

# Coca-Cola Bottlers (Ulster) Limited Staff Pension Scheme

## Annual Implementation Statement

Scheme year ending 31 December 2024

### 1 Introduction and purpose of this Statement

- 1.1 This document is the Annual Implementation Statement ("the Statement") prepared by the Trustees covering the Scheme year to 31 December 2024. The purpose of this Statement is to:
- detail any reviews of the Statement of Investment Principles ('SIP'), required under section 35 of the Pensions Act 1995, that the Trustees have undertaken, and any changes made to the SIP over the year as a result of the review;
  - set out the extent to which, in the opinion of the Trustees, the Scheme's SIP has been followed during the year;
  - describe the voting behaviour by, or on behalf of, the Trustees over the year; and
  - set out the extent to which, in the opinion of the Trustees, the engagement policy within the SIP has been followed during the year.

### 2 Review of and changes to the SIP

#### *Review of the SIP and changes made during the Scheme year*

- 2.1 An investment strategy review was conducted in 2023, and Scheme's assets were restructured over the first quarter of 2024. The Trustees agreed to de-risk the Scheme's assets and restructure the Scheme's bond portfolio.
- 2.2 After the implementation of the new investment strategy was completed, the SIP was reviewed, and an updated SIP was adopted in March 2024 to reflect the changes made.

#### *Subsequent review of and changes to SIP (post Scheme year-end)*

- 2.3 No changes have been made to SIP post Scheme year-end.

### 3 Adherence to the SIP

- 3.1 The Trustees believe the policies set out in the SIP have been followed during the 2024 Scheme year and the justification for this is set out in the remainder of this section.

#### *Overall investment objective as set out in the SIP*

- 3.2 The Trustees' investment objectives are described in the SIP. Available at the following address: <https://ie.coca-colahellenic.com/en/about-us/policies>

- 3.3 The Trustees meet these objectives by regularly reviewing the investment strategy and the last review was undertaken during September 2023. The review considered some of the key risk management areas such as: the level of interest rate and inflation risk within the Scheme, diversity, sustainability risks, liquidity risk, currency risk and a review of the expected return and overall risk (as measured by Value at Risk) of the current investment strategy and alternative investment strategies. Following the review, the Trustees moved towards a lower risk investment strategy in light of the improved funding level of the Scheme.

***How do the Trustees meet their investment obligations?***

- 3.4 The Trustees meet regularly to conduct their business and monitor the Scheme's investment strategy and performance on a quarterly basis.
- 3.5 WTW update the Trustees in between these meetings, in their role as the appointed investment advisor, if any particular issue arises with any of the funds.
- 3.6 The Trustees are supported by a Pension Investment Committee ("PIC") who continually review the suitability of the Scheme's investment strategy and will proactively advise the Trustees on any recommended changes.

***Professional advice***

- 3.7 The Trustees are aware of the requirement to take professional advice when setting and reviewing investment strategy. The Trustees have appointed WTW to provide such advice.
- 3.8 The Trustees have established Investment advisor objectives. The Trustees expect to monitor these on a regular basis.

***Investment strategy***

- 3.9 The Trustees recognise that the Scheme's investment strategy is of primary importance in seeking to achieve their investment objectives. The Trustees, with the support from the PIC, review the performance of the Scheme on a quarterly basis. The Trustees carried out a full investment strategy review in 2023 and agreed to de-risk the Scheme. The changes which were implemented in 2024 in line with the new SIP.

***Risk management***

- 3.10 The Trustees have identified several risks involved in the management of the Scheme assets which are considered when reviewing the investment arrangements. These risks and the process through which they are managed are laid out in the Scheme's SIP. The Trustees continue to review and monitor these risks on a regular basis.

***Investment manager arrangements***

- 3.11 At the start of 2024, the Scheme's assets were managed by Legal and General Investment Management (LGIM) and BNY Mellon.
- 3.12 The Trustees fully disinvested from the BNY Mellon Real Return Fund as part of the investment strategy changes and the Trustees' decision to de-risk the Scheme. All of the Scheme assets are now managed by LGIM.

- 3.13 The Scheme's assets are composed of a portfolio of world equities (GBP hedged and unhedged), fixed and index-linked gilts of different durations.
- 3.14 The asset allocation and the investment vehicles through which it is implemented ensures the portfolio has a suitable mix of return-seeking and matching assets, consistent with the Trustees' policy.

#### **4 ESG considerations**

- 4.1 The Trustees recognise that ESG issues can impact investment risk and return outcomes. The Trustees also recognise that long-term sustainability issues, including climate change, present risks and opportunities that may require additional consideration. The Trustees will therefore consider, where appropriate, the ESG impacts of changes to the Scheme's investment strategy.
- 4.2 The integration of ESG in day-to-day investment decisions, including decisions relating to the selection, retention, and realisation of investments, is delegated to the investment managers. The Trustees expect the investment managers to recognise that the Trustees' primary responsibility is to act in the best financial interests of the beneficiaries of the Scheme.
- 4.3 During the Scheme year, the Trustees undertook the following ESG monitoring activities:
- On behalf of the Trustees, the PIC reviewed the ESG fund options available with LGIM which included a presentation from LGIM on their approach to ESG and voting and engagement.
- 4.4 The Trustees continue to develop their approach to ESG monitoring.

#### **5 Voting and engagement**

- 5.1 All the Scheme's investments are held within pooled funds. The key area of activity during the Scheme year was to consider how to monitor (and measure) the managers' performance in these areas.
- 5.2 The Trustees have delegated all voting and engagement activities to the underlying managers, but nevertheless expect effective activities in these areas to form part of their processes. The Trustees, with the help of their investment advisor, will continue to review LGIM's Stewardship policies (made available at the following link <https://am.landg.com/en-es/institutional/responsible-investing/investment-stewardship/>).

##### ***Voting***

- 5.3 During 2024, LGIM voted on over 142,000 proposals worldwide. LGIM has implemented their own custom policies and rely on the service of ISS, their proxy advisor. LGIM periodically updates its corporate governance and responsible investing policies which require companies, among other things, to have a higher level of independence and diversity on the board, or to provide more in-depth disclosure regarding executive compensation.

- 5.4 The following table lays out the voting statistics for the Scheme's LGIM funds for the year ending 31 December 2024:

Manager and strategy	Voting activity
<b>LGIM World Equity Index Fund</b>	<ul style="list-style-type: none"> <li>• Number of meetings at which the manager was eligible to vote: 6,674</li> <li>• Number of resolutions on which manager was eligible to vote: 64,472</li> <li>• Percentage of resolutions on which the manager voted (out of those resolutions where the manager was eligible to vote): 99.80%</li> <li>• Percentage of votes with management: 79.59%</li> <li>• Percentage of votes against management: 19.15%</li> <li>• Percentage of votes abstained from: 1.25%</li> <li>• Of the meetings the manager was eligible to attend, the percentage where the manager voted at least once against management: 60.58%</li> <li>• Of the resolutions where the manager voted, the percentage where the manager voted contrary to the recommendation of the proxy advisor: 10.44%</li> </ul>

The BNYM Real Return Fund was disinvested from in Q1 2024 and therefore voting statistics for that fund have not been included in this Statement.

### ***Engagement***

- 5.5 This year, LGIM had 4,399 engagement meetings with climate change being the most frequently discussed topic.
- 5.6 The following table outlines a number of significant votes cast by the Scheme's investment manager on the Trustees' behalf which the Trustee consider to be some of the most significant cast on their behalf, either because the votes against manager recommendations were successful demonstrating that the voting policy had a demonstrable impact on outcomes, because the justification for a vote is particularly significant, or the impact on the relevant company could lead to significant change. The details outlined are LGIM's justification for each vote, which the Trustee has considered and believes to be reasonable.

## Significant votes cast

### Company: Apple Inc.

#### Meeting Date: 28 Feb 2024

1. **Shareholder resolution:** Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy

**How the manager voted:** Against

**Outcome:** Fail

**Rationale:** Shareholder Resolution - Environmental and Social: A vote AGAINST this proposal is warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice.

**Reason significant:** Thematic - Diversity: LGIM views diversity as a financially material issue for our clients, with implications for the assets LGIM manages on their behalf.

### Company: Microsoft Corporation.

#### Meeting date: 10 Dec 2024

1. **Shareholder resolution:** Resolution 9: Report on AI Data Sourcing Accountability

**How the manager voted:** For

**Outcome:** Fail

**Rationale:** Shareholder Resolution - Governance: A vote FOR this resolution is warranted as the company is facing increased legal and reputational risks related to copyright infringement associated with its data sourcing practices. While the company has strong disclosures on its approach to responsible AI and related risks, shareholders would benefit from greater attention to risks related to how the company uses third-party information to train its large language models.

**Reason significant:** High Profile meeting: This shareholder resolution is considered significant due to the relatively high level of support received.

### Company: Amazon.com, Inc.

#### Meeting date: 22 May 2024

1. **Shareholder resolution:** Resolution 6: Report on Customer Due Diligence

**How the manager voted:** For

**Outcome:** N/A

**Rationale:** Shareholder Resolution - Human Rights: A vote in favour is applied as enhanced transparency over material risks to human rights is key to understanding the company's functions and organisation. While the company has disclosed that they internally review these for some products and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic.

**Reason significant:** Pre-declaration and High-Profile Meeting: This shareholder resolution is considered significant as one of the largest companies and employers not only within its sector but in the world, LGIM believes that Amazon's approach to human capital management issues has the potential to drive improvements across both its industry and supply chain. LGIM voted in favour of this proposal last year and continue to support this request, as enhanced transparency over material risks to human rights is key to understanding the company's functions and organisation. While the company has disclosed that they internally review these for their products (RING doorbells and Rekognition) and has utilised appropriate third parties to strengthen their policies in related areas, there remains a need for increased, especially publicly available, transparency on this topic. Despite this, Amazon's coverage and reporting of risks falls short of our baseline expectations surrounding AI. In particular, LGIM would welcome additional information on the internal education of AI and AI-related risks.

Signed:

Name:

Date:

Authorised for and on behalf of the Trustees of the Scheme