Directors' Statement of Corporate Governance

Dear Shareholder

We, as a Board, and a Company, take corporate governance very seriously and consider that good conduct is the basis of good performance. The Board sets the tone for the rest of the Company. We believe that effective governance is the foundation of a successful and sustainable organisation and should be based upon an appropriate level of oversight, clear communication and a commitment to transparency. Governance is the framework within which we focus on the health and growth of the business.

In this report we provide an overview of our corporate governance practices, describing how the main principles of the UK Corporate Governance Code and Irish Annex are applied throughout the year. Information is given about the Board, its members and committees, and their work. An overview of the Company's internal controls is also given.

We have continued our focus on Board succession in the year and, in that context, Jim Clerkin was appointed to the Board in April 2017. In considering Board appointments, we continue to have regard to the degree of diversity of experience and background of the Board.

Rory Macnamara who joined the Board in January 2016 sadly passed away on 17 December 2016. Rory made an inimitable and valued contribution to the Board during his all too brief time as a Director.

We are complying this year with the edition of the UK Corporate Governance Code published by the Financial Reporting Council in September 2014 (the 'UK Code') and the Irish Corporate Governance Annex (the 'Irish Annex'). The UK Code is publicly available from the Financial Reporting Council's website, www.frc.co.uk.

Sir Brian Stewart
Chairman
17 May 2017

COMPLIANCE STATEMENT

C&C Group plc is incorporated and resident in Ireland and is subject to Irish company law. It has a primary listing on the Irish Stock Exchange ('ISE') and a listing in the Premium Listing segment of the Official List of the United Kingdom Listing Authority ('UKLA') and its shares are quoted on the ISE and the London Stock Exchange ('LSE'). C&C Group plc also has a Level 1 American Depository Receipt (ADR) programme.

The Directors are committed to maintaining high standards of corporate governance and to reviewing governance best-practice on a continuing basis to ensure that we adapt and evolve in what is an environment of constant change.

The Group has complied with the provisions of the UK Code and Irish Annex throughout the period under review. This Corporate Governance statement describes the Group's policy on corporate governance during the financial year ended 28 February 2017.

BOARD OF DIRECTORS

Role

The Board is responsible for the oversight, leadership and control of the Group and its long-term success. There is a formal schedule of matters reserved to the Board for decision. This includes approval of Group strategic plans, annual budgets, financial statements, significant contracts and capital expenditure items, major acquisitions and disposals, changes to capital structure, circulars, Board appointments, and the review of the Group's corporate governance arrangements and system of internal control, and approval of policies including corporate responsibility and health and safety. The Board is also responsible for instilling the appropriate culture, values and behaviour throughout the Group. The Directors acknowledge that they are responsible for the proper stewardship of the Group's affairs, both on an individual and collective basis. The matters and agenda reserved for Board consideration reflect this responsibility.

The roles of the Chairman and the Group Chief Executive Officer are separate with a clear division of responsibility between them, which is set out in writing and which has been approved by the Board. The Chairman has responsibility for the management of the Board, the performance of Directors and their induction, development and performance evaluation, ensuring there are effective relations with shareholders and for the AGM. The Chief Executive is responsible, within the authority limits delegated by the Board, for business strategy and management, investment and financing, risk management and controls, timely reporting, making recommendations on remuneration policy and on the appointment of executive directors, setting Group HR policies and leading the communications programme with shareholders.

The Board delegates responsibility for the management of the Group through the Group Chief Executive Officer to executive management. The Board also delegates some of its responsibilities to Board Committees, details of which are set out below. The responsibilities of the Chairman are covered in detail below.

The Chief Executive has full day-to-day operational and profit responsibility for the Group and is accountable to the Board for all authority delegated to executive management. His overall brief is to execute agreed strategy, to co-ordinate and maintain the continued profitability of the Group and to oversee senior management responsible for the day-to-day running of the business.

Non-executive Directors are expected to constructively challenge management proposals and to examine and review management performance in meeting agreed objectives and targets. In addition, they are expected to draw on their own specific experience and knowledge in respect of any challenges facing the Group and in relation to the development of proposals on strategy.

Individual Directors may seek independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities as Directors.

The Group has a policy in place which indemnifies the Directors in respect of certain legal actions taken against them.

Board Composition, Membership and Renewal

The primary purpose of the Board is to help create and maintain the conditions which promote the long term success of the business for the benefit of both shareholders and the wider stakeholder base. In order to do so effectively, the Board requires members with a broad range of skills and experience and the ability to both support and challenge the executive management.

The Board believes that the current Directors bring the necessary range of skills, knowledge and experience so as to provide leadership, control and oversight of management while contributing to the development and implementation of the Group's strategy. The biographical details of the current Directors are set out on pages 52 and 53. The Board regards the number of non-executive Directors currently appointed to the Board as sufficient to ensure effective oversight of the Group's management and to enable its Committees to operate without undue reliance on individual non-executive Directors.

While the Board's current composition includes a strong balance of skills and experience, the Board recognises the positive impact new appointments can bring to the Group. As such, the Board is committed to an ongoing programme for Board refreshment and renewal, with a particular focus on diversity and industry experience. In pursuing its programme for Board refreshment, the Nomination Committee is cognisant that finding and recruiting Directors with the skills and experience needed to challenge the breadth of the Group's business can require a longer lead time.

Consistent with that commitment to Board refreshment and development, Jim Clerkin was appointed as a non-executive Director in April 2017. Jim brings a wealth of experience and knowledge of the global drinks industry to the Board. This follows the appointment of Vincent Crowley and Rory Macnamara as non-executive Directors in 2016 and the retirement of John Hogan and Anthony Smurfit in 2016 as part of the ongoing programme of Board refreshment. Our Board continues to include an appropriate balance of longer serving and more recently appointed Directors, with diverse backgrounds and experience. This serves to bring fresh thinking to the Board yet preserves a proportion of the membership with an in-depth understanding of the challenges and opportunities facing the business, all of which provides the platform for fruitful discussions with the management team.

Board Independence

In line with the UK Code, it is Board policy that at least half the Board, excluding the Chairman, shall consist of independent non-executive Directors. The Board has reviewed its composition and has determined that of the Directors as at the date of this report, Emer Finnan, Richard Holroyd, Breege O'Donoghue, Stewart Gilliland, Jim Clerkin and Vincent Crowley are independent.

The independence of Board members is considered annually. In determining the independence of non-executive Directors, the Board considered the principles relating to independence contained in the UK Code and the guidance provided by a number of shareholder voting agencies. Those principles and guidance address a number of factors that might appear to affect the independence of Directors, including former service as an executive of the Group, extended service to the Board and cross-directorships. However, they also make clear that a Director may be considered independent notwithstanding the presence of one or more of these factors. This reflects the Board's view that independence is determined by a Director's character and judgment. The Board considers that each of the non-executive Directors brings independent judgment to bear.

Given their length of service, the Board conducted a particularly thorough review of the continued independence of Richard Holroyd and Breege O'Donoghue. Subsequent to that assessment, the Board is satisfied that neither Richard's nor Breege's independence has been compromised by their length of service. As part of this assessment, the Board considered their concurrent tenure with the executive directors, as well as their continuing performance in scrutinising management decisions. The Board also recognises that their professional

Directors' Statement of Corporate Governance
(continued)

experience and long-term perspective on the Group's business is hugely valuable to the work of the Board.

As set out in the table below, each has served on the Board concurrently with the Group's Chief Executive Officer, the longest serving executive Director, for 8.5 years. The Board recognises the principles of the Code and guidelines on tenure but is satisfied that the objectivity, judgment and independence of each of the Directors, and the Board as a whole, is not compromised by any individual's tenure on the Board.

	Independent/Non-Independent	Tenure (Years)	Concurrent Tenure* (Years)
Sir Brian Stewart	Independent (Chairman)	7	7
Jim Clerkin	Independent	0.1	0.1
Vincent Crowley	Independent	1.5	1.5
Joris Brams	Non-Independent (Executive)	4.5	4.5
Emer Finnan	Independent	3	3
Stewart Gilliland	Independent	5	5
Stephen Glancey	Non-Independent (Executive)	8.5	8.5
Richard Holroyd	Independent	13	8.5
Kenny Neison	Non-Independent (Executive)	7.5	7.5
Breege O'Donoghue	Independent	13	8.5

*Note: Concurrent tenure means tenure on the Board concurrently with the Group's Chief Executive Officer, the longest serving executive Director.

Chairman
Sir Brian Stewart has been Chairman of the Group since August 2010. The Chairman is responsible for the efficient and effective working of the Board. He is responsible for ensuring that the Board considers the key strategic issues facing the Group and that the Directors receive accurate, timely, relevant and clear information. He also ensures that there is effective communication with shareholders and that the Board is apprised of the views of the Group's shareholders. As part of this process, the Chairman partakes annually in a series of meetings, focused solely on corporate governance, with a number of the Group's largest institutional shareholders.

Senior Independent Director
Richard Holroyd is the Group's Senior Independent Director. He is available to shareholders who have concerns for which contact through the normal channels of Chairman, Group Chief Executive Officer or Group Chief Financial Officer has failed to resolve or for which such contact is inappropriate. He is also available to meet shareholders on request.

Audit Committee Financial Expert
The Audit Committee has determined that Emer Finnan, who also chairs the Committee, is the Audit Committee financial expert. Emer is a qualified chartered accountant and has recent and relevant financial expertise.

Company Secretary
David Johnston is the Company Secretary. All Directors have access to the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with. The appointment and removal of the Company Secretary is a matter for the Board.

Appointment, Retirement and Re-election
The non-executive Directors are engaged under the terms of letters of appointment, details of which are set out in the Report of the Remuneration Committee on Directors' Remuneration. Copies of the letters of appointment are available on request from the Company Secretary.

The Company's Articles of Association require that at least one-third of the Directors subject to rotation shall retire by rotation at the Annual General Meeting in every year. Directors appointed by the Board must also submit themselves for election at the first annual general meeting following their appointment. However, in accordance with the recommendations of the UK Code, the Directors have resolved that they will all retire and submit themselves for re-election by the shareholders at the Annual General Meeting this year.

Induction and Development
A comprehensive tailored induction programme is arranged for each new Director. The aim of the programme is to provide the Director with a detailed insight into the Group. The programme involves meeting with the Chairman, Group Chief Executive Officer, Group Chief Financial Officer, Company Secretary and key senior executives. It covers areas such as strategy and development, organisation structure, succession planning, financing, corporate responsibility and compliance, investor relations and risk management. The Board receives regular updates from its external legal and other advisers in relation to regulatory and accounting developments. Throughout the year, Directors meet with key executives and meet with local management teams, and a site visit for all Board Directors to one of the Group's operations facilities is normally scheduled annually.

Newly-appointed members of the Audit Committee will meet with the key members of the external audit, internal audit and finance teams. New members of the Remuneration Committee will meet with the Committee's remuneration consultants in the year of their appointment to the Committee.

External non-executive directorships
The Board recognises that there can be benefit if executive Directors accept a non-executive directorship with other companies to broaden their skills, knowledge and experience. Joris Brams is currently a non-executive director at Democo NV, a Belgian construction company.

Apart from him, currently none of the executive Directors has such an appointment. The Remuneration Committee determines whether Directors should be permitted to retain any fees paid in respect of such appointments. The Remuneration Committee has determined that Joris Brams is permitted to retain fees from his appointment.

Meetings
During the period under review there were seven scheduled meetings of the Board and a further two short notice meetings. Details of Directors' attendance at these meetings are set out in the table on page 67. Several ad hoc meetings without notice were held during the year for share allotment and other administrative matters in accordance with the Board's procedures. In addition, the members of the Board met without the executive Directors present to provide an opportunity for non-executive Directors and the Chairman to assess their performance, and a further meeting of the non-executive Directors led by the Senior Independent Director was held without the Chairman being present to assess the Chairman's performance.

The Chairman sets the agenda for each meeting in consultation with the Group Chief Executive Officer and the Company Secretary. The agenda and Board papers, which provide the Directors with relevant information to enable them to fully consider the agenda items in advance, are circulated prior to each meeting. Directors are encouraged to participate in debate and constructive challenge. While Directors are expected to attend all scheduled meetings, in the event a Director is unable to attend a meeting, his or her view on all agenda items is sought and conveyed to the Chairman in advance of the meeting. In addition, following the meeting, matters discussed and decisions made at the meeting are conveyed to the Director.

Performance evaluation
The Board recognises the importance of a formal and rigorous evaluation of the performance of the Board and its Committees. The Chairman conducts an annual review of corporate governance and the operation and performance of the Board and its Committees. In the year under review the Chairman has reviewed the performance of individual Directors and, within the remit of the Nomination Committee, succession planning, identifying in this process the experience and qualities required by the Group for the future implementation of its strategy.

The Chairman conducts one to one discussions each year with each Director to assess his or her individual performance. Performance is assessed against a number of criteria, including his or her contribution to Board and Committee meetings; time commitments; contribution to strategic developments; and relationships with other Directors and management.

The Senior Independent Director and the other non-executive Directors review the Chairman's performance and the Board's performance each year, the results being reported back to the Chairman with any recommendations.

In 2015, the Board also engaged an external advisor to complete an independent evaluation of the performance and effectiveness of the Board and each of the Committees. This evaluation is in line with the recommendations of the UK Code which requires an external Board evaluation to be conducted at least once every three years. The company engaged to perform the evaluation has no business connection or relationship with the Group, its directors or senior management.

Accountability
The Board is committed to providing a fair, balanced and understandable assessment of the Company's position and prospects.

Responsibility for reviewing the Group's internal financial control, financial risk management systems and risk evaluation procedures and monitoring the integrity of the Group's financial statements has been delegated by the Board to the Audit Committee. Details of how these responsibilities were discharged is set out in the Audit Committee Report on pages 63 to 66.

The Board receives regular updates from the Chair of the Audit Committee.

Directors' Statement of Corporate Governance
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Remuneration

Details of remuneration paid to Directors (executive and non-executive) are set out in the Report of the Remuneration Committee on Directors' Remuneration on pages 70 to 89.

Non-executive Directors are remunerated by way of a Director's fee. Additional fees are also payable to the Chairman of the Audit Committee, Chairman of the Remuneration Committee and to the Senior Independent Director. Non-executive Directors' fees and additional fees payable to Committee Chairmen and the Senior Independent Director have not been increased since 2008.

It is Board policy that non-executive Director remuneration does not comprise any performance-related element and, therefore, non-executive Directors are not eligible to participate in the Group's bonus schemes, option plans or share award schemes. Non-executive Directors' fees are not pensionable and non-executive Directors are not eligible to join any Group pension plans. Executive Directors' remuneration is inclusive of any Director's fee.

The current limit under the Articles on Directors' ordinary remuneration (i.e. directors' fees, not including executive remuneration) is €1,000,000, pursuant to a resolution passed at the 2013 Annual General Meeting.

The report of the Remuneration Committee will be presented to shareholders for the purposes of a non-binding advisory vote at the Annual General Meeting on 6 July 2017. While there is no legal obligation for the Group to put such a resolution to a vote of shareholders at the Annual General Meeting, the Board recognises that such resolutions are now considered good governance practice.

Share ownership and dealing

The Company has share ownership guidelines for the executive Directors to ensure the interests of executive Directors are aligned with those of shareholders. In summary, the guidelines are that the current market value of shares in the Company held by the relevant Director should be at least two times salary for the Group Chief Executive Officer and one times salary for other executive Directors. If share ownership guidelines are not met, then individuals must retain up to 50% of vested share awards (net of tax). Further information including details of Directors' shareholdings is set out on page 77.

The Group has a policy on dealing in shares that applies to all Directors. Under this policy, Directors are required to obtain clearance from the Chairman (or in the case of the Chairman himself, from the Senior Independent Director) before dealing. Directors are prohibited from dealing in the Company's shares during closed periods and at any other time when the individual is in possession of inside information.

COMMITTEES

The Board has established three permanent committees to assist in the execution of its responsibilities. These are the Audit Committee, the Nomination Committee and the Remuneration Committee. The current membership of each committee is set out on page 52. Attendance at meetings held is set out in the table on page 67.

Each of the permanent Board Committees has terms of reference under which authority is delegated to them by the Board. These terms of reference are available on the Company's website www.candcgroupplc.com. Minutes of all Committee meetings are circulated to the entire Board.

The Chairman of each Committee attends the Annual General Meeting and is available to answer questions from shareholders.

The Board has also established a Disclosure Committee comprising the Chairman, the Group Chief Executive Officer, the Group Chief Financial Officer and the Company Secretary. The Head of Investor Relations may also participate where required. The main responsibilities of the Disclosure Committee include:

- determining whether information constitutes inside information;
- determining if information requires immediate disclosure or if disclosure can be legitimately delayed;
- determining a consistent approach and policy to disclosure;
- reviewing and approving material announcements;
- monitoring leaks, rumours, speculation and market expectations, and taking appropriate action;
- monitoring the materiality of any variance between the Group's performance and its own forecasts.

Ad hoc committees are formed from time to time to deal with other specific matters.

THE AUDIT COMMITTEE

Message from the Chairman of the Audit Committee

Dear Shareholder

On behalf of the Board, I am pleased to report on the work of the Audit Committee for the financial year ended 28 February 2017.

During the year, the Committee oversaw the tender of the Company's external audit contract. Due to EU transition rules, KPMG's length of tenure prevented them from acting as auditors beyond FY2017. Following the tender process, the Board, on the recommendation of the Committee, appointed EY as the Group's external auditor from FY2018 onwards. On behalf of the Committee, I would like to acknowledge and thank KPMG for their contribution to the Group, as external auditors since 2004.

The Committee also received and reviewed a number of internal audit reports, reviewed and approved reports in relation to the Group's financial performance and engaged with the external auditor. One of our principal duties is to review the report of the external auditor on the year end audit and to consider and approve key accounting treatments together with underlying financial judgments and assumptions. Full details are included later in this report.

The members of the Committee, all independent non-executive Directors, each contribute their own financial experience to the Committee's work. We are glad to record the full and continuing co-operation of the executive team in support of the Committee's work.

Yours sincerely

Emer Finnan
Chairman of the Audit Committee

Composition and Meetings

The constitution of the Audit Committee requires that its membership shall consist only of independent, non-executive Directors. The members are Emer Finnan (Chairman), Richard Holroyd and Vincent Crowley. As set out on page 60, the Audit Committee has determined that Emer Finnan, who also chairs the Committee, is the Audit Committee financial expert.

The Committee meets a minimum of four times a year. During the period under review it met eight times. Attendance at meetings held is set out in the table on page 67.

The Group Chief Financial Officer attends Audit Committee meetings as appropriate, while the internal auditor and the external auditor attend as required and have direct access to the Audit Committee Chairman. The Group Head of Finance is the secretary of the Audit Committee.

Constitution and terms of reference

The role, responsibilities, authority and duties of the Audit Committee are set out in written terms of reference. The current terms of reference are available under the Board Committees section of the Group's website at www.candcgroupplc.com.

The Audit Committee's responsibilities include:

- monitoring the integrity, truth and fairness of the financial statements of the Group, including the Annual Report, interim report, interim management statements, preliminary results and other formal announcements relating to the Group's financial performance, and reviewing significant financial reporting judgements contained in them;
- ensuring that the information presented in the financial statements of the Group and other announcements is fair, balanced and understandable and provides the information necessary for the Company's shareholders to assess the Group's performance, business model and strategy and advising the Board accordingly;
- monitoring the statutory audit of the annual and consolidated accounts;
- reviewing the adequacy and effectiveness of the Group's internal financial controls and risk management systems;
- reviewing the effectiveness of the Group's internal audit function;
- reviewing the adequacy and security of the Group's arrangements for its employees raising concerns, its procedures for detecting fraud, the Group's systems and controls for the prevention of bribery, and the Group's whistleblowing arrangements;

Directors' Statement of Corporate Governance
(continued)

- making recommendations to the Board in relation to the appointment and removal of the Group's external auditor, their remuneration and terms of engagement;
- evaluating the performance of the external auditor including their independence and objectivity;
- reviewing the annual internal and external audit plans and reviewing the effectiveness and findings of the external audit with the external auditor;
- ensuring compliance with the Group's policy on the provision of non-audit services by the external auditor;
- reporting to the Board on how it has discharged its responsibilities; and
- reviewing the annual financial statements of the pension funds where not reviewed by the Board as a whole.

The Committee undertakes, in conjunction with the Chairman of the Board, an annual assessment of its performance and a review of the Committee's constitution and terms of reference.

The activities undertaken by the Committee in fulfilling its key responsibilities in respect of the year ended 28 February 2017 are set out below.

Financial Statements
In respect of the year ended 28 February 2017 the Audit Committee reviewed:
- the Trading Update issued in July 2016;
- the Financial Report for the six months ended 31 August 2016;
- the trading update for the twelve months to 28 February 2017, issued in March 2017;
- the preliminary results announcement and the Annual Report and financial statements for the year ended 28 February 2017.

In particular the Committee addressed the going concern status of the Company and the matters referred to in the Financial Review contained in the 2017 Annual Report. It reviewed the audit plan and post-audit report from the external auditor identifying any accounting or judgemental issues requiring its attention.

In carrying out these reviews, the Committee considered:
- the consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Group;
- whether the Group had applied appropriate accounting policies and practices and made appropriate estimates and judgements, taking into account the views of the external auditor;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy;
- the clarity and completeness of disclosures and compliance with relevant financial reporting standards and corporate governance and regulatory requirements; and
- the significant areas in which judgement had been applied in preparation of the financial statements in accordance with the accounting policies.

The significant issues considered by the Committee in relation to the accounts for the year to 28 February 2017 and how these were addressed are outlined below. Each of these areas received particular focus from the external auditor, who provided detailed analysis and assessment of the matter in their report to the Committee.

Goodwill & intangible assets impairment testing
The Committee considered the carrying value of goodwill and intangible assets as at the year end date to assess whether or not it exceeded the expected recoverable amounts for these assets. In particular the Committee considered the value-in-use financial models, including sensitivity analysis, used to support the valuation and the key assumptions and judgments used by management underlying these models. The key assumptions used in the financial models and consequently the key focus areas for the Committee relate to future volume, net revenue and operating profit, the growth rate in perpetuity and the discount rate applied to the resulting cash flows. The Committee considered the outcome of the financial models and found the methodology to be robust, and in all instances concluded that the outcome was appropriate, including the recognition and magnitude of an impairment charge with respect to the capitalised brands in the US business. In all other segments the Committee considered the level of headroom and the sensitivity analysis applied to the key assumptions and concluded that the carrying values were appropriate.

Valuation of property, plant & equipment
The Group values its land and buildings and plant machinery at market value/depreciated replacement cost (DRC) and consequently carries out an annual valuation. The Group engages external valuers to value the Group's property, plant and machinery at a minimum every three years or as at the date of acquisition for assets acquired as part of a business acquisition. The Group completed an external valuation in the current financial year at its Vermont site. An internal assessment was completed for the remainder of the Group's assets.

In assessing the reasonableness of the external and internal valuations, the Committee reviewed the key assumptions and judgments underlying the valuations, in particular, focus was given to the impact of gross replacement cost price movements, depreciation rates reflecting age of asset and physical and functional obsolescence and forecast utilisation levels across the Group's production sites included in the valuation. The Committee is satisfied that the carrying values are appropriate.

Internal control and risk management systems
The Group's system of internal control and risk management is described below.

The terms of reference of the Audit Committee require it to conduct an annual assessment of internal financial controls and financial risk management systems. The risks facing the Group are reviewed regularly by the Audit Committee with executive management. Specific annual reviews of the risks and fundamental controls of each business unit are undertaken. The results and recommendations are reported to and analysed by the Audit Committee and a programme for action agreed with the business units. In carrying out these responsibilities during the year, the Committee reviewed reports issued by both the internal audit function and the external auditor and held regular discussions with the Head of Internal Audit and representatives of the external auditor. The Committee also reviewed the outcome of an assessment of the Group's internal financial controls which had been coordinated by the internal audit function.

Internal Audit
The Committee is responsible for monitoring and reviewing the operation and effectiveness of the internal audit function including its focus, plans, activities and resources.

The Group's internal audit function reports to the Audit Committee and the Audit Committee has approved its terms of reference. The Group's internal auditor is engaged on a programme of work, which includes, inter alia, maintaining the Group's risk register and examining the fundamental controls of the Group. During the year, the Committee reviewed and approved the internal audit plan for the year.

The Committee received regular reports from the Head of Internal Audit summarising findings of the team's work and the responses from management to deal with the findings. The Committee monitors progress on the implementation of the action plans on significant findings to ensure these are completed satisfactorily.

External Auditor
The Committee manages the relationship with the Group's external auditors on behalf of the Board. The Committee carries out an annual assessment of the external auditor including a review of the external auditor's internal policies and procedures for maintaining independence and objectivity and consideration of their approach to audit quality. The external auditor is professionally required to rotate the audit partner responsible for the Group audit every five years and this rotation took place in FY2017 with a new partner being appointed to the Group.

External audit process
The Committee also reviewed and approved the external audit plan as presented by the external auditor and assessed the qualifications and expertise of their resources. The Committee also reviewed the external auditor's engagement letter and recommended the level of remuneration of the external auditor to the Board having reviewed the scope and nature of the work to be performed. The Committee assessed the effectiveness of the external audit process by monitoring performance against the agreed audit plan and noting the results of post-audit interviews with management and the Audit Committee Chairman.

Length of service of auditors
KPMG has been the external auditor of the Company and the Group since the Company's formation and flotation in 2004. In line with guidance within the UK Code and the recent EU Directive 2014/56/EU of the European Parliament and Council passed by the European Parliament and transposed into Irish Law in 2016 in respect of audit reforms and audit tendering, the Group conducted a formal tender process in FY2017. As a result of the transition rules under the EU Directive, KPMG's length of tenure prevented them from acting as auditors beyond the year ended 28 February 2017. The Board following a recommendation from the Committee, decided to appoint a new audit firm to complete the Group audit for the financial year ended 28 February 2018. The tender process concluded with a recommendation by the Committee to the Board to appoint EY as the Group's external auditor from FY2018 onwards. This recommendation was accepted by the Board. A resolution proposing the appointment of EY will be presented to shareholders at the Group's AGM in July 2017. The tender process undertaken to appoint a new auditor was rigorous and involved written submissions and presentations from each of the invited firms.

Hiring of former employees of auditor
In order to ensure the independence and objectivity of the external auditor, the prior approval of the Audit Committee is required before any individual is appointed to a senior managerial position in the Group, if such individual has within three years prior to such proposed appointment been employed by the external auditor.

Non-Audit Services by auditor
The Group has a policy in place governing the provision of non-audit services by the external auditor in order to ensure that the external auditor's objectivity and independence is safeguarded.

Under this policy the auditor is prohibited from providing non-audit services if the auditor:
- may, as a result, be required to audit its own firm's work;
- would participate in activities that would normally be undertaken by management;
- would be remunerated through a "success fee" structure or have some other mutual financial interest with the Group;
- would be acting in an advocacy role for the Group.

Other than above, the Company does not impose an automatic ban on the external auditor providing non-audit services. However, the external auditor is only permitted to provide non-audit services that are not, or are not perceived to be, in conflict with auditor independence and objectivity, if it has the skill, competence and integrity to carry out the work and it is considered by the Audit Committee to be the most appropriate to undertake such work in the best interests of the Group. The engagement of the external auditor to provide non-audit services must be approved in advance by the Audit Committee or entered into pursuant to pre-approved policies and procedures established by the Audit Committee and approved by the Board.

The nature, extent and scope of non-audit services provided to the Group by the external auditor and the economic

Directors' Statement of Corporate Governance
(continued)

importance of the Group to the external auditor are also monitored to ensure that the external auditor's independence and objectivity is not impaired. The Audit Committee has adopted a policy that, except in exceptional circumstances with the prior approval of the Audit Committee, non-audit fees paid to the Group's auditor should not exceed 100% of audit fees in any one financial year.

During the year, KPMG provided non-audit advisory services, being advice on taxation and other related matters. In approving KPMG to provide these services the Committee was of the opinion that KPMG's knowledge of the Group was an important factor. The Committee was also satisfied that the fees paid to KPMG for non-audit work did not compromise their independence or integrity. Details of the amounts paid to KPMG during the year for audit and other services are set out in note 2 to the financial statements.

Whistle-blowing procedures
In line with best practice, the Group supports an independent and confidential whistle-blowing service which allows all employees to raise any concerns about business practice in a confidential manner.

THE NOMINATION COMMITTEE
Composition and Meetings
The Nomination Committee is chaired by the Group Chairman and its constitution requires it to consist of a majority of independent, non-executive Directors. The members during the year were Sir Brian Stewart (Chairman), Breege O'Donoghue and Richard Holroyd.

The Committee meets a minimum of twice a year and met twice in the year ended 28 February 2017. Attendance at meetings held is set out in the table on page 67. In addition, several ad hoc meetings were held to progress initiatives.

Constitution and terms of reference
The Nomination Committee's current terms of reference are available under the Board Committees section of the Group's website at www.candcgroupplc.com. The Nomination Committee's responsibilities include:

- reviewing the structure, size and composition of the Board (including the balance of skills, experience, independence, knowledge and diversity (including gender)) and making recommendations regarding any changes;
- overseeing succession planning for the Board and senior management and the leadership needs of the organisation;
- responsibility for the identification of suitable candidates for appointment to the Board;
- making recommendations to the Board on membership of Board Committees.

Main activities during the year
During the period under review the Nomination Committee considered:

- potential candidates for recruitment as non-executive Directors and recommended the appointment of Jim Clerkin to the Board;
- longer-term succession planning for non-executive Directors, recognising the need for ongoing Board refreshment and renewal and the need for independence and diversity on the Board;
- succession plans for executive Directors and senior management.

Diversity
The Nomination Committee and the Board recognise the importance of ensuring diversity (including gender) and the key role that a diversified Board plays in ensuring effectiveness. Suitable candidates are selected on the basis of their relevant experience, employment background, skills, knowledge and insight, having due regard for the benefits of diversity to the Board.

The Committee and the Board further realise that diversity extends beyond the Board and in this regard seeks to ensure that all recruitment decisions are fair and non-discriminatory.

Independent consultants
The Nomination Committee is empowered to use the services of independent consultants to facilitate the search for suitable candidates for appointment as non-executive Directors.

During the year, Spencer Stuart, an independent executive search firm, assisted in the search process for non-executive Director candidates with relevant experience and skills and provided assistance in relation to the appointment of Jim Clerkin. Spencer Stuart has no other connection with the Group.

THE REMUNERATION COMMITTEE
The Remuneration Committee comprises solely of independent, non-executive Directors. The Chairman was Breege O'Donoghue, and the other members were Richard Holroyd and Stewart Gilliland.

The Remuneration Committee meets at least twice a year. During the period under review the Remuneration Committee met four times. Attendance at meetings held is set out in the table on page 67.

The Remuneration Committee's terms of reference, which are available on the C&C website www.candcgroupplc.com, include:

- determining and agreeing with the Board the framework or broad policy for the remuneration packages of the Chairman, Group Chief Executive Officer and other executive Directors, the Company Secretary and any other designated members of the executive management.
- within the terms of the agreed policy and in consultation with the Chairman and/or Group Chief Executive Officer, as appropriate, determining the total individual remuneration package of each of the above persons, including bonuses, incentive payments and share options or other share awards;
- reviewing and having regard to the remuneration trends across the Group;
- approving the design of, and determining targets for, any performance related pay schemes and the total annual payments made under such schemes;
- reviewing the design of all share incentive plans and the performance targets to be used;
- ensuring that contractual terms on termination, and any payments made, are fair, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- overseeing any major changes in employee benefits structures throughout the Group.

ATTENDANCE AT MEETINGS OF THE BOARD AND ITS COMMITTEES

Attendance at Board meetings and Board committee meetings during the year was as set out in the table below.

In the attendance table below the numerator in each fraction represents the number of meetings actually attended by each Director in respect of the Board and each Board committee of which he or she was a member, whilst the denominator represents the number of such meetings that the Director was scheduled to attend.

In addition, the non-executive Directors including the Chairman met to evaluate the performance of the executive Directors, and the non-executive Directors, led by the Senior Independent Director, without the Chairman present, met to evaluate the performance of the Chairman. Several ad hoc meetings were held during the year for administrative matters in accordance with the Board's procedures.

	Scheduled Board Meetings	Short Notice Board Meetings	Audit Committee Meetings	Nomination Committee Meetings	Remuneration Committee Meetings
Sir Brian Stewart	7/7	2/2		2/2	
Joris Brams	7/7	1/2			
Vincent Crowley	7/7	2/2	6/7		
Emer Finnan	7/7	2/2	8/8		
Stewart Gilliland	7/7	2/2			4/4
Stephen Glancey	7/7	2/2			
Richard Holroyd	7/7	2/2	8/8	2/2	4/4
Rory Macnamara	1/6	1/1	3/6		
Kenny Neison	7/7	2/2			
Breege O'Donoghue	6/7	2/2		2/2	4/4
Anthony Smurfit	0/1		1/1		

COMMUNICATIONS WITH SHAREHOLDERS

The Group attaches considerable importance to shareholder communications and has an established investor relations programme.

There is regular dialogue with institutional investors with presentations given to investors at the time of the release of the Group's first half and full year financial results and when other significant announcements are made. A trading update was issued in July 2016 and a trading statement was issued in March 2017. The Group also hosted a Capital Markets Day for investors in March 2016. The Board is briefed regularly on the views and concerns of institutional shareholders. The Chairman has recently completed a series of meetings, focused solely on corporate governance, with a number of the Group's largest institutional shareholders.

The Group's website, www.candcgroupplc.com, provides the full text of the Annual Report and financial statements, the Interim Report and other releases. News releases are also made available immediately after release to the Stock Exchange. Presentations given to investors and at conferences are also made available on the Company's website.

General Meetings

The Companies Act, 2014 provides for two types of shareholder meetings: the Annual General Meeting ('AGM') with all other meetings being called extraordinary general meetings ('EGM').

The Company must hold a general meeting in each year as its AGM in addition to any other general meetings held in that year. Not more than 15 months may elapse between the date of one AGM and the next. An AGM was held on 7 July 2016, and this year's AGM will be held on 6 July 2017. The Directors may at any time call an EGM. EGMs may also be convened on the requisition of members holding not less than five per cent of the voting share capital of the Company.

No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Three members present in person or by proxy and entitled to vote shall be a quorum.

Only those shareholders registered on the Company's register of members at the prescribed record date, being a date not more than 48 hours before the general meeting to which it relates, are entitled to attend and vote at a general meeting.

Resolutions of the general meeting must be passed by the majority of votes cast (ordinary resolution) unless the Companies Act, 2014 or the Company's Articles of Association provide for 75% majority of votes cast (special resolution). The Company's Articles of Association provide that the Chairman has a casting vote in the event of a tie.

Directors' Statement of Corporate Governance
(continued)

Any shareholder who is entitled to attend, speak and vote at a general meeting is entitled to appoint a proxy to attend, speak and vote on his or her behalf. A proxy need not be a member of the Company.

At meetings, unless a poll is demanded, all resolutions are determined on a show of hands, with every shareholder who is present in person or by proxy having one vote. On a poll every shareholder who is present in person or by proxy shall have one vote for each share of which he/she is the holder. A shareholder need not cast all votes in the same way. At the meeting, after each resolution has been dealt with, details are given of the level of proxy votes lodged for and against that resolution and also the level of votes withheld on that resolution.

The Company's AGM gives shareholders the opportunity to question the Directors. The Company must answer any question a member asks relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the general meeting or the confidentiality and business interests of the Company, or the answer has already been given on a website in the form of an answer to a question, or it appears to the Chairman of the meeting that it is undesirable in the interests of good order of the meeting that the question be answered.

The business of the Company is managed by the Directors who may exercise all the powers of the Company unless they are required to be exercised by the Company in general meeting. Matters reserved to shareholders in general meeting include the election of Directors; the payment of dividends; the appointment of the external auditor; amendments to the Articles of Association; measures to increase or reduce the share capital; and the authority to issue shares.

MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company's Memorandum of Association sets out the objects and powers of the Company. The Articles of Association detail the rights attaching to each share class; the method by which the Company's shares can be purchased or reissued; the provisions which apply to the holding of and voting at general meetings; and the rules relating to the Directors, including their appointment, retirement, re-election, duties and powers. Any amendment of the Company's Articles of Association requires the passing of a special resolution.

Further details in relation to the purchase of the Company's own shares are included in the Directors' Report.

CORPORATE RESPONSIBILITY

As part of its overall remit of ensuring that effective risk management policies and systems are in place, the Board examines the significance of environmental, social and governance (ESG) matters to the Group's business and it has ensured that the Group has in place effective systems for managing and mitigating ESG risks. It also examines the impact that such risks may have on the Group's short and long term value, as well as the opportunities that ESG issues present to enhance value. The Board receives the necessary information to make this assessment in regular reports from the executive management.

Corporate responsibility is embedded throughout the Group. Group policies and activities are summarised on pages 42 to 50 and the Group's corporate responsibility report is available on the Group's website www.candcgroupplc.com.

INTERNAL CONTROL

The Board has overall responsibility for the Group's system of internal control, for reviewing its effectiveness and for confirming that there is a process for identifying, evaluating and managing the significant risks affecting the achievement of the Group's strategic objectives. The process which has been in place for the entire period and up to the date the financial statements were approved accords with the FRC Guidance published in September 2014 and involves the Board considering the following:

- the nature and extent of the key risks facing the Group;
- the likelihood of these risks occurring;
- the impact on the Group should these risks occur;
- the actions being taken to manage these risks to the desired level.

The key elements of the internal control system in operation are as follows:

- clearly defined organisation structures and lines of authority;
- corporate policies for financial reporting, treasury and financial risk management, information technology and security, project appraisal and corporate governance;
- annual budgets for all business units, identifying key risks and opportunities;
- monitoring of performance against budgets on a weekly basis and reporting thereon to the Board on a periodic basis;
- an internal audit function which reviews key business processes and controls; and
- an audit committee which approves plans and deals with significant control issues raised by internal or external audit.

This system of internal control can only provide reasonable, and not absolute, assurance against material misstatement or loss. The terms of reference of the Audit Committee require it to monitor the effectiveness of the Group's internal financial controls and risk management systems and at least annually carry out a review of the effectiveness of these systems. The risks facing the Group are reviewed regularly by the Audit Committee with the executive management team. Specific annual reviews of the risks and fundamental controls of each business unit are undertaken on an ongoing basis, the results and recommendations of which are reported to and analysed by the Audit Committee with a programme for action agreed by the business units.

The preparation and issue of financial reports, including consolidated annual financial statements is managed by the Group Finance function with oversight from the Audit Committee. The key features of the Group's internal control procedures with regard to the preparation of consolidated financial statements are as follows:

- the review of each operating division's period end reporting package by the Group Finance function;
- the challenge and review of the financial results of each operating division with the management of that division by the Group Chief Financial Officer;
- the review of any internal control weaknesses highlighted by the external auditor by the Group Chief Financial Officer, Head of Internal Audit and the Audit Committee; and the follow up of any critical weaknesses to ensure issues highlighted are addressed.

The Directors confirm that, in addition to the monitoring carried out by the Audit Committee under its terms of reference, they have reviewed the effectiveness of the Group's risk management and internal control systems up to and including the date of approval of the financial statements. This review had regard to all material controls, including financial, operational and compliance controls that could affect the Group's business. The Directors considered the outcome of this review and found the systems satisfactory.

The Directors also confirm that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity. As description of the Principal Risks and Uncertainties faced by the Group and how these risks are being managed and mitigated is set out on pages 19 to 21.

VIABILITY STATEMENT

For the purposes of assessing the future prospects of the Group, the Directors have selected a three year timeframe and have carried out a forward looking assessment of the Group's viability based on this timeframe. The assessment has been made with reference to the Group's current position and prospects, the Group's strategy, the Board's risk appetite and the Group's Principal Risks and Uncertainties and how these are identified, managed and mitigated.

This assessment is based on a number of cautious assumptions concerning macro growth and stability in our key markets particularly in the context of forecasted volume growth and margins. It will be reviewed regularly by the Board through presentations from senior management on the performance of the respective business units, the assessment of market opportunities and the consideration by the Board of its ability to fund its strategic ambitions.

In making this assessment, the Directors have considered the resilience of the Group, taking account of its current position and the Group's Principal Risks and Uncertainties and the Group's ability to manage those risks. The risks have been identified using a top down and bottom up approach, and their potential impact was assessed having regard to the effectiveness of controls in place to manage each risk. The Directors also noted that borrowings under the five year syndicated revolving loan facility will fall due for repayment in December 2019 and that, as part of standard practice, the Board will consider refinancing options in advance of this date.

Based on this assessment the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment.

GOING CONCERN

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Group Chief Financial Officer's Review on pages 37 to 41. A description of the business of the Group is set out in the Group Chief Executive Officer's Review on page 22 to 36. The principal risks and uncertainties facing the Group are set out in this report on pages 19 to 21.

An explanation of the basis on which the Group generates and preserves value over the longer term (the business model) and the strategy for delivering its objectives are set out in the Group Chief Executive Officer's review on pages 22 to 36. A statement of the Group's strategy is set out on pages 16 and 17. The Group's long-term strategy is to build a sustainable cider-led multi-beverage business through a combination of organic growth and selective acquisitions. The Group's business model seeks growth through brand/market combination combining brand investment with a focus on local markets.

The Group has significant revenues, a large number of customers and suppliers across different geographies, and considerable financial resources. For these reasons, the Directors have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future, being twelve months from the date of approval of the financial statements. Consequently they continue to adopt the going concern basis in preparing the financial statements