

Britvic Pension Plan
The Chair's Annual Governance Statement to 31 March 2024

1) Introduction

This statement has been prepared by the Trustee of the Britvic Pension Plan to demonstrate how the Plan has complied with the governance standards introduced under the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018. It describes how the Plan has complied with the statutory governance standards during the Plan year ending 31 March 2024; these cover the following key aspects affecting the operation of the Plan:

- The default investment strategy and alternative investment arrangements.
- Assessment of charges and transaction costs.
- The monitoring of administration and core financial transactions.
- The extent to which the Plan represents good value for members.
- The Trustee Directors' compliance with the statutory knowledge and understanding (TKU) requirements.

In addition, where relevant, the statement covers the Additional Voluntary Contribution (AVC) arrangements with Prudential and Zurich.

2) The default investment strategy and other investment arrangements

Default is a Drawdown Lifestyle

The Defined Contribution (DC) Section of the Plan is used as a Qualifying Scheme for auto-enrolment purposes. Members who join the Plan and who do not choose an investment option are placed into the default lifestyle strategy. Throughout the Plan Year, the default lifestyle strategy was the Drawdown Focused Lifestyle.

The expectation is that most members will use their account for income drawdown, after taking the maximum tax-free cash sum, when they reach retirement. Therefore, the objective of the default option is to target a portfolio for each member's account that is broadly aligned to this outcome at retirement.

The Plan currently accesses illiquid assets indirectly, through the LGIM Diversified Fund, which makes up 50% of the Britvic Balanced Fund and 100% of the Britvic Diversified Fund. Any investments in illiquid assets in this pooled fund are at the discretion of the investment manager, with decisions taken in the context of the fund's overall risk and return objectives, and currently the investments include property and private market credit investments. There are no plans to invest directly in illiquid assets.

Description of the default option

Under the default option, members invest solely in the Britvic Balanced Fund until fifteen years before the members' Target Retirement Ages (TRAs). This fund invests equally in the Legal & General Investment Management (LGIM) MSCI ACWI Adaptive Capped ESG Index Fund and LGIM Diversified Fund.

Fifteen years before TRA, members' accounts are gradually switched over five years into the Britvic Diversified Fund (which invests solely in the LGIM Diversified Fund). In the final three years before TRA, 25% of members' accounts are switched into the Britvic Cash Fund (which invests solely in the BlackRock Cash fund). The final allocation of members' accounts is 75% in the Britvic Diversified Fund and 25% in the Britvic Cash Fund at their TRA.

Review of the default option

The Trustee Directors periodically, and on no less than a three-yearly cycle, review the appropriateness of the default arrangement. If there are any significant changes in legislation, investment policy or member demographics an earlier review will be undertaken. The last triennial investment review was completed on 18 March 2021 and changes to the constituents of the Britvic Balanced Fund and the Britvic Equity Fund making up the default were implemented on 17 March 2022.

The Trustee Directors, with advice from their DC investment advisers, commenced a review of the default option in March 2024. The review considered a range of areas and as it was not concluded during the period covered by this statement, the outcome will be reported in the next Chair's Statement.

Statement of Investment Principles

The Plan's Statement of Investment Principles (SIP) sets out the aims and objectives of the Plan's investment strategy – this covers both the Defined Benefit and Defined Contribution sections of the Plan. In particular, the SIP covers:

- The Trustee's investment policy, including policies on risk and risk management; and
- The Trustee's policies on how they take account of "financially material considerations" (including, but not limited to, ESG factors and climate change) as well as the Trustee's policy on stewardship (in respect of voting rights and monitoring and engagement with investments).

The SIP also includes more details about the Plan's default arrangements in the DC section and sets out the design of the default lifestyle investment strategy as well as the other default arrangements in place within the Plan's DC Section.

The SIP was last updated in September 2024 and covers the new requirements on fund manager remuneration and sustainable investments.

An extract of the Statement of Investment Principles covering the default strategy of the DC Section is included in the Appendix.

The investment options

The Plan offers a choice of three Lifestyle strategies:

- Drawdown Focused (the default option referred to above).
- Annuity Focused.
- Lump Sum Focused.

The Lifestyle strategies use four Plan specific funds which enables the Trustee, with the help of its investment advisers, to make changes to the composition of the underlying funds, if they believe it is likely to be in the interests of members.

There is also a range of self-select funds to enable members to design their own strategy by using the funds that best meet their investment preferences.

The self-select funds are:

Fund name	Underlying funds/managers	Type
Britvic Equity	LGIM MSCI ACWI Adaptive Capped ESG Index Fund	Passive
Britvic Diversified	LGIM Diversified	Active *
Britvic Shariah	HSBC Islamic Global Equity Index	Passive
Britvic Ethical	LGIM Ethical Global Equity Index	Passive
Britvic Balanced	50% LGIM MSCI ACWI Adaptive Capped ESG Index Fund	Passive
	50% LGIM Diversified	Active*
Britvic Bond	LGIM Pre-Retirement	Active
Britvic Cash	BlackRock Cash	Active

*The Britvic Diversified Fund utilises passive components, but the manager actively allocates between the asset classes; hence the classification as an active fund.

There are also two 5 and 10 year lifestyle strategies and four self-select funds that have been closed to new investors since 2018 and the Trustee Directors have been assessing whether to remove them from the fund range altogether.

Performance of the default option

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') introduced new requirements for trustees of relevant occupational pension schemes. From 1 October 2021 trustees are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges and record this in the Chair's Statement. When preparing this section of the statement, the Trustee has taken account of the DWP's statutory guidance on "Completing the annual Value for Members assessment and Reporting of Net Investment Returns".

As the Plan uses lifestyle strategies where the net returns will vary depending on member age, the Trustee has shown age specific results for savers aged 25, 45, and 55 at the start of the reporting period.

The performance of the funds within the default option are set out below.

Fund	1 Year (%)	3 years (% p.a.)	5 years (% p.a.)
Lifestyle strategies			
Drawdown Focused (the default option)			
Member aged 25	11.0	4.6	6.4
Member aged 45	11.0	4.6	6.4
Member aged 55	8.1	2.6	4.1
Annuity Focused			
Member aged 25	11.0	4.6	6.4
Member aged 45	11.0	4.6	6.4
Member aged 55	8.1	2.6	4.1
Lump Sum Focused			
Member aged 25	11.0	4.6	6.4
Member aged 45	11.0	4.6	6.4
Member aged 55	8.1	2.6	4.1
Self-Select Funds			
Britvic Balance Fund	11.0	4.6	6.4
Trustee comparator (50% GBP LIBOR +3.5%, 50% Equity composite benchmark)	11.4	6.7	7.2
Britvic Diversified	8.1	2.6	4.1
SONIA Sterling Over Night Index +3.5%	8.6	6.0	5.2
Britvic Cash	4.9	2.2	1.4
SONIA Sterling Over Night Index	4.9	2.3	1.5
Britvic Bond	3.2	-8.3	-3.6
LGIM composite benchmark	-1.0	-7.7	-3.1
Britvic Equity	13.9	6.7	8.5
Benchmark Return	14.2	7.4	9.1
Britvic Ethical Fund	21.9	12.5	13.4
FTSE4GOOD Developed Gross TR Index	22.7	13.2	14.1
Britvic Shariah Fund	29.2	14.2	16.6
Dow Jones Islamic Market Titans 100 Total Return Index	30.4	15.0	17.3
Aegon BlackRock Diversified Growth	8.4	1.7	3.6
Bank of England Base Rate Index - GBP	4.9	2.4	1.6
Aegon BlackRock Over 15 Years Gilt Index	-4.9	-15.1	-8.4
FTSE Actuaries UK Conventional Gilts over 15 Years Index	-4.6	-14.6	-8.0
Aegon LGIM Global Equity (50:50) Index	13.1	8.6	8.1
Composite benchmark	13.5	8.9	8.4

Notes

- Figures shown are based on performance provided by Aegon to 31 March 2024.
- Performance data is net of charges including the annual management charge and additional expenses.
- The SONIA based benchmarks were introduced from January 2022. Prior to this, LIBOR (for the Britvic Diversified and Britvic Balanced funds) and LIBID (for the Britvic Cash fund) were used.
- The Lifestyle strategies use a combination of the self-select funds and given that members will be at different stages in the Lifestyle strategies, there is no Lifestyle specific benchmark.
- Where no 5 year return is shown, the relevant lifestyle or fund had not been in operation for that length of time.

Performance based fees

None of the Plan's DC investments had performance based fees.

Policies with Prudential and Zurich

During the Plan Year, the Plan also held DC assets principally in with-profits and cash funds through policies issued by Prudential and Zurich. The Trustee has requested the same investment return information for those arrangements and have been advised of the following:

Fund name	1 year (%)	3 years (% p.a.)	5 years (% p.a.)
Prudential With-profits Fund	7.80	3.70	4.70
Prudential Deposit Fund	4.98	2.39	1.60
Zurich With-profits 90:10 Fund	7.10	1.6	1.92

1. Prudential With-profits performance data to 6 April 2024.
2. Prudential Deposit performance data to 31 March 2024.
3. For investments in with-profits funds, the value of the policy depends on how much profit the fund makes and how the provider decides to distribute that profit. Policyholders receive a distribution of profits by means of bonuses, or other methods as specified in the relevant policy documentation.
4. Zurich With-profits 90:10 Fund performance data to 31 March 2024 before charges.

3) Assessment of charges and transaction costs

Member charges are deducted via the Annual Management Charge (AMC) which covers the administration and investment charges. In addition, there may be expenses associated with investing, such as custody fees, that are charged to the fund (shown as the Additional charge in the table below).

Transaction costs are necessarily incurred as a part of buying and selling each funds' underlying investments. Transaction costs are comprised of both explicit and implicit components. Explicit costs include fees charged by brokers to buy or sell securities and also taxes or levies charged by regulatory or tax authorities. Implicit costs include the impact of market movements and any costs as a result of a time delay between submission and execution of an order.

The charges that apply to the funds, as well as the transaction costs, are set out in the table below.

Fund	Annual Management Charge (%)	Additional charge (%)	Total charge (%)	Transaction costs (%)
Britvic Equity	0.35	0.02	0.37	0.04
Britvic Diversified	0.38	0.07	0.45	0.00
Britvic Shariah	0.50	0.00	0.50	0.01
Britvic Ethical	0.50	0.01	0.51	0.00
Britvic Balanced	0.39	0.04	0.43	0.02
Britvic Bond	0.29	0.00	0.29	0.00
Britvic Cash	0.20	0.03	0.23	0.02
* Aegon BlackRock Diversified Growth	0.65	0.06	0.71	0.29
* Aegon LGIM Global Equity (50:50) Index	0.35	0.05	0.40	0.05
* Aegon BlackRock Over 15 Year Gilt Index	0.25	0.01	0.26	0.02
* Aegon BlackRock Cash	0.20	0.03	0.23	0.02

* Legacy funds closed to new members. The legacy funds were closed to new members when some investment changes were made in 2018.

Transaction cost notes

1. All data has been taken directly from information provided by the relevant manager.
2. Transaction costs shown are for the year to 31 March 2024.
3. Transaction costs for the funds have been calculated using the 'slippage' methodology. This is impacted by market moves between instructing and executing a trade so can result in negative costs if the price of the stock moves in the fund's favour before the trade is completed.

Prudential AVC funds

The Trustee also offers members the option to pay AVCs to the Prudential With-profits and Deposit funds.

With-profits fund: all charges and other expenses are deducted from within the Fund and vary over time. Currently the charge is estimated by Prudential to be 1% per annum.

Deposit fund: the fund provides a return in line with the bank base rate, backed by assets of the With-profits fund, and therefore charges do not apply. The fund is closed to new investors.

Zurich AVC funds

Four members have AVCs in the Zurich With-profits fund. This policy is closed to new contributions. The charges and transaction costs for the Zurich With Profits fund are deducted from the assets backing the overall fund before the annual returns are set. As a result, it is not possible to determine the exact charges and costs borne by members. The implicit charges incurred within the with profits fund cover the cost of any guarantees and reserving as well as investment management and administration.

£ and pence illustration

To show the cumulative effect of charges and transaction costs over time, a “£ and pence” illustration example is provided with this Chair’s statement. We have used a number of sample members, to show the cumulative effect over the period to normal retirement age, of the charges and transaction costs, on the value of a range of realistic and representative funds, account sizes and contribution rates. The illustration is shown in the Appendix, along with the assumptions used.

Asset allocation assessment

The Trustee is required to assess and report on the allocation of assets in the default arrangement. The results are shown below for an individual with a selected retirement age of 65:

Drawdown Focused Lifestyle

Asset allocations at member age				
	Age 25	Age 45	Age 55	Age 65
Equity	67.4%	67.4%	34.8%	26.1%
Bonds	11.4%	11.4%	22.9%	17.1%
Property	5.4%	5.4%	10.7%	8.0%
Infrastructure	2.7%	2.7%	5.3%	4.0%
Market Debt	4.4%	4.4%	8.7%	6.5%
Cash	0.0%	0.0%	0.0%	25.0%
Other	8.8%	8.8%	17.5%	13.1%

On reporting the results of the asset allocation assessment, the Trustee has considered the relevant Guidance issued by the Secretary of State.

For more information on the allocation of assets within the funds, members can access the Plan investment factsheets available online through TargetPlan at <https://lwp.aegon.co.uk/targetplan>

4) The monitoring of administration and core financial transactions

During the Plan Year, the Plan’s DC Section administrator was Aegon, utilising its TargetPlan administration platform.

Core financial transactions include investment of contributions to the Plan, transfers of members’ assets into and out of the Plan, switches of members’ investments within the Plan and other payments from the Plan to, or in respect of, members. The Trustee regularly monitors the core financial transactions of the Plan through the review of Aegon’s quarterly administration reports.

In addition, AVC policies are retained with Prudential and Zurich.

There is a service agreement in place with Aegon and Prudential. The Trustee and its advisers monitor the administration and core financial transactions of the Plan (including AVCs) at relevant Trustee meetings. This is achieved through the quarterly reporting from Aegon and annual reporting from Prudential and the monthly monitoring of contribution payments by the Britvic pensions team.

4) The monitoring of administration and core financial transactions - continued

Prudential continues to report on administrative tasks on an end to end basis where the total time taken to deal with a work item is measured, rather than transactional reporting, where each stage of a work item has its own service level agreement (SLA). The aim is that tasks will be completed within a shorter number of days from start to finish. The Trustee takes a proportionate approach to monitoring Zurich’s administration given that as at 31 March 2024, the policy comprised of four members with a total asset value of just under £25,000.

Aegon summary of processes and controls - Core financial transactions

All processes including core financial transactions are conducted in accordance with a strict governance framework that complies with the International Standard on Assurance Engagements 3402, “Assurance Reports on Controls at a Service Organisation”. The documentation received in support of all financial transactions requested on a member’s account is fully reviewed for completeness before processing may commence. Checklists are in place to help ensure that all necessary information for financial transactions has been received and that all regulatory and service level requirements have been met. Checklists are reviewed by a senior administrator. A senior administrator also reviews the financial transactions that have been keyed into the record keeping system for completeness and accuracy. Financial transactions include contributions, switches, refunds, transfer out payments, deaths and retirements. All requests for financial transactions are scanned into Aegon’s work management system and tracked to ensure that they are actioned on a timely basis and completed in accordance with agreed service standards.

A daily report is run to verify that the dealing deadline is met. This report identifies members with a partially processed transaction and identified cases are investigated and actioned appropriately. During the Plan year, 99% of financial transactions were completed within the agreed service standards. A small number of cases were identified which fell outside of service standards by one day.

Aegon reconciliation of member contribution and investment records

All contributions are submitted through Aegon’s online portal. The contributions are checked against expected contributions due and any variances by plus or minus 10% are investigated and the appropriate action taken to resolve any issues.

A daily checklist is run by Aegon’s dealing team to verify that all dealing activities are completed accurately and on a timely basis. The checklists cover the dealing, pricing and reconciliation functions of the team. Dealing activities with fund managers include authorisation by two approved signatories. Daily holdings reconciliations are carried out between the recordkeeping system and the Dealing system to highlight any differences. Any exceptions are investigated and resolved and reviewed by a senior administrator.

Aegon service standards

Following extensive work in 2022 to catch up on backlogs, and despite being hampered by numerous issues such as investment market volatility, government announcements, an increase in transfer and retirement requests and Royal Mail strikes, Aegon’s service performance figures have materially improved. Overall, Aegon has achieved 96% or higher against SLAs across all periods covered in this Statement.

A summary of the proportion of cases completed within agreed timescales is shown in the table below. Service standards are typically to complete 95% of actions in 5 days with shorter timescales for financial transactions.

Reporting period	Cases completed in agreed timescales	
	Main Plan	Exec Plan
1 April 2023 – 30 June 2023 (Q1)	98%	98%
1 July 2023 – 30 September 2023 (Q2)	98%	100%
1 October 2023 – 31 December 2023 (Q3)	98%	100%
1 January 2024 – 31 March 2024 (Q4)	96%	100%

Aegon service standards - continued

Aegon implemented a new internal workflow system in February 2024 that measures tasks from an end-to-end member experience, so is the sum of its previous parts for multiple internal processes. As a result, Aegon has made some changes to its service level targets as set out in the following table. However, Aegon has stressed that these changes will not change the overall member experience, but will provide a more realistic service measure on how we have delivered to those expectations. All other processes remain unchanged.

Member Process	Old Service Level	Revised Service Level
Retirements	95% in 5 days	95% in 10 days
Transfers Out	95% in 5 days	95% in 10 days
Transfers In	95% in 5 days	95% in 10 days
Drawdown	95% in 5 days	95% in 10 days

There were thirteen complaints received by Aegon from Plan members during the year, of which three were upheld. The Trustee will continue to monitor service standards.

Aegon financial transactions

All contributions have been received and invested on time. Aegon ring-fenced financially critical work to help service levels for core financial transactions including payments out are completed within agreed timescales. It should be noted that delays to service standards for transfers and retirements can also be due to third parties outside of Aegon’s control.

AVC providers’ service standards

Given the modest number of members and assets held with the AVC providers, the Trustee takes a proportionate approach to monitoring service standards and can escalate any issues encountered by members, via WTW (the Trustee’s DC adviser).

5) The extent to which the Plan represents good value to members

The Trustee is striving to ensure that members receive good value from the Plan i.e. the costs and charges deducted from members’ accounts and contributions paid provide good value in relation to the benefits and services provided by or on behalf of the Plan. In May 2024, the Trustee Directors undertook their annual value for members assessment. This assessment was supported by a report prepared by WTW (the Trustee’s DC adviser), in which WTW concluded that the Plan offered fair value for members, which is consistent with the results from 2023.

To assess the total value members receive from the Plan, the Trustee Directors considered three distinct pillars that broadly mirror the DWP guidance:

- Costs and charges.
- Investment returns.
- Services.

An overview of the outcome of the report, which was carefully considered and accepted by the Trustee Directors is shown below:



5) The extent to which the Plan represents good value to members - continued

In accordance with the Pensions Regulator's guidance and with the relevant legislation, the Trustee Directors reviewed WTW's assessment and agreed that the Plan represents fair value for money for its members.

The Trustee Directors will continue to carry out annual value for members assessments and to review the costs and transaction charges deducted each year to ensure that value to members is maintained or enhanced. Other factors may also improve member outcomes.

During the Plan Year, the Plan maintained two AVC arrangements for members with Prudential and Zurich. The assets were held in with-profits funds with implicit charging structures and a deposit fund. The policies remain small in terms of asset value when compared to the value of the DC section assets and the Trustee Directors have been advised to retain these policies as it would not necessarily be in members' interests to move them to the main DC fund range. However, members can elect to redirect their AVCs and switch their investments in these funds to the main DC fund range should they wish.

6) The Trustee Directors' compliance with the statutory knowledge and understanding (TKU) requirements

Trustee Knowledge and Understanding (TKU)

The Trustee agreed as part of its Training Policy that training should be "just in time" and had an expectation that it would mainly be provided, as and when appropriate, as part of discussions around agenda items. In addition, the Trustee Directors TKU training included:

- Trustee training sessions as part of trustee meetings.
- Attendance at trustee training seminars.
- Encouraging Trustee Directors to sign up for advisers' newsletters on hot topics and general pension updates.
- Completion of new and relevant trustee toolkit modules as and when they are released.

Review of trustee effectiveness

The Trustee effectiveness review was completed and discussed at the Q1 2023 Board meeting. Overall the results were positive and there was a general consensus in most areas.

To improve the focus on DC matters it was agreed to establish a DC Sub-Committee. The DC Sub-Committee is chaired by Sam Burden of Zedra Governance who brings additional DC experience to the Trustee board.

Trustee training

The Trustee Directors maintain training logs recording training undertaken during the year. In addition to individual training, the following were covered at Trustee Board or Committee meetings: Climate Change and TCFD requirements, Pension Dashboards, ESG objectives, Asset Backed Securities and Bonds, General Code and Cyber Guidance.

The Trustee Directors have all completed the modules of the Pension Regulator's Trustee toolkit.

The Chair, Alison Bostock of Zedra Governance Ltd, has passed the PMI Certificate in DC Governance. Alison Bostock, Sam Burden and Dinesh Visavadia of Independent Governance Group are all accredited professional trustees.

New Trustee Director Induction programme

There were two new Trustee Directors during the year. Tom Smethers resigned on 4 July 2023 and Laura Bryant was appointed. Laura Bryant resigned on 28 March 2024 and Zarina Sabir was appointed.

When new Trustee Directors join the board, they undertake an induction session with the Britvic pensions team and additional training is provided by the Trustee's advisers which covers the DC Section of the Plan.

The induction training includes a:

- Basic introduction to pension schemes and their operation, and the trustee's roles/duties in relation to this.
- TKU requirements.
- Introduction to the Plan's trust deed and rules.
- History of the Plan.
- Trustee protections.

Trustee policies

The Trustee Directors have a number of policies in place which are reviewed on a regular basis and are summarised below.

Policy	Date of last review	Date of next review
Chair's Appointment Process	9 December 2021	Triennial, next review is December 2024
Conflicts Policy	March 2021	Conflicts managed at every meeting with a review of the register annually. Policy is reviewed triennially.
Cyber and Data Security Policy	March 2021 and June 2022	Annual Cyber Security and Data Security process undertaken, with policy last formally reviewed in March 2021. It was agreed with Chair in June 2022 that this item is reviewed on a triennial basis (aligned with the business plan). Next review due June 2025.
Internal Dispute Resolution Procedure	May 2024	Triennial, next review is May 2027.
GDPR	June 2022	Triennial, next review due June 2025.
Member nominated trustee election procedure	December 2020	As required; before selection process is due to take place. Next process is expected in late 2024.
Anti-bribery policy	March 2023	Gifts and hospitality managed at every meeting with a review of the register annually. The Non-Routine Hospitality and Gifts Policy (which addresses Anti-bribery) was reviewed in March 2023 and next review due March 2026.
Overpayments policy	7 June 2020	Triennially, next review due June 2026.
Trustee training policy	March 2023	Triennially, next review due March 2026

Trustee knowledge and understanding – staying up to date

The Trustee requests that A&O Shearman attends for relevant items at its Trustee meetings. The Trustee Directors therefore receive regular legal updates on legislative changes and the impact on the Plan and the existing rules so that they keep their knowledge of the law relating to pensions and trusts up to date.

A&O Shearman also contribute during meetings where advice or interpretation of the Trust Deed and Rules is required to supplement the Directors' own knowledge of the trust deed and rules.

DC matters are brought to the main Trustee Board so that all Trustee Directors are able to participate in its management and oversight.

In summary

The Trustee Directors recognise the importance of keeping their knowledge and understanding up to date, including when new Trustee Directors are appointed to the Board. Overall, we are satisfied that our combined knowledge and skills, supported by professional advice, enable us to run the Plan effectively.

Alison Bostock

Signed by the Chair on behalf of the Trustee Directors of the Plan

Britvic Pension Plan

Statement of Investment Principles – September 2024

1. Introduction

- 1.1 The Directors of the Trustee of the Britvic Pension Plan (“the Plan”) have drawn up this Statement of Investment Principles (“the Statement”) to comply with the requirements of the Pensions Act 1995 (“the Act”), as amended by the Pensions Act 2004 and subsequent legislation. The Statement is intended to affirm the investment principles that govern decisions about the Plan’s investments. Details of the investment management arrangements are set out in the following documents which are separate to this Statement:
 - Investment Policy Implementation Document (“IPID”) of the Plan - DB section.
 - Investment Policy Implementation Document (“IPID”) of the Plan - DC section.
- 1.2 In preparing this Statement, the Trustee Directors (“the Directors”) have consulted Britvic plc (“the Company”).
- 1.3 Decision-making in relation to the assets of the Plan is assigned as follows. The strategic management of the assets is fundamentally the responsibility of the Directors, who determine the strategic asset allocation of the Plan. Accordingly, they take expert advice on strategic issues from their investment consultant: Mercer in relation to the DB Section and Willis Towers Watson in relation to the DC Section. Executive decisions, such as the appointment of investment managers and performance monitoring, are made by the Investment Sub-Committee. The day-to-day management of the Plan’s assets is delegated to professional investment managers.
- 1.4 The investment strategy will be reviewed at least every three years and without delay after any significant change in investment policy.

2. Strategic Management of the Assets – Defined Benefit Section

2.1 The DB Section of the Plan adopts a low risk investment strategy, and is largely invested in credit assets. The strategy is expected to reduce the funding level volatility and enable a smoother path to full funding. The investment strategy was last reviewed and amended in 2019.

2.2 Process for choosing investments

The process for choosing investments is as follows:

- Identify appropriate investment objectives;
- Agree the level of risk consistent with meeting the objectives set;

- Take into account the Directors' policies on the management of financially material considerations;
- Construct a portfolio of investments that is expected to maximise the return (net of all costs) given the targeted level of risk.

In considering the appropriate investments for the Plan, the Directors have obtained and considered the written advice of Mercer, whom the Directors believe to be suitably qualified to provide such advice. The advice received and arrangements implemented are, in the Directors' opinion, consistent with the requirements of Section 36 of the Pensions Act 1995 (as amended).

2.3 Investment Objectives

The Directors' objective is to invest the Plan's assets in the best interest of the members and beneficiaries, and in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries. Within this framework, the Directors have agreed a number of objectives to help guide them in their strategic management of the assets and control of the various risks to which the Plan is exposed. The Directors' primary objectives are as follows:

- To be fully funded on a self-sufficiency basis by 31 March 2026.
- To limit the likelihood of the funding level falling in the next three years.

2.4 Risk Management and Measurement

There are various risks to which any pension scheme is exposed, which the Directors believe may be financially material to the Plan. The Directors' policy on risk management is as follows:

- The primary risks upon which the Directors focus are those arising through a mismatch between the Plan's assets and its liabilities and the risks associated with a deterioration in the strength of the Company's covenant.
- As part of the 2014 strategy review, the Directors agreed to implement a liability-hedging mandate with Legal & General. The objective of the liability-hedging mandate is to match proportionately the sensitivity of the liabilities to interest rates and inflation in a way that the change in value of the mandate's assets will match the change in value of the liabilities caused by changes in interest rates and inflation expectations. Therefore, while the return on the liability-hedging funds may be volatile it is expected that the volatility in the Plan's funding level will be reduced.
- The Directors recognise that whilst increasing investment risk increases potential returns over a long period, it also increases the risk of a shortfall in returns relative to that required to cover the Plan's accruing liabilities as well as producing more short-term volatility in the Plan's funding position. The Directors have taken advice on the matter and (in the light of the objectives noted previously) considered carefully the implications of adopting different levels of risk.

- As part of the Plan's triennial investment strategy reviews, the Directors analyse the level of investment risk in the Plan's investment strategy and consider the potential downside implications of targeting this level of risk.
- The Directors recognise the risks that may arise from the lack of diversification of investments. Subject to managing the risk from a mismatch of assets and liabilities, the Directors aim to ensure the asset allocation policy in place results in an adequately diversified portfolio. Because of the size of the Plan's assets, and recognising the need to diversify, investment exposure may be obtained via pooled vehicles.
- The documents governing the manager appointments include a number of guidelines which, among other things, are designed to ensure that only suitable investments are held by the Plan. The managers are prevented from investing in asset classes outside their mandate without the Directors' prior consent.
- Arrangements are in place to monitor the Plan's investments to help the Directors check that nothing has occurred that would bring into question the continuing suitability of the current investments. To facilitate this, the Directors meet regularly with the Plan's active managers and receive regular reports from all the investment managers and the investment consultant. These reports include an analysis of the overall level of return, along with the component parts, to ensure the returns achieved are consistent with those expected.
- The safe custody of the Plan's assets is delegated to professional custodians (either directly or via the use of pooled vehicles).

Should there be a material change in the Plan's circumstances, the Directors will review whether and to what extent the investment arrangements should be altered; in particular whether the current risk profile remains appropriate.

2.5 Portfolio Construction

The Directors have adopted the following control framework in structuring the Plan's investments subject to the overriding constraint that at the total Plan level the expected level of risk is consistent with that detailed in Section 2.3.

- At the total Plan level, and within individual manager appointments, investments should be broadly diversified to ensure there is not a concentration of investment with any one issuer. This restriction does not apply to investment in UK Government debt.
- Investment in illiquid investments, such as property or private debt, may be held as long as they do not exceed 15% of the Plan's total assets.
- Investment in derivatives is permitted, either directly or within pooled funds, as long as they contribute to a reduction in risk or facilitate efficient portfolio management.

- Investment may be made in securities that are not traded on regulated markets. Recognising the risks (in particular, liquidity and counterparty exposure) such investments will normally only be made with the purpose of reducing the Plan's mismatch risk relative to its liabilities or to facilitate efficient portfolio management. In any event, the Directors will ensure that the assets of the Plan are predominantly invested on regulated markets.
- No investment in securities issued by the Plan's Sponsoring Employer or affiliated companies (other than any such securities held within a pooled fund in which the Directors invest). We note, however, that the Plan has entered in to a Pension Funding Partnership ("PFP") with the Plan's sponsor, which results in annual payments to the Plan. These payments are backed by Company brand and property assets.
- Borrowing is not permitted except to cover short term liquidity requirements.

2.6 Investment Strategy

The Directors have agreed the following target asset allocation:

	%
Liability Hedging	40.0
UK Buy and Maintain Credit	30.0
Emerging Markets Debt	8.0
Multi-Asset Credit	12.0
Private Debt	5.0
UK Residential Property	5.0

A rebalancing policy has been established to achieve this benchmark allocation. A cashflow policy has also been established to effectively manage the Plan's liquidity in the face of ongoing cashflow deficits and ongoing drawdowns into the private debt and residential property mandates. Further details of the rebalancing policy and the cashflow policy can be found in the IPID.

2.7 Day-to-Day Management of the Assets

The Directors delegate the day-to-day management of the assets to a number of investment managers. The Directors have taken steps to satisfy themselves that the managers have the appropriate knowledge and experience for managing the Plan's investments and they are carrying out their work competently.

The Directors have determined, based on expert advice, a benchmark mix of asset types and ranges within which each appointed investment manager may operate.

The Directors regularly review the continuing suitability of the Plan's investments, including the appointed managers, 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 2.3.

Details of the appointed managers can be found in the IPID, which is available to members upon request.

2.8 Expected Return

The overall performance objective of the Plan is to outperform a notional benchmark (calculated by assuming index performance [or where appropriate, an agreed level of absolute return] from a mix of assets allocated in accordance with the investment strategy) over a rolling three-year period. In the case of active managers, a target has been agreed to exceed the benchmark by a specific amount.

It is recognised that over the short term, performance may deviate significantly from the long term target.

2.9 Additional Assets

Under the terms of the trust deed the Directors are responsible for the investment of additional voluntary contributions paid by members. The Directors review the investment performance of the chosen providers on a regular basis and take advice as to the providers' continued suitability.

2.10 Realisation of Investments

The investment managers have discretion in the timing of realisation of investments and in any considerations relating to the liquidity of those investments within parameters stipulated in the relevant appointment documentation and pooled fund prospectuses.

The Directors monitor the allocation between the appointed managers and between asset classes and rebalance the portfolio as per the rebalancing policy set out in the IPID.

3. Strategic Management of the Assets – Defined Contribution (DC) section

The Pensions Regulator's new General Code of Practice was introduced from March 2024 and incorporates the key elements of the previous DC Code of Practice 13 (CoP13). This sets out the standards of conduct and practice that the Regulator expects trustee boards of occupational pension schemes, including those providing money purchase benefits, to comply with in the pursuit of good member outcomes.

As the Plan is a qualifying scheme for auto-enrolment purposes the default should also satisfy the DWP auto-enrolment regulations including the charge cap.

The Directors have delegated the administration and management of the DC assets to Aegon and members' assets are invested via a range of pooled funds.

DC members may take their benefits as a single or series of lump sums, purchase an annuity or transfer their account out of the Plan to facilitate income drawdown.

3.1 DC Investment objectives

The Directors, in consultation with their DC investment consultant and the Company, have agreed to the following key investment objectives.

To offer a default lifestyle strategy that aims to be suitable for the majority of members, taking into account their proximity to retirement.

To provide a range of investment options aligned to the retirement choices available to members, that give members a reasonable expectation of:

- aligning their investment solution with how they anticipate drawing their retirement benefits
- optimising the value of their assets at retirement, allowing for individual members' risk tolerances
- maintaining the purchasing power of their savings in real (i.e. post-inflation) terms
- where a member intends to
 - take a lump sum - providing protection for accumulated assets in the years approaching retirement against a sudden fall in capital value
 - purchase an annuity - providing protection against fluctuations in the cost of annuities
 - take income drawdown – provide a balance between capital protection and capital growth recognising members will typically remain invested beyond retirement.

Member(s) determine the option(s) in which they choose to invest. Details of the range of investment options can be found in Appendix 2 – the Investment Policy Implementation Document (“IPID”) – DC Section.

3.2 Triennial review of the default option

The Directors undertake a review of the default on a triennial basis, the last of which was completed in Q4 2021.

The Directors consider:

- An analysis of the Plan's active and deferred membership covering risk tolerance and members' projected accounts.

- Consideration of the Plan's and industry experience of member investment choice, retirement decision making and selected retirement age.
- Modelling of the default's growth phase and decumulation phases to assess the overall suitability of the default and composition of the underlying funds in terms of risk and expected returns.
- Benchmarking of charges against other DC pension schemes.

The current default investment option is the Drawdown Lifestyle which targets income drawdown as it is expected that the majority of members will keep their accounts invested beyond retirement and draw their benefits over a number of years.

The Directors are aware that many members do not make investment decisions until relatively close to their retirement. Accordingly, the growth phase of the default option mirrors the Annuity and Lump sum focused lifestyle options and only diverges during the 10 years prior to Target Retirement Age (TRA). Members can therefore switch between these options in advance of retirement whilst incurring limited transaction costs.

3.3 DC investment policies

The Directors invest in mainly passive investment assets and in actively managed funds only where there is no suitable passive alternative.

In addition to the lifestyle options, members are free to make their own choice of funds (known as a "self-select" option) from a range selected by the Directors, so as to provide a range of investment opportunities that may be more specific to individual needs.

3.4 DC risk management

Risk is not considered in isolation, but in conjunction with expected investment returns and outcomes for members. The Directors have put in place a choice of lifestyle investment options, in the belief that lifestyling offers appropriate balance between risk and reward for unengaged or default members. For younger members this provides investment in growth assets. For those nearer to retirement, protection against volatility in retirement outcomes in exchange for potentially lower asset growth.

The Directors recognise a number of additional risks in relation to the investment of the DC assets, including:

- Retirement age risk
 - the risk that a member's selected retirement age for derisking purposes is not aligned with their retirement plans.
 - is managed through the review of the default retirement age and regular communications to remind members to review their selected retirement age.

- **Manager risk:**
 - is measured by the expected deviation of the return relative to the benchmark set and by monitoring the actual deviation of returns.
 - is limited by using mainly passive investment funds and managed through ongoing monitoring of the actual deviation of returns relative to the benchmark and by regular manager review.
- **Concentration risk:**
 - is measured by the level of concentration of any one market, asset type or currency leading to the risk of an adverse influence on investment values.
 - is managed by regular reviews of the Plan's investments and through the level of diversification.
- **Inflation risk:**
 - is the risk that the real value of contributions will erode over time and help lead to an inadequate amount of benefit at retirement.
 - is managed by the provision of a range of funds with varying return expectations. Within the growth phase of the lifestyle strategies members are invested in a diverse range of equities with the expectation that this asset class will provide long term real returns.
- **Climate change risk**
 - is the risk that climate change could impact investment returns.
 - is managed by understanding how managers are integrating ESG factors in the investment process as well as including funds that take account of Environment, Social and Governance (ESG) factors within the investment process.

3.5 Policies in relation to the default option

In addition to the Directors' investment objectives set out above, the Directors believe that:

- The lifestyle strategy's growth phase structure invests in equities and other growth-seeking assets with the aim to provide growth with moderate volatility and some protection against erosion in real value by inflation.
- Based on their understanding of the Plan's membership, the investment strategy aims to provide a suitable balance between risk and return in the "growth" phase.
- As a member's account grows, investment risk will have a greater impact on member outcomes. Therefore, the Directors believe that a default strategy

which seeks to reduce investment risk as the member approaches retirement is appropriate, whilst retaining return seeking assets.

- Members generally take some of their account as a Pension Commencement Lump Sum and so 25% of the Drawdown focused lifestyle is allocated to cash at retirement.
- Having a default option that targets income drawdown does not mean that members have to take their benefits in this way at retirement – it merely determines the default investment strategy that will be in place pre-retirement.

3.6 Policy on illiquid investments in the default option

The Directors believe that allocating to illiquid assets is likely to improve diversification and offers the potential for higher risk adjusted returns. The Plan currently accesses illiquid assets indirectly, through the LGIM Diversified Fund, which makes up 50% of the Britvic Balanced Fund and 100% of the Britvic Diversified Fund. Any investments in illiquid assets in this pooled fund are at the discretion of the investment manager, with decisions taken in the context of the fund's overall risk and return objectives, and currently the investments include property and private market credit investments. The Directors do not currently have any plans to invest directly in illiquid assets.

All members invested in the default will have an allocation to this fund, with the allocation depending on their term to their Target Retirement Age (TRA). The allocation is 50% of a member's total fund up to 15 years before TRA, at which point the allocation increases such that at the point 10 years before TRA the allocation is 100%. From three years before TRA the allocation decreases, and reaches 75% at the member's TRA.

The Directors will continue to consider the use of illiquid investments in the context of improving the default option's overall risk and return characteristics to improve long-term outcomes for members.

4. Responsible Investment and Corporate Governance

- 4.1 The Directors believe that good stewardship and environmental, social and corporate governance ("ESG") issues may have a material impact on investment risk and return outcomes and that good stewardship can create and preserve value for companies and markets as a whole. The Directors also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.
- 4.2 The Directors take into account how the investment managers integrate ESG factors into their investment process and have given appointed investment managers responsibility for evaluating ESG factors, including climate change considerations, and exercising voting rights (where applicable) and stewardship obligations attached to the investments. In accordance with their own corporate

governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

4.3 Within the DC Section:

- Following the 2021 investment review and agreement of the DC investment beliefs, the Directors agreed that ESG factors should be taken account of within the default. This is done via the equity investments in the Britvic Equity and Britvic Balanced funds.
- The Directors also offer alternative self-select funds:
 - an ethical fund, the Britvic Ethical fund which invests wholly in the LGIM Ethical Global Equity Index fund
 - a shariah compliant fund, the Britvic Shariah fund which invests wholly in the HSBC Islamic Global Equity Index.

4.4 Member Views

Member views are not currently taken into account in the selection, retention and realisation of investments.

4.5 Investment Restrictions

The Directors have not set any investment restrictions on the appointed investment managers in relation to particular products or activities but may consider this in future.

5. Investment Manager Appointments

5.1 Aligning Manager Appointments with Investment Strategy

Investment managers are 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.

The Directors look to their investment consultant, where appropriate, for their forward looking assessment of a manager's ability to outperform over a full market cycle. This view will be based on the consultant's assessment of the manager's idea generation, portfolio construction, implementation and business management, in relation to the particular investment fund that the Plan invests in. The consultant's manager research ratings assist with due diligence (and questioning the managers directly during presentations to the Directors) and are used in decisions around selection, retention and realisation of manager appointments.

When selecting and appointing investment managers, the Directors will take into account how ESG, climate change and stewardship are integrated within the managers' investment processes. This will be balanced against other manager

selection criteria such as (but not limited to) idea generation, portfolio construction, implementation, business management and fees and charges.

If the investment objective of a particular fund changes, the Directors will review the fund appointment to ensure it remains appropriate and consistent with the Directors' wider investment objectives.

Where the Directors invest in pooled investment vehicles within the Defined Benefit Section, they accept that they have no ability to specify the risk profile and return targets of the managers, but appropriate mandates can be selected to align with the overall investment strategy.

As the Defined Contribution Section only invests in pooled investment funds, the Directors cannot directly influence or incentivise investment managers to align their management of the funds with the Director's own policies and objectives. However, the Directors will seek to ensure that the investment objectives and guidelines of any investment fund used are consistent with their own policies and objectives. The Directors will also seek to understand the investment manager's approach to sustainable investment (including engagement).

5.2 Monitoring manager appointments

The Directors receive investment manager performance reports (in respect of the Defined Benefit Section) and reports from Aegon (in respect of the Defined Contribution Section) on a quarterly basis, which present performance information over 3 month, 1 year and 3 year time periods. The Directors review the absolute performance, relative performance against a suitable index used as the benchmark, and/or against the managers' stated target performance (over the relevant time period).

The Directors' focus is on long term performance but, as noted above, may review a manager's appointment if:

- There are sustained periods of underperformance;
- There is a change in the portfolio manager or portfolio management team;
- There is a change in the underlying objectives of the investment manager;
- There is a significant change to the investment consultant's rating of the manager.

The majority of investment managers are remunerated by way of a fee calculated as a percentage of assets under management.

If managers are not meeting performance objectives, or investment objectives for mandates have changed, the Directors may ask managers to review the Annual Management Charge (in particular within the DB Section) or decide to switch managers.

The Directors undertake an annual review of the DC investment options, including Aegon as pension provider, and the default strategy to assess their performance and ensure they continue to meet the Directors' objectives.

5.3 Portfolio Turnover Costs

Within the Defined Contribution Section, the Directors review the costs incurred in managing the Plan's assets on a regular basis, which includes the costs associated with portfolio turnover. In assessing the appropriateness of the portfolio turnover costs at an individual investment manager level, the Trustees will have regard to the actual portfolio turnover and how this compares with the expected turnover range for that type of fund.

Within the Defined Benefit Section, the Directors do not currently monitor portfolio turnover costs.

Within the Defined Benefit Section, the Directors receive MiFID II reporting from their investment manager but do not analyse the information. However, the Directors will continue to monitor industry improvements concerning the reporting of portfolio turnover costs. In future, the Directors may ask managers to report on portfolio turnover cost. They may assess this by comparing portfolio turnover across the same asset class, on a year-on-year basis for the same manager fund, or relative to the manager's specific portfolio turnover range in the investment guidelines or prospectus

5.4 Manager Turnover

The Directors are long term investors and are not looking to change the investment arrangements on a frequent basis.

Within the Defined Benefit Section, for open-ended funds, there is no set duration for the manager appointments. The Directors will therefore retain an investment manager 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 Directors have decided to terminate the mandate.

For closed-ended funds within the Defined Benefit Section, the Plan is invested in a manager's fund for the lifetime of the fund. At the time of appointment, the investment managers provided an indication of the expected investment duration of their funds and have the discretion to extend the lifetime of the fund in line with the fund's governing documentation. In order to maintain a strategic allocation to an asset class, the Directors may choose to stay with a manager in a new vintage of the fund or appoint a different manager.

Within the Defined Contribution Section, all the funds are open-ended with no set end date for the arrangement.

The Fund Range and Default Strategy are reviewed on at least a triennial basis. A manager's appointment may be terminated if it is no longer considered to be optimal nor have a place in the default strategy or general fund range.

6. Compliance with this Statement

The Directors monitor compliance with this Statement regularly and obtain written confirmation from the investment managers that they have given effect to the investment principles in this Statement so far as reasonably practicable and that in exercising any discretion the investment managers have done so in accordance with Section 4 of The Occupational Pension Schemes (Investment) Regulations 2005.

7. Review of this Statement

The Directors will review this Statement at least once every three years and without delay after any significant change in investment policy. Any change to this Statement will only be made after having obtained and considered the written advice of someone who the Directors reasonably believes to be qualified by their ability in and practical experience of financial matters and to have the appropriate knowledge and experience of the management of pension scheme investments.

Signed:..... Alison Bostock

Date:..... September 2024