

Climate change report

Coca-Cola Enterprises Pension Scheme

Scheme year to 5 April 2025

A foreword from the Chair

On behalf of the Trustee, I am pleased to present our third climate change report in line with the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”).

Climate change remains a central priority for the Trustee, given its potential to materially affect the Scheme’s financial stability and long-term sustainability. Over the past year, we have continued to build on our climate strategy, deepening our understanding of systemic risks through climate training and updating our approach to climate risk management.

After meeting our climate target to increase data coverage for the Scheme’s property portfolio to over 80% last year, we introduced a new climate target this year. Our new target seeks to increase the proportion of the Scheme’s corporate bond mandate that is invested in issuers with credible Net Zero and interim targets to 90% of the portfolio by 2030. Encouragingly, we have already seen progress against this target over the last year with an increase from 51% as at 31 March 2024 to 56% as at 31 March 2025.

We are also pleased to confirm that data coverage for each of our investment mandates is now over 90%, enabling us to draw more meaningful insights and comparisons year to year. In addition, we were able to report climate data for our buy-in policy for the first time this year meaning that we can now report climate data for all of the Scheme’s assets.

During the year, the Trustee welcomed an update from CCEP on its climate strategy, highlighting the actions it is taking to meet its own Net Zero targets. This provided valuable context when reviewing case studies from our investment managers on how they are engaging with portfolio companies to enhance their climate strategies.

Climate has also continued to be a key factor when making wider decisions on behalf of the Scheme. For example, we appointed a new manager for the Scheme’s property mandate this year following a decision from the incumbent manager to step away from the indirect property business. Prior to appointment we assessed the climate approach of the new manager and how this compared to not only the incumbent but a range of other specialist real estate managers.

We take pride in our contributions to climate action and remain hopeful that our efforts, in conjunction with those of other stakeholders, can contribute meaningfully to the transition to a low-carbon economy.

Sarah Willett

Chair of the Trustee of the Scheme

On behalf of the Coca-Cola Enterprises Pension Scheme

Coca-Cola Enterprises Pension Scheme



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About the Coca-Cola Enterprises Pension Scheme

The Coca-Cola Enterprises Pension Scheme (the “Scheme”) is a single-section occupational Defined Benefit pension scheme. The Scheme closed to future accrual on 31 March 2021.

As at 5 April 2025, the Scheme had invested assets of £772m (which includes an insurance policy valued at £203m). The Trustee’s primary objective is to ensure that the Scheme is able to meet benefit payments as they fall due. In achieving this objective, the Trustee takes into account many factors, including climate change, which is covered in this report.

For a broader indication of the Trustee’s policies in relation to investments, please see the Statement of Investment Principles (“SIP”). For details of the Trustee’s activity in relation to the ESG policies outlined in the SIP, including examples of voting action taken on the Trustee’s behalf, please see the Implementation Statement. Both are available online [here](#).

Appendix 5 provides a glossary of relevant terms. To aid with the reading of the report, we have defined some Scheme specific abbreviations below:

CCEP	relates to Coca-Cola Europacific Partners Great Britain Limited (the sponsoring employer of the Scheme).
	CCEP may also relate to Coca-Cola Europacific Partners plc in its role as parent company of the sponsoring employer.
Trustee	relates to Coca-Cola Europacific Partners Pension Scheme Trustee Limited (the Trustee of the Scheme).

Executive Summary

This report describes the activities and approach taken by the Trustee to understand and reduce the climate-related risks faced by the Scheme, and to take advantage of any opportunities as part of the global transition to a lower carbon economy. It is the Scheme's third report in line with the recommendations of the TCFD, as required by the 2021 Climate Change Governance and Reporting Regulations. The following points are a summary of the detailed report that follows:

Governance

The Trustee has implemented a "Trustee Statement on Governance of Climate Change Risks and Opportunities", which sets out the roles of the Trustee and its advisers to ensure appropriate oversight of climate risks and opportunities facing the Scheme, which was reviewed during the Scheme Year.

Climate has remained a regular agenda item for the Trustee, ensuring it maintains the appropriate knowledge to make informed decisions and recommendations for the Scheme. The Trustee undertook a climate training session in February 2025 which included an update from the sustainability team at CCEP, as well as an overview of systemic risks and how other investors are managing them by the Trustee's investment advisor.

The Trustee believes that appropriate treatment of climate-related risks and opportunities will improve outcomes for its members through better long-term returns and lower risk.

Strategy

In 2022, the Trustee carried out 'climate scenario analysis' to help assess how climate risks and opportunities might impact the Scheme's funding and investment strategies. This analysis was extended in March 2024 to consider the impact of the scenarios on the Scheme's buy-in.

The Trustee believes that the Scheme remains well positioned to be relatively resilient against climate risks over the long-term due to its strong funding position, climate-focussed investments and low risk investment strategy.

The Trustee previously considered short-term risks over the year to 5 April 2025 in line with the Scheme's Actuarial Valuation cycle. This has been updated to 5 April 2028.

The Trustee has agreed to revisit climate scenario analysis in 2025 and will report on the results in next year's climate report.

Risk Management

With the help of its investment adviser, the Trustee reviewed its investment managers' approaches to managing climate risks at a firmwide and fund level and was pleased to see some improvements since last year. It also considered its buy-in provider's approach to climate.

During the Scheme year the Trustee was notified of the sale of Aegon's indirect property business (including the team that manages the Scheme's property mandate) to Knight Frank Investment Management ("KFIM"). Before formally appointing KFIM, the Trustee compared the firmwide climate approaches of KFIM and the incumbent manager Aegon, as well as those of other dedicated real estate managers.

The Trustee has continued to challenge its managers and buy-in provider on their approaches to managing climate risks and opportunities, reviewing engagement examples to better understand how they are acting on the Scheme's behalf.

Metrics and Targets

The Trustee has set four climate metrics to help it understand and monitor climate risks for the Scheme. The chosen metrics are total carbon emissions, carbon footprint, portfolio alignment with a Net Zero pathway, and data quality.

The Trustee reviewed and updated its climate target in August 2024 as it achieved its previous target early by reaching 93% data coverage for its property mandate.

The new target seeks to increase the % of underlying companies in the corporate bond mandate that have set a credible carbon reduction plan to 90% by 31 March 2030.

The Trustee believes this will help encourage ongoing improvements by seeking increased exposure to companies that have strong climate targets in place.

The Trustee is pleased to report progress towards this target over the year, as well as a general improvement in the climate metrics relating to its portfolio.

Governance

How the Trustee maintains oversight of climate related risks and opportunities relevant to the Scheme

The Trustee has ultimate responsibility for ensuring effective governance of climate change risks and opportunities in relation to the Scheme. Identifying, assessing and managing these risks and opportunities is a strategic priority for the Trustee with respect to the Scheme and therefore this is done by the Trustee Board, with support from its external advisers.

Establishing responsibilities

In October 2021, the Trustee agreed a “Trustee Statement on Governance of Climate Change Risks and Opportunities”, which sets out the roles and responsibilities of the Trustee, its investment, actuarial, covenant and legal advisers, and its investment managers. The Statement also sets out the nature and frequency of the monitoring of climate-related risks and opportunities undertaken on behalf of the Scheme.

The Statement helps to ensure appropriate oversight of the climate-related risks and opportunities relevant to the Scheme, so the Trustee can be confident that its statutory and fiduciary obligations are being met. The Statement has been reviewed and agreed by each of the Scheme’s advisers, ensuring they have a clear understanding of their roles and responsibilities.

The Trustee last reviewed the Statement in November 2024 to determine whether any changes should be made. The Trustee determined that the Statement remained fit for purpose given its understanding of climate related factors and the position of the Scheme.

A copy of the Statement can be found in Appendix 1.

Climate beliefs and policies

The Trustee incorporates its beliefs and policies on climate related risks into its SIP, which was reviewed and updated in September 2024. As part of this review, the Trustee determined that its existing climate policies and beliefs, last updated in 2022, remained suitable. A summary of these is shown below.

Climate related beliefs	Climate related policies	Consideration of climate related risks
• Environmental, social and governance (“ESG”) factors are likely to be an area of market inefficiency, so managers may be able to improve risk-adjusted returns by taking them into account. • Long-term environmental, social and economic sustainability is one factor that the Trustee should consider when making investment decisions. • Climate change is a financially material systemic issue that presents risks and opportunities for the Scheme over the short, medium and long term.	The Trustee has considered how ESG considerations (including climate change) should be addressed in the selection, retention and realisation of investments, given the time horizon of the Scheme and its members. The Trustee expects its investment managers and buy-in provider to take account of financially material factors (including climate change and other ESG factors) within the parameters of the mandates they are set. The Trustee seeks to appoint managers that have the skills and processes to do this, and periodically reviews how its managers are taking account of these issues in practice.	The Trustee believes climate-related risk to be an important investment risk to consider for the Scheme. As written in the Scheme’s SIP Addendum, the Trustee believes that: <i>“Climate change is a source of risk, which could be financially material over both the short and longer term. This risk relates to the transition to a low carbon economy, and the physical risks associated with climate change.</i> <i>The Trustee seeks to appoint investment managers who will manage this risk appropriately, and from time-to-time review how this risk is being managed in practice.”</i>

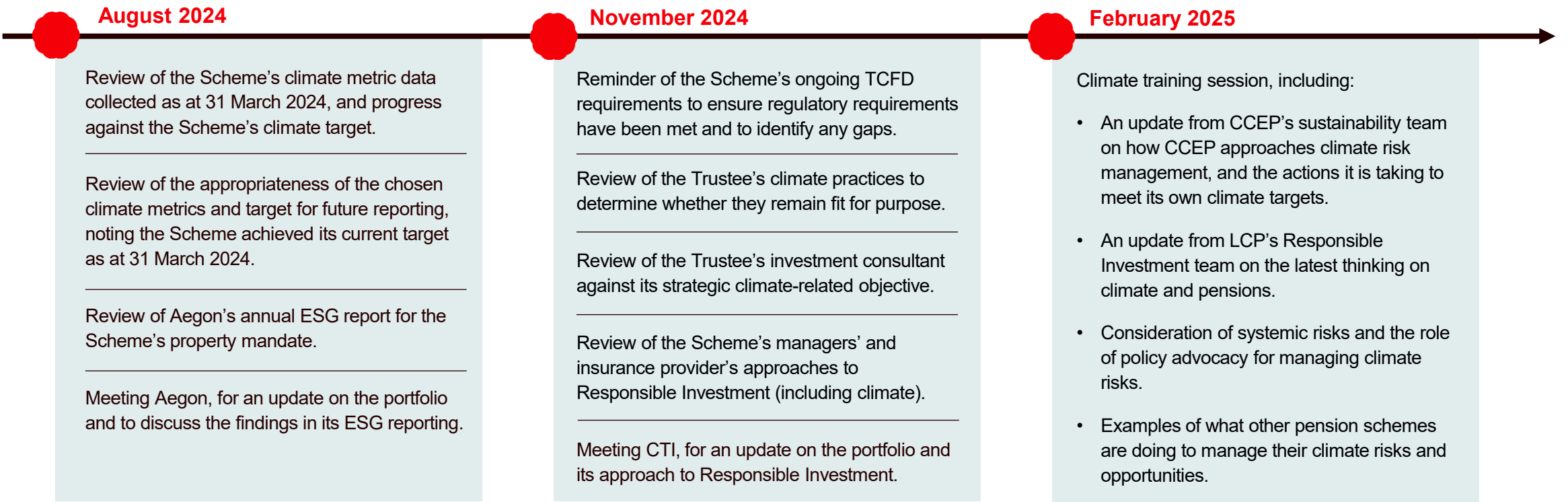
Governance

Oversight activity

During the Scheme Year ending 5 April 2025, the Trustee allocated significant additional meeting time to climate-related topics and commissioned additional advice to deepen its understanding of climate change, enhance the Scheme’s management of climate-related risks and opportunities, and satisfy its regulatory obligations. Each year the Trustee sets a climate oversight plan to ensure that it is meeting its regulatory requirements, and that climate risks and opportunities are being considered appropriately alongside the other strategic decisions for the Scheme. The most recent oversight plan was set in November 2024 alongside the Trustee’s climate-gap analysis, which set out a timetable for completing climate-related activities during the Scheme year.

The key rationale for allocating time and resources to this area is that the Trustee believes that ESG factors, including climate change, are financially material considerations for the Scheme.

Climate-related agenda items at Trustee meetings over the year to 5 April 2025



Governance

Ensuring adequate oversight of climate-related risks and opportunities

The Trustee seeks input from its investment, actuarial and covenant advisers to ensure that it can identify, assess and manage climate risks and opportunities. From time to time, and at least annually, the Trustee will review the climate competency of its advisers and take appropriate action if any concerns are raised. To assist with this review, the Trustee will make use of the Investment Consultants Sustainability Working Group's guide on assessing the climate competency of investment consultants (available [here](#)).

In November 2024, the Trustee reviewed its investment adviser against its investment consultant objectives. These objectives include a specific climate-related objective, reflecting its investment advisor's climate-related responsibilities as set out in the Trustee Statement on Governance of Climate Change Risks and Opportunities, as follows:

“Help the Trustee identify, assess and manage climate related risks and opportunities in relation to the Scheme's investments”.

As part of its assessment the Trustee considered:

- How LCP had met its roles and responsibilities as set out in the Governance Statement.
- Clarity of advice and whether suitable training and been provided to make informed climate-related decisions.
- LCP's expertise and resources to provide climate advice.
- Prioritisation of climate-risk in LCP's investment advice.

The Trustee determined that LCP had delivered value throughout the year, with appropriate consideration given to climate-related risks and opportunities. The Trustee was satisfied that the training provided enabled it to make informed decisions and it appreciated the consideration of CCEP's climate priorities where appropriate.

The Trustee was satisfied that its other advisers had also taken appropriate steps to consider climate-related factors where relevant and had the knowledge and understanding to do so.

With appropriate advisers in place, the Trustee ensures that climate-related risks and opportunities are considered as part of any relevant advice such as investment strategy reviews, the actuarial valuation process and assessment of the employer's covenant.

Where appropriate, the Trustee has challenged the information provided to them by both their advisers and their investment managers to ensure they have a clear understanding of the risks facing the Scheme and the actions being taken to reduce these. We have provided case studies of how the Trustee has challenged its advisors and investment managers on the next page.

The Trustee, in conjunction with its actuarial and covenant advisors, has agreed to ensure climate-related risks and opportunities are considered during the 5 April 2025 triennial actuarial valuation, which is currently in progress, and the accompanying assessment of the Sponsoring Employer's covenant.

The Trustee Directors ensure they have suitable experience in considering climate risk, to ensure the risks are appropriately considered, documented, reviewed and kept up to date. During the Scheme year this included a dedicated climate training session to keep the Trustee updated on the latest thinking on climate and pension schemes, as well as getting an update on the approach of the Sponsoring Employer.

Whenever the Trustee reviews its agreements with external advisers, or appoints new advisers in the future, the Trustee will consider and document the extent to which the adviser's climate-related responsibilities are included in the agreements and/or any adviser objectives that are set. In addition, as part of the tender process for new advisers it will specifically consider the adviser's climate risk management practices in any submissions.

Challenging advisors

Climate training session

In February 2025 the Trustee received refresher training from one of LCP's Responsible Investment experts on climate change. As part of the brief for the session the Trustee was keen to understand what actions other pension scheme trustees were taking to help limit climate change. During the session the Trustee challenged LCP on which activities would be most impactful, noting the limitations with pension scheme governance budgets.

LCP provided an example of various activities that the Trustee could consider, with three key recommendations:

- Supporting climate policy asks – noting that due to the systemic nature of climate risks, policy change is required.
- Continued engagement with managers – and escalating engagements where progress isn't seen.
- Engaging early with insurers if the Scheme considers future buy-in transactions.

Challenging managers

CTI's investment in bonds issued by companies with high carbon emissions

The Trustee has bespoke climate guidelines in place for its short dated corporate bond mandate and was surprised to see CTI had a c6% allocation to moderate or high-emitters in the portfolio. It therefore challenged CTI on these allocations and how they may change over time.

CTI confirmed the three highest emitters in the portfolio were Enel (an Italian utility company), EDP SA (a Portuguese utility) and CRH plc (a building materials manufacturer). Whilst it acknowledged that the total emissions of the portfolio could be significantly reduced by selling these names, it noted that to achieve real world change it believed it was better to continue investing with them but engage with them on their Net Zero pathways. As an example, it noted that CRH plc had made significant investment in new technologies and had been advancing its plans to meet its ambitious Net Zero commitments. CTI confirmed that it would look to divest with an issuer if it did not see any progress on its engagements on Net Zero.

Strategy

Identification and assessment of climate-related risks and opportunities relevant to the Scheme

The Trustee has considered climate-related risks and opportunities over various time periods which it believes are most relevant to the Scheme.

In 2022, the Trustee selected short-, medium- and long-term time horizons over which to formally consider the impact of climate related risks and opportunities for the Scheme. The Trustee reviewed the appropriateness of these timelines in November 2024 and agreed that the “target dates” for the medium and long-term time horizons and the rationales for these remained appropriate. As such the “time horizons” to reach these target dates have been adjusted to align with the date of this report. For the short-term the Trustee noted that as the next triennial valuation date was 5 April 2025, it was appropriate to extend the short term to cover the next valuation cycle to 5 April 2028 (ie 3 years).

The different time horizons are outlined in the table below, along with the Trustee’s rationale for each.

	Time horizon	Rationale
Short term	3 years (to 2028)	This is in line with the next actuarial valuation cycle
Medium term	5 years (to 2030)	This is a key period over which policy action will determine if the Paris Agreement goals are met
Long term	15 years (to 2040)	This is the approximate duration of the Scheme’s liabilities

The Scheme faces risks and opportunities from:

- the physical effects of climate change (“physical risks”) – for example, rising temperatures and more extreme weather events; and
- the effect of transitioning to a lower carbon economy to help mitigate the impacts of climate change (“transition risks”) – for example, government policies to reduce fossil fuel usage, technological advances in renewable energy, and increased consumer demand for “greener” products.

Many of these climate-related risks and opportunities could affect the Scheme’s funding position directly through impacts on both the assets and liabilities. Climate-related risks and opportunities could also impact the financial strength of the sponsoring employer and its ability to provide support to the Scheme.

Strategy

Climate scenario analysis

Scenario analysis is a tool for examining and evaluating different ways in which the future may unfold. At its May 2022 Trustee meeting, the Trustee used scenario analysis to consider how climate change might affect the Scheme's investment and funding strategies.

In September 2023, the Trustee undertook a partial buy-in transaction with JUST. The buy-in policy provides the Scheme with cashflows that meet the pension payments due to a portion of the Scheme's pensioner members. As the policy replaced the liability hedging provided by the Scheme's matching assets which were used to fund it, the Trustee determined that the change would not materially impact the results of the previous analysis. However, the Trustee was keen to understand any other potential implications of holding a buy-in policy under each of its chosen climate change scenarios and therefore undertook a qualitative assessment of climate impacts on the buy-in policy in March 2024.

In November 2024, the Trustee agreed that it would undertake climate scenario analysis towards the end of 2025, incorporating the initial results of the 5 April 2025 actuarial valuation. As part of this decision it determined there would be limited benefit to conducting additional analysis during the Scheme Year to 5 April 2025, noting that the Scheme was invested in a similar investment strategy to that as at the date of the previous analysis, and it remained in a strong funding position.

The Trustee also considered whether any new climate scenarios should be considered and whether any changes should be made to the assumptions for their selected scenarios (eg due to changing market conditions or climate policies).

A summary of the conclusions from the 2022 climate scenario analysis for the Scheme and 2024 quantitative analysis in relation to the buy-in policy is outlined to the right.

Further details on the scenarios selected and the outcome of the 2022 scenario analysis modelling is provided in Appendix 3.

Conclusions from the 2022 climate scenario analysis

Although financial markets and the Scheme itself are likely to face significant climate risks over the coming decades, the Scheme's strong funding position and low-risk investment strategy are expected to provide a good level of protection from both transitional and physical climate risks.

The Trustee determined that its investment strategy remained fit for purpose given the output of the scenario analysis did not suggest a material risk of future shortfalls under each climate scenario.

The scenario analysis demonstrated a benefit from the changes the Trustee had made previously (including introducing an ESG index for its equity exposure). Given this, the Trustee agreed to consider climate (or ESG) focussed mandates for future investments. This was the case for the short-dated corporate bond mandate which was funded during the previous Scheme year.

Conclusions from the 2024 buy-in climate scenario analysis

A key consideration is JUST's ability to fully absorb and manage the effects of climate change. If the insurer is able to do so, it should be able to continue to pay the contracted benefits in full under each climate scenario.

Climate change is a systemic risk that will undoubtedly have profound impacts on the insurance sector over the coming years. The insurer's ability to meet the benefits in full will depend a variety of factors including how prepared the provider is for the changes and the regulatory regime in which it operates. These factors may have knock-in impacts for pricing of any future buy-ins.

The Trustee remains comfortable that the buy-in policy provides a suitable level of protection against climate risks and does not give rise to a material change in risk under each of the climate scenarios.

Strategy

Key climate risks and opportunities facing the Scheme

The Trustee has identified and assessed climate risks and opportunities for the Scheme within each of the time horizons mentioned on page 9, as follows:

Short term

Key risks

- The Scheme has exposure to climate-related investment risks which could impact the Scheme's various investments.
- In the short-term transitional risks, such as the impact of changes in regulation to help combat climate change, are a key risk for Scheme. In particular, these risks could have a significant impact on the Scheme's equity exposure as portfolio companies and investors react to such changes.
- The Trustee has already taken steps to reduce the impact of climate risks on its equity exposure through use of an ESG focussed equity index, bespoke climate guidelines for its corporate bond mandate and by de-risking the strategy as the funding position has improved.

Key opportunities

- The ESG index used for the Scheme's equity exposure is expected to provide exposure to transition opportunities, as well as protect against climate risks.
- The Trustee reviews the credentials of its chosen index provider on annual basis to ensure that it is effectively capturing transition opportunities.

Medium term

Key risks

- Transitional climate risks may increase market volatility resulting in investment losses that increase the timeframe to reach full funding on a buy-out basis.
- Concerns over portfolio companies' abilities to service their debt due to changes in climate expectations (eg stranded assets or increased costs to meet new climate regulations) could result in defaults or a spike in credit spreads within the corporate bond mandate.
- To help mitigate this risk the Trustee has specific climate policies within the mandate's investment guidelines.

Key opportunities

- The investment guidelines for the corporate bond mandate provide the opportunity for the Scheme to invest in climate opportunities.
- Since agreeing the guidelines, the Trustee has strengthened the climate-aware factors incorporated into the management of the portfolio. This is expected to increase the stability of the portfolio's returns to climate risks in the short and medium terms and take advantage of lending to companies who are expected to be more adaptable to the transitional impact of climate change.

Long term

Key risks

- The Scheme has a deficit on a buy-out basis. The cost of buy-out may increase as the Scheme moves closer to this target, as insurers allow for climate-related risks in their pricing and reserving bases.
- The Trustee has implemented a dashboard that monitors the Scheme's progress towards buy-out. This will highlight to the Trustee whether they are falling behind target and whether any action should be taken.
- Over the long-term the physical risks of climate change are expected to have a larger impact on the Scheme. Physical risks could significantly impact the Scheme's property portfolio due to the tangible nature of the underlying assets. During the year the Trustee submitted a full redemption request to exit these holdings gradually over the next six years.

Key opportunities

- Buy-out is expected to provide greater protection from climate risks for members' benefits and there may be pricing opportunities along the journey.
- The Trustee's new dashboard will help to identify opportunities to capitalise on any improvements in insurer pricing, including further buy-ins (as appropriate).

Risk Management

Processes and tools for identifying and assessing climate-related risks

The Trustee has implemented a range of processes and tools for identifying, assessing and managing climate related risks and opportunities (including transition and physical risks) for the Scheme. These include:

- Attending climate-related training to understand how climate-related risks might affect pension schemes and their investments.
- Undertaking climate scenario analysis which shows how the Scheme's assets and liabilities might be affected under a range of climate scenarios.
- Reviewing its investment adviser's assessments of the Scheme's investment managers' climate practices – including how climate-related factors are incorporated into their investment processes and how effectively they manage climate related risks.
- Receiving regular updates from the Employer which includes how it is impacted by climate change and climate-related issues.
- Ensuring good stewardship practices are in place.
- Monitoring climate-related metrics in relation to the Scheme's assets.

In addition, the Trustee expects its investment managers to identify, assess and manage climate-related risks to the Scheme's assets on a day-to-day basis. The above processes are integrated into the overall risk management of the Scheme through the business plan and regular support from its advisers.

The Scheme's business plan sets out the key responsibilities of the Trustee in respect of the Scheme, the frequency of the monitoring of these activities, the level of "priority" of the activity and any notable deadlines. TCFD reporting has been categorised as a "high" priority for the Scheme within the business plan. The Scheme's wider climate oversight activities are allowed for within the investment strategy and monitoring actions in the business plan, alongside the other investment risks facing the Scheme.

The business plan is reviewed at each quarterly Trustee meeting to ensure the plan is being executed as expected and to determine whether any additional responsibilities should be introduced. As part of its review of the business plan during the Scheme year the Trustee determined that the climate-related actions in the business plan remained fit for purpose.

Risk Management

Investment Manager and buy-in provider assessments

Review of managers' approaches to climate risks and opportunities

The Trustee reviewed its investment managers' approaches to Responsible Investment ("RI"), including climate, at its November 2024 Trustee meeting.

The assessment for each manager included:

- LCP's assessment of the RI capabilities of each manager, based on their responses to LCP's 2024 RI Survey. Each manager was assessed on a firm-wide basis against five key categories as set out below:
 - 1 ESG foundations – how well is RI incorporated into the business, including individual responsibilities, training, board oversight and integration of RI into investment processes;
 - 2 Engagement - how effective is engagement on RI issues, including level of engagement, clarity of objectives, escalation policies and collaboration with other investors.
 - 3 Voting – including ensuring voting rights are exercised, taking an active role in voting decisions, and willingness to co-file resolutions and escalate where necessary.
 - 4 Net Zero – setting Net Zero and interim targets with suitable plans to meet them, reporting against industry standards, and support for a nature positive and just transition.
 - 5 Systemic stewardship – including engagement with policymakers, monitoring of alignment with policy position and availability of their policy advocacy publicly.

The Trustee expects its managers to score highly across all five categories to demonstrate their capabilities in managing climate risks and opportunities.

- Fund specific RI scores which are formulated during LCP's regular due diligence meetings with the Scheme's managers. Each fund is rated on a scale of 1 (weak) to 4 (strong).
- Climate risk management scores which are based on how well climate factors are integrated into the funds' investment processes. For example, whether they conduct climate scenario analysis, evidence that they consider transitional and physical risks, and how they use voting and engagement to encourage better climate risk management. Funds are given "strong", "moderate" or "weak" ratings.
- Net Zero alignment scores, which consider how aligned portfolios are to a Net Zero transition. Funds are given "strong", "moderate" or "weak" ratings.
- Case studies from each of the Scheme's managers providing examples of how they have engaged with portfolio companies on climate matters.

The Trustee also considered the managers' scores for ESG integration and voting and engagement for each of the funds, noting that these are also key factors in the managers' climate approaches.

Risk Management

Outcome of the manager review

At a firm-wide level the Trustee was pleased to see that both its managers had continued to enhance their specialist ESG and Stewardship resources since LCP's 2022 RI Survey, but noted that this was a general trend across the asset management industry and there were still areas for improvement for both managers.

In October 2024, Aegon informed the Trustee that it had taken the decision to step away from its indirect property business and that it planned to transfer the business to Knight Frank Investment Management ("KFIM") in early 2025. The transition would include the move of the team and key resources used to manage the Scheme's property mandate. Aegon informed the Trustee that it would need to terminate its current manager agreement, and the Trustee would need to decide whether to appoint KFIM so the team could continue to run the portfolio or appoint a new manager.

To help inform its decision the Trustee also considered LCP's firmwide RI score for KFIM. At a firmwide level KFIM had lower scores than Aegon across the five key RI categories which was disappointing. LCP noted that, in general, specialist real estate managers, such as KFIM, typically scored lower than larger multi-asset firms such as Aegon. This was in part due to the nature of the asset class, but also the wider resources available at larger firms. The Trustee therefore also sought to compare KFIM's scores against a range of other specialist real estate managers which it was broadly comparable to.

Ahead of appointing KFIM to manage the Scheme's property mandate, the Trustee took the opportunity to set expectations of how KFIM could improve its RI approach at a firm wide level. This included increasing its engagement on climate and Net Zero, including collaboration with other investors. As part of the decision to appoint KFIM the Trustee also considered the outcome of a due diligence meeting undertaken by LCP with KFIM as a result of the proposed change which considered a range of factors, including RI and climate.

Review of buy-in provider's approach to climate risks and opportunities

The Trustee also considered its buy-in provider's approach to RI, including climate, at its November 2024 meeting. The review considered the progress JUST had made since the results of LCP's 2023 RI survey of UK bulk annuity insurance providers, which highlighted room for improvement in JUST's approach to engagement. In particular, the Trustee considered JUST's recently published "Engagement Plan for top emitters", which is summarised below:



By the end of 2025, JUST aims to conduct 20 climate-related engagements, prioritising the highest emitters within its investment portfolio. These engagements will be carried out directly or through external initiatives and asset managers. The goal is to encourage investees to achieve Net Zero emissions across all scopes and to develop robust transition plans aligned with standardised frameworks such as Climate Action 100+. Additionally, JUST plans to contribute to the development of at least two position papers through the engagement track by the end of 2025.



The Trustee viewed it positively that JUST has published a climate engagement plan, but noted that it was still early in the process and it would be keen to see case studies from these engagements in due course. In addition, it noted that the final sentence in JUST's plan was relatively vague in respect of how it would contribute to position papers – for example if its contribution involves responding to only two consultations this would be relatively weak compared to other asset owners of its scale who do much more. The Trustee was keen to see examples over the rest of the year of JUST's contributions.

LCP releases its RI survey of UK bulk annuity insurance providers biennially, and the Trustee considered the results of the 2025 survey following Scheme Year end.

Risk Management

Review of the investment mandates

Aegon/KFIM Property

During the year the Trustee agreed to make a full redemption from the Scheme’s property mandate, to be phased over the period to 2030. When instructing Aegon on the sale, the Trustee reaffirmed its expectations for Aegon to continue to engage with underlying property managers on ESG matters during the sell down process. This expectation was extended to KFIM following the transfer of the mandate in February 2025. It was noted that the climate metrics for the property portfolio may be impacted by the order in which underlying funds were sold down. The Trustee was comfortable with this, noting that short-term climate metric impacts should not be a driver of the order of sales in the portfolio.

CTI matching portfolio

The Scheme’s bespoke mandate with CTI is split into three sub-portfolios: synthetic equity, short dated corporate bonds and gilts, cash and repos. The Trustee reviews each portfolio annually, with the last review undertaken in November 2024. The review considered:

- The suitability of the ESG index used for the synthetic equity exposure - the Trustee agreed to maintain the MSCI World Selection index (previously named MSCI World ESG Leaders) due to the provider’s strong data coverage, good levels of liquidity and integration of a wide range of ESG factors, which aligned to the Trustee’s beliefs.
- The bespoke climate guidelines for the short dated corporate bond portfolio – based on the latest guidance from LCP’s specialist RI and credit research teams, the Trustee determined these remained fit for purpose, following the updates made last year. A summary of the climate-related guidelines for this portfolio are outlined to the right.
- Consideration of CTI’s approach to green gilts and ESG assessments of counterparties.

If the Trustee identifies any concerns with the way one of the Scheme’s managers addresses climate-related risks and opportunities, it will initially engage with the manager to raise concerns and seek improvements. If the manager does not sufficiently improve, the Trustee may switch to a different manager. Over the year under review no manager changes were made due to concerns over their climate approaches.

Short dated bond portfolio climate-related guidelines:

Increase the proportion of the portfolio assessed as Aligned or Aligning to Net Zero or Engaged to at least 90% of total portfolio financed carbon emissions in material sectors by 2030	CTI will aim to achieve portfolio-level emission reductions consistent with a 1.5°C temperature aligned trajectory
Engage with laggard or high impact issuers on specific climate-related objectives Divest from portfolio where minimum expectations are not met	Exclusions based on: • Fossil fuel reserves and revenue • Electricity generation from non renewable source.

Risk Management

Meeting with managers

The Trustee met with Aegon in August 2024 for an update on its property portfolio, including an overview of how it integrates RI factors into the mandate and its proposed approach to managing the sell-down of assets over time.

As part of this meeting Aegon reaffirmed its commitment to responsible investment and provided an overview of the drivers that contributed to an improvement in the mandate's GRESB score over the year, which included improved scores for energy and greenhouse gas emissions management. GRESB scores are independent ESG scores that help to provide ESG benchmarking for real estate funds.

The Trustee noted that one of the underlying property funds was not yet a subscriber to GRESB, contributing to the remaining data gap for the Scheme. Aegon confirmed that it continues to engage with the manager on ESG benchmarking and the importance of ESG data for its clients.

In November 2024, the Trustee met with CTI for an update on its short dated corporate bond portfolio, including a market update, a look-through of portfolio exposures and case studies of how environmental factors, such as climate, impacted their buy/sell decisions. The Trustee noted that the portfolio had a notable exposure to issuers classed as “ESG laggards” by MSCI, which was surprising given the bespoke ESG guidelines in place. CTI noted that it was willing to lend to some laggards if there was a clear plan in place to improve ESG scores over time, noting that it would often look for the opportunity to invest in “green bonds” with these issuers where possible.

The Trustee also used the meeting to challenge CTI on climate metric data, noting that it had relied on its investment advisor to provide this information for CTI portfolios in previous years. CTI confirmed that it was working on climate metric data for these portfolios for the Scheme's 2025 report.

Engagement and other stewardship activities

The Trustee expects its investment managers to engage with investee companies on climate-related (and other) matters. The Trustee generally believes that engaging with companies is more effective at encouraging change than selling the Scheme's investments in those companies.

With respect to the property mandate, the Trustee noted the importance of engagement with underlying property managers given the limitations the manager has in controlling the climate emissions of the portfolio arising from the fact:

1. The manager doesn't hold properties directly – it invests in other property funds; and
2. The underlying funds are “long-lease”, where key ESG factors are the responsibility of the tenant (eg energy contracts and upkeep) rather than the investment manager(s).

The Trustee was therefore pleased to see that Tom Richardson, Fund Manager for the property portfolio, had been appointed to the Investor's Committee for the Octopus Healthcare Fund, one of the underlying funds in the Scheme's property mandate. This will enable KFIM to have greater influence in improving the practices of the fund, such as better climate metric disclosures.

The review of managers' climate approaches showed that the Scheme's managers frequently engaged with portfolio companies, underlying funds and counterparties on climate change. The Trustee monitors its managers' stewardship activities on a quarterly basis. As part of this, the Trustee reviewed 8 climate-related case studies from its managers over the year to 5 April 2025. Two of these case studies have been included on the next page.

More information on the Trustee's stewardship priorities can be found in its Implementation Statement, which is available online [here](#).

Climate engagement case studies

Mercedes-Benz Group AG Electric Vehicle (“EV”) Strategy

CTI short dated bond portfolio

CTI engaged with Mercedes-Benz in Q4 2024, conducting a site visit of its plant in Sindelfingen, Germany. CTI discussed several topics with the investor relations team, including EU fleet emissions regulation, the impacts of a Trump presidency for EV penetration in the US, and EV strategy in China.

CTI flagged concerns about Mercedes-Benz’s involvement in Automotive Cells Company due to issues with Northvolt, a battery manufacturer. However, CTI is pleased with Mercedes-Benz’s overall strategy for EV batteries, especially its focus on keeping key parts of the process in-house. CTI also discussed the company’s sourcing of essential minerals and noted the slow progress in securing supply agreements, which remains an ongoing topic of engagement.

Banking, deforestation and climate

CTI gilts, repos and cash portfolio

In Q2 2024, CTI presented to a range of global banks in a closed-door meeting as part of London Climate Week. The presentation focussed on its approach to monitoring deforestation across its portfolios and how it assesses its investee companies and financial institutions on this issue.

CTI presented a deforestation tool which included different data sets and indicators used.

A number of banks attending, such as Barclays PLC, act as counterparty to the repos within CCEPS’ portfolio. All of the banks in attendance had made net zero commitments and CTI highlighted the importance of deforestation in contributing to emissions and systemic risks.

Risk Management

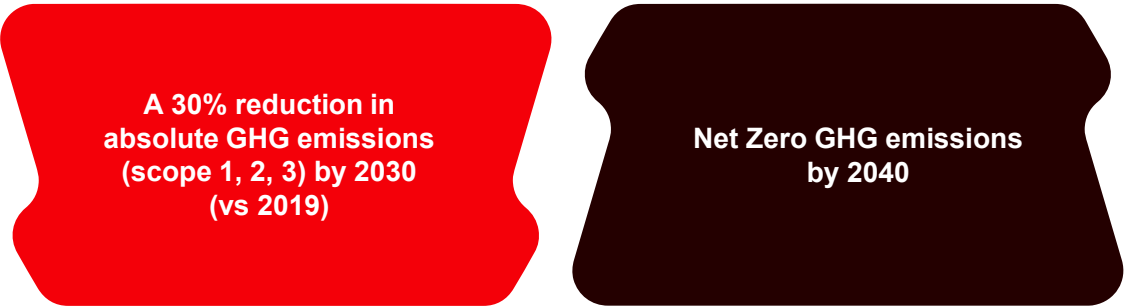
Monitoring climate-related risks to the Scheme

The Trustee has integrated climate change into the Scheme’s risk management processes, including the covenant monitoring and investment monitoring. In addition, climate-related actions have been integrated into the Scheme’s Business Plan and Risk Register.

Covenant monitoring

The Employer aims to provide the Trustee with a GB business update twice a year. This includes the latest developments in respect of climate-related issues as well as progress against any changes to its sustainability action plan “This is Forward”. This is designed to achieve CCEP’s ambitious sustainability targets which underpin their business strategy in Europe (which includes the Employer), Australia, the Pacific and Indonesia.

As part of the climate training session in February 2025, the Trustee met with Joe Franes, Vice President, Sustainability at CCEP, to better understand CCEP’s approach to climate. The training covered the steps CCEP are taking to support the move to a low carbon economy, how the business is adapting to the change, and an update on CCEP’s progress towards meeting its climate targets. CCEP has a short term and a long term Science Based Target initiative validated climate target, as follows:



The Trustee was comforted that CCEP was continuing to decarbonise and taking actions to reduce the impact of climate risks on the future of business.

Investment monitoring

The Trustee reviews its investment managers’ climate approaches on an annual basis. In addition, the Trustee is notified of any due-diligence meetings that LCP has conducted with their managers at the Scheme’s quarterly Trustee meetings, including any discussions on climate or changes to LCP’s RI ratings for the funds.

The Trustee aims to meet each of its investment managers at least once a year at the Trustee meetings. During these meetings, the Trustee discusses climate change with the managers to increase its understanding of the Scheme’s climate-related risks and challenge the adequacy of the steps being taken to manage them.

Risk Register

The Trustee maintains a Risk Register which covers all aspects of the Scheme’s activities and is reviewed annually. Each risk is rated in terms of probability and impact of failure on a scale of 1-3. These figures are multiplied together to give an overall risk score out of 9. The Trustee determines both gross and net risk scores, which consider the risk pre and post the implementation of the Trustee’s risk controls respectively. This enables the Trustee to consider both the size of the risks and the effectiveness of the controls they have in place to manage the risks. During the year under review ESG and climate were considered under a broader investment risk that the investment “strategy is not appropriate for the liabilities/ funding target”. This risk was given a gross risk score of 6 and a net risk score of 3.

In November 2024, the Trustee agreed that its General Code Working Group would act as the Scheme’s Risk Management Function. The Working Group agreed to review the Risk Register, taking a fresh look at the risks impacting the Scheme. An updated Risk Register and process for reviewing it were proposed to the Trustee following Scheme Year end.

Metrics and Targets

The Trustee’s choice of metrics

The Trustee has chosen four climate-related metrics to help it monitor climate-related risks and opportunities to the Scheme. They are listed below, alongside the methodology used for calculating them.

Metric	High-level methodology	Reported as	Reason chosen
<i>Absolute emissions:</i> Total greenhouse gas emissions¹	The sum of each company’s most recent reported or estimated greenhouse gas emissions attributable to the Scheme’s investment in the company, where data is available. Emissions are attributed evenly across equity and debt investors.	Reported in tonnes of CO ₂ equivalent.	This methodology was chosen because it is in line with the statutory guidance.
<i>Emissions intensity:</i> Carbon footprint	The total greenhouse gas emissions described above, divided by the value of the invested portfolio in £m, adjusted for data availability. Emissions are attributed evenly across equity and debt investors.	Reported in tonnes of CO ₂ equivalent per £1m invested.	This methodology was chosen because it is in line with the statutory guidance.
<i>Portfolio alignment:</i> Science-based targets	The proportion of the portfolio by weight of holdings with science-based targets to reduce their greenhouse gas emissions, demonstrated by a target validated by the Science Based Targets initiative ² (SBTi) or equivalent.	Reported in percentage terms.	The Trustee chose this “binary target” measure because it is the simplest and most robust of the various portfolio alignment metrics available and a recommended method set out in the statutory guidance.
<i>Additional climate change metric:</i> Data quality	The proportion of the portfolio for which the Trustee has access to high quality emissions data. This is reported using three categories: emissions reported by companies, indirectly estimated or modelled emissions, and unavailable data.	Reported in percentage terms.	The Trustee chose “data quality” as a fourth metric as it complements the other emissions data collected for the Scheme and will be useful to track the progress of mandates where data coverage is currently low.

The Trustee selected “data quality” as a fourth metric in May 2022 due to low levels of data coverage for the Scheme’s property mandate at the time. The Trustee also felt that data coverage provided a good complement to the other emissions data it was collecting for the Scheme.

The Trustee reviewed its choice of metrics in August 2024, considering the climate metric data reported in last year’s climate change report as at 31 March 2024. In particular, the Trustee considered whether “data quality” remained appropriate, given the improvements seen for the property mandate over the period. The Trustee noted that whilst data coverage had improved, 15% of data remained estimated so it would be helpful to track data quality improvements over time. In addition, the Trustee noted that coverage for the bond portfolio was only 74% as at 31 March 2024 and it was therefore important to continue monitoring this metric to ensure data quality is maintained as coverage increases. The Trustee was comfortable that all four metrics continued to be appropriate for the Scheme.

In compiling this report the Trustee collected metrics data as at 31 March 2025 (as the nearest available date to Scheme year-end), except where otherwise stated.

¹ More information about greenhouse gas emissions is provided in Appendix 2, including their classification into Scopes 1, 2 and 3.

² The Science-Based Targets Initiative is an organisation that sets standards and provides validation for science-based targets set by companies and investors.

Metrics and Targets

Metrics collected for the Scheme (Scope 1, 2 and 3 emissions) as at 31 March 2025

The metric data covering Scope 1, 2 and 3 emissions for the Scheme is shown below, based on the assets held as at 31 March 2025 (unless stated otherwise, please see page 21 for further details). To facilitate comparison, the equivalent previous year figures are shown in brackets. Arrows indicate where values have increased or decreased compared to last year's report, green for an improvement and red for a deterioration. Where data has been disclosed for the first time this year, a green tick is shown. Where the metric has stayed the same, this is noted with an equals sign.

Portfolio	Exposure value	Total emissions (tonnes CO ₂ e)		Carbon footprint (tonnes CO ₂ e per £m invested)		Data coverage (Total Emissions and Carbon Footprint, % portfolio)	Portfolio alignment (% accredited targets set)	Data quality (reported/estimated/unavailable)	
		Scope 1 + 2	Scope 3	Scope 1 + 2	Scope 3			Scope 1 + 2	Scope 3
CTI Synthetic global ESG equities	£76m (£96m)	3,195 ↑ (2,894)	25,707 ↑ (23,186)	42 ↑ (30)	339 ↑ (242)	100% = (100%)	59% ↑ (52%)	93 / 7 / 0 ↓ (98 / 2 / 0)	0 / 100 / 0 = (0 / 100 / 0)
CTI Synthetic UK equities	£20m (£21m)	1,490 ↓ (1,730)	18,600 ↓ (19,035)	76 ↓ (85)	945 ↑ (932)	99% = (99%)	59% ↑ (54%)	99 / 0 / 1 = (99 / 0 / 1)	0 / 99 / 1 = (0 / 99 / 1)
CTI Corporate bonds	£111m (£102m)	3,223 ↑ (2,993)	35,800 ↑ (27,023)	31 ↓ (38)	342 ↓ (345)	93% ↑ (74%)	56% ↑ (51%)	85 / 9 / 7 ↑ (72 / 2 / 26)	0 / 94 / 6 ↑ (0 / 74 / 26)
CTI Gilts, repos and cash	£379m (£414m)	53,587 ↓ (70,181)	60,545 ↑ (56,155)	142 ↓ (170)	160 ↑ (136)	100% = (100%)	100% = (100%)	100 / 0 / 0 (100 / 0 / 0)	=
KFIM Property	£207m (£242m)	15 ↓ (46)	5,522 ↑ (4,258)	0.1 ↓ (0.2)	29 ↑ (19)	93% = (93%)	n/a = (n/a)	77 / 16 / 7 (78 / 15 / 7)	↓
ABC Arrangement	£83m (£91m)	1,595 ↓ (1,951)	14,742 ↓ (18,231)	19 ↓ (21)	177 ↓ (199)	100% = (100%)	100% = (100%)	100 / 0 / 0 (100 / 0 / 0)	=
JUST Buy-in policy	£203m (£220m)	11,383 ✓	22,607 ✓	57 ✓	113 ✓	98% ✓	14% ✓	98 / 0 / 2	✓

Notes: Metrics data is shown at fund level. Due to differences in calculation methodologies the Trustee has decided not to aggregate figures. Total emissions relate to the Scheme's assets, where data is available. Carbon footprint has been adjusted, where required, by data coverage to show the footprint of the assets that have been reported on. Further information about the methodologies used to calculate the metrics is provided in Appendix 4. Further notes in the above table are included on the next page.

Metrics and Targets

Notes to the metrics table on the previous slide

Portfolio	Date of portfolio value and metric data	Data source	Notes to the data
CTI Synthetic global ESG equities	31/03/2025 (31/03/2024)	MSCI, LCP	- For the synthetic equities, due to the use of derivatives to gain market exposure, we have used value of exposure rather than accounting value of the synthetic equity sub-portfolio. Metric data has been calculated based on these exposures as at 31/03/2024 using MSCI data as at 18 June 2024 and as at 31/03/2025 and using MSCI data as at 28 and 29 August 2025 for the synthetic global ESG equities and UK equities, respectively. - For the CTI corporate bond mandate, we have used the value of the corporate bond exposure within the bespoke mandate. This excludes any cash, FX positions or cash equivalents associated with the corporate bond sub-portfolio. - Metric data is based on the value of the underlying bonds as at 31/03/2024 using MSCI data as at 24 June 2024 and as at 31/03/2025 using MSCI data as at 28 August 2025. - Certain data ©2025 MSCI ESG Research LLC. Reproduced by permission. - We have used value of exposure rather than accounting value for the CTI portfolio, which use derivatives.
CTI Synthetic UK equities	31/03/2025 (31/03/2024)	MSCI, LCP	
CTI Corporate bonds	31/03/2025 (31/03/2024)	MSCI, LCP	
CTI Gilts, repos and cash	31/03/2025 (31/03/2024)	UK Government	- Gilts, repos and cash metrics are calculated by LCP. GHG emissions (and therefore emissions intensity) figures for government bonds are calculated on a different basis, so cannot be compared and should not be aggregated with the other emissions figures shown. Further details including the calculation methodology are shown in Appendix 4. - The UK has a Net Zero by 2050 target written into law, with carbon budgets based on advice from the independent Committee on Climate Change. We have therefore treated UK government bond exposure as having a credible science-based target.
KFIM (formerly Aegon) Property	31/12/2023 (31/12/2022)	AAM, GRESB, KFIM	KFIM metrics are at 31 December 2023 due to the availability of data. Data provided for this fund has therefore been calculated with reference to the value of the fund as at this date. As at 31 March 2025 the valuation of the KFIM Property Fund was £163m. Aegon values reported include a cash allocation.
ABC Arrangement	31/12/2024 (31/12/2023)	CCEP	ABC metrics are at 31 December 2024 due to the availability of data. Data provided for this portfolio has therefore been calculated with reference to the value of the portfolio as at this date. As at 31 March 2025 the valuation of the portfolio was £80m. Data as at 31 December 2023 has been restated based on updated numbers in CCEP's annual reporting.
JUST Buy-in policy	05/04/2025 (05/04/2024)	JUST, Aon	JUST climate data is as at 28 June 2024 based on the insurers latest available report and accounts. The Scheme Actuary calculates the valuation of the buy-in policy on an annual basis using the Scheme's Technical Provisions liability assumptions. Given this we have applied the 28 June 2024 climate data to the 5 April 2025 buy-in valuation for metric reporting purposes.

Metrics and Targets

Commentary on Scope 1 + 2 metrics:

The Scheme's gilts, repos and cash mandate had the highest total emissions of the Scheme's portfolio as at Scheme year end, which is expected given the mandate accounts for the highest proportion of total Scheme asset exposure. However, the mandate also had the highest carbon footprint. This was driven by the calculation methodology, which takes account of total UK emissions as the fund primarily invests in UK government bonds. The Trustee notes that this may result in double counting of emissions in the portfolio. Given the LDI mandate is designed to significantly reduce interest rate and inflation risk facing the Scheme the Trustee remained comfortable with the allocation. It was positive to see a reduction in the total carbon footprint of the portfolio, indicating that the UK is taking positive steps towards its Net Zero target.

The Scheme's equity mandate produced the next highest level of emissions, however, the Trustee noted that for the global ESG equity index, carbon emissions were broadly half of those of an equivalent non-ESG index. The Trustee was disappointed to note an increase in the carbon footprint of its Overseas ESG index, noting that this was in part due to a rollback of climate policies in the US.

Data coverage remained high across the portfolio. Coverage of the Scheme's corporate bond mandate improved over the Scheme Year from 74% to 93%, meaning all of the Scheme's investments now have data coverage of over 90%. Maintaining a high level of data coverage will help the Trustee ensure that insights drawn from the climate data collected are meaningful and comparable from year to year.

This was the first year that the Scheme has reported emissions data for its buy-in policy with JUST. The portfolio alignment of JUST's investment portfolio is materially lower than the other investments held by the Scheme. We note that for the purposes of reporting JUST has defined portfolio alignment as companies that have an SBTi target in place. We note that this may exclude government bond investments which have been classified as "aligned" by

the Trustee with respect of its gilt, repo and cash portfolio. We also note a large portion of JUST's investment book relates to Lifetime Mortgages for which SBTi targets are not relevant.

Commentary on Scope 3 metrics:

As per the Scope 1 and 2 data, the gilts, repos and cash mandate has the highest total Scope 3 emissions. However, the CTI synthetic equity portfolio has the highest carbon footprint.

Total emissions and carbon footprint metrics for Scope 3 have increased over the past year. Whilst this is disappointing the Trustee notes that there are a number of complex challenges around Scope 3 emissions that require careful handling. For instance, there is no fully developed and agreed methodology, Scope 3 emissions are not within companies' direct control, existing calculation approaches do not deliver consistent results, and reporting oil and gas industry emissions is fraught with complexity. Therefore, it should be noted that reported data is often poor quality and incomplete.

Obtaining data to calculate metrics

Climate metric data for the Scheme's synthetic equity, corporate bond, gilts, repos and cash, and ABC portfolios, and the buy-in policy has been calculated by the Trustee's investment adviser, LCP, using data sourced from the UK government, MSCI, CCEP and JUST respectively. Metric data for the property portfolio has been provided by the investment manager for the mandate, KFIM.

Metric data for the Scheme's gilts, repos and cash portfolio has been calculated on a different basis to the other assets in this report, so cannot be compared with the other mandates for which emissions data has been provided. A summary of the methodology used to calculate these emissions is outlined in Appendix 4. We note there can be issues of

Metrics and Targets

double counting across the portfolio where UK country emissions double count UK company emissions already accounted for within the synthetic equity portfolio.

For portfolio alignment, the Trustee has defined this as the proportion of the portfolio that has set an emissions reduction target that has been accredited by SBTi or equivalent:

- For the LDI portfolio, the Trustee has assumed 100% portfolio alignment for the gilt and repo assets due to the UK Government's 2050 Net Zero target, set as part of the Paris Agreement.
- For the ABC arrangement, the Trustee has assumed 100% portfolio alignment as the arrangement cashflows are backed by CCEP, who themselves have an SBTi accredited target.
- For the property mandate SBTi targets are not applicable. The Trustee is working with their property manager to determine an alternative suitable measure to use and hopes to be able to report on an appropriate metric in future rounds of reporting.

KFIM was unable to provide data as at 31 March 2025 as emissions data comes from the underlying funds' GRESB reports. These reports are typically produced annually and there is typically a time lag between the year end and the issuance date due to the nature of the underlying assets. Metrics provided have therefore been quoted as at 31 December 2023.

Metrics for the Scheme's ABC portfolio have been calculated by the Scheme's investment adviser, LCP. A summary of the methodology used to calculate these emissions is outlined in Appendix 4. Due to the availability of the data, the 31 March 2025 metrics have been quoted as at 31 December 2024, in line with CCEP's latest report on emissions. The Trustee has restated the ABC emissions data for the previous year in line with the updates made in the 2024 CCEP Strategic report. These updates reflect the impact of corporate

actions over the year.

In the case of Scope 3 emissions for synthetic equity and corporate bond holdings, the Trustee has chosen to use MSCI's estimated emissions only. This provides a greater consistency than using a mixture of reported and estimated emissions.

The Trustee was able to obtain data for the Scheme's insurance policy for the first time this year. JUST has confirmed that due to its MSCI license it is unable to provide climate data on an individual client basis, however, it has been able to provide climate data relating to the investment portfolio that supports its insurance business. This has been converted to Scheme specific data by LCP. We note that carbon metric data is as at 28 June 2024, JUST's total bulk annuity book data is as at 31 December 2024 and the buy-in policy valuation is as at 31 March 2025. The Trustee notes this misalignment of dates may impact the metrics shown. Carbon Footprint data has been provided with respect to \$m invested. This has been converted to a £m invested equivalent using FX data sourced from Bloomberg as at 31 March 2025 to align with the latest buy-in valuation.

The Trustee continues to engage with its managers and buy-in provider on data reporting. The Trustee expects data coverage and quality to continue to improve over time as managers increase the number of metrics they report and seek to fill the data gaps.

To advance disclosures and methodologies, and to improve the range of assets included within TCFD analysis for pension funds, the Scheme's investment adviser also continues to participate in a range of sustainable investment working groups.

Metrics and Targets

The Trustee’s chosen Target

The Trustee has set the following target for the Scheme:

Increase the % of underlying companies (by portfolio/exposure weight) in the Scheme’s corporate bond holdings that have set an SBTi- (or equivalent) accredited target to 90% by 31 March 2030 (a 75% increase relative to the base date of 31 March 2024).

Review and update of the target

The Trustee reviewed and updated its climate target in August 2024 as it achieved its previous target two years early by reaching 93% data coverage last year. The previous target was to “increase data coverage for real assets to 80% by 2025 (a 15% increase relative to the base date of 31 December 2021)”.

When setting a new climate target, the Trustee considered three different options:

1. A portfolio alignment target – which was chosen as the new climate target for the Scheme, as defined above.
2. An emissions reduction target – aligning with the carbon reduction plans set by CCEP.
3. A data coverage target for corporate bonds - now the property target had been met.

Rationale for chosen target

Ultimately the Trustee chose the portfolio alignment target as it is more forward looking in nature and will help encourage ongoing improvements from CTI by seeking increased exposure to companies that have strong climate targets in place. The Trustee chose to focus on the Scheme’s corporate bond portfolio as:

- The target aligns the climate guidelines for the corporate bond portfolio, enabling the Trustee to monitor how CTI are implementing this in practice – ie ensuring improvements are made over time rather than a steep improvement at the 2030 target date.

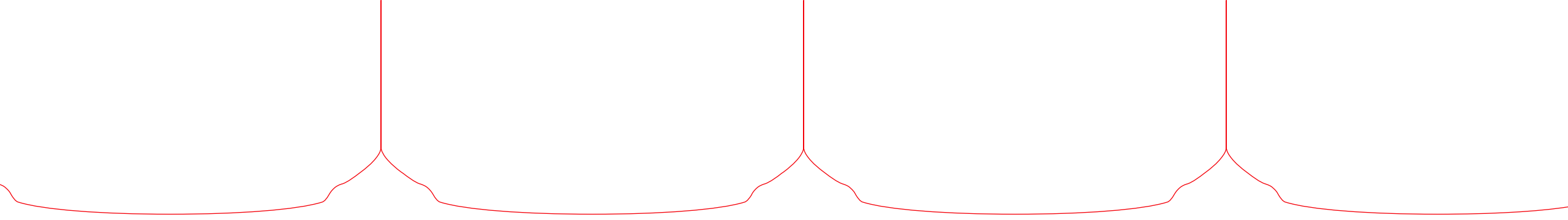
- CTI and the Trustee have limited influence on the underlying equity holdings as they gain exposure synthetically through tracking an index. This means climate practices cannot be influenced by voting or buy/sell decisions.
- The Trustee has instructed KFIM to make a full redemption of the property mandate by the target date of 2030.
- The Scheme’s gilt portfolio has already been deemed as aligned with a transition to a low carbon economy given the UK Government’s Paris Agreement commitments.

Performance against the target

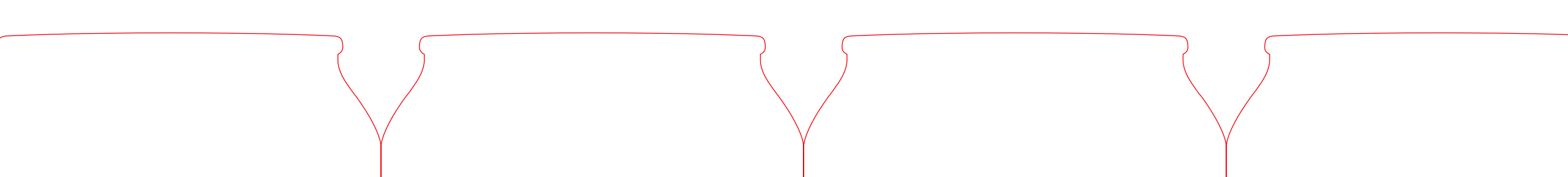
To assess the Scheme’s progress towards its portfolio alignment target, the Trustee has collected data for the Scheme’s corporate bond mandate at both 31 March 2024 (the reference date) and 31 March 2025 (the reporting date).

These are outlined at in the table below, alongside the 31 March 2030 target:

Mandate	Reference date	CTI reporting date	Target date
	31 Mar 2024	31 Mar 2025	31 Mar 2030
Corporate bonds	51%	56%	90%



Appendices



Appendix 1: Climate Governance Statement

Trustee Statement on Governance of Climate Change Risks and Opportunities

Coca-Cola Europacific Partners Pension Scheme Trustees Limited (the “Trustee”) has ultimate responsibility for ensuring effective governance of climate change risks and opportunities in relation to the Coca-Cola Enterprises Pension Scheme (the “Scheme”). This statement documents the governance processes the Trustee has put in place to ensure that it has oversight of the climate-related risks and opportunities relevant to the Scheme and that it can be confident that its statutory and fiduciary obligations are being met.

Overview of approach

Climate change is a financially material factor for the Scheme. It represents a systemic risk to society, the economy and the financial system, although the transition to a low-carbon economy also presents opportunities. These risks and opportunities have the potential to impact the Scheme’s investments, sponsoring employer and funding position. Identifying, assessing and managing them is a strategic priority for the Scheme and therefore this is done by the Trustee Board, with support from the Trustee’s external advisers.

Trustee knowledge and understanding

It is essential that the Trustee Directors have sufficient knowledge and understanding of climate change, and related risks and opportunities, to fulfil their statutory and fiduciary obligations. The Trustee will review its skills and experience in this area when undertaking the Trustee Board’s annual skills review and will also consider what training is likely to be required when setting its annual environmental, social and governance (“ESG”) and climate change business plan, incorporating training sessions as appropriate. These sessions will typically include an annual update on recent developments, with interim training on any time-critical developments. They may also include training in support of specific agenda items at Trustee meetings. Full details of the training undertaken is documented in the Trustee’s training log.

Roles and responsibilities

Trustee Chair

It is the Trustee Chair’s responsibility to ensure that sufficient time is allocated for consideration and discussion of climate matters by the Trustee and its advisers.

Trustee

In broad terms, the Trustee is responsible for:

- ensuring the Trustee Directors have sufficient knowledge and understanding of climate change to fulfil their statutory and fiduciary obligations and keep this knowledge and understanding up to date. This will include knowledge and understanding of the principles relating to the identification, assessment and management of climate-related risks and opportunities for the Scheme;
- putting in place effective climate governance arrangements;
- determining short, medium and long term time periods for identifying climate-related risks and opportunities to the Scheme;
- identifying and assessing the main climate-related risks and opportunities for the Scheme and documenting the management of these;
- incorporating climate-related considerations into strategic decisions relating to the Scheme’s investments and funding arrangements; incorporating climate-related considerations into the Scheme’s investment beliefs, investment policies, risk register and monitoring framework;
- allowing for climate-related considerations when assessing and monitoring the strength of the sponsoring employer’s covenant;

- selecting and regularly reviewing metrics to inform its assessment and management of climate-related risks and opportunities, and setting and monitoring targets to improve these metrics over time where appropriate;
- ensuring that the Scheme’s investment, actuarial, covenant and legal advisers have clearly defined responsibilities in respect of climate change, have adequate expertise and resources, including time and staff, to carry these out, are taking adequate steps to identify and assess any climate-related risks and opportunities which are relevant to the matters on which they are advising, and are adequately prioritising climate-related risk;
- considering and documenting the extent to which the advisers’ responsibilities are included in any agreements, such as investment consultants’ strategic objectives and service agreements;
- ensuring that the Scheme’s investment managers are managing climate-related risks and opportunities in relation to the Scheme’s investments, and have appropriate processes, expertise and resources to do this effectively; and
- communicating with Scheme members and other stakeholders on climate change where appropriate, including public reporting in accordance with The Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021, the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (together “TCFD reporting”) when required. The Trustee has not delegated consideration of any of these matters to any sub-committees.

Investment adviser

In broad terms, the Scheme’s investment adviser is responsible, as requested by the Trustee, for:

Appendix 1: Climate Governance Statement *(continued)*

- providing training and other updates to the Trustee on relevant climate-related matters;
- helping the Trustee to formulate its investment beliefs in relation to climate change and reflecting these in the Scheme's investment policies and strategy;
- advising how climate-related risks and opportunities might affect the different asset classes in which the Scheme might invest over the short-, medium- and long-term, and the implications for the Scheme's investment strategy;
- advising how climate-related risks and opportunities might affect the Scheme's funding position over the short, medium and long term and the implications for the Scheme's strategy and long-term objectives;
- advising on the inclusion of climate change in the Scheme's governance arrangements, risk register and monitoring framework, in relation to investment matters, working with the Trustee and its other advisers as appropriate;
- advising the Trustee on the appropriateness and effectiveness of the Scheme's investment managers' processes, expertise and resources for managing climate-related risks and opportunities, given the Trustee's investment objectives and beliefs;
assisting the Trustee in identifying and monitoring suitable climate-related metrics and targets in relation to the Scheme's investments, including liaising with the Scheme's investment managers regarding provision of the metrics;
- advising on the preparation of the Trustee's TCFD reporting, working with the Trustee and other advisers as appropriate; and
- working with the Trustee's other advisers to assist the Trustee in

incorporating climate change into its governance arrangements, risk register, monitoring framework and communication with stakeholders as appropriate.

Actuarial Adviser

In broad terms, the Scheme's actuarial adviser is responsible, as requested by the Trustee, for:

- advising how climate-related risks and opportunities might affect the Scheme's funding position over the short, medium and long term and the implications for the Scheme's strategy and long-term objectives;
- advising on the inclusion of climate change in the Scheme's governance arrangements, risk register and monitoring framework, in relation to funding matters, working with the Trustee and its other advisers as appropriate; and
- working with the Trustee's other advisers to assist the Trustee in incorporating climate change into its investment and covenant monitoring, and communication with stakeholders (including, but not limited to, its TCFD reporting) as appropriate.

Covenant adviser

In broad terms, the Scheme's covenant adviser is responsible, as requested by the Trustee, for:

- advising how climate-related risks and opportunities might affect the Scheme's sponsoring employer over the short, medium and long-term;
- leading on the inclusion of climate change within the Scheme's covenant monitoring, working with the Trustee and its other advisers as appropriate; and

- working with the Trustee's other advisers to assist the Trustee in incorporating climate change into its governance arrangements, risk register, monitoring framework and communication with stakeholders (including, but not limited to, its TCFD reporting) as appropriate.

Legal adviser

In broad terms, the Scheme's legal adviser is responsible, as requested by the Trustee, for:

- providing training and other updates to the Trustee on relevant climate-related legal matters;
- ensuring the Trustee is aware of its statutory and fiduciary obligations in relation to climate change and working with the Trustee's other advisers to ensure alignment between these obligations and:
 - any Trustee formulation of its investment beliefs in relation to climate change; and
 - the identification and monitoring of climate-related metrics and targets in relation to the Scheme's investments.
- working with the Trustee's other advisers to assist the Trustee in incorporating climate change into its governance arrangements, risk register, monitoring framework and communication with stakeholders (including, but not limited to, its TCFD reporting) as appropriate; and
- where requested, assisting in the documentation of any contractual requirements to be included in the arrangements with the Scheme's investment managers with respect to the governance, management and reporting of climate-related matters.

Investment managers

In broad terms, the Scheme's investment managers are responsible for:

Appendix 1: Climate Governance Statement *(continued)*

identifying, assessing and managing climate-related risks and opportunities in relation to the Scheme's investments, in line with the investment management arrangements agreed with the Trustee;

- exercising rights (including voting rights) attaching to the Scheme's investments, and undertaking engagement activities in respect of those investments, in relation to climate-related risks and opportunities, in a way that seeks to improve long-term financial outcomes for Scheme members;
- providing information to the Scheme's investment adviser on climate-related metrics in relation to the Scheme's investments, as agreed from time to time, and using its influence with investee companies and other parties to improve the quality and availability of these metrics over time.

Nature and frequency of reporting

The Trustee considers a range of different information about the climate change risks and opportunities faced by the Scheme to enable it to fulfil its responsibilities set out above.

Annual review

At one or more of its regular Board meetings, the Trustee will receive and review:

- the Scheme's risk register, following review and updates from its advisers;
- an update report on the metrics in the Scheme's monitoring framework, following review by its advisers;
- updates on the Scheme's investments from the investment advisers, including data on ESG and climate-related metrics and progress against any targets set in relation to these metrics;

- a responsible investment report from the Scheme's investment advisers that reviews the Scheme's investment managers in relation to ESG factors and climate change;

whether it is appropriate to carry out scenario analysis that illustrates how the Scheme's assets and liabilities might be affected under various climate change scenarios, in years when this is not required because it has been carried out within the previous two years; and

- the advisers' climate competency and assess how they have performed against their climate responsibilities.
- These documents will incorporate climate-related risks and opportunities as appropriate, in accordance with the roles and responsibilities set out above.

In addition, on an annual basis the Trustee will review, revise where appropriate and approve:

- its governance arrangements, investment beliefs and investment policies in relation to climate change;
- its draft TCFD reporting; and
- a draft business plan for the following year in relation to ESG and climate change that outlines the main topics due to be discussed each Board meeting and the papers expected from advisers in relation to each item.

Other reviews

The Trustee will consider climate-related risks and opportunities whenever the following activities are undertaken:

- actuarial valuation of the Scheme;
- review of the investment strategy for the Scheme; and

- assessment of the sponsoring employer's covenant.

The Trustee will also, at least every three years and following any major changes in the Scheme's position, review:

- its choice of short, medium and long term time periods to be used when identifying climate-related risks and opportunities to the Scheme;
- the results of scenario analysis that illustrates how the Scheme's assets and liabilities might be affected under various climate change scenarios, along with commentary on the potential impacts for the sponsoring employer; and
- its choice of metrics to inform its assessment and management of climate-related risks and opportunities.

Whenever it reviews its agreements with external advisers, or appoints new advisers, the Trustee will consider and document the extent to which the advisers' climate-related responsibilities are included in the agreements and/or any adviser objectives set.

Review of this statement

The Trustee approved this statement at its meeting in September 2021.

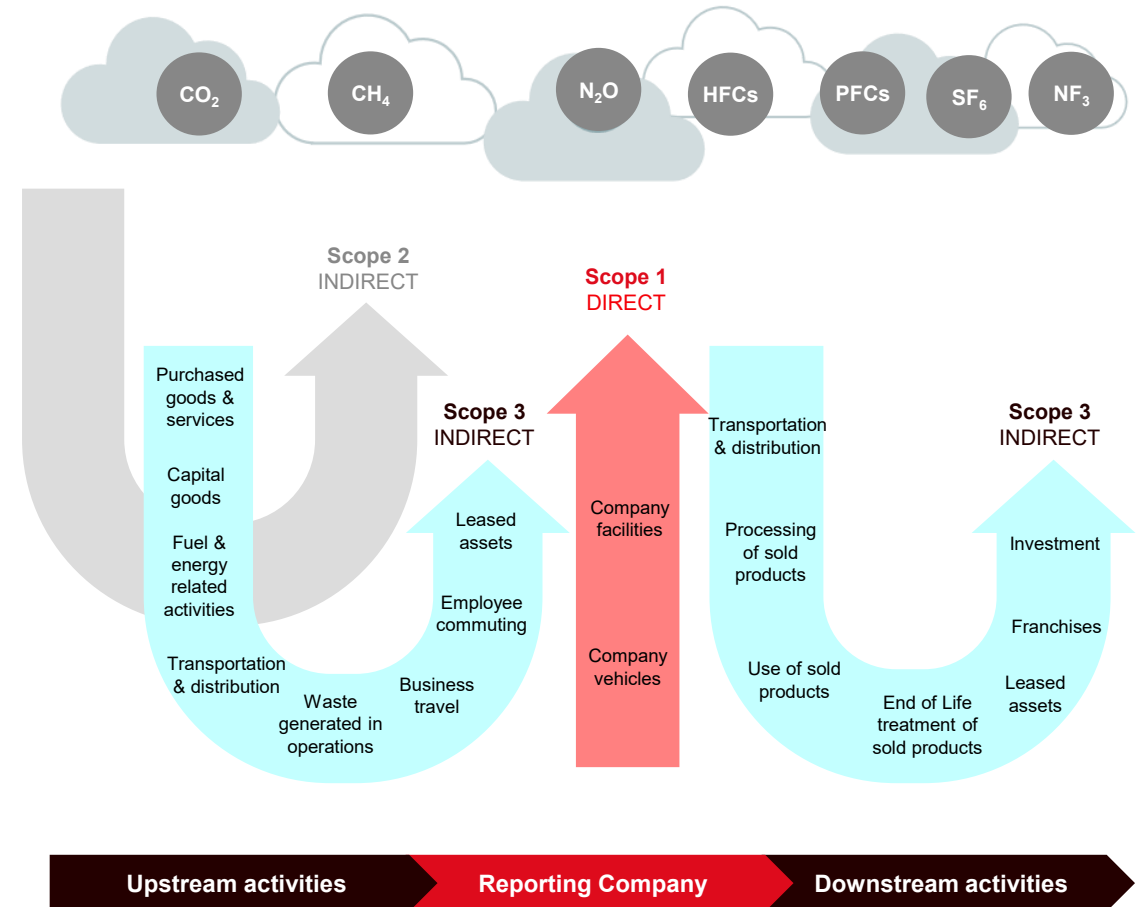
It will review it at least annually. The statement was last reviewed in November 2024.

Appendix 2: Greenhouse Gas Emissions Explained

In the metrics section of the report, the emissions metrics relate to seven greenhouse gases – carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). The figures are shown as “CO₂ equivalent” (CO₂e) which is the amount of carbon dioxide that would be equivalent to the excess energy being stored by, and heating, the earth due to the presence in the atmosphere of these seven greenhouse gases.

The metrics related to greenhouse gas emissions are split into the following three categories: Scope 1, 2 and 3. These categories describe how directly the emissions are related to an entity's operations. Scope 3 emissions often form the largest share of an entity's total emissions, but are also the ones that the entity has least control over.

- **Scope 1** greenhouse gas emissions are all direct emissions from the activities of an entity or activities under its control.
- **Scope 2** greenhouse gas emissions are indirect emissions from electricity purchased and used by an entity which are created during the production of energy which the entity uses.
- **Scope 3** greenhouse gas emissions are all indirect emissions from activities of the entity, other than scope 2 emissions, which occur from sources that the entity does not directly control.

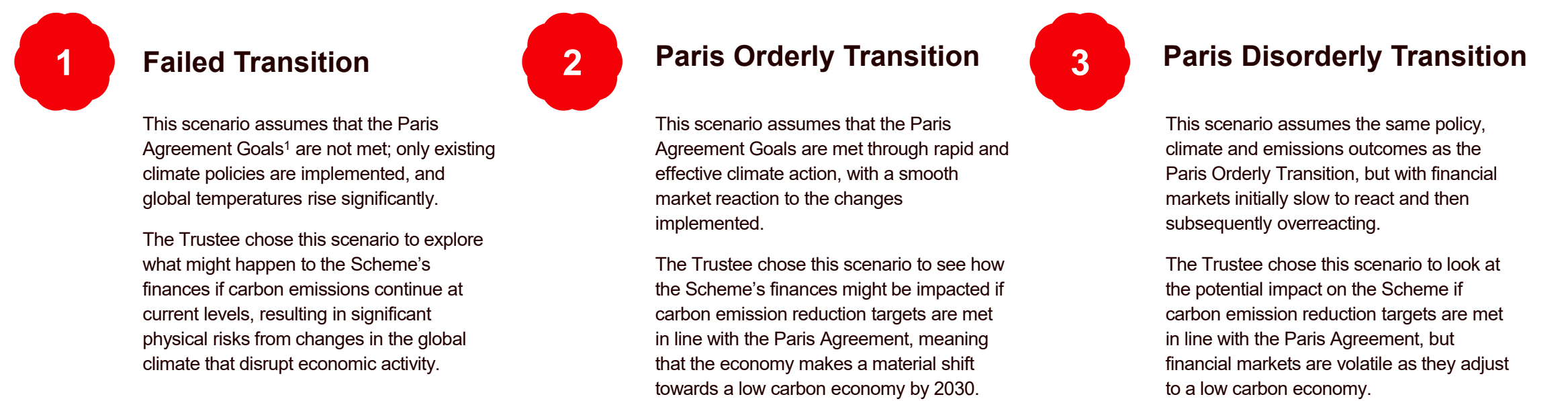


Appendix 3: Climate Scenario Modelling 2022

Climate scenario analysis

Scenario analysis is a tool for examining and evaluating different ways in which the future may unfold. At its May 2022 Trustee meeting, the Trustee used scenario analysis to consider how climate change might affect the Scheme’s investment and funding strategies. The Trustee carried out scenario analysis using market data as at 30 September 2021 with the support of its investment consultants, LCP. The analysis looked at three possible scenarios, as outlined below.

Overview of the scenarios considered and why the Trustee chose them



The Trustee acknowledges that many alternative plausible scenarios exist but found that these were a helpful set of scenarios to explore how climate change might affect the Scheme in the future. To provide further insight, the Trustee compared the outputs under each scenario to a “climate uninformed base case”. The climate-uninformed base case scenario assumes no increase of physical risks due to climate change and does not make any explicit assumptions about the transition to a low carbon economy.

¹ The Paris Agreement is a legally binding international treaty on climate change which has been ratified by 189 states, representing almost 97% of global greenhouse gas emissions. The goal of the Paris Agreement is to keep global temperatures well below 2°C above pre-industrial levels, and to pursue efforts to limit increases to 1.5°C above pre-industrial levels.

Appendix 3: Climate Scenario Modelling 2022 (continued)

The scenarios showed that equity markets could be significantly impacted by climate change with lesser but still noticeable impacts in bond markets. All three scenarios envisaged, on average, lower investment returns and resulted in a worse funding position than the climate uninformed base case.

The key features of each scenario are summarised in the table below:

	Failed Transition	Paris Orderly Transition	Paris Disorderly Transition
Low carbon policies	Continuation of current low carbon policies and technological trends	Ambitious low carbon policies, high investment in low-carbon technologies and substitution away from fossil fuels to cleaner energy sources and biofuel	
Paris Agreement outcome	Goals not met	Goals met	Goals met
Global warming	Average global warming is about 2°C by 2050 and 4°C by 2100, compared to pre-industrial levels	Average global warming stabilises at around 1.5°C above pre-industrial levels	
Physical impacts	Severe	Moderate	Moderate
Impact on GDP	Global GDP is significantly lower than the climate-uninformed scenario in 2100	Global GDP is lower than the climate-uninformed scenario in 2100 For example, UK GDP in 2100 predicted to be about 10% lower	In the long term, global GDP is slightly worse than the Paris Orderly scenario due to the impacts of financial market volatility
Financial market impacts	Physical risks priced in over period 2025-2030. A second repricing occurs in the period 2035-2040 as investors factor in the severe physical risks	Transition and physical risks priced in smoothly over the period of 2021-2025	Abrupt repricing of assets causes financial market volatility in 2025

Appendix 3: Climate Scenario Modelling 2022 (continued)

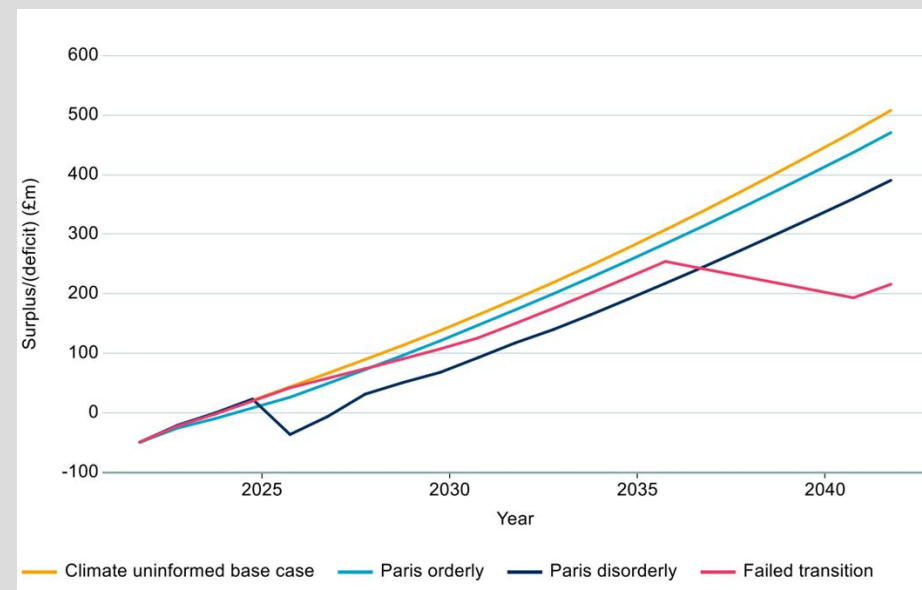
Potential impact on the Scheme's assets and liabilities identified by the scenario analysis

The scenario analysis looked at the impact of the Scheme's funding position over time on the Scheme's long term funding target of gilts + 0.5% pa¹. The chart illustrates the expected change in the deficit/surplus of the Scheme under each of the three chosen scenarios, as well as in the "climate uninformed" base case.

The key impacts of each scenario on the Scheme were as follows:

- Under the Paris Orderly Transition scenario, the overall impact on the funding position is modest. Whilst transitional risks impact the funding position in earlier years, the resultant new climate policies and technology help to reduce physical risks in later years.
- Under the Paris Disorderly Transition scenario, there is volatility in the mid-2020s as markets react abruptly to changes in policy and technology to address climate change. Whilst in the short term this has a detrimental impact on the funding position, the overall impact is relatively low as the Trustee has already taken significant steps to de-risk the investment strategy. The earlier volatility in the funding position means the outcome is worse than under the Paris Orderly Transition, however the Scheme is expected to remain in a strong funding position over the Trustee's medium- and long-term time horizons.
- Under the Failed Transition scenario, there would be a more significant impact on the funding position, but not until after 2035. In practice, given the Scheme's strong funding position, and expectation that this should continue to improve over time, the Scheme should be in a strong position to withstand large shocks at this time.

Impact of the different climate scenarios on the Scheme's funding position over time



Overall, the analysis highlighted that the Scheme is expected to be relatively resilient against climate risks over the long-term due to its strong funding position, climate-focussed investments and low risk investment strategy.

Appendix 3: Climate Scenario Modelling 2022 *(continued)*

Limitations of the climate scenario modelling

In reviewing the analysis, the Trustee noted the difficulties in modelling the impacts of climate factors on the Scheme's asset and liabilities driven by the intricacies of climate systems.

It noted this to be particularly true of the Failed Transition scenario, where over 4°C of warming is observed. Due to the unprecedented nature of such warming, it is challenging to encompass all potential consequences within the modelling process. Simplifications in the modelling, such as not allowing for tipping points, mean the actual impact on the Scheme is likely to be more significant than has been modelled. The Trustee is comfortable that, as long as these limitations are understood, the scenarios still provide valuable insights to inform climate risk assessment and management.

Climate scenarios and the Scheme's partial buy-in policy

In March 2024, the Trustee reviewed the potential impact different climate scenarios could have in relation to the Scheme's new buy-in policy, which transferred part of the Scheme's exposure to climate risk to an insurer.

As part of this review the Trustee noted:

- The Scheme's insured liabilities are likely to be subject to similar financial risks to its non-insured liabilities.
- A key consideration is the insurer's ability to fully absorb and manage the effects of climate change. If it is able to do so, it should be able to continue to pay the contracted benefits in full under each climate scenario.
- The buy-in should provide full hedging for the insured liabilities against any demographic risks associated with climate change.
- Climate change is a systemic risk that will undoubtedly have profound impacts on the insurance sector over the coming years. To the extent that the buy-in provider, or the insurance industry as a whole, are unprepared for these changes, climate risk increases the chance that it will be unable to meet the benefit payments promised.
- The regulatory regime, the insurer's reserves and the financial services compensation scheme (to the extent that this covers the Scheme's policy) continues to protect against insurer defaults due to climate change as well as any other risk. However, the systemic nature of climate change risk increases the chance that these regulatory protections may prove insufficient, particular in higher warming scenarios.
- As markets price in climate risk, if insurers decide to hold additional reserves against climate risk, buy-in pricing may be affected by climate risk which could materially increase the cost of insuring the remaining uninsured benefits of the Scheme in the future.

The Trustee remains comfortable that the buy-in policy provides a suitable level of protection against climate risks and does not give rise to a material change in risk under each of the climate scenarios. The Trustee is keen to consider the robustness of the insurer's regulatory regime when considering future climate scenario analysis.

Appendix 3: Climate Scenario Modelling 2022 *(continued)*

Impact of changes to the investment strategy under each scenario

Over the last few years, the Trustee has taken steps to reduce climate risk. This has included moving the Scheme's synthetic equity exposure to the MSCI World ESG Leaders Index (which includes climate related exclusions) and de-risking the strategy. As part of the climate scenario analysis session the Trustee looked at the impact of these decisions on the projection of the Scheme's funding position under the various scenarios. This analysis showed that the decisions taken by the Trustee to date had been effective in significantly reducing climate risk¹ across each of the Scheme's time horizons and scenarios.

Impact of climate change on life expectancy

If a member lives longer, the Scheme pays the member's pension for longer and therefore needs more assets to make the payments.

Like the economic impacts, the impact of climate change on life expectancy is highly uncertain. As part of the climate scenario discussions, the Trustee considered the various possible drivers for changes in mortality rates with both positive and negative impacts expected in each of the scenarios considered.

For example, in the Paris Orderly Transition scenario, the reduced use of fossil fuels should lead to lower air pollution, increasing life expectancy. But this effect could be countered by economic prosperity generally being lower in this scenario, and this may limit the funding available for healthcare.

Given the level of uncertainty, the Trustee noted that no specific allowance had been made in the scenario analysis, but that it would keep up to date on developments in this area. In particular, as part of the 2022 actuarial valuation, the Trustee was advised that climate

change could have an impact on the assets and the liabilities of the Scheme and that the extent to how much climate change has already been recognised in market prices is uncertain, noting that the Scheme funding implicitly allows for risks that are already priced into the Scheme's investments.

The Scheme Actuary's recommendation to the Trustee in setting the valuation assumptions took into account possible implications of climate change, and it was explained that such implications had served to increase the possible range of future outcomes around the Scheme Actuary's central views.

Potential impacts of climate change on Employer covenant

If the impacts of climate risks are more severe in practice than what has been modelled, this could have implications for the Scheme's journey plan and potentially require additional contributions from the Employer.

As part of the 2022 actuarial valuation, the Trustee undertook a formal covenant assessment of the Employer. This assessment explicitly considered the impact of climate change on the Employer covenant. In particular, the assessment looked at the effectiveness of Coca-Cola Europacific Partners' ("CCEP") sustainability plan as well as the specific targets CCEP has set in respect of climate change and the framework to develop actions required to mitigate climate-related risks.

CCEP is committed to implementing the recommendations of the TCFD and, through its Enterprise Risk Management ("ERM") programme, takes a risk based approach in responding to the physical and transitional risks and opportunities that are associated with climate change. The assessment and mitigation of climate-related risks is an integral part of its annual Enterprise Risk Assessment process.

Appendix 3: Climate Scenario Modelling 2022 *(continued)*

Modelling approach and limitations

Modelling approach – Investment and Funding:

- Scenario analysis is based on the ClimateMAPS model developed by Ortec Finance and Cambridge Econometrics. The outputs were then applied to the Scheme's assets and liabilities by LCP.
- The three climate scenarios are projected year by year, over the next 40 years. The three climate scenarios chosen are intended to be plausible, not “worst case”. They are only three scenarios out of countless others which could have been considered. Other scenarios could give better or worse outcomes for the Scheme.
- ClimateMAPS uses a top-down approach that consistently models climate impacts on both assets and liabilities, enabling the resilience of the Scheme's funding strategy to be considered. The model output is supported by in-depth narratives that bring the scenarios to life to help the Trustee's understanding of climate-related risks and opportunities.
- ClimateMAPS uses Cambridge Econometrics' macroeconomic model which integrates a range of social and environmental processes, including carbon emissions and the energy transition. It is widely used for policy assessment, forecasting and research purposes, and is one of the most comprehensive models of the global economy. The outputs from this— primarily the impacts on country/regional GDP – are then translated into impacts on financial markets by Ortec Finance using assumed relationships between the macroeconomic and financial parameters.
- Ortec Finance runs the projections many times using stochastic modelling to illustrate the wide range of climate impacts that may be possible, under each scenario's climate pathway. LCP takes the median (ie the middle outcome) of this range of impacts, for each relevant financial parameter, and adjusts it to improve its alignment with LCP's standard financial assumptions.
- LCP then uses these adjusted median impacts to project the assets and liabilities of the Scheme to illustrate how the different scenarios could affect its funding level. The modelling summarised in this report used scenarios based on the latest scientific and macro-economic data at 30 June 2021, calibrated to market conditions at 30 September 2021.
- Due to its strong funding position, the Scheme is no longer receiving ongoing contributions from the sponsoring employer. As such, no further employer contributions have been assumed in the analysis.

Modelling limitations – Investment and Funding:

- As this is a “top-down” approach, investment market impacts were modelled as the average projected impacts for each asset class, ie assuming that the Scheme's investments are affected by climate risk in line with the market-average portfolio for the asset class. This contrasts with a “bottom up” approach that would model the impact on each individual investment held in the Scheme's investment portfolio. As such, it does not require extensive scheme-specific data and so the Trustee was able to consider the potential impacts of the three climate scenarios for all of the Scheme's assets.
- In practice, the Scheme's investments may not experience climate impacts in line with the market average. The Trustee considers, on an ongoing basis, how the Scheme's climate risk exposure differs from the market average using climate metrics (which are compared with an appropriate market benchmark) and its annual RI review which considers the investment managers' climate approaches (see page 12).
- The asset and liability projections shown reflect the Scheme's strategic journey plan in effect as at 30 September 2021. No allowance is made for changes that might be made (or have been made since the date of the analysis) to the funding or investment strategy as the climate pathways unfold, nor for action to be taken in response to the Scheme achieving its long-term funding target.
- Modelling is based on median outcomes. It therefore illustrates how the centre of the “funnel of doubt” surrounding the asset projections might be affected by climate change. It does not consider tail risks within that funnel, nor does it consider how the funnel might be widened by the additional uncertainties arising from climate change. In addition, only three scenarios out of infinitely many have been considered. Other scenarios could give better or worse outcomes for the Scheme.
- Uncertainty in climate modelling is inevitable. In this case, key areas of uncertainty relating to the financial impacts include how climate change might affect interest rates and inflation, and the timing of market responses to climate change. ClimateMAPS, like most modelling of this type, does not allow for all climate-related impacts and therefore, in aggregate, is quite likely to underestimate the potential impacts of climate-related risks, especially for the Failed Transition scenario. For example, tipping points (which could cause runaway physical climate impacts) are not modelled and no allowance is made for knock-on effects, such as climate-related migration and conflicts.

Appendix 4: Further information on climate-related metrics

Synthetic equities and corporate bonds

Notes for data sourced from MSCI (shown on page 20)

Emissions are attributed to investors using “enterprise value including cash” (ie EVIC, the value of equity plus outstanding debt plus cash).

The total GHG emissions figures omit any companies for which data was not available. For example, if the portfolio was worth £200m and emissions data was available for 70% of the portfolio by value, the total GHG emissions figure shown relates to £140m of assets and the portfolio’s carbon footprint equals total GHG emissions divided by 140. In other words, no assumption is made about the emissions for companies without data.

The science-based targets metric equals the % of portfolio by weight of companies that have a near-term carbon emissions reduction target that has been validated by the Science Based Targets initiative (SBTi). The MSCI database does not distinguish between companies which do not have an SBTi target and companies for which MSCI does not check the SBTi status, so the coverage for this metric is equal to the % of the portfolio with an SBTi target.

Emissions data coverage and quality

Where coverage of the portfolio analysed is less than 100%, this is because the MSCI database:

- Does not cover some holdings (eg cash, sovereign bonds, bonds that have recently matured, shares in companies no longer listed when the analysis was undertaken);
- Does not hold emissions data for some portfolio companies because the company does not report it and MSCI does not estimate it; and/or
- Does not hold EVIC data for some portfolio companies, so emissions cannot be attributed between equity and debt investors.

The last of these reasons is usually the main explanation for the fairly low coverage of bond portfolios.

The MSCI database records whether emissions data is reported or estimated, and which estimation method has been used, but not whether companies’ reported emissions have been independently verified. Our investment consultant has asked MSCI to introduce this distinction. Where emissions data is estimated, MSCI uses one of three methods.

- For electric utilities, MSCI’s estimate of Scope 1 emissions is of direct emissions due to power generation, calculated using power generation fuel-mix data.
- For companies not involved in power generation, which have previously reported emissions data, MSCI starts with a company-specific carbon intensity model.
- For other companies, MSCI uses an industry segment-specific carbon intensity model, which is based on the estimated carbon intensities for 1,000+ industry segments.

MSCI is a leading provider of climate-related data, so we would expect the coverage to compare favourably with other data sources. Our investment consultant is engaging with MSCI to encourage them to improve EVIC coverage for debt issuers and distinguish between companies which do not have an SBTi target and companies for which it does not check the SBTi status.

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Appendix 4: Further information on climate-related metrics (continued)

UK government bonds and LDI and Asset Backed Contribution arrangement

UK government bonds and LDI

GHG emissions for government bonds (gilts) are calculated on a different basis from the other asset classes, so cannot be compared with the other emissions figures shown.

The emissions figures were calculated by the Trustee's investment adviser using publicly available data sources. As suggested in the statutory guidance, Scope 1+2 emissions have been interpreted as the production-based emissions of the country. Scope 3 emissions have been interpreted as the emissions embodied in goods and services imported by the country and consumed within the country (rather than re-exported).

In line with guidance from the Partnership for Carbon Accounting Financials (PCAF), emissions intensity has been calculated as:

$$\frac{UK\ GHG\ emissions}{PPP - adjusted\ GDP\ for\ the\ UK}$$

GHG emissions have then been calculated as:

$$emissions\ intensity\ x\ value\ of\ the\ Scheme's\ investment\ in\ gilts.$$

For the gilts, repos and cash mandate, derivatives have been treated as an investment in an equivalent gilt. Greenhouse gas emissions have been calculated for the gilt exposure (including the repo loan amount) but not the swap positions. This is in line with the Trustee's understanding of the typical interpretation of the DWP guidance by investment managers and consultancies as not requiring estimation of emissions for swap exposures at this time.

Asset Backed Contribution ("ABC") arrangement

Emissions for the ABC arrangement have been calculated by LCP using publicly available data.

The ABC arrangement is not a publicly traded instrument. For the purposes of emissions reporting we have treated the ABC as a form of debt issued by CCEP.

In line with DWP guidance the ABC's total Scope 1+2 greenhouse gas emissions have been calculated as:

$$\frac{Value\ of\ ABC}{CCEP\ Enterprise\ Value\ (total\ equity\ and\ debt)} \times \left(\frac{Total\ scope\ 1\ and\ 2\ (market\ based)\ GHG\ emissions\ as\ reported\ in\ CCEP's\ strategic\ report}{GHG\ emissions\ as\ reported\ in\ CCEP's\ strategic\ report} \right)$$

In line with CCEP's reporting we have not included location-based scope 2 emissions.

The corresponding carbon footprint has been calculated as:

$$\frac{Total\ ABC\ GHG\ emissions}{£m\ value\ of\ the\ ABC}$$

In line with CCEP reporting, ABC emissions data has been calculated as at 31 December 2023 for the 5 April 2024 report and as at 31 December 2024 for the 5 April 2025 report, using the corresponding ABC value as at the relevant December date.

We have included the ABC as 100% for portfolio alignment as CCEP has a SBTi accredited target in place.

We have noted the ABC as 100% reported data as emissions data is based on emissions reported by CCEP.

Appendix 4: Further information on climate-related metrics (continued)

Buy-in policy

Buy-in policy

Emissions for the buy-in policy have been calculated by LCP using firmwide data provided by JUST.

The buy-in policy is not a publicly traded instrument.

Data coverage has been estimated as:

$$\frac{\text{Coverage of the total credit portfolio} \times \text{allocation to the total credit portfolio} + \text{coverage of the LTM portfolio} \times \text{allocation to the LTM portfolio}}{\text{Allocation to the total credit portfolio} + \text{LTM portfolio}}$$

Total emissions has been estimated as:

$$\text{Value of buy in policy} \times \text{Carbon footprint of total investment portfolio} \times \text{Coverage}$$

In line with JUST’s reporting, buy-in emissions data has been calculated as at 28 June 2024.

The Trustee values the buy-in policy using the Technical Provisions liability assumptions as at 5 April 2025. We note that JUST have provided their bulk annuity back book size as at the date of its annual report and accounts, 31 December 2024. We note that differences in these report dates may impact the emissions data.

JUST report carbon footprint in \$m terms, this has been converted to £m terms using FX rates source from Bloomberg.

Buy-in policy - Portfolio alignment data

The following disclosure relates to the portfolio alignment data provided for JUST on page 20:

This disclosure was developed using information from MSCI ESG Research LLC or its affiliates. Although MSCI ESG Research LLC and its affiliates (“MSCI”), obtain information (the “Information”) from sources they consider reliable, MSCI does not warrant or guarantee the originality, accuracy and/or completeness, of any data herein, and expressly disclaims all express or implied warranties.

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Appendix 5: Glossary of terms

Actuarial valuation – an actuarial valuation is an accounting exercise performed to estimate future liabilities arising out of benefits that are payable to members of a DB pension scheme, typically once every three years. In the actuarial valuation exercise, a liability payout at a future date is estimated using various assumptions such as discounting rate and salary growth rate.

Asset Backed Contribution (“ABC”) arrangement – the employer made a special contribution to the Scheme in March 2019 of around £124.3m, which was used to acquire an interest in a Scottish Limited Partnership which holds four properties. The Scheme is entitled to a share of the income derived from these properties, over the period from 5 July 2019 to 5 January 2034, subject to certain conditions.

Alignment – in a climate change context, alignment is the process of bringing greenhouse gas emissions in line with 1.5°C temperature rise targets. It can be applied to individual companies, investment portfolios and the global economy.

Asset class – a group of securities which exhibit broadly similar characteristics. Examples include equities and bonds.

Bond – a bond is a security issued to investors by companies, governments and other organisations. In exchange for an upfront payment, an investor normally expects to receive a series of regular

interest payments plus, at maturity, a final lump sum payment, typically equal to the amount invested originally, or this amount increased by reference to some index.

Buy-in – DB pension scheme trustees may choose to “buy-in” some of their scheme’s expected future benefit payments by purchasing a bulk (ie one covering many individuals) annuity contract with an insurance company. This allows the trustees to reduce their scheme’s risk by acquiring an asset (the annuity contract) whose cash flows are designed to meet ie “match” a specified set of benefit payments under the pension scheme. The contract is held by the trustees and responsibility for the benefit payments remains with the trustees. Common uses of buy-in arrangements have been to cover the payments associated with current pensioners or a subset of those members. Contracts to meet payments to members who are yet to become pensioners can also be purchased.

Buy-out – DB pension scheme trustees may choose to “buy-out” some or all of their scheme’s expected future benefit payments by purchasing a bulk (ie one covering many individuals) annuity contract from an insurance company. The insurer then becomes responsible for meeting pension benefits due to scheme members (effected ultimately by allocating to each scheme member an individual annuity contract). Following a full buy-out, (ie one covering all scheme members) and having

discharged all of the trustees’ liabilities, the pension scheme would normally be wound up.

Carbon emissions - These refer to the release of carbon dioxide, or greenhouse gases more generally, into the atmosphere, for example from the burning of fossil fuels for power or transport purposes.

Carbon footprint – In an investment context, the total carbon dioxide or greenhouse gas emissions generated per amount invested (eg in £m) by an investment fund. Related definitions are used to apply the term to organisations, countries and individuals

Climate change mitigation – steps taken to limit climate change by reducing greenhouse gas emissions, for example by shifting to renewable sources of energy – such as solar and wind – and by using less energy and using it more efficiently.

Covenant – the ability and willingness of the sponsor to make up any shortfall between a DB scheme’s assets and the agreed funding target.

Credit – long-term debt issued by a company, also known as corporate bonds. Corporate bonds carry different levels of credit risk which is indicated by their rating and credit spread.

Defined Benefit (DB) – a pension scheme in which the primary pension benefit payable to a member is

based on a defined formula, frequently linked to salary. The sponsor bears the risk that the value of the investments held under the scheme fall short of the amount needed to meet the benefits.

Debt – money borrowed by a company or government which normally must be repaid at some specified point in the future.

Environmental, social and governance (ESG) – an umbrella term that encompasses a wide range of factors that may have been overlooked in traditional investment approaches. Environmental considerations might include physical resource management, pollution prevention and greenhouse gas emissions. Social factors are likely to include workplace diversity, health and safety, and the company’s impact on its local community. Governance-related matters include executive compensation, board accountability and shareholder rights.

Equity – through purchase on either the primary market or the secondary market, company equity gives the purchaser part-ownership in that company and hence a share of its profits, typically received through the payment of dividends. Equity also entitles the holder to vote at shareholder meetings. Note that equity holders are entitled to dividends only after other obligations, such as interest payments to debt holders, are first paid. Unlike debt, equity is not normally contractually repayable.

Appendix 5: Glossary of terms *(continued)*

Fossil fuels – fuels made from decomposing plants and animals, which are found in the Earth's crust. They contain carbon and hydrogen, which can be burned for energy. Coal, oil, and natural gas are examples of fossil fuels.

Funding position – a comparison of the value of assets with the value of liabilities for a DB pension scheme.

Gilts – bonds issued by the UK government. They are called gilts as the bond certificates originally had a gilt edge to indicate their high quality and thus very low probability of default.

Green bonds – a type of bond where the funds raised by the issuer must be used to exclusively finance projects with a positive impact on the environment.

Greenhouse gas (GHG) emissions – gases that have been and continue to be released into the Earth's atmosphere. Greenhouse gases trap radiation from the sun which subsequently heats the planet's surface (giving rise to the “greenhouse effect”). Carbon dioxide and methane are two of the most important greenhouse gases. See also Appendix 2.

Gross Domestic Product (GDP) – this is the value of all goods and services produced in a country over a given period, typically a year.

Investment mandate – see pooled mandate and segregated mandate

Integrated risk management – Integrated risk management is an approach used by DB pension scheme trustees to identify, manage and monitor the wide range of risks (relating to investment, funding and covenant) which might impact the chances of meeting their scheme's overall objectives.

Liabilities – obligations to make a payment in the future. An example of a liability is the pension benefit ‘promise’ made to DB pension scheme members, such as the series of cash payments made to members in retirement. The more distant the liability payment, the more difficult it often is to predict what it will actually be and hence what assets need to be held to meet it.

LDI (Liability Driven Investment) – an investment approach which focusses more than has traditionally been the case on matching the sensitivities of a DB pension scheme's assets to those of its underlying liabilities in response to changes in certain factors, most notably interest rate and inflation expectations.

MSCI ESG laggards – companies with an ESG rating of 5 or lower (out of a maximum score of 10). MSCI is a leading provider of investment support tools such as indices and performance analytics.

Net Zero – this describes the situation in which total greenhouse gas emissions released into the atmosphere are equal to those removed. This can be considered at different levels, eg company, investor, country or global.

Paris Agreement – the Paris Agreement is an international treaty on climate change, adopted in 2015. It covers climate change mitigation, adaptation and finance. Its primary goal is to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels.

Physical risk – these are climate-related risks that arise from changes in the climate itself. They include risks from more extreme storms and flooding, as well as rising temperatures and changing rainfall patterns.

Pooled mandate – a feature of a collective investment vehicle whereby an investor's money is aggregated (ie “pooled”) with that of other investors to purchase assets. Investors are allotted a share of those assets in proportion to their contribution. Ownership is represented by the number of “units” allocated – eg if the asset pool is worth £1m and there are 1m units then each unit is worth £1. Pooled funds offer smaller investors an easy way to gain exposure to a wide range of investments, both within markets (eg by buying units in a UK equity fund) as well as across markets (eg by buying units in both a UK equity fund and a UK corporate bond fund).

Portfolio alignment metric – this measures how aligned a portfolio is with a transition to a world targeting a particular climate outcome, such as limiting temperature rises to well below 2°C, preferably to 1.5°C, as per the Paris Agreement. Assessments using these metrics consider companies' and governments' greenhouse gas (GHG) emissions reduction plans and likelihood of meeting them, rather than current, or the latest reported, GHG emissions.

Purchasing Power Parity (PPP) – the PPP is a theory of long-term equilibrium in exchange rates based on relative prices. For example, if the price of a basket of goods in the UK is £100 and the same basket costs \$200 in the USA, then the PPP exchange rate would be £1:\$2. The PPP rate and the actual market exchange rate can differ.

Responsible Investment (RI) – the process by which environmental, social and governance (ESG) issues are incorporated into the investment analysis and decision-making process, and into the oversight of investments companies through stewardship activities. It is motivated by financial considerations aiming to improve risk-adjusted returns.

Science-based targets – targets to reduce greenhouse gas emissions that are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement.

Appendix 5: Glossary of terms *(continued)*

Scenario analysis – a tool for examining and evaluating different ways in which the future may unfold.

Scope 1, 2 and 3 – a classification of greenhouse gas emissions. See Appendix 2.

Segregated mandate – a segregated investment approach ensures that an investor's investments are held separately from those of other investors. This approach offers great flexibility – for example, the investor can stipulate the precise investment objective to be followed and can dictate which securities can or cannot be held.

Stakeholder – an individual or group that has an interest in any decision or activity of an organisation. The stakeholders of a company include its employees, customers, suppliers and shareholders.

Statutory obligations – statutory obligations are those obligations that do not arise out of a contract but are imposed by law.

Stewardship – stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. It is often implemented via engagement with investee companies and exercising voting rights.

Stranded assets – assets that have suffered an unanticipated loss of value before the end of their expected useful economic life. The term is most often applied to fossil fuel investments in the context of climate policy, where legislative and market developments may result in assets being worth less than the value recorded on company balance sheets.

Sustainable investing – an approach in which an assessment of the environmental and social sustainability a company's products and practices is a key driver in the investment decision. ESG analysis therefore forms a cornerstone of the investment selection process.

Taskforce on Climate-related Financial Disclosures (TCFD) – a group of senior preparers and users of financial disclosures from G20 countries, established by the international Financial Stability Board in 2015. The TCFD has developed a set of recommendations for climate-related financial risk disclosures for use by companies, financial institutions and other organisations to inform investors and other parties about the climate-related risks they face.

Transition risk – these are climate-related risks that arise from the transition to a low-carbon economy and can include changes in regulation, technology and consumer demand.