

# Public Policy Engagement

## Our Approach to Public Policy Engagement

Coca-Cola European Partners (CCEP) is one of the world's largest independent bottlers of Coca-Cola products. We manufacture and distribute products designed, innovated and reformulated by The Coca-Cola Company (TCCC) and other brand-owning companies.

Over the past few years we have faced a series of new policy challenges which could impact on the way our business operates. These are mainly related to taxation on our ingredients - particularly sugar and sometimes sweeteners – as well as packaging and the introduction of deposit return systems on our products.

We employ a small team of Public Affairs and Communications professionals across our territories to represent our Company and its interests in public policy and on trade associations. However, due to the nature of the franchise system of which we are a part, we also work closely in partnership with Public Affairs professionals engaged by our brand owners - in particular The Coca-Cola Company - to represent the interests of our company and brands publicly and with political organisations.

CCEP engages in political advocacy to ensure our views and interests are understood by those who have the potential to impact the laws, regulations and policies that could influence our business. We do this mainly through trade associations, which lobby on our behalf for the causes and industries they represent. We also sometimes engage in direct advocacy; however, this is a very small part of our activities.

We are members of trade associations in each of the countries in which we operate where these bodies exist, and are represented on these bodies by our General Managers or public affairs team members. The majority of these are focused solely on soft drinks (e.g. the British Soft Drinks Association, BSDA), but in some cases these associations also cover the interests of beer and breweries (e.g. Sveriges Bryggerier - the Swedish Brewers Association).

## Our Key Advocacy Areas

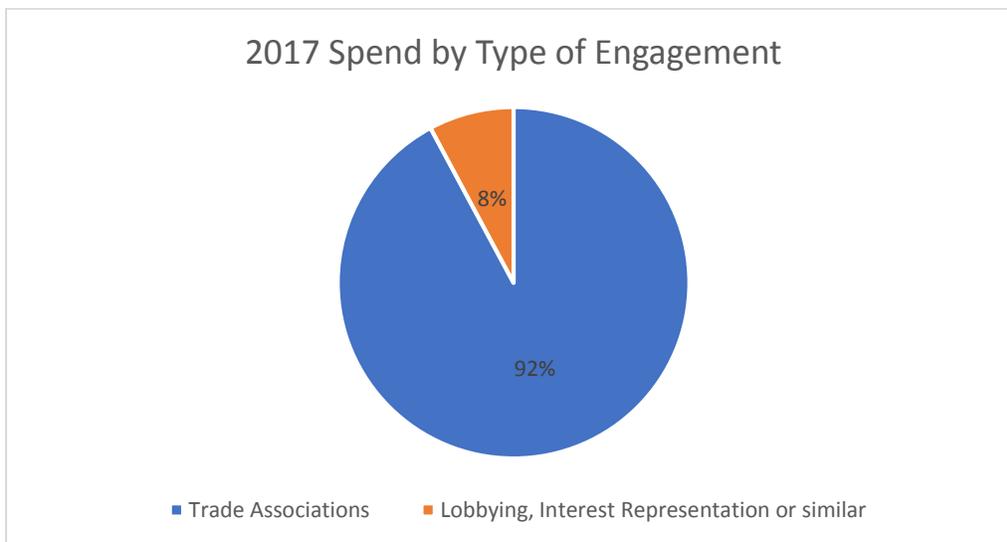
While CCEP is affected by many different policies and regulations, over the past 2-3 years we have focused our advocacy on three main areas that have been the topic of considerable policy debate across our geographies. These are as follows:

- **Product-specific policies, such as taxes, restrictions or regulations:** We contribute substantially to the local and international economy through jobs, investment, taxes and community investment. As such, we actively oppose discriminatory taxes or policies that single out our industry, products or ingredients.
- **Packaging policies and beverage deposit systems:** Our use of plastic packaging is under increasing scrutiny and we have set goals to collect 100% of our packaging by 2025 and to use 50% recycled PET in our packaging by 2025. As a result, we support well-designed policy interventions that will enable us to get closer to our goals. In many of our markets, this includes support for well-designed beverage deposit systems, which, if created on a national scale, with industry ownership and clear consumer communication, can help to boost recycling, reduce waste and tackle littering. Conversely, we do not support blanket packaging taxation – and believe that any new regulation or economic incentive on packaging should instead aim to ensure that businesses which are already making progress towards more sustainable packaging (high recyclability, high recycled content use) or which are obligated by another system (e.g. DRS) should not be burdened by additional taxation measures.
- **Health & Nutrition:** We are committed to using our brands and marketing platforms to help encourage active, healthy lifestyles. We do our best to support the needs of our business, so we do not support policies that unfairly focus on any single food or beverage category or ingredient including sugar or our sweeteners.

## Overview of Costs related to Public Policy Influence

In 2017 we spent a total of **€2,426,199** on public policy, trade association and advocacy activities. This represents 0.02% of our revenues in the same year.

The chart below shows how this is distributed between the different types of engagement we undertake. The vast majority is with our trade associations (€2,236,154). The remainder (€190,045) is spent on local campaigns on topics such as litter, on annual parliamentary events in GB which we host and with agencies on direct taxation threats.



## National Political Organizations, State or local political campaigns, candidates or committees.

As per our Code of Business Conduct, CCEP does not make political donations and is not permitted to do so by law in France, Belgium, Spain, Portugal or Great Britain. However, we recognise our employees' right to participate in the political process as individuals - employees may participate in government and political activities in their own time and at their own expense. Therefore, CCEP will only make political contributions as permitted by law, when necessary approvals have been obtained and in a timely manner. These sorts of donations are extremely rare and we made no political donations in 2017.

## Trade Associations

The Coca-Cola System is a member of different trade associations representing our interests across a range of issues. These tend to focus on food and drink industry associations, soft drinks industry associations, packaging associations, Chambers of Commerce and others. CCEP holds some memberships while The Coca-Cola Company may hold others. Both companies tend to be represented on the soft drinks associations in all the countries where we operate.

Each association has a role to play in our business, depending on the challenges we face:

Types of Associations	Purpose / Types of businesses represented	Examples from CCEP geographies
<b>Business</b>	<ul style="list-style-type: none"> <li>• Voice of a collective industry – represent a large general body of businesses (may also have as members other associations).</li> <li>• May be used to advocate for issues that affect a wide variety of industries (e.g. VAT taxation changes)</li> </ul>	<p>Confederation of Norwegian Enterprise - Norway</p> <p>Institut de Commerce - France</p>
<b>Food &amp; Drink</b>	<ul style="list-style-type: none"> <li>• Advocates for food &amp; drink related issues, such as sugar taxes, issues which affect all food and drink industry</li> <li>• Has wider reach, beyond soft drink industry – includes for example confectionary, bakers, food producer</li> </ul>	<p>FEVIA - Belgium</p> <p>Livsmedelföretagen - Sweden</p>
<b>Soft Drink (Beverage)</b>	<ul style="list-style-type: none"> <li>• Represents only soft drink industry and advocates for its specific issues – such as soft drinks taxation, sugar taxation</li> </ul>	<p>British Soft Drinks Association - GB</p> <p>BRF - France</p> <p>ANFABRA – Spain</p> <p>PROBEB - Portugal</p>
<b>Packaging</b>	<ul style="list-style-type: none"> <li>• Advocates for packaging related issues, such as packaging recovery methods, packaging taxation elimination</li> </ul>	<p>EUROPEN - EU</p>

- Usually represents packaging producers, fillers/packers and importers
- Main topic of interest in 2016 and 2017 was the new EU Circular Economy package and its future transposition.

In 2017 we paid €2,236,154 to our trade associations which represents 92% of our total expenditure to influence public policy.

#### **Example Issues advocated for via our trade associations in 2017**

Topic/ Issue	Main Entity Used	Cost in EURO
<b>Industry Calorie Reduction Commitment</b>	UNESDA	€150,000
<b>Circular Economy Package</b>	EUROPEN	€17,850

#### **Direct Advocacy – Lobbying, Interest Representation or Similar**

It is sometimes necessary, for communications purposes or for items where we either do not have a specific trade association or if the trade associations does not have the capability or resources to advocate for a position, to spend money on direct advocacy or campaigns. We tend to do so through agencies. In 2017 we spent €190,045 on direct advocacy in specific countries. This represents 8% of our total public policy influence expenditure. In 2017 this was mainly spent in Norway where we funded campaigns on sugar reduction and the packaging tax, in GB where we funded an anti-litter campaign and in the Netherlands where we funded a campaign on sweeteners.