

Statement of Investment Principles

Coca-Cola Bottlers (Ulster) Limited Management Pension Scheme

Pensions Act

1. Under the Pensions Act 1995 subsequently amended by the Pensions Act 2004, Trustees are required to prepare a statement of the principles governing the investment decisions. This document contains such a statement for the Coca-Cola Bottlers (Ulster) Limited Management Pension Scheme (the Scheme).
2. Before preparing this document, the Trustees have consulted the employer and the Trustees will consult the employer before revising the document. However, the ultimate power and responsibility for deciding investment policy lies solely with the Trustees.
3. Before preparing this document, the Trustees have sought advice from the Scheme's actuary, Willis Towers Watson, and investment consultants, Aon. The Trustees will review this document, in consultation with the investment consultant and actuary, at least every three years or sooner following;
 - a. an unscheduled actuarial valuation triggered by the scheme-specific funding requirements of the Pensions Act,
 - b. investment strategy changes,
 - c. or where the Trustees think a review is needed for other reasons.

Before preparing this document the Trustees have had regard to the requirements of the Pensions Act concerning diversification of investments and suitability of investments and the Trustees will consider those requirements on any review of this document or any change in their investment policy. The Trustees will refer to this document where necessary to ensure that they exercise their powers of investment so as to give effect to the principles set out in it as far as is reasonable.

Objectives

4. The investment objectives for the Scheme are:
 - a. The acquisition of suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with contributions from the employer, the cost of benefits accrued to date of closure to future accrual (30 June 2012) from the Scheme, including future increases to those benefits (salary increases for actives and statutory revaluation for deferreds).
 - b. To limit the risk of the assets failing to meet the liabilities over the long term.
 - c. To minimise the long term costs of the Scheme by maximising the return on the assets whilst having regard to the objective shown under b.
5. An investment strategy review was undertaken in 2018 in conjunction with the Pension Investment Committee and Investment Consultant, and the revised strategic asset allocation strategy is set out in the table below:

Asset Type	Asset Class	Weighting (%)
Growth (40%)	World Equities (GBP Hedged)	10.0
	World Equities (Unhedged)	10.0
	Diversified Growth	20.0
Matching Assets (60%)	Over 15 Year Indexed Gilts	30.0
	Over 15 Year Inflation Linked Gilts fund	30.0

Actual allocations vary from the above from time to time, reflecting market movements and related factors. The Trustees monitor the asset allocation and make appropriate adjustments taking account of the target long-term allocations.

The planned asset allocation strategy was determined with regard to the actuarial characteristics of the Scheme, in particular the strength of the funding position and the liability profile. The Trustees considered written advice from their investment advisers when choosing the Scheme's planned asset allocation strategy. It is the Trustees policy to consider:

- The Scheme liability profile and funding position
- The sponsor covenant
- A full range of asset classes
- The risks and rewards of a range of alternative asset allocation strategies
- The suitability of each asset class
- The need for appropriate diversification
- Both passive and active investment management

6. A "Flight Plan" is in place, which is a process to reduce risk further over time if the funding level improves by more than expected. The funding level triggers have been designed by the Investment Consultant, Aon, with input from the Scheme Actuary, Willis Towers Watson, to reduce risk from growth to matching assets when the funding level improves, such that it is not expected to impact to the existing recovery plan contributions.

Risks

7. The Trustees recognises that the key risk to the Scheme is that it has insufficient assets to make provisions for 100% of its liabilities. The Trustees have identified a number of risks which have the potential to cause deterioration in the Scheme's funding level and therefore contribute to this risk. These are as follows:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors (“mismatching risk”). The Trustees and their advisers considered this mismatching risk when setting the investment strategy, and have specifically structured the Scheme’s assets so as to minimise this risk as far as is practical.
- The risk of a shortfall of liquid assets relative to the Scheme’s immediate liabilities (“cash flow risk”). The Trustees and their advisers will manage the Scheme’s cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.
- The failure by the fund managers to achieve the rate of investment return assumed by the Trustees (“manager risk”). This risk is considered by the Trustees and their advisers both upon the initial appointment of the fund managers and on an ongoing basis thereafter.
- The failure to spread investment risk (“risk of lack of diversification”). The Trustees and their advisers considered this risk when setting the Scheme’s investment strategy.
- The possibility of failure of the Scheme’s sponsoring employer (“covenant risk”). The Trustees and their advisers considered this risk when setting investment strategy, and consulted with the sponsoring employer as to the suitability of the proposed strategy. The Trustees also receive a presentation from the sponsoring employer on the financials of the company on a regular basis.
- The risk of fraud, poor advice or acts of negligence (“operational risk”). The Trustees have sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.
- ESG Risk: The risk of the extent to which Environmental, Social, and Governance (ESG) factors are not appropriately reflected in asset prices and/or not considered in investment decision making processes leading to underperformance relative to targets. In addition, the risk of the extent to which climate change causes a material deterioration in asset values as a consequence of factors including but not limited to policy change, physical impacts and the expected transition to a low-carbon economy. This risk is addressed by the Trustees taking advice from their investment adviser when setting the Scheme’s asset allocation, when selecting managers and when monitoring their performance.

Due to the complex and interrelated nature of these risks, the Trustees consider the majority of these risks in a qualitative rather than quantitative manner as part of each formal investment strategy review (normally triennially). Some of these risks may also be modelled explicitly during the course of such reviews.

Fees

8. Fees that are charged by the investment manager are levied on a percentage of assets under management basis, and the fees they levy are kept under review as part of the investment

monitoring process, and under advice from the Trustees' investment consultant, to ensure they are in line with market standards. Fees for investment consultancy services are levied on an annual fixed fee basis, and on a fixed fee per project basis.

Investment Restrictions

9. Direct investment in Coca-Cola Bottlers (Ulster) Limited or associated companies is forbidden. Investment in such companies is permitted where the Scheme is invested in pooled vehicles and the decision to make such investment is made independently by the manager.

Socially Responsible Investments

10. In setting the Scheme's investment strategy, the Trustees' primary concern is to act in the best financial interests of the Scheme and its beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk. Relevant risks include:
 - (a) The risk that environmental, social and governance factors including climate change negatively impact the value of investments held if not understood and evaluated properly. The Trustees consider this risk by taking advice from their investment adviser when setting the Scheme's asset allocation, when selecting managers and when monitoring their performance.

Stewardship – Voting and Engagement

As part of their delegated responsibilities, the Trustees expect the Scheme's investment managers to:

- (a) where appropriate, engage with investee companies with the aim to protect and enhance the value of assets; and
- (b) exercise the voting rights in relation to the Scheme's assets.

The Trustees regularly review the continuing suitability of the appointed managers and take advice from the investment adviser with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers

Members' Views and Non-Financial Factors

In setting and implementing the Scheme's investment strategy the Trustees do not explicitly take into account the views of Scheme members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

Legacy AVCs

2. The Scheme provided a facility for members to pay AVCs to enhance their benefits at retirement, prior to the Scheme closure to future accrual. Members are offered a range of funds in which to invest their legacy AVC payments. The Trustees' objective is to provide a range of funds which will provide a suitable long term return for members, consistent with members' reasonable expectations.

Scheme-Specific Funding Standard

3. The Pensions Act 2004, requires that the value of the assets of pension schemes is not less than the value of their liabilities, and sets out the procedure for dealing with shortfalls. The Trustees will consult the Scheme Actuary and the employer when deciding upon the appropriate response to any shortfall. Further details are set out in the Trustee's Statement of Funding Principles. The Trustees considers that the investment principles described in this statement are consistent with complying with their obligations under the Pensions Act 2004. In addition, the Trustees will review its investment policy in the light of actuarial valuations and certificates and schedules of contributions produced in order to comply with the Pensions Act 2004.

Governance Structure

4. The Trustees of the Scheme are responsible for the investment of the Scheme assets. The Trustees and Sponsoring Employer has established a Pensions Investment Committee to assist in dealing with all aspects of Investment matters in an effective manner. The Trustees take advice from the Investment Consultant and recommendations from the Pensions Investment Committee, and on the basis of this, make decisions on the asset allocation to be adopted and investment managers to be appointed.

5. The Trustees have established the following decision making structure:

Trustees

- Set structures and processes for carrying out their role.
- Select and monitor planned asset allocation strategy.
- Select investment advisers and fund managers.
- Decide on the structure for implementing investment strategy.
- Monitor investment advisers and fund managers.
- Make ongoing decisions relevant to the operational principles of the Scheme's investment strategy.
- Continue to ensure that the Trustees have sufficient training to enable appropriate decision taking with the help of the Investment Consultant and Pensions Investment Committee.

Pension Investments Committee

To provide recommendations to the Trustees on all investment matters including;

- Appointing, monitoring and terminating of fund managers and investment advisers.
- Rebalancing of the assets towards the strategic target allocation.
- Ensuring Pension Investment Committee members are sufficiently trained.
- Making all other operational decisions within the parameters of the Trustee's investment strategy.

- Reporting Pension Investment Committee recommendations and actions to the Trustees on a timely basis.
- Any other tasks delegated by the Trustees.

Investment Consultant

- Advises on all aspects of the investment of the Scheme assets, including investment strategy, manager selection, and implementation.
- Advises on this statement.
- Monitors Investment Managers and Investment Risk.
- Provides required training.

Investment Managers

- The investment managers are employed to manage the assets and have been set a specific benchmark for each asset class. The investment managers must have regard to the need for diversification of investments and to the suitability of the Scheme of investments made in accordance with the Investment Management Agreements. Construct portfolios which are designed to deliver the mandated risk and return outcomes.

Performance Objectives and Investment Return

6. The Trustees employ a passive manager to implement the chosen strategy for the Scheme in relation to quoted equity and bond investments, and two active managers to implement the chosen strategy for the Scheme in relation to the Diversified Growth asset class. The passive manager is given a benchmark specifying the central target allocation to the main equity and bond markets and is targeted with replicating market performance. It is expected that there will be only minor variability between the return achieved by the manager and the return achieved on the reference benchmark portfolio. The Diversified Growth managers have a benchmark in place, and a target to outperform the benchmark as per the table below.

Performance Measurement

7. The benchmark indices against which the Scheme will have its performance measured are as follows:

Fund	Benchmark
World Equities (GBP Hedged)	To perform in line with the FTSE AW - World - GBP Hedged Index
World Equities (Unhedged)	To perform in line with the FTSE AW – World Index
BlackRock Dynamic Diversified Growth Fund	To outperform cash (3 month GBP LIBOR) +3% net of fees over rolling 3 year periods
Newton Real Return Fund	To outperform Cash (1 month GBP LIBOR) plus 4% gross of fees over a rolling 5 year periods
Over 15 Year Index – Linked Gilts Fund	To perform in line with the FTSE Actuaries UK Index-Linked Gilts Over 15 Years Index
Over 15 Year Nominal Gilts Fund	To perform in line with the FTSE Actuaries UK Conventional Gilts Over 15 Years Index

Manager Monitoring

8. The Trustees and Pension Investment Committee will regularly review each investment manager as part of the ongoing monitoring, and of the manager's compliance with the requirements of the Pensions Act concerning diversification and suitability, where relevant. The Trustees and Pension Investment Committee will formally review the managers every three years with advice from the Scheme's Investment consultant.
9. The Trustees receive quarterly investment monitoring reports including:
 - Market briefings
 - Reporting on the fund at a total portfolio level, including fund performance and asset allocation versus the strategic benchmark
 - Strategic risk tracking of funding level, and Flight Plan update
 - Individual manager briefing based on:
 - Performance versus the benchmark objective and risk.
 - Investment Consultant research views on investment managers, highlighting issues to track.
 - Investment Consultant Product rating.
10. The managers may be provided with a copy of this Statement and the Trustees may monitor the extent to which the manager gives effect to the policies set out in it.

Soft Commissions

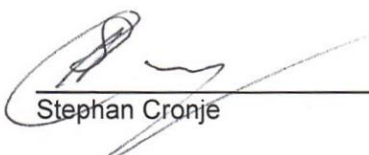
11. The Trustees may require the investment managers to provide details of the commission payments they make on asset transactions and how they assess their overall trading efficiency.

General

12. The Trustees are remunerated for their services indirectly by virtue of their employment by (or other relationship with) Coca-Cola HBC Northern Ireland Ltd, and Professional Trustees are remunerated directly by Coca-Cola HBC Northern Ireland Ltd.
13. The Trustees are aware that they have flexibility to open the contracts for actuarial services and investment advice to separate competition. The Trustees have chosen to do so, with Willis Towers Watson being the appointed Scheme actuary and Aon the appointed Investment Consultant to the Scheme.

Effective Date: August 2020

Signed on behalf of the Trustees:


Stephan Cronje

5 SEPTEMBER 2020
Date