented on page 23 of this report:

- Numbers presented are aggregated based on the local socio-economic studies from Coca-Cola HBC markets published between 2018 and 2023, except for North Macedonia where the report is from 2017.
- All KPIs represent annual impact.
- Where applicable and relevant in local socioeconomic studies, the impact of other entities of the Coca-Cola System, supported across the value chain, is included.

Sparkling
Sparkling Includes Trademark Coca-Cola, Fanta, Sprite, Schweppes and Kinley sparkling beverages, among others.

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.

SSD
Sparkling soft drinks.

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.

TCCC
The Coca-Cola Company and, as the context may require, its subsidiaries.

TCFD
Task Force on Climate-related Financial Disclosures.

u.c.; Unit case:
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, one unit case corresponds to 0.5 kilograms or 5.678 litres. Volume data is derived from unaudited operational data.

UNESDA
Union of European Soft Drinks Associations.

UNGC
The UN Global Compact: The world's largest corporate sustainability 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 CCHBC 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 CCHBC 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.

Forward looking statements

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 facts, including, among others, statements regarding the future financial position and results; Coca-Cola HBC's outlook for 2024 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; 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 Managing risk and resilience section. Although Coca-Cola HBC believes that, as of the date of this Integrated Annual Report, 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 2023 Integrated Annual Report (the 'Integrated 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 Integrated 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 2023.

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 investment; 4. Cultivate the potential of our people; 5 Earn our license to operate. The initiatives we implemented within each of these pillars form the basis of the narrative of the Integrated Annual Report, which is structured around these five pillars.

The Integrated Annual Report is for the year ended 31 December 2023, 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 Integrated Annual Report.

The consolidated financial statements of the Group, included on pages 194 to 197, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU)) and in compliance with Swiss law. Coca-Cola HBC AG's statutory financial statements, included on pages 272 to 282, 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 'Directors' 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 295 to 301.

This report has been prepared in accordance with the GRI Standards (2021). In addition, the sustainability aspects of this Integrated Annual Report comply with the requirements for communication on progress against the 10 Principles of the United Nations Global Compact (UNGC) as well as Art. 964b of the Swiss Code of Obligations. Furthermore, the Integrated Annual Report is aligned with the principles and elements of the International Integrated Reporting Council's (IIRC) framework and key indicators of the Sustainability Accounting Standards Board (SASB). Coca-Cola HBC supports the Task Force on Climate-related Financial Disclosures (TCFD) and implements the TCFD recommendations in the Integrated Annual Report. Finally, Greenhouse gas emissions are calculated using the GHG Protocol Corporate Accounting and Reporting Standard methodology.

Sustainability disclosures in the Integrated Annual Report and the 2023 GRI Content Index, contain information from all entities included in the financial statements with the exception of certain items described below, considering materiality thresholds. Scope of the Integrated Annual Report: environmental and social data covers all 29 countries of Coca-Cola HBC, including the North Macedonia joint venture as well, unless otherwise stated. Snacks manufacturing operations are not included in the environmental 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. Three Cents business acquired in late 2022 and Finlandia Vodka business acquired in late 2023 are still under integration and not reported, and our current assessment is that their impact is below the materiality threshold. Mission 2025 sustainability commitments exclude Egyptian operations, as they were not foreseen in the baseline year nor in the target year.

As with the rest of the information provided, the sustainability aspects of this Integrated Annual Report cover the full year ended 31 December 2023 and the related information presented is based on an annual reporting cycle.

Limited assurance based on ISAE 3000 (Revised) and ISAE 3410 is provided over selected information of the Integrated Annual Report and the GRI Content Index by an independent audit firm as dictated by the Company's Executive Leadership Team (ELT). The relevant assurance report could be found on pages 302 to 308.

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

Our website features all the latest news and stories from around the business and our communities, as well as an interactive online version of this report.

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