Implementation Statement, covering the Scheme Year from 6 April 2023 to 5 April 2024

The Trustee of the Coca-Cola Enterprises Pension Scheme (the "Scheme") is required to produce a yearly statement to set out how, and the extent to which, the Trustee has followed the voting and engagement policies in its Statement of Investment Principles ("SIP") during the Scheme Year. This is provided in Section 1 below.

The Statement is also required to include a description of the voting behaviour during the Scheme Year by, and on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) and state any use of the services of a proxy voter during that year. This is provided in Section 3 below.

In preparing the Statement, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP's guidance") in June 2022.

1. Introduction

The voting and engagement policies in the SIP were reviewed and updated during the Scheme Year to reflect to the Trustee's agreed stewardship priorities and the process for monitoring and engaging with managers. Further detail and the reasons for these changes are set out in Section 2. As part of this SIP update, the Employer was consulted and confirmed it was comfortable with the changes.

The Trustee has, in its opinion, followed the Scheme's voting and engagement policies during the Scheme Year.

2. Voting and engagement

The Trustee has delegated to its investment managers the exercise of rights attaching to investments, including voting rights, and engagement. The Trustee's key voting and engagement policies include:

- Monitoring and engaging with investee companies, and exercising voting rights attaching to investments, to protect and enhance the long-term value of investments.
- The Trustee does not monitor or engage directly with issuers or other holders of debt or equity, but it does engage with current and prospective investment managers on matters including Environmental, Social and Governance ("ESG") factors and stewardship.
- The Trustee expects its managers to communicate their policies on stewardship and provide it with reporting on the results of their engagement and voting activities regularly and at least once a year.
- The Trustee seeks to appoint managers that have strong stewardship policies and processes, reflecting the principles of the UK Stewardship Code 2020 issued by the Financial Reporting Council, and from time to time reviews how these are implemented in practice.

As part of its advice on the selection and ongoing review of the investment managers, the Scheme's investment adviser, LCP, incorporates its assessment of the nature and effectiveness of managers' approaches to voting and engagement.

Following the introduction of DWP's guidance, the Trustee agreed to focus engagement with its investment managers by setting the following stewardship priorities: **Climate Change**, **Diversity, Equity & Inclusion** and **Corporate Transparency**.

These priorities were selected because the Trustee identified them as key market-wide risks and areas where it believes good stewardship and engagement can improve long-term financial outcomes for the Scheme's members. The Trustee communicated these priorities to its managers in Q1 2023, with both of the Trustee's managers confirming their priorities are consistent with the Trustee's priorities.

The Trustee reviews case studies of the managers' votes and engagements which relate to the Trustee's stewardship priorities, as part of its ongoing quarterly monitoring. This helps the Trustee to better understand the managers' approaches to voting and engagement and form a view on the appropriateness for the Scheme.

Over the Scheme Year, the Trustee reviewed nine different case studies across its two managers covering Climate Change, Diversity, Equity & Inclusion and Corporate Transparency. Two examples of the case studies the Trustee reviewed over the Scheme Year are provided below.

Manager: Columbia Threadneedle Investments ("CTI")
Mandate: Short dated corporate bond portfolio
Stewardship priority: Corporate transparency

In H1 2023, CTI raised the issue of corporate transparency in direct engagement with energy company, Orsted. CTI voted against remuneration partially due to their previous concerns on the topic. Orsted has since strengthened its transparency on how ESG performance is linked to executive remuneration by creating shared ESG Key Performance Indicators ("KPIs") amongst the executive team and increasing the weight of remuneration dependent on shared rather than individual KPIs. The company then was able to provide more detail on the explicit metrics it will use to track performance and the thresholds it uses.

Manager: Aegon
Mandate: Long lease property
Stewardship priority: Climate change

Aegon has been engaging with the underlying property manager, Fiera, to encourage it to develop and enhance its approach to ESG and Responsible Investment *as a whole. Recently, Aegon has been discussing their Carbon Offsetting strategy and their aim to develop local, nature-based solutions. It is likely that this will be achieved via a farmland acquisition approach, but the fund is also considering peatland restoration, soil carbon sequestration and reforestation as possible offsetting solutions. Fiera has pledged for the fund to be truly carbon neutral by 2030.*

The Trustee was comfortable with the actions taken by the managers in relation to these case studies. If required, the Trustee may: identify certain areas of concern; invite its managers to provide more information; challenge certain approaches; agree to continue to monitor progress; or escalate where appropriate.

The Trustee funded an allocation to short dated corporate bonds managed by CTI in May 2023. In deciding to add this portfolio to its mandate, the Trustee agreed to incorporate some ESG exclusions, on lending money to companies with significant exposure to the following industries: weapons, tobacco, fossil fuels and electricity generation (thermal coal, oil, gas and nuclear power).

The Trustee undertakes a comprehensive review of managers' voting and engagement practices on an annual basis. This review included a summary of the managers' voting and engagement policies and summary statistics for their engagement over the previous year where available.

- In May 2023 the Trustee met with Aegon to carry out a deep dive on how they integrate Responsible Investment ("RI") factors into their mandate. This covered LCP's overall RI view of the mandate and a review of Aegon's 2022 ESG report. As part of this meeting, Aegon also provided two case studies of their engagement with counterparties on ESG factors, one of which was aligned with one of the Scheme's stewardship priorities, Climate change. The Trustee found these case studies helpful to better understand Aegon's approach to engagement.

- In March 2024 the Trustee undertook a review including LCP's qualitative RI assessment of the Scheme's matching portfolio (a bespoke fund wrapper managed by CTI, which holds investments in gilts and short dated corporate bonds, plus equity derivatives), focusing in particular on the climate approach taken in respect of the sub-portfolios held within the wrapper. The Trustee reviewed alternative ESG equity indices available for the Scheme's synthetic equity exposure and agreed that its chosen index remains appropriate. Stemming from the review, the Trustee agreed to strengthen the net zero alignment target of CTI's short duration bond portfolio, from 70% to 90% by 2030.

- Over the Scheme year, the Trustee appointed JUST as a buy-in provider. As part of the wider review of its investments, the Trustee considered JUST's approach to RI in Q1 2024. The Trustee reviewed JUST's RI score from LCP's 2023 RI review of the bulk annuity insurance providers, which covers ESG integration, stewardship and climate risk. The review highlighted areas for improvement in JUST's approach to engagement and stewardship. The Trustee agreed to take action following this review to inform JUST of its expectations regarding stewardship and engagement approaches.

The Trustee is conscious that RI, including voting and engagement, is rapidly evolving and it therefore expects that most managers will have areas where they could improve. Therefore, the Trustee aims to have an ongoing dialogue with managers to clarify expectations and encourage improvements.

3. Description of voting behaviour during the Scheme Year

The Scheme was not invested in listed equity over the Scheme Year. Instead, the Scheme gains its equity exposure using derivatives that replicate the returns of both the FTSE 100 and MSCI World ESG Leaders Index, a specialist ESG index. As such, the Trustee was not able to direct how votes were exercised and the Trustee itself has not used proxy voting services over the Scheme Year.

The Trustee contacted the Scheme's asset managers to ask if any of the assets held by the Scheme had voting opportunities over the period. Aegon, the Scheme's property manager, confirmed the Scheme was eligible to vote on two resolutions over the Scheme year and provided the following comments:

"We believe taking responsibility as an investor also means being a truly active owner, not just as a unitholder in a property fund but as a financier more broadly. We aspire to influence positive change by engaging in dialogue with property managers, either bilaterally or as part of an investor consortium. This dialogue can provide opportunities to highlight ESG risks, inform management of sustainability concerns, or advocate for changes that align with responsible investment standards and best practice. Successful engagement can also create new investment opportunities. By spearheading engagement and exercising voting rights, we use our voice and actions to try to effect positive change."

Summary of voting behaviour – Aegon property

A summary of the voting behaviour over the Scheme Year is provided in the table below.

	Aegon property portfolio
Total size of fund at end of Scheme Year	£161.4m*
Number of underlying property funds at end of Scheme Year	9
Number of meetings eligible to vote	2
Number of resolutions eligible to vote	2
% of resolutions voted	100%
Of the resolutions on which voted, % voted with management	50%
Of the resolutions on which voted, % voted against management	50%
Of the resolutions on which voted, % abstained from voting	0%

*Includes cash allocation held in Aegon property portfolio.

Votes in relation to assets other than listed equity

The Trustee has reported on one of Aegon's votes below. Whilst this does not relate to any of the Trustee's stewardship priorities, Aegon has deemed this vote to be most significant, as important changes to M&G's deferral process were being proposed.

M&G Secured Property Income Fund, 26 April 2023

- **Summary of resolution:** A single proposal to change the fund's Trust Instrument including changes to the redemption notice period of the Fund, redemption deferral terms, and retaining the existing priority order of redemption payments.
- **Approximate size of the Scheme's holding at the date of the vote:** £37.4m.
- **Company management recommendation:** For. **Aegon vote:** Against.
- **Rationale:** This was a single vote covering a number of changes and whilst Aegon could support the extending of the notice period, Aegon felt that the remaining changes would disadvantage smaller or active investors and could encourage gaming of the redemption process.
- **Was the vote communicated to the company ahead of the vote:** Yes
- **Outcome of the vote and next steps:** For, whilst the vote passed Aegon continue to liaise with the manager to re-look at and refine the redemption mechanism.