THE COCA-COLA COMPANY PENSION AND ASSURANCE SCHEME

STATEMENT OF INVESTMENT PRINCIPLES – JULY 2021

1. Introduction

The Trustee of The Coca-Cola Company Pension and Assurance Scheme (the "Scheme") has drawn up this Statement of Investment Principles ("the Statement") to comply with the requirements of the Pensions Act 1995 ("the Act") and subsequent legislation. As required under the Act, the Trustee has consulted a suitably qualified person by obtaining written advice from Mercer Limited ("the Investment Consultant"). The Trustee, in preparing this Statement has also consulted the Company.

Overall investment policy falls into two parts; the strategic management of the assets, which is fundamentally the responsibility of the Trustee acting on advice from the Investment Consultant, and the day- to- day management of the assets, which is delegated to professional investment managers through investments in pooled investment vehicles or insurance policies.

This Statement sets out the general principles underlying the investment policy.

2. Investment Objectives and Risk

2.1 Investment Objectives

The Trustee's overall investment objective is to maximise the probability that additional benefits can be insured each year without further contributions from the Company, to meet the liabilities of the Scheme as they fall due and to control the risks affecting its ability to meet these liabilities. Additionally, the Trustee has identified the following objectives:

i) The Trustee's duty is to act in the Members' best interests. The Trustee's primary objective is to pay pensions to Members at retirement from the Scheme, therefore the maintenance of solvency and control of risk of insolvency at an appropriate level is an important objective.

ii) The Trustee is responsible for ensuring that the investment strategy (i.e. mix of the Scheme's investments between the various asset classes) does not put the payment of promised benefits at undue risk.

The Trustee's investment policy for assets held in addition to insurance or annuity contracts is to invest them in instruments that broadly match changes in the future premiums payable to insure additional benefits.

Over the short term, the objective is to meet any and all cashflow requirements and within the invested assets, to achieve the returns of the Scheme-specific strategy, as defined in Section 2.3 below.

2.2 Risk Management and Measurement

The primary risk upon which the Trustee focuses is that arising through a mismatch between the Scheme's assets and its liabilities.

The Scheme holds an insurance contract which covers most of the Scheme's liabilities. Whilst the Trustee is comfortable that a strategy which seeks to take a degree of risk with the Scheme's investable assets can be tolerated, given the funding position of the Scheme, the Trustee does not consider it necessary to maintain an allocation to return seeking assets. Investing the Scheme's remaining assets in index-linked gilts and cash is considered acceptable to the Trustee, so long as the Trustee is comfortable that any cash flow requirements can be met (either from insurance contract pay outs or from the invested assets). The Trustee reviews this position from time to time.

The Trustee recognises that by holding index-linked gilts and cash, the likelihood of further contributions being required from the Company to insure additional benefits is reduced (by reference to holding, for example, equities). However, due to the lower risk nature of the strategy, the Trustee acknowledges that if a shortfall were to occur additional monies would need to be sourced from the Company. The Trustee is comfortable with such a position due to the strength of the Company Covenant.

In addition to this primary risk, the Trustee also recognises the risks that may arise from the lack of diversification of investments, the risk of holding unsuitable investments as well as exogenous sources (e.g., regulatory and climate change risk). The Trustee considers any such risks inherent in the current policy to be low.

The Trustee provides narrative disclosures in its Annual Report and Accounts on the credit and market risks (currency, interest rates and other price risks) arising from the investment arrangements of the Scheme.

2.3 Strategic Asset Allocation

The Trustee has set the following strategic asset allocation for the Scheme's investable assets.

Asset Class	Benchmark	Target Weight (%)	Rebalancing Ranges (%)
Index Linked Gilts	FTSE Actuaries UK Index-Linked Gilts All Stocks Index	75.0	70.0 - 85.0
Cash	7–day LIBID	25.0	15.0 - 30.0
Total		**100.0**	**-**

The Trustee has instructed its investment manager to review the Scheme's position relative to the rebalancing ranges, on a monthly basis, and take action (namely rebalance back to Target Weight) if the asset allocation has moved outside of them. It is the Trustee policy to review the suitability of the Target Weight from time to time.

In managing the ongoing cashflow needs of the Scheme, the investment manager will use inflows and outflows to move the investable assets towards the Target Weights outlined above.

Although member views are not currently taken into account when determining the strategic asset allocation and underlying manager structure, the Trustee will review this position periodically.

The Trustee believes that the asset allocation benchmark above is currently appropriate for controlling the risks identified in 2.2.

3. Day to Day Management of the Assets

3.1 Manager appointments

The Trustee has delegated the day to day management of the assets to insurance providers (AXA France Vie ("AXA") and Legal and General) and investment manager (Legal and General Investment Management ("LGIM")).

The Trustee has taken steps to satisfy themselves that the insurance providers and investment manager have the appropriate knowledge and experience for managing the Scheme's investments and that they are carrying out their work competently.

The Trustee periodically reviews the continuing suitability of the Scheme's investments, including the appointed managers and the balance between active and passive management, which may be adjusted from time to time. However, any such adjustments would be done with the aim of ensuring the overall level of risk is consistent with that being targeted as set out in Section 2.

Due to the relatively small size of investable assets, a passive management approach is considered the most appropriate investment management style for the Scheme's investable assets at the current time.

3.2 Main Assets

Insurance Policies

The Trustee has purchased an insurance contract from AXA which initially covered the vast majority of the Scheme's known accrued liabilities at 31 December 2015. The insurance contract with AXA provides for additional benefits earned within the Scheme to be secured in a similar way to the initial transaction on an annual basis from 2018.

In addition, the Trustee has purchased an annuity contract with Legal and General in respect of certain older pensioners' benefits. This covers approximately 0.2% of the Scheme's liabilities (as at 31 May 2019).

Investable Assets

The Trustee has delegated the day to day management of the investable assets to Legal & General Investment Management (LGIM).

LGIM has been mandated to manage the investable assets of the Scheme as shown below.

Asset Class (Fund)	Benchmark	Objective	Manager Benchmark %
Index Linked Gilts (LGIM All Stocks Index-Linked Gilts Index Fund)	FTSE Actuaries UK Index-Linked Gilts All Stocks Index	To closely match the risk and return characteristics of the FTSE Actuaries UK Index-Linked Gilts All Stocks Index	75.0
Cash Fund (Sterling Liquidity Fund)	7 Day LIBID	To preserve capital, maintain liquidity and generate current income by investing in high quality securities denominated in the base currency of the fund	25.0
Total			100.0

The Trustee allocates to index-linked gilts to approximately match expected changes in the premium payments for additional benefits, payable from 2018, to annually insure additional tranches of liabilities.

The allocation to cash is held for the purposes of providing a liquidity buffer and is used to cover mismatches in the timing of benefit payments and annuity contract receipts.

3.3 Overview of Manager Arrangements (Investable Assets only)

How the arrangements with the Manager incentivises them to align investment strategy and decisions with the policies of the Trustee

The Manager has been appointed based on their capabilities and, therefore, their perceived likelihood of achieving the expected return and risk characteristics required for the asset class they are selected to manage.

Ahead of investing, the Trustee undertakes due diligence[1] and seeks the views of its investment adviser to support decisions around selection and retention. Should the Manager make changes to any of these factors, the Trustee will assess their impact and (where no longer aligned) consider what action to take.

How the arrangements incentivises the Manager to make decisions based on assessments of medium to long-term financial and non-financial performance of an issuer

The Trustee aims to meet with its Manager, on an annual basis, to discuss performance and other investment related matters (including integration of ESG and climate change into the investment process) and will challenge decisions that appear out of line with its stated objectives and/or policies of the Scheme.

The Manager is aware that its ongoing appointment is based on their success in delivering the mandate for which they are appointed over the long term. Consistent periods of underperformance could lead to termination.

How the method (and time horizon) of the evaluation of the Manager's performance and the remuneration for asset management are in line with the policy of the Trustee

The Trustee reviews the performance of the Manager on a regular basis versus agreed benchmarks and targets, over multiple time periods, with an emphasis on the long-term. Details of how the Manager is remunerated can be found in Section 9.

How the Trustee monitors portfolio turnover costs and how they define and monitor them

The Trustee receives MiFID II reporting from the Manager on a quarterly basis, which provides portfolio turnover cost information, but due to the nature of the Invested Assets (cash and index-linked gilts), do not monitor portfolio turnover costs and have not set ranges in respect of them.

Duration of arrangement

As the Trustee is a long-term investor, it does not expect to make Manager changes on a frequent basis. As the Scheme only invests in open-ended vehicles, the Trustee expects to retain them unless:

- There is a strategic change to the overall strategy that no longer requires exposure to that asset class or manager;

- The Manager appointed has been reviewed and the Trustee has decided to terminate the mandate.

[1] Includes but not limited to: the underlying assets held and associated risks, steps taken to mitigate them, the expected return and liquidity details and impact of financial and non-financial factors (e.g. ESG and climate change) over the long term.

3.4 Realisation of investments

In general, the appointed investment manager for the Scheme's investable assets has discretion in the realisations of investments and in considerations relating to the liquidity of those investments.

Following the introduction of rebalancing ranges, any disinvestment required for the payment of benefits (e.g. transfer values) will be sourced by LGIM in such a way that the invested assets moves towards the target weights. The weekly dealing facilities of these funds ensure a high level of liquidity to facilitate disinvestments as they are required.

The insurance policies secured by the Scheme are not generally realisable, although the AXA contract provides for commutation of insured benefits in circumstances where the Scheme pays capital / lump sum benefits to members.

3.5 Investment Restrictions

As the Scheme only holds insurance policies and pooled vehicles, the Trustee has limited scope to influence the investment restrictions on the underlying assets held. As part of their stewardship of the Scheme's investable assets, the Trustee will review the underlying spread of assets and will raise queries, with the investment manager, as necessary.

4. Additional Voluntary Contributions

Separate arrangements have been made for the investment management and custody of members' Additional Voluntary Contributions ("AVCs"). The Trustee regularly reviews these arrangements.

Assets in respect of members' Additional Voluntary Contributions ("AVCs") are set out below:

Provider	Vehicle
Santander - Abbey National	Building Society Account
Zurich Assurance Limited	With-Profits Contract
Aegon - Scottish Equitable Plc	Unit-linked / With-Profits Contract
Prudential	Unit-Linked / With-Profits Contract

The with-profits funds of Aegon - Scottish Equitable and Prudential were closed to further contributions with effect from 1 June 2005. All funds were closed to new contributors from 13 May 2008.

5. Socially Responsible Investment

The Trustee believes that Environmental, Social and Governance ("ESG") factors may have a material impact on investment risk and return outcomes in the future. It also recognised that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly require explicit considerations.

The Trustee expects the appointed investment manager to take account of ESG factors insofar as the investment manager believes that integrating such considerations into their investment processes will aid performance or reduce risk. As the Scheme only invests in pooled vehicles, the Trustee accepts that the assets are subject to the investment managers' own ESG policies. To assess the extent of ESG integration, but noting the nature of the assets (cash and index-linked gilts) in which the Trustee invests, the Trustee will review the investment manager policies on this subject on at least a triennial basis.

6. Corporate Governance, Voting and Activism

As the Scheme only invests in pooled vehicles, voting rights are exercised by the investment manager in accordance with their own corporate governance policy. Given that the Scheme does not hold any assets with voting rights, the Trustee do not monitor the actions of the investment manager in this area. If this situation were to change, the Trustee would monitor the voting and engagement activities of the investment manager on a periodic basis.

7. Custody

The Scheme's assets are invested in pooled funds, so the Trustee has a right to the cash value of the units rather than to the underlying assets. The manager of the pooled funds is responsible for the appointment and monitoring of the custodian.

8. Third party fees

External investment manager fees are determined as a percentage of assets. The Trustee believes that this is an appropriate way in which to remunerate the appointed investment manager. The fee schedule for the Scheme's pooled funds is set out below:

Fund	Fee (%) p.a.
LGIM Index Linked Gilt Index Fund	0.10% on first £5m
	0.075% on next £5m
	0.05% on next £20m
	0.03% thereafter
LGIM Sterling Liquidity Fund	0.125% on first £5m
	0.100% on the next £5m
	0.075% on the next £20m
	0.05% thereafter

Custody and administration fees for assets held within the underlying pooled funds themselves are included in the management fee for the funds as set out above.

One off premium amounts have been paid to AXA relating to the purchase of an insurance contract initially covering the vast majority of the Scheme's known accrued liabilities at 31 December 2015. The insurance contract with AXA also provides for additional benefits earned within the Scheme to be secured in a similar way to the initial transaction on an annual basis from 2018. Premiums were paid to L&G for an annuity policy covering certain older pensioners' benefits.

Fees for the Investment Consultant are determined in line with agreed hourly rates, with fees for specific projects agreed in advance where appropriate. Fees for the Scheme Actuary are determined in line with agreed hourly rates, again with agreed fees for particular projects.

9. Monitoring the investment managers

The Trustee evaluates the performance of the Scheme's assets and the investment manager relative to appropriate benchmarks on a regular basis.

Mercer Limited is retained as Investment Consultant to assist the Trustee in fulfilling their responsibility for monitoring the investment manager.

10. Monitoring insurance providers

The Trustee will regularly monitor its insurance providers.

11. Compliance with this Statement

The Trustee will monitor compliance with this Statement regularly, and in any event will review this Statement at least once every three years and without delay after any significant change in the regulatory environment and/or investment policy. The Statement will also be reviewed in response to any material changes to any aspects of the Scheme and its liabilities, finances and attitude to risk of the Trustee and Sponsoring Company which they judge to have a bearing on the stated investment policy. Any such review will be based on written expert investment advice and will be in consultation with the Trustee and Sponsoring Company.