

Britvic Pension Plan

Climate change governance and reporting in line with the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”)

Reporting period: 12 months to 31 March 2024

October 2024



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Section 1

Introduction

Dear Members,

Welcome to our second climate change report, which has been prepared in line with the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”) and the statutory requirements prescribed by the Department of Work and Pensions¹.

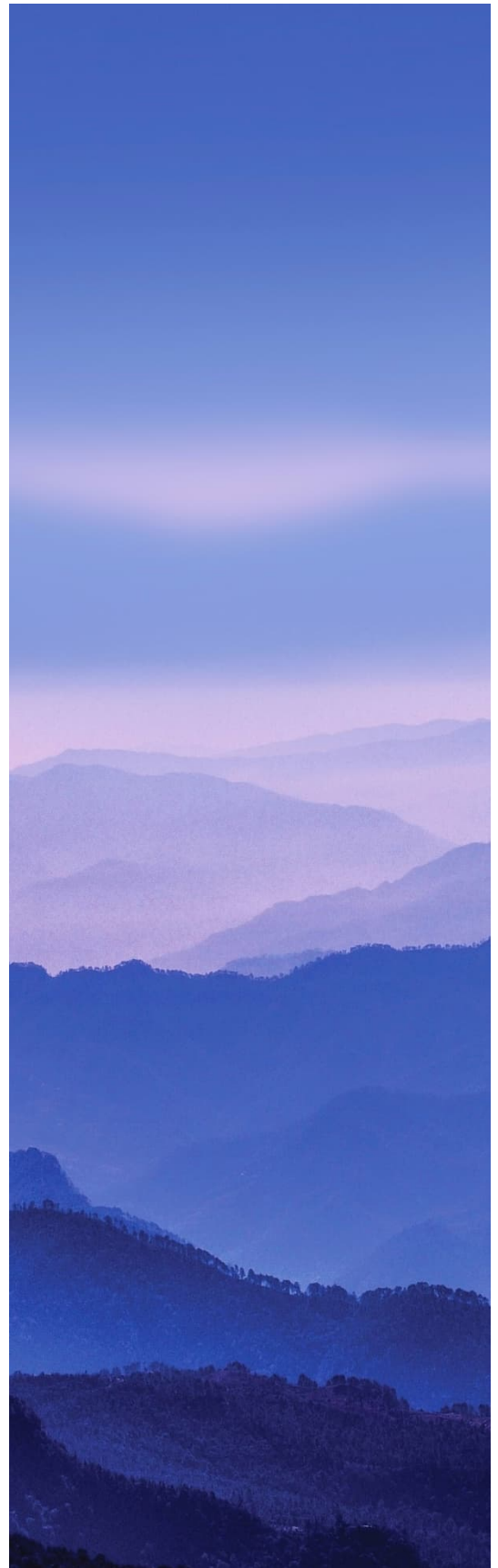
The Trustee of the Britvic Pension Plan (“the Plan”) has a legal fiduciary responsibility to invest the Plan’s assets in the best way possible for its members. As part of this responsibility, the Trustee recognises:

- Climate change as **a risk** that could impact the financial security of members’ benefits if it is not properly measured and managed.
- That climate change presents **an opportunity**, by investing in companies or assets that are expected to perform well in an economy that is positioned to address the challenges associated with climate change.

The Trustee’s assessment of climate-related risks and opportunities has been carried out based on information that is currently available, both in terms of data from the companies and assets in which the Plan invests and in consideration of the different global warming scenarios we have analysed. This data is subject to change as climate change reporting improves.

The Plan has two sections: the Defined Benefit Section (“DB Section”) and the Defined Contribution Section (“DC Section”). For the purposes of this report, the DC Section focusses on the Default Lifestyle (Drawdown Focused).

As at 31 March 2024, the DB Section had £519.0m of invested assets and the funding level on the Self Sufficiency basis was 100%. The funds making up the Default Lifestyle (Drawdown Focused) strategy had £159.2m of invested assets at Plan year end.



¹ The Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 and the Occupational Pension Schemes (Climate Change Governance and Reporting) (Miscellaneous Provisions and Amendments) Regulations 2021

Whilst the core policies and processes of the Trustee have not materially changed over the Plan year, this report reflects some positive updates to the climate-related analytics approach:

Progress against target – We are pleased to report progress in moving towards the Trustee’s emission intensity reduction target for the DB Section.

We note the importance of fully understanding the reasons for the change in our climate-related metrics year-on-year to determine how much is driven by the portfolio management decisions made by our asset managers and how much is attributed to general market forces. Further details are provided in the ‘Metrics and Targets’ Section of the report.

Climate-related metrics – The data coverage for the climate-related metrics has improved over the 12-month period for the DB Section, although it is slightly worse for two of the DC Section funds.

The DB Section invests in illiquid assets (property and private debt) and in emerging market debt. Metrics data from these asset managers has been limited or not available. From a materiality point of view, the allocations to these asset classes will reduce in the near term due to maturities and asset sales. The Trustee has not sought to estimate the data where it has not been provided by the asset managers, noting the limitations in identifying representative indices. Further details are provided in the ‘Metrics and Targets’ section and the ‘Technical Section’ of the report.

Climate change is one risk amongst many that the Trustee measures, monitors and manages. To this extent, climate change needs to be considered alongside these other risks in a balanced and proportionate way. The Trustee will therefore continue to invest in companies where there is a sufficiently attractive investment case, and the asset manager believes there is an opportunity to engage and influence change in the behaviour and actions of a company.

This report has been split into several sections to help members understand:



- Governance:** How the Trustee incorporates climate change into its decision making;
- Strategy:** How potential future climate warming scenarios could impact the Plan;
- Risk Management:** How the Trustee incorporates climate-related risk in its risk management processes; and
- Metrics and Targets:** How the Trustee measures and monitors progress against climate-related indicators known as metrics.

The final section sets out the methodology and assumptions used to produce the information contained in this report.

As always, members are encouraged to contact the Trustee if there are comments you wish to raise.

Alison Bostock

Chair of the Britvic Pension Plan

Section 2

Governance



Trustee’s governance approach

The Trustee has ultimate responsibility for ensuring effective governance of climate-related risks and opportunities in relation to the Plan’s investment strategies for the DC and DB sections and the funding strategy for the DB section. The Trustee maintains a Statement of Investment Principles (“SIP”), which details the key objectives, risks and approach to considering Environmental, Social and Governance (“ESG”) factors, such as climate change, as part of its investment decision making. The document is reviewed at least every three years and was last reviewed in March 2022.

The Trustee’s approach to the oversight and management of climate-related risks and opportunities is consistent with its approach to considering other financially material risks and opportunities facing the Plan’s investment strategy for the two sections of the Plan (noting that different risks and opportunities may apply to the DB Section and DC Section). For the DB Section, the Trustee takes into account the impact of climate-related risks and opportunities on the funding strategy. For the DC Section, the Trustee is undertaking a strategic review of the

investment strategy, and this is due to be completed in the Plan year ending 31 March 2025. Climate-related risks and opportunities will be considered as part of this review.

The Trustee’s overall investment beliefs on sustainability are:

- Good stewardship and ESG issues may have a material impact on investment risk and return outcomes.
- Good stewardship can create and preserve value for companies and markets as a whole.
- Long-term sustainability issues, particularly climate-change, present risks and opportunities that increasingly may require explicit consideration.

These investment beliefs are unchanged from our previous climate change report. In addition, in reviewing its beliefs pertaining to the DC Section, the Trustee agreed to consider how best to integrate ESG factors, including climate change, into the funds offered to members. This will be considered further in the work the Trustee is undertaking to review the investment strategy for the DC Section.

Roles of those undertaking scheme governance activities

The Trustee has reviewed in detail the roles and responsibilities of those undertaking or advising the Trustee on the Plan's governance activities and produced a Climate Change Governance Policy, which outlines the processes in place, roles and responsibilities of the various stakeholders. This is reviewed at least triennially and was last reviewed in August 2022.

The Trustee is responsible for understanding and maintaining oversight of the Plan's climate-related risks and opportunities and takes independent advice from its professional advisors and input from its investment managers to assist with this objective.

The Trustee is responsible for agreeing the strategic asset allocation for DB and DC Sections of the Plan, and the DB Section's funding strategy, and will take into account the impact of climate-related risks and opportunities on strategy. The Trustee is responsible for any changes to the Plan's risk register and integrated risk management framework, and for ensuring the applicable climate-related risks are documented.

The Trustee has Sub-Committees that have a specific focus and decision-making powers as set out in their respective terms of reference. The Trustee will consider the recommendations of the Sub-Committees and will ratify any decisions that require its approval. The Trustee will review quarterly minutes of meetings held by the Sub-Committees and these enable the Trustee to ensure the Sub-Committees are fulfilling their duties. Of relevance to the oversight of climate-related risks and opportunities are:

DB Section: The Investment Sub-Committee ("ISC") has the oversight and decision-making responsibility for the derivation and implementation of the investment strategy (including integration and reporting on ESG and climate change). This includes the appointment

and ongoing review of investment manager appointments and performance considerations.

DC Section: The Defined Contribution Sub-Committee ("DC Sub-Committee") is responsible for the oversight and development of the DC Section of the Plan. However, the Trustee Board has reserved the power to make material changes to the DC investment options.

The Trustee delegates responsibility to the ISC and DC Sub-Committee actions in relation to the oversight of climate-related risks and opportunities, including:

- To allocate sufficient agenda time to climate change governance and reporting.
- To consider, review and propose climate-related metrics and targets to the Trustee for approval and to assess progress against targets.
- To undertake the annual review of professional advisors, provide a summary of climate-related activity and liaise with professional advisors on their climate-related objectives.
- To consider, discuss and, if deemed appropriate, propose undertaking new climate scenario analysis and to agree time horizons for scenario analysis, and the climate scenarios to use, with investment advisors.

The Trustee and its Sub-Committees meet at least quarterly (and more frequently, as deemed necessary) where investment performance and risk management are reviewed, and where climate-related risks may be considered as part of wider agenda items including investment and funding strategy, manager selection and retention or investment reporting.

The Trustee is satisfied that the amount of governance time spent is reasonable and will allocate more time at future meetings if any analysis or wider industry research requires additional Trustee review and consideration.

Roles of advisors

The appointed professional advisors will assist with the production of the Plan's TCFD report on an annual basis, including providing input to climate scenario analysis at least triennially for the DB and DC sections of the Plan.

The Trustee has appointed the following professional advisors:

- Mercer Limited as Investment Consultant for the DB Section of the Plan: The DB Investment Consultant meets with the ISC at least quarterly.
- Willis Towers Watson as Investment Consultant for the DC Section of the Plan: The DC Section's Investment Consultant meets with the DC Sub-Committee at least quarterly.
- The Investment Consultants provide ongoing advice on investment strategy and asset manager appointments. This includes training and advice on managing and monitoring investment-related risks, such as climate change. The Investment Consultants advise on the choice of climate-related metrics and targets for the DB and DC Sections and support the Trustee with stewardship activities, which may be related to climate change, such as monitoring and reporting on voting and engagement activities of the invested assets.
- Willis Towers Watson as Funding Advisor with Laura Amerasekera as the appointed Scheme Actuary who provides advice on a quarterly basis on the funding position of the DB Section of the Plan. On at least a triennial basis, this will also include an understanding of the potential funding impact resulting from changes to financial or demographic assumptions driven by climate.
- Penfida as Covenant Advisor who provides annual assessments of the Plan Sponsor's ability and willingness to continue to support the Plan. Climate-related exposures are considered alongside other factors that could have a positive or negative impact on the strength of the Sponsor's covenant.

Assessment of advisors

The Trustee establishes and maintains processes to satisfy itself that those assisting with or advising on Plan governance activities take adequate steps to identify and assess any climate-related risks and opportunities.

The Trustee expects advisors to act with integrity and diligence in fulfilling the set objectives and will use meetings with the advisors to assess and challenge them. Where relevant, this includes discussion of the steps taken by advisors to identify and assess any climate-related risks and opportunities.

The Trustee has set a series of strategic objectives for the DB Investment Consultant and the DC Investment Consultant, and these have been set to closely align with the Plan's respective investment strategies. On an annual basis, the Trustee (via its sub-Committees) reviews formally the performance of the Investment Consultants against the respective strategic objectives. This includes a review of the Investment Consultant's advice to the Trustee in relation to climate risks and opportunities.

The Trustee also reviews the performance of the Scheme Actuary and Covenant Advisor on an annual basis, including how climate-related risks and opportunities were incorporated into their advice to help the Trustee to continue to understand the wider resilience of the funding strategy to climate-related risks.

The Sub-Committees and Trustee apply the appropriate amount of scrutiny, challenge and discussion to advice relating to climate related risks.

Training and climate competency

Research into how climate-related risks and opportunities impact financial markets is constantly evolving and expanding. The Trustee receives training on a regular basis to keep up to date with developments and will allocate time on meeting agendas to cover items such as climate-change scenario analysis or reporting of metrics.

During the Plan year to 31 March 2024, the Trustee and its Sub-Committees discussed climate-related investment risks and reporting requirements in line with the TCFD recommendations as part of their meeting cycles. The Trustee also required investment managers to explain their climate change integration processes and climate-related stewardship actions when they presented at the relevant Sub-Committee meetings.

The Trustee acknowledges that the reporting of climate-related risk remains relatively new and the collective experience of the Trustee will grow over time. The Trustee and Sub-Committees will continue to receive refresher training on climate-related risk as appropriate. Climate change will continue to form an explicit agenda item at least annually for the Trustee and its Sub-Committees when the Trustee's annual TCFD report is updated. It will also be covered as part of other agenda items as part of a wider discussion of funding or investment strategy, or as part of the investment manager appointment and review discussions.

Governance activity over the Plan year to 31 March 2024

Training

During the Plan year, the Trustee and the ISC received various training sessions covering climate-related investment risks, reporting requirements in line with the TCFD recommendations and industry updates. This included training on:

- Understanding the requirements introduced for TCFD reports from 1 October 2022;
- Setting and monitoring climate-related targets;
- Industry update on climate scenarios - the debate about quantitative and qualitative scenario analysis and understanding the limitations of modelling;
- Industry update on the UK's Approach to Net Zero – the impact of changes to the UK's climate policies on trustees' climate-related targets;
- Overview of the Taskforce for Nature-related Financial Disclosures and the link with climate change.

Training needs for the Trustee are identified through feedback during the TCFD project and related workstreams, including as analysis is presented for the different aspects of the report (e.g. climate scenario analysis, metrics, targets etc.). These training requirements are then considered as part of the broader Trustee training programme.

Section 3

Strategy



As a long-term investor, the Trustee recognises the risks and opportunities arising from climate change are diverse and continuously evolving. In relation to climate-related risks, the Trustee believes it is important to understand how the Plan's exposure to these risks may change over time, when the risk exposure may be greatest and what actions can be taken now, or in the future, to avoid those risks becoming financially material to the Plan. The effects of climate change, and the actions or measures taken by governments, businesses or individuals, will be felt at different times in the future and to different extents.

Climate scenario analysis for Plan year ending 31 March 2024

The Trustee agreed not to update the climate scenario analysis for both the DB and DC Sections of the Plan during the year to 31 March 2024. The last climate scenario analysis was carried out during the Plan year ending 31 March 2023, which was the first detailed climate scenario analysis carried out by the Trustee. Details of the analysis are included in the Technical Appendix of this report.

Whilst the Trustee's investment advisors update their climate scenarios on regular basis, there were no material changes in the narratives nor quantitative inputs over the calendar year that would require the Trustee to carry out new quantitative analysis.

During the Plan year, the strategic asset allocation ("SAA") of the DB Section of the Plan, as set out in the Statement of Investment Principles, remained unchanged. In addition, there were no changes to the investment strategy of the Default Lifestyle (Drawdown Focused) and no new popular arrangements. Therefore, an update to the climate scenario analysis was not required for the 31 March 2024 TCFD report. However, climate scenario analysis will be reconsidered in the Plan year 2024/25 if there was a material change in the investment strategy and SAA. At such a time, the Trustee will consider the materiality of any proposed changes to determine whether a quantitative or qualitative approach to climate scenario analysis will be preferred in order to assist the Trustee with its decision making.

Climate change in respect of the Sponsoring Employer

The Trustee has considered the Sponsor’s climate disclosures and taken advice from its covenant advisor, Penfida.

Britvic Plc, as sponsor to the Britvic Pension Plan, carries out climate scenario analysis, which is disclosed in its Annual Report and Accounts². Three scenarios are analysed: Early Policy Action (smooth transition); Late Policy Action (disruptive transition); and No Policy Action (business as usual).

Table 1: Outcome of climate scenario analysis

Scenario	Risk exposure to Britvic	Likelihood
Paris Agreement +2.0°C emissions pathway	Under this scenario Britvic will experience transition risks related to policy and consumer behavior changes, unless mitigated. Physical risks will be minimal under this scenario.	Medium
Stated government policy +2.5°C emissions pathway	Under this scenario Britvic will experience similar transition risks as the Paris Agreement scenario yet on a smaller scale. However, physical risks will be higher.	High
No policy action >4°C emissions pathway	Under this scenario Britvic will experience limited transition risks due to lack of policy and consumer behavior changes, although with physical risks being the most extreme.	Low

Source: Britvic Annual Report and Accounts 2023, Penfida

The time horizons used by Britvic in its climate scenario analysis are:

- Short term: 2024 - 2028;
- Medium term: 2029 - 2033; and
- Long term: 2034 - 2050.

The Company’s risk framework analysis highlights that the expected time horizon for transition risks is in the near to medium term and for physical risks is over the longer term. The qualitative scenario analysis undertaken in 2021 showed that Britvic’s exposure to climate risk differed by region, with Brazil more exposed to physical risk vs. greater transition risk in Europe.

The following table summarises the physical and transition risks that Britvic has identified as being material for its business, along with the key mitigations for managing the risk exposure.

Table 2: Britvic’s climate-related risk exposures and mitigations

Risk type	Risk	Mitigation
Physical	Water stress	Time-bound water stewardship roadmap
		Set water stewardship key performance indicators
	Fruit and juice sourcing	Further assessment of understanding the changes in crop yield, including supplier collaboration and research and development
		Develop objectives and key performance indicators to manage the identified risk of crop yield change

² <https://www.britvic.com/media/krpdotmg/britvic-annual-report-and-accounts-2023.pdf>

Risk type	Risk	Mitigation
Transition	Energy and carbon pricing in the value chain	Energy mix including low carbon energy and hedging fuel requirements
		Energy reduction
	Consumer and customer preferences	Stakeholder engagement including consumer research, external benchmarking and impact assessments on brands
		Reimagining packaging, looking at recycled materials and the circular economy

Source: Britvic Annual Report and Accounts 2023

Assessment of climate-related risks and covenant strength

Based on public information from Britvic and Penfida’s assessment, the Trustee has concluded that there is limited climate change risk to the covenant in the short term. Over the medium term, there is increased uncertainty relating to the impact of climate change and whether Britvic’s climate strategy will be successful.

Impact on the Pension Funding Partnership (“PFP”)

The Trustee owns a Limited Partner interest (the “PFP interest”) in a Scottish Limited Partnership (the “Pension Funding Partnership” or the “PFP”). The PFP was implemented in 2011 in order to partially address the deficit in the Plan as measured on its secondary funding target (currently gilts + 25bps p.a.).

The PFP is a limited partner in both Britvic Property Partnership and Britvic Brands LLP. Certain properties and Group brands have been transferred to Britvic Property Partnership and Britvic Brands LLP respectively, all of which are leased back to Britvic Soft Drinks Limited. Britvic Pension Plan is entitled to a share of the profits in the PFP until 2026.

The PFP was valued at £13.3m as at 31 March 2024.

The Trustee has not carried out specific climate scenario analysis on the assets contained within Britvic Property Partnership nor Britvic Brands LLP but has considered Britvic’s climate scenario analysis disclosed in the annual report and accounts. Aligned with the covenant assessment provided by Penfida, the Trustee has concluded that the climate risk exposure over the lifetime of the PFP (aligned with the Trustee’s short term time horizon) is low.

Section 4

Risk Management



Climate Change – The big ‘known unknown’

We are already experiencing climate change and its associated physical impacts today. The average global temperature in 2023 was 1.45°C above pre-industrial levels. Most of this warming has occurred in the past 35 years, with the nine “warmest” years on record taking place since the start of 2015. 2023 has been the warmest year on record, because of long-term climate change and the effect of 2023/2024 El Niño episode³. The overwhelming scientific consensus is that the observed climatic changes are primarily the result of human activities including electricity and heat production, agriculture and land use change, industry, and transport.

In order to mitigate the worst economic impacts of climate change, there must be a large, swift, and globally coordinated policy response.

Despite this, Climate Action Tracker⁴ estimates that, given the current level of climate action, by 2100 the world is estimated to be between 2°C and 4°C warmer than pre-industrial levels, with significant regional variations. This is substantially higher than the 2015 Paris Climate Change Agreement, which reflects a collective goal to hold the increase in the earth’s climate’s average global surface temperature by 2100 to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.

There is considerable uncertainty regarding the future warming pathway we will experience. This is highly dependent on the action of governments, industries, investors, businesses and individuals.

³ <https://wmo.int/topics/climate-change>

⁴ <https://climateactiontracker.org/global/cat-thermometer/>

What are the climate-related risks and opportunities?

The effects of climate change will be felt over many decades. The Trustee has considered two types of climate-related risks and opportunities in its climate scenario analysis:

1. Transition risks and opportunities

This covers the potential financial and economic risks and opportunities from the transition to a low-carbon economy (i.e. one that has a low or no reliance on fossil fuels), in areas such as:

- Policy and legislation
- Market
- Technology
- Reputation

Risks include the possibility of future restrictions, or increased costs, associated with high carbon activities and products. There are also opportunities, which may come from the development of low-carbon technologies and nature-based solutions.

In order to make a meaningful impact on reducing the extent of global warming, most

transition activities need to take place before 2030 and certainly in the first half of this century.

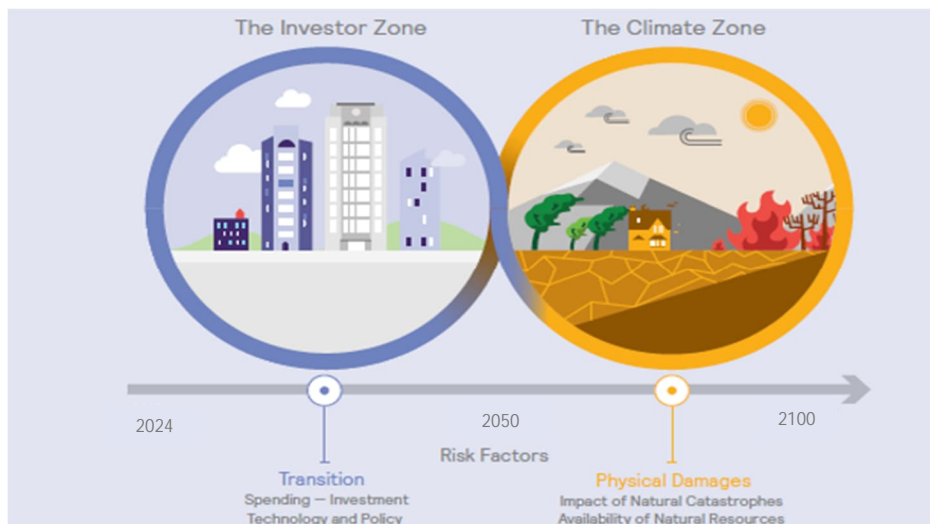
2. Physical risks and opportunities

The higher the future level of global warming, the greater physical risks will be in frequency and magnitude. Physical risks cover:

- Physical damage (storms; wildfires; droughts; floods; reduced productivity of labour and agriculture)
- Resource scarcity (water; food; materials; biodiversity loss)

Physical risks are expected to be felt more as the century progresses though the extent of the risks is highly dependent on whether global net zero greenhouse gas emissions are achieved by 2050.

There are investment opportunities, for example, in newly constructed infrastructure and real estate that are designed to be resilient to the physical impacts of climate change, as well as being constructed and operated in a way that have low or no net carbon emissions. There are also opportunities for investment in those companies or industries that focus on energy conservation and resource efficiency.



Source: Mercer

Processes for identifying, assessing and managing climate-related risks and integration within the Trustee’s overall risk management of the Plan

A key part of the Trustee's role is to understand and manage risks that could have a financially material impact on both the Plan's investments and, for the DB Section of the Plan, to the wider funding position and strategy. Climate change is one of the risks that the Trustee considers alongside other financially material risks that may impact the pension outcomes for members. The Trustee believes that climate change risks and opportunities are not discrete but cut across all aspects of the Plan's risk management.

This section summarises the primary climate-related risk management processes and activities of the Trustee and its Sub-Committees. The risk management processes and activities help the Trustee understand the materiality of climate-related risks, both in absolute terms and relative to other risks that the Plan is exposed to. The Trustee and its Sub-Committees prioritise the management of risks primarily based on the potential impact to the security of members' benefits.



Governance

- The Trustee's Statement of Investment Principles is reviewed at least triennially and sets out how investment climate-related risks are managed and monitored.
- The Trustee maintains a risk register to monitor and mitigate financially material risks to the Plan. The climate-related risks (defined as physical risks and transition risks) are reviewed annually to ensure the assessment of the likelihood and impact continue to remain appropriate for the Plan given the developing research and understanding on this subject.
- The Plan's advisors for the DB Section work with the Trustee on an Integrated Risk Management framework, covering holistic funding, investment and covenant risks; climate-related risks will inform, and form part of, future revisions of that framework to take place as part of actuarial valuations of the Plan.
- The Trustee and its Sub-Committees receive training from time-to-time on climate-related issues, including market updates. The training allows the Trustee to better understand how climate-related risks and opportunities can have an impact on the

Plan. The training allows the Trustee to challenge whether the risks and opportunities are effectively allowed for in its governance processes and wider activities, and to be able to challenge its advisors to ensure the governance support and advice adequately covers the consideration of climate-related risks and opportunities.

Strategy

- The Investment Consultants for the DB and DC sections will take climate-related risks and opportunities into account as part of any wider strategic investment advice provided to the Trustee and its Sub-Committees. This includes highlighting the expected change in climate-risk exposure through proposed asset allocation changes, both from the top-down level (via climate scenario analysis) and bottom-up (via climate-related metrics).
- The Scheme Actuary provides information to the Trustee regarding the impact of climate change on the DB Section's funding strategy. This forms part of triennial valuation discussions and is incorporated into any other discussions of funding strategy.
- The Covenant Advisor provides information to the Trustee regarding the climate

resilience of the sponsor on a regular basis. This informs the Trustee's views on the funding and investment strategy for the DB Section

- Climate scenario analysis for the investments of the DB Section and DC Section of the Plan, and the funding strategy for the DB Section of the Plan, will be reviewed at least triennially, or sooner if there has been a material change to the strategic asset allocation or there is a material change/update to the scenario modelling approach. A summary of the Trustee's latest climate scenario analysis is included in the appendix of this report and is the primary tool to help the Trustee understand the materiality of climate-related risks that could impact the Plan over time.
- The results of the scenario analysis, as well as the metrics and targets set in relation to climate change, are also used as part of making funding and other strategic decisions relating to the DB Section of the Plan. The climate change impact of different decisions is considered as part of the decision-making process.

Reporting

- Annual reports of climate-related metrics and progress against climate-related targets will be reviewed by the Trustee.
 - In respect of the DB Section, the ISC will initially review the report in respect of the DB assets. The ISC and Trustee may use the information to engage with the investment managers and will take the information into account if there are any proposed strategic asset allocation changes.
 - Similarly, the DC Sub-Committee will initially review the report in respect of the DC assets. The DC Sub-Committee and Trustee may use the information to engage with the investment managers and will take the information into account if there are any proposed strategic asset allocation changes for the Default Lifestyle (Drawdown Focused) fund.

- The Trustee produces an annual Implementation Statement which includes commentary on how the investment managers choose to vote and engage on climate-related issues (among other key engagement priorities), where applicable.

Manager Selection and Retention – DB Section

- The ISC, with advice from Mercer, will consider an investment manager's firm-wide and strategy-specific approach to managing climate-related risks and opportunities alongside other factors when either appointing a new manager, in the ongoing review of a manager's appointment, or as a factor when considering the termination of a manager's appointment.
- Mercer rates investment managers on the extent of integration of ESG factors (including climate change) into their processes. A manager's stewardship process forms part of the rating assessment. This is considered at the firm level and at the investment strategy/fund level.
- The ratings are presented in quarterly investment performance reports and are reviewed by the ISC. A downgraded ESG rating may (taking into account other factors) lead to an investment manager being put 'on watch'.
- The ISC maintains a schedule for meeting the DB Section's asset managers. The ISC requires the asset managers to present on their approach to managing climate-related risks and opportunities, as well as broader environmental, social and governance considerations.
- During the Plan year covered by this report, the focus was on engaging with the asset managers to improve the disclosure of information to help with understanding climate-related risk exposure.



Manager Selection and Retention – DC Section

- The DC Sub-Committee, with advice from WTW, will consider an investment manager’s firm-wide and strategy specific approach to managing climate-related risks and opportunities alongside other factors when either appointing a new manager, in the ongoing review of a manager’s appointment, or as a factor when considering the termination of a manager’s appointment.
- In making any investment manager or fund recommendation WTW includes an assessment of investment managers’ integration of ESG factors (including climate change) into their investment process. A manager’s stewardship process forms part of the assessment. This is considered at the firm level and at the investment strategy/fund level.

Risk Management activity over the Plan year to 31 March 2024

Table 3: Summary of climate-related risk management activity

<p>Governance</p> 	<ul style="list-style-type: none"> • The climate-related training carried out by the Trustee and its sub-committees over the Plan year is summarised in the Governance section of this report.
<p>Strategy</p> 	<ul style="list-style-type: none"> • A review of the ongoing suitability of the investment strategy for the DB and DC Sections was considered by the ISC and the DC Sub-Committee over the Plan year. • For the DB Section, the Trustee agreed to increase the target liability hedge ratio. The Trustee concluded there would be no climate-related impact to the Plan from this strategic change. The ISC began to look at possible lower risk investment strategies and considered the impact on climate-related exposure at a qualitative level. • The DC Section will undergo an investment strategy review in 2024 and updated climate scenario analysis is expected to follow once the review has been completed.
<p>Reporting</p> 	<ul style="list-style-type: none"> • The data assumptions and limitations supporting the climate scenario analysis and climate-related metrics were reviewed and scrutinised by the ISC when considering the 31 March 2023 TCFD report. This was to ensure it is clear to a reader how the data presented has been sourced and calculated in order to avoid any potentially misleading communication. • The Trustee’s Implementation Statement included details of the Trustee’s most significant votes in respect of the DC Section, which covered topics including climate change. The DB Section does not have any voting rights from the assets it invests in. • The Investment Consultants presented their investment manager ESG ratings assessments to the ISC and DC Sub-Committee based on their proprietary

	<p>ratings. These were presented as part of the quarterly performance monitoring process. No concerns were highlighted in any of the manager appointments as a result of the ESG ratings.</p>
<p>Manager selection and retention</p> <p>DB Section</p> 	<ul style="list-style-type: none"> • During the Plan year, the ISC carried out a manager selection exercise with the objective to consolidate its liability hedging mandate and buy and maintain investment grade credit mandates with one manager. As part of the selection process, the short-listed managers were asked to explain their sustainable investment processes and ESG integration, their climate strategy at the firm level and strategy level, and their stewardship process. • This was a key consideration in the selection and appointment of the consolidated manager. The new manager appointment came into effect in January 2024 with the transition of assets completing at the end of March 2024. The change in manager appointments does not impact the results of the Trustee’s prior climate scenario analysis.
<p>Manager selection and retention</p> <p>DC Section</p> 	<ul style="list-style-type: none"> • There have been no changes to the managers and funds used within the DC Section during the Plan year.

Metrics and Targets



Metrics

The Trustee has chosen to present climate-related metrics across four different categories in this report. The climate-related metrics help the Trustee to understand the climate-related risk exposures and opportunities associated with the Plan’s investment portfolio and identify areas for further risk management, including investment manager portfolio monitoring, voting and engagement activity and priorities.

The metrics in this report relate to the Plan’s financed emissions only and exclude emissions associated with the operation of the Plan. The absolute emissions metric represents the underlying investee company’s or issuer’s reported or estimated greenhouse gas emissions, where available.

Table 4 – Definitions of climate-related metrics reported by the Trustee

Metric category	Selected metric	Further detail
Absolute emissions	Total Greenhouse Gas Emissions	The total greenhouse gas emissions (in metric tons) of the Plan’s investments
Emissions intensity	Carbon Footprint	Total greenhouse gas emissions (in metric tons) weighted to take account of the size of the investment made (in \$million)
Portfolio Alignment	Implied Temperature Rise (“ITR”)	A forward-looking assessment of how aligned the Plan’s portfolios are relative to the Paris Agreement’s 1.5°C target. This is estimated based on the activities and decarbonisation targets of portfolio companies / issuers, relative to what global decarbonisation needs to be to achieve 1.5°C.
Additional Metrics	Data Quality	Represents the proportions of the portfolio for which the Trustees has high quality data.

The metrics presented in this report are as at 31 March 2023 (or the nearest available date) for the DB Section and as at 31 December 2023 for the DC Section. The metrics are based on the actual asset allocation at that date for the DB Section and the DC Section.

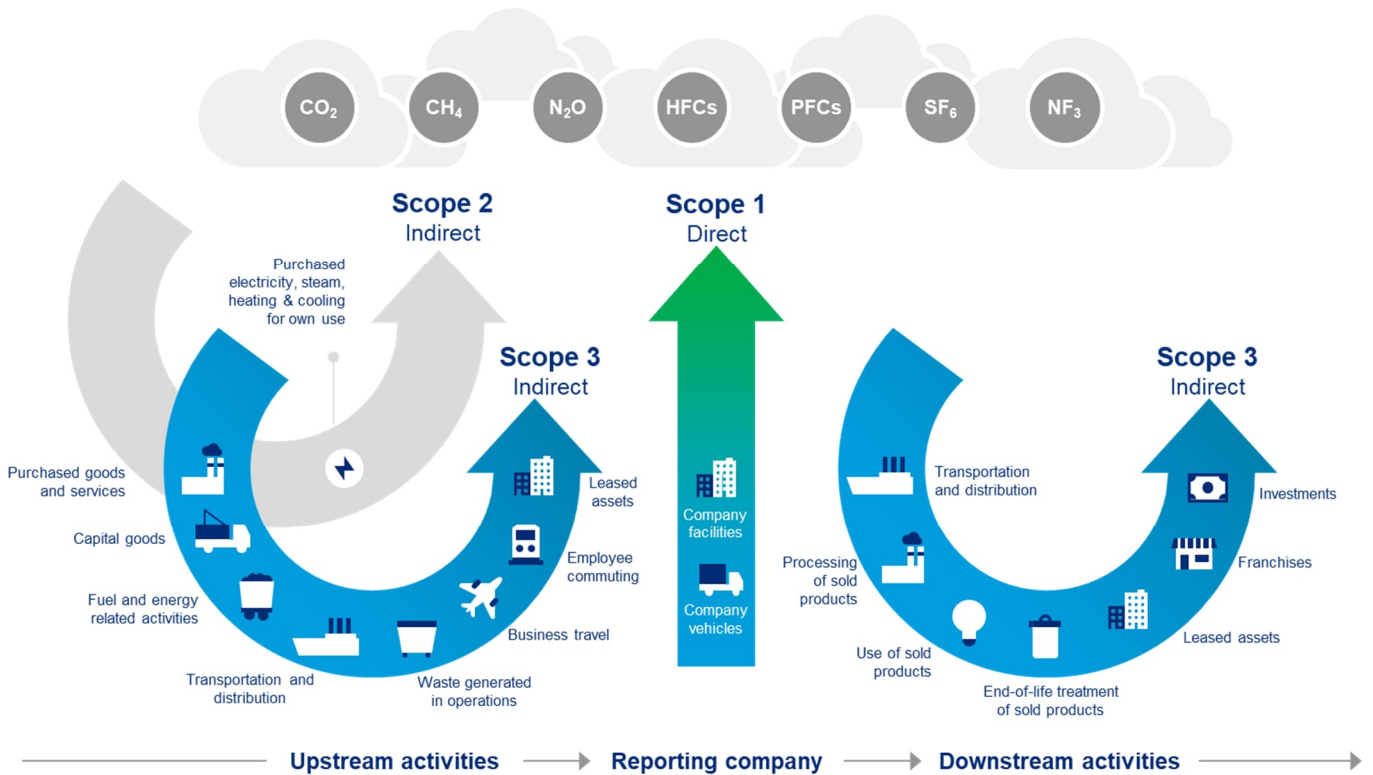
The Trustee recognises the challenges associated with various metrics, tools and modelling techniques used to assess climate change risks. The Trustee aims to work with its investment advisors and investment managers to continuously improve the approach to assessing and managing risks over time as more data becomes available.

The Technical Appendix to this document sets out the data limitations and assumptions used in collating these metrics.

Total Greenhouse Gas Emissions

This metric takes an ownership approach to answer what proportion of a company’s or asset’s emissions an investor owns and is therefore responsible for financing. It includes the seven types of greenhouse gas (“GHG”) (as defined in the Kyoto Protocol⁵), across the three scopes of emissions, as summarised below.

Figure 1: Definitions for the different Scopes of Greenhouse Gas Emissions



Source: GHG Protocol

Emissions of the seven greenhouse gases have different impacts on climate change. In order to simplify reporting, each greenhouse gas is calibrated relative to carbon dioxide and is reported as ‘carbon dioxide equivalent’ emissions (CO₂e). In this way the Trustee can compare companies that emit different amounts of different gases on a consistent basis. Recognising the different methodologies used to calculate absolute emissions for sovereigns and corporates, the Trustee reports sub totals at the corporate and sovereign levels.

The Trustee has chosen this metric to understand the absolute amount of emissions financed by the Plan’s investments.

⁵ https://unfccc.int/kyoto_protocol

Carbon Footprint

Carbon Footprint is an intensity measure of emissions that takes the Plan's total GHG Emissions figure and normalises it to take account of the size of the investment.

Analysing an investment fund's Carbon Footprint assists the Trustee in identifying carbon-intense sections of the Plan's portfolio. The Trustee has therefore chosen this metric to assist them in prioritising carbon intense parts of the investment strategy for potential re-allocation or engagement as a means of mitigating associated climate-related risks.

Implied temperature rise

This is a forward-looking metric that considers the pledges, commitments and business strategy changes that underlying investee companies/issuers have made. It provides a prediction of the potential temperature rise over the rest of the century based on the activities of those companies and issuers. The metric illustrates the degree of portfolio alignment with the goals of the Paris Agreement.

The calculation of the level of warming is determined by mapping a given company's/issuer's level of over/undershoot (relative to its carbon budget) to a temperature outcome.

The Trustee has chosen this metric to include in this report because of its simplicity in presentation and a useful way to see, at a glance, the positioning of a fund relative to 1.5°C economy. This is also a measure of climate transition risk with greater transition risk highlighted in asset allocations with a higher Implied Temperature Rise.

Data Quality

Data Quality aims to represent the proportions of the portfolio for which the Trustee has high quality data. The Trustee has considered whether the underlying emissions data has been verified by a third party, reported by the company, estimated by the data provider, or unavailable to determine how representative the analysis is of the Plan's actual portfolio.

Data Quality also assists the Trustee in monitoring quality of reporting over time, as companies are expected to continually improve their reporting on climate-related metrics. As the quality of data improves, the decision usefulness of the climate metrics reported on the Plan's portfolio increases. In addition, the Trustee is able to identify the companies in the portfolio that are not currently reporting emissions data and use this as the basis for engagement.

Climate Metrics

DB Section

This report presents direct analysis of the:

- Non-sovereign component of the Emerging Market Debt fund managed by Schrodgers (c.40%);
- Residential Property fund managed by M&G;
- Multi-Asset Credit fund managed by Mercer;
- Buy & Maintain Credit fund managed by Insight;
- LDI mandate, managed by LGIM.

The above assets comprise c. 89% of the Plan's total DB assets by strategic asset allocation.

The report does not present analysis of the:

- Sovereign exposure in the Emerging Market Debt fund managed by Schrodgers;
- Emerging Market Debt fund managed by BlackRock;
- Private Debt mandate managed by ICG.

These exposures comprise the residual c. 11% of the strategic asset allocation and are not included in the analysis due to issues with data quality and coverage. It is very challenging to calculate metrics on illiquid debt mandates and it is not expected they will be included in the analysis in the foreseeable future.

Table 5 – Climate-related metric data, scope 1 & 2 emissions as at 31 March 2023 (unless stated otherwise)

Asset Class	Manager	Asset Allocation (%) (548m AUM)	Climate-related metrics			Data Coverage
			Total GHG Emissions (tCo2e)	Carbon Footprint (tCo2e/\$M invested)	Implied Temperature Rise (°C)	
Emerging Market Debt	BlackRock ¹	4.3%	n/a			
	Schroders ²	4.3%	Sovereigns: n/a			
			1,887	244	3.2	27%
UK Property	M&G ³	5.6%	62	2	n/a	92%
Private Debt	ICG ⁴	6.8%	n/a			
Multi-Asset Credit	Mercer ⁵	13.7%	5,912	71	2.9	35%
Buy and Maintain Bonds	Insight ⁶	25.3%	4,154	24	1.9	68%
LDI	LGIM ⁷	39.5%	34,423	60	1.9	100%
Total (in scope of analysis)		85.8%				67.5% of total portfolio
Total emissions (non-sovereign exposure)			12,015			28.0% of total portfolio
Total emissions (sovereign exposure)			34,423			39.5% of total portfolio

Source: Investment Managers and Mercer. Data provided by Investment Managers has not been independently verified. Data has been scaled up to represent full portfolio coverage by the investment managers unless otherwise stated. Appendix A – the Technical Appendix to this document sets out the methodology and assumptions used in the calculation of the metrics.

¹ BlackRock was unable to provide climate-related metrics for the Emerging Market Debt fund due to the lack of emissions metrics as the fund mainly invests in sovereign bonds.

² Schroders data reported to 31 March 2023 (ITR is as at 31 May 2023) and is in respect of listed assets only, which represent 40% of the portfolio). Data related to investments in sovereign debt is not available (60% of the portfolio). Data in respect of listed assets has not been scaled up due to low data coverage at the total fund level. See Appendix A for more information from the investment manager.

³ M&G Property data is as at 31 December 2022: M&G will only report on these metrics on an annual basis.

⁴ ICG is unable to provide climate-related metrics for the legacy private debt funds in which the Plan invests.

⁵ Mercer Multi-Asset Credit fund has scaled up the emissions to estimate the coverage for 100% of the mandate. This may over or understate the numbers set out above and could result in a significant change in the numbers as coverage levels increase.

⁶ Insight ITR metric methodology updated to use MSCI data (S&P Trucost used in the Plan's TCFD report to 31 March 2022). See Appendix A for details.

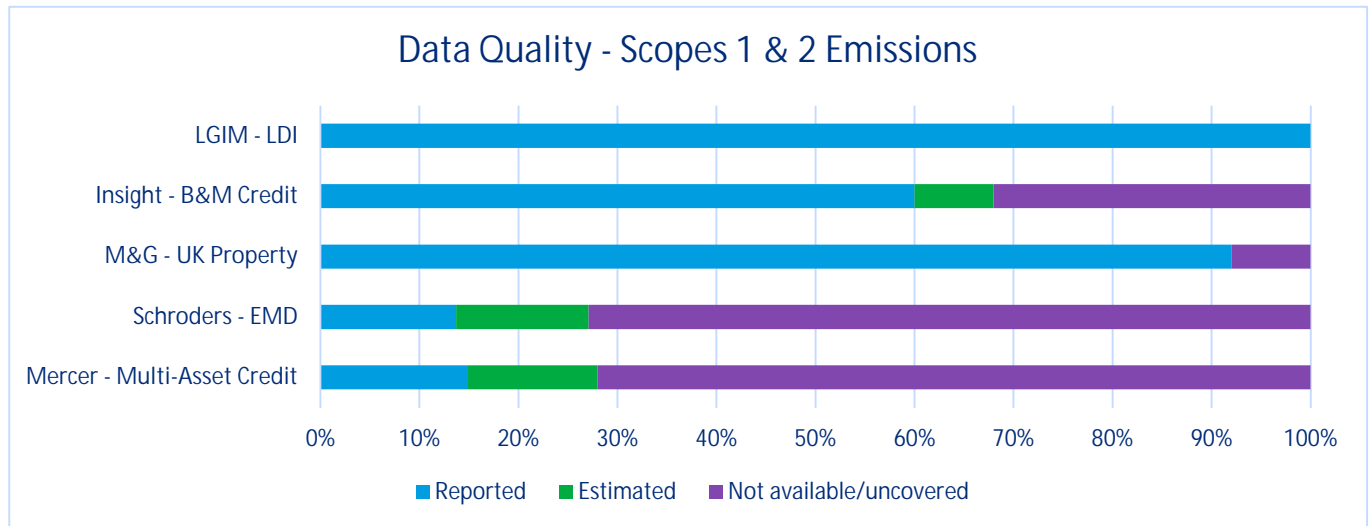
⁷ Total absolute emissions metric for the LDI mandate with LGIM covers exposure to funded gilts and gilt repo. See Appendix A for the methodology.

Table 6 – Climate-related metric data, Scope 3 emissions as at 31 March 2023

Asset Class	Manager	Asset Allocation (%) (544m AUM)	Climate-related metrics		
			Total GHG Emissions (tCo2e)	Carbon Footprint (tCo2e/\$M invested)	Data Coverage
			Fund	Fund	Fund
Emerging Market Debt	Schroders (corporate exposure only)	1.7%	5,081	598	21%
Multi-Asset Credit	Mercer ¹	13.7%	45,779	372	93%
Buy and Maintain Bonds	Insight	25.3%	33,301	194	67%
Total (in scope of analysis)		40.7%			30% of total portfolio
Total emissions (non-sovereign exposure)			84,161		30% of total portfolio
Total emissions (sovereign exposure)			Nil		0% of total portfolio

Source: Investment Managers and Mercer. Data provided by Investment Managers has not been independently verified. Data has been scaled up to represent full portfolio coverage by the investment managers unless otherwise stated. Appendix A – the Technical Appendix to this document sets out the methodology and assumptions used in the calculation of the metrics.
¹ Mercer Multi-Asset Credit fund data is as at 30 September 2023. Carbon footprint is for downstream Scope 3 emissions. Upstream Scope 3 carbon footprint is 122.

Figure 2: Data quality for the DB Section (Scopes 1 & 2 emissions)



Source: Investment Managers and Mercer.

Comments on key changes to reported metrics for the DB Section

The scope 1 & 2 carbon footprint metric for the buy & maintain credit mandate reduced from 29 tCO2/\$m as at 31 March 2022 (the baseline date) to 24 tCO2/\$m as at 31 March 2023. This represents positive progress towards the agreed target to achieve a 30% reduction by 31 March 2030.

Total scope 1 & 2 GHG emissions broadly reduced since the previous TCFD report. This is largely attributable to a reduction in the value of invested assets between the reporting dates, however changes to investment managers’ data quality and methodology were also a factor.

Insight’s ITR metric reduced from a range of 3.2 - 4.4 degrees at 31 March 2022 to 1.9 degrees at 31 March 2023. This significant change is due to Insight changing their methodology between reporting dates to use data provided by MSCI rather than S&P Trucost.

Scope 3 metrics were not included in the previous TCFD report due to data quality and availability.

DC Section

Table 7 – Climate-related metric data, scope 1 & 2 emissions as at 31 December 2023

Fund	AUM	Total GHG Emissions (tCo2e)	Carbon Footprint (tCo2e/\$M invested)	Implied Temperature Rise (°C) ¹	Data Coverage ²
Britvic Balanced					
- c50% in LGIM MSCI ACWI Adaptive Capped ESG Index	£98.4m	9,274	73.9	2.9	88.6%
- c50% in LGIM Diversified					
Britvic Diversified	£54.3m	6,152	88.8	2.8	80.5%
Britvic Cash³	£0.8m	<1	0.9	n/a	85.0%
TOTAL	£153.5m	15,426			

Source: LGIM, BlackRock and WTW. As at 31 December 2023.

¹ Implied temperature rise provided by LGIM: LGIM’s temperature alignment methodology computes the contribution of a company’s activities towards climate change. It delivers a specific temperature value that signifies which climate scenario (e.g. 3°C, 1.5°C etc.) the company’s activities are currently aligned with. The implied temperature alignment is computed as a weighted aggregate of the company-level warming potential.

² Data coverage data provided by LGIM and BlackRock.

³ BlackRock have not been able to provide an implied temperature alignment figure for the Cash Fund.

For the example members who are invested in the default Lifestyle arrangement, their individual metrics are shown in the following table. These have been calculated based on their assumed fund value and fund allocations (according to their assumed age and term to retirement).

Table 8 – Climate-related metric data, scope 1 & 2 emissions as at 31 December 2023

Member	Fund value	Total GHG Emissions (tCo2e)	Carbon Footprint (tCo2e/\$M invested)	Implied Temperature Rise (°C) ¹	Data Coverage ²
Pre de-risking	£0	0	73.9	2.9	88.6%
Near retirement	£200,000	18.9	73.9	2.9	88.6%
Post de-risking	£200,000	22.7	88.8	2.8	80.5%

Source: LGIM, BlackRock and WTW. As at 31 December 2023.

¹ Implied temperature rise provided by LGIM: LGIM’s temperature alignment methodology computes the contribution of a company’s activities towards climate change. It delivers a specific temperature value that signifies which climate scenario (e.g. 3°C, 1.5°C etc.) the company’s activities are currently aligned with. The implied temperature alignment is computed as a weighted aggregate of the company-level warming potential.

² Data coverage data provided by LGIM and BlackRock.

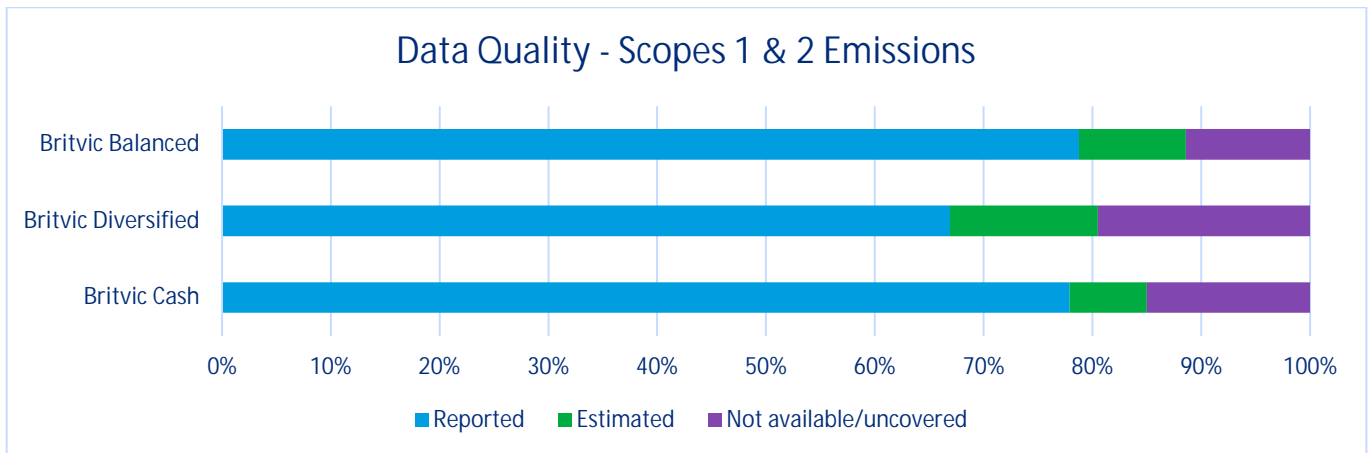
Table 9 – Climate-related metric data, scope 3 emissions as at 31 December 2023 (31 March 2024 for the Britvic Cash Fund)

Fund	AUM	Total GHG Emissions (tCo2e)	Carbon Footprint (tCo2e/\$M invested)	Data Coverage ¹
Britvic Balanced				
- c50% in LGIM MSCI ACWI Adaptive Capped ESG Index	£98.4m	58,365	524.0	80.5%
- c50% in LGIM Diversified				
Britvic Diversified	£54.3m	25,950	485.8	64.2%
Britvic Cash	£0.8m	67	96.7	92.5%
TOTAL	£153.5m	84,381		

Source: LGIM, BlackRock and WTW. As at 31 December 2023.

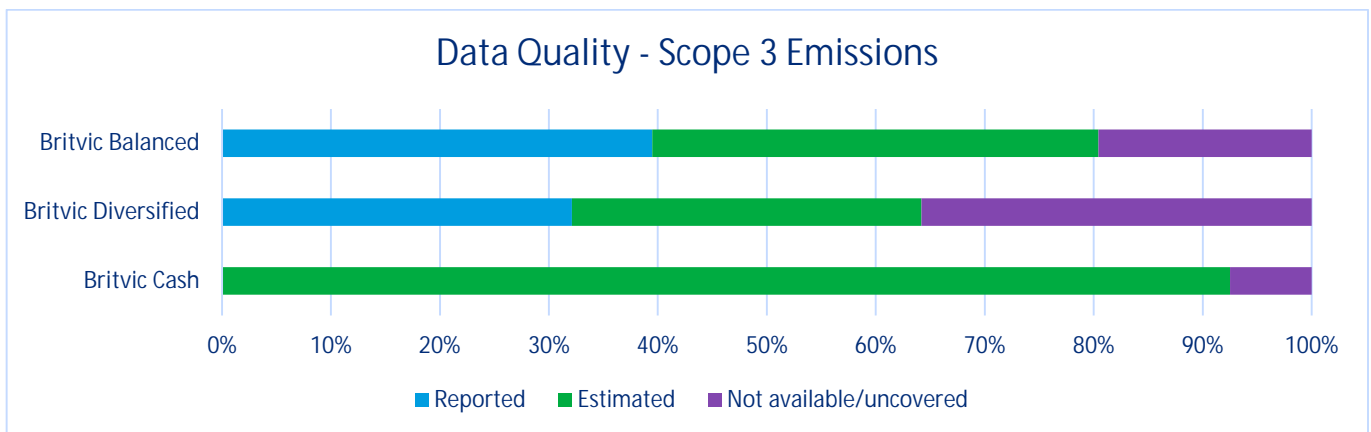
¹ Data coverage data provided by LGIM and BlackRock.

Figure 3: Data quality for the DC Section (Scopes 1 & 2 emissions)



Source: Investment Managers

Figure 4: Data quality for the DC Section (Scope 3 emissions)



Source: Investment Managers

Targets

The Trustee has agreed to set a target initially for the DB Section only. The Trustee has agreed not to set a formal target for the DC Section for the time being and will review this decision annually.

DB Section

The Trustee has no discretion over the decarbonisation pathway for UK gilts. Therefore, the target was set against the remaining assets, of which corporate bonds, and specifically the buy and maintain credit portfolio, was the most material and was expected to form a key part of the Plan's short-term and medium-term investment strategy (currently represents 30% of the strategic asset allocation).

The target set against the buy and maintain credit takes into account:

- The target has the opportunity for real world impact through active engagement; and
- The metric used for the target is readily available and has sufficient supporting data.

Active stewardship should play a vital role over simply divesting in moving to a low carbon economy. This can be achieved through a clear engagement and measurement program focused on forward-looking measures aimed at transition and net zero commitments at a company level.

Taking into account the availability of historical data coverage for the asset classes, the Trustee has agreed to set a target against the carbon intensity metric:

The Trustee aims to reduce the carbon intensity across the buy and maintain Investment Grade Credit mandate by >30% by 31 March 2030 using the carbon footprint metric measuring Scope 1 and 2 emissions and using a baseline date of 31 March 2022 (see Figure 5).

The baseline date represents the time point where historical carbon footprint data can be provided by the investment manager.

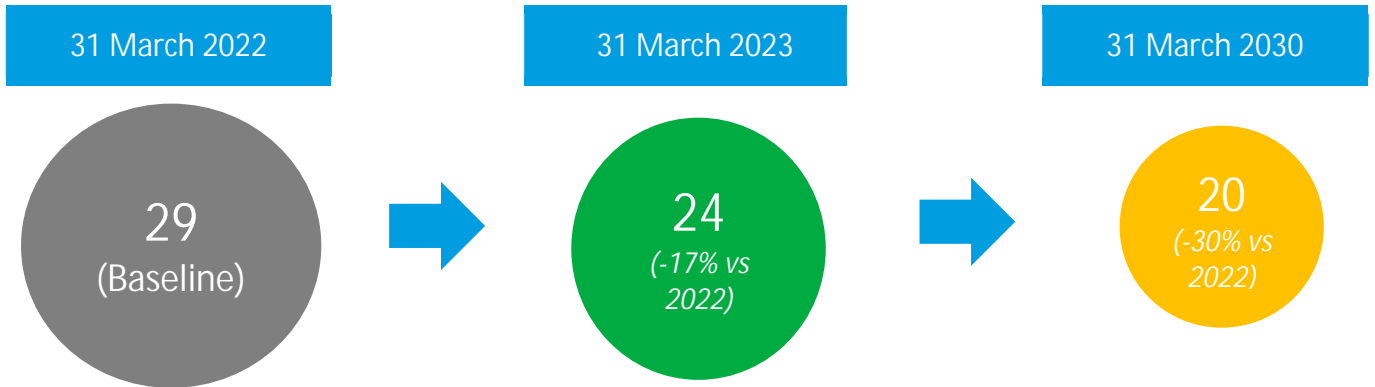
The Trustee does not expect the reduction in carbon footprint to be smooth or consistent on a year-by-year basis. The Trustee will review its targets at least annually and intends to set specific targets for other asset classes and include Scope 3 emissions when the available data has improved and there are suitable methodologies.

A wide range of factors will affect whether the Trustee achieves its targets and the Trustee has varying degrees of control over these factors. For example, the quality and availability of data means that the quoted greenhouse gas emissions are likely to change.

Ultimately achieving the desired level of decarbonisation will depend on global economies overall successfully decarbonising. Notwithstanding that there are factors outside of the Trustee's control, the Trustee's intention is to meet its targets and it engages with its investment managers to make clear its requirements.

The Trustee will continue to work with the Plan's corporate bond manager and the Investment Consultant to the DB Section of the Plan to formalise the actions required to move towards the Trustee's climate-related target.

Figure 5: Progress of the Buy & Maintain Investment Grade Credit climate-related target



As measured by scope 1 and 2 emissions based Carbon Footprint (tCo2e/\$M invested).

Reasons for the decarbonisation progress over the 12 months to 31 March 2023

The scope 1&2 carbon footprint metric for the Plan’s buy & maintain credit mandate reduced from 29 tCO2/\$m as at 31 March 2022 (the baseline date) to 24 tCO2/\$m as at 31 March 2023. This represents positive progress towards the agreed target to achieve a 30% reduction by 31 March 2030.

The reduction was primarily attributable to an increase in data coverage across the portfolio, from 52% to 68%, without a corresponding increase in reported/estimated carbon footprint for the covered assets. This reduced the impact of scaling up the carbon footprint for uncovered assets.

Actions and next steps

The Trustee transitioned the Plan’s buy & maintain credit mandate to a segregated vehicle in Q1 2024, allowing greater flexibility and discretion around the portfolio’s guidelines.

As part of this change, the Trustee and the investment manager, Insight, agreed to note the Plan’s climate-related target in the portfolio’s investment guidelines.

The Trustee will review the target in the second half of 2024 to assess its continued appropriateness.

Technical Appendix

Climate scenario analysis



Asset Allocations Modelled in Climate Scenario Analysis

DB Section Strategic Asset Allocation(s) modelled

The DB strategic asset allocation as set out in the Statement of Investment Principles dated March 2022⁶ and relates to the invested assets only:

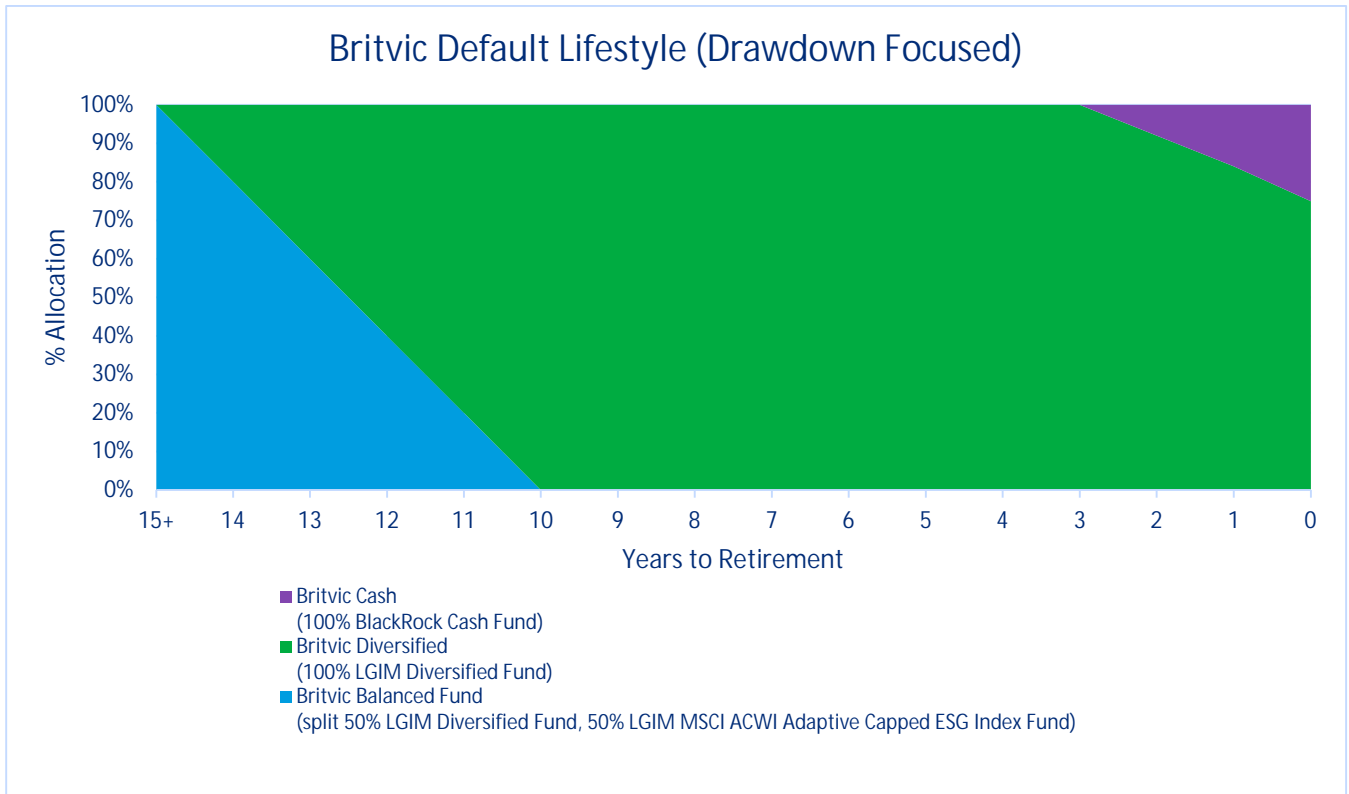
Portfolio	Modelling Asset Class	Current Strategic Asset Allocation (%)	Modelled Illustrative Asset Allocation from 2026 (%)
Multi-Asset Credit	Multi-Asset Credit	12.0	10.0
Corporate Bonds	Global Investment Grade Credit	30.0	30.0
Sovereign Bonds	UK Sovereign Bonds	40.0	60.0
Emerging Market Debt	EMD Local Currency Unhedged	8.0	0.0
Private Debt	Global Senior Private Debt	5.0	0.0
Real Estate	UK Real Estate	5.0	0.0

⁶ https://www.britvic.com/media/hqtos035/britvic-pension-plan-sip_mar-2022unsigned.pdf

DC Section Popular Arrangements Modelled

A popular arrangement is defined in the statutory guidance as a fund or lifestyle strategy which £100m or more of the Plan’s assets are invested, or which accounts for 10% or more of the assets used to provide money purchase benefits (excluding assets which are solely attributable to Additional Voluntary Contributions). For the Plan, the Default Lifestyle (Drawdown Focused) is the only popular default arrangement. The following table and chart shows the allocations to the relevant underlying fund for this Lifestyle option.

Years to Retirement	Britvic Balanced Fund (split 50% LGIM Diversified Fund, 50% LGIM MSCI ACWI Adaptive Capped ESG Index Fund)	Britvic Diversified (100% LGIM Diversified Fund)	Britvic Cash (100% BlackRock Cash Fund)
15+	100%	0%	0%
14	80%	20%	0%
13	60%	40%	0%
12	40%	60%	0%
11	20%	80%	0%
10	0%	100%	0%
9	0%	100%	0%
8	0%	100%	0%
7	0%	100%	0%
6	0%	100%	0%
5	0%	100%	0%
4	0%	100%	0%
3	0%	100%	0%
2	0%	92%	8%
1	0%	84%	16%



DB and DC Sections: Limitations associated with climate modelling

Climate scenario modelling is a complex process. The Trustee is aware of the modelling limitations. In particular:

1. The further into the future you go, the less reliable any quantitative modelling will be.
2. There is a reasonable likelihood that physical impacts are grossly underestimated. Feedback loops or 'tipping points', like permafrost melting, are challenging to model particularly around the timing of such an event and the speed at which it could accelerate.
3. Financial stability and insurance 'breakdown' is not modelled. A systemic failure may be caused by either an 'uninsurable' 4°C physical environment, or due to the scale of mitigation and adaption required to avoid material warming of the planet.
4. Most adaptation costs and social factors are not priced into the models. These include population health and climate-related migration.
5. New and emerging risks, such as the impact of climate change on biodiversity loss, will be integrated into climate scenario modelling over time once the supporting science and impact on econometrics and finance is better understood.

Climate Scenario Modelling Approach

Climate scenario narratives – DB Section

	Rapid Transition	Orderly Transition	Failed Transition
Summary	Sudden divestments in 2025 to align portfolios to the Paris Agreement goals have disruptive effects on financial markets with sudden repricing followed by stranded assets and a sentiment shock.	Political and social organizations act quickly and predictably to implement the recommendations of the Paris Agreement to limit global warming to below 2°C above pre-industrial levels by 2100.	The world fails to meet the Paris Agreement goals and global warming reaches 4.3°C above pre-industrial levels by 2100. Physical climate impacts cause large reductions in economic productivity and increasing impacts from extreme weather events.
Cumulative emissions to 2100	416 GtCO ₂ e	810 GtCO ₂ e	5,127 GtCO ₂ e
Key policy and technology assumptions	An ambitious policy regime is pursued to encourage greater decarbonisation of the electricity sector and to reduce emissions across all sectors of the economy. Higher carbon prices, larger investment in energy efficiency and faster phase out of coal-fired power generation under a 'Rapid' transition.		Existing policy regimes are continued with the same level of ambition.
Financial climate modelling	Pricing in of transition and physical risks of the coming 40 years occurs within one year in 2025. As a result of this aggressive market correction, a confidence shock to the financial system takes place in the same year.	Pricing in of transition and physical risks until 2050 takes place over the first 4 years.	Physical risks are priced in two different periods: 2026-2030 (risks of first 40 years) and 2036-2040 (risks of 40-80 years).
Physical risk impact on GDP	Physical risks are regionally differentiated, consider variation in expected temperature increase per region and increase dramatically with rising average global temperature. Physical risks are built up from: Gradual physical impacts associated with rising temperature (agricultural, labour, and industrial productivity losses) Economic impacts from climate-related extreme weather events Current modelling does not capture environmental tipping points or knock-on effects (e.g., migration and conflict).		
Physical risk impact on inflation	Gradual physical impact (supply shocks) on inflation included through damages to agriculture and change in food prices. Total impact on a Global CPI Index is +2% in 2100.	No explicit modelling of physical risk impact on inflation (supply-side shocks). Impact on inflation follows historical relationship between GDP and CPI.	Severe gradual physical impact (supply shocks) on inflation included through damages to agriculture and change in food prices. Total impact on a Global CPI Index is +15% in 2100.

Source: Mercer and Ortec. Climate scenarios as at December 2022.

Climate scenario narratives – DC Section

	Least Common Denominator	Inevitable Policy Response	Global Coordinated Action	Climate Emergency
Description	A "business as usual" outcome where current policies continue with no further attempt to incentivise further emissions reductions. Socioeconomic and technological trends do not shift markedly from historical patterns.	Delays in taking meaningful policy action result in a rapid policy shift in the mid/late 2020s. Policies are implemented in a somewhat but not completely co-ordinated manner resulting in a more disorderly transition to a low carbon economy.	Policy makers agree on and immediately implement policies to reduce emissions in a globally co-ordinated manner. Companies and consumers take the majority of actions available to capture opportunities to reduce emissions.	A more ambitious version of the Global Coordinated Action scenario where more aggressive policy is pursued and more extensive technology shifts are achieved, in particular the deployment of Negative Emissions Technologies at scale.
Temperate rise	~3.5°C	~2.0°C	~2.0°C	~1.5°C
Renewable energy by 2050	30-40%	80-85%	65-70%	80-85%
Physical risk level	High	Low – Medium	Low – Medium	Low
Transition risk level	Low	High	Low – Medium	Medium-High

Source: WTW

Climate Scenario Modelling 2022/23

Time Horizons

To help with the assessment of the Plan's exposure to climate-related risks, the Trustee defined short-, medium- and long-term time horizons for the DB and DC Sections of the Plan, starting from 2022 (the date at which the most recent climate change scenario analysis was undertaken).

Time horizons for the DB Section (from 2022)

Short term	4 years (to 2026)	This period aligns with the Plan's long term funding objective and covers one actuarial valuation cycle.
Medium term	8 years (to 2030)	Focus will shift more towards the risk-reducing assets and their potential exposure to climate-related risks.
Long term	18 years (to 2040)	The period also broadly aligns with the Plan's liabilities' duration, and assumes the Plan maintains full funding over the long term, supported by a low-risk investment strategy.

Time horizons for the DC Section (from 2022)

Short term	3 years (to 2025)	This period aligns with the final de-risking period of the DC Section Default Lifestyle strategy, over which part of a member's investments switches to cash, and so is particularly relevant for a member who is just about to enter that phase
Medium term	15 years (to 2038)	This period aligns with the initial and then final de-risking periods of the DC Section Lifestyle strategies, over which a member's investments switch from the Britvic Balanced Fund to the Britvic Diversified Fund and the Britvic Cash Fund, and so is particularly relevant for a member who is just about to enter that phase
Long term	40 years (to 2063)	This period is most relevant for a younger member who has recently joined the DC Section and has a full investment time horizon ahead of them before they retire

Drivers of risk in relation to climate change

The Trustee has considered the following short, medium and long-term drivers of risk in relation to climate change:

- Over 5 years from 2022, risks may present themselves through rapid market re-pricing relating to climate transition as:
 - Scenario pathways become clearer. For example a change in the likelihood of a well below 2°C scenario occurring (i.e. an increase in probability would be expected to drive additional transition risk).
 - Market awareness grows. For example, the cost and impacts of the transition suddenly influence market pricing.
 - Policy changes unexpectedly surprise markets. For example, if a carbon price or significant regulatory requirement was introduced across key markets to which the portfolio is exposed, at a sufficiently high price to impact behaviour.
 - Market sentiment is shocked. For example, falls in markets could create a downward spiral where economic sentiment worsens and asset values fall.

- Perceived or real increased pricing of greenhouse gas emissions/carbon.
- Substitution of existing products and services with lower emission alternatives may impact part of the portfolio.
- Litigation risk relating to dangerous warming becomes more prevalent.

As well as risks associated with these drivers, there could also be opportunities. For example, investing in climate solutions as policy support strengthens.

The Trustee's ability to understand these short-term changes can position the Plan favourably, for example taking advantage of the climate transition by avoiding and reducing investment in high-emitting carbon sensitive businesses/assets that do not have a business plan that supports the transition to a low carbon economy.

- Out to 10-15 years from 2022, risks are likely to be more balanced reflecting both transition and physical risk. Physical risks are being felt through the impacts of droughts, floods and wildfires creating localised disruption. Over this time period the transition pathway will become clearer and the level of anticipated physical damage will become much clearer. While the full extent of the physical damage is unlikely to have occurred, markets are likely to be allowing for it to a large degree in asset pricing.

The Trustee's ability to understand these changes and evolve the portfolio as the pathway develops should help to control risk and potentially enhance returns. The Trustee seeks to select investment managers and choose indices that can identify potential emergence of low carbon opportunities and the decline of some traditional sectors.

- Beyond 20-25 years from 2022, physical risks are expected to come to the fore. This includes the impact of natural catastrophes leading to physical damages through extreme weather events. Availability of resources is expected to become more important if changes in weather patterns (e.g. temperature or precipitation) affect the availability of natural resources such as water. The impact of global heating on productivity, particularly in areas closer to the equator, will also be a key driver.

As part of its ongoing investment strategy, the Trustee considers approaches to further manage climate change risks and opportunities, where appropriate. The climate scenario analysis (and climate metrics) helps the Trustee to understand how the Plan is exposed to climate-related risks and how it could be best positioned for the move to a low carbon economy.

Climate-related risks and opportunities relevant to the Plan

Having taken into account the Plan's DB Section strategic asset allocation and the DC Section's popular arrangement, the following risks and opportunities have been identified:

- Over the short term, the Trustee has identified the inter-related risk of climate transition risk and asset repricing risk as being most relevant to the DB Section investment strategy and DC Section Default Lifestyle strategy. Over this time period opportunities are most likely to occur in transition related investment such as climate solutions.
- Over the medium term, the Trustee has concluded that both transition risk and physical risk (particularly in the form of asset repricing to allow for future physical damage) could be material.
- Over the long term, the Trustee has identified physical risk as the key driver of climate-related risk.

The Trustee has investigated the potential impacts of these risks and opportunities in the scenario analysis that follows. The Trustee notes that the impacts will differ across DB and DC Sections and that the DC Section is likely to be impacted to a greater extent over the medium- and long-term, given the expected investment strategy needed to generate good member outcomes.

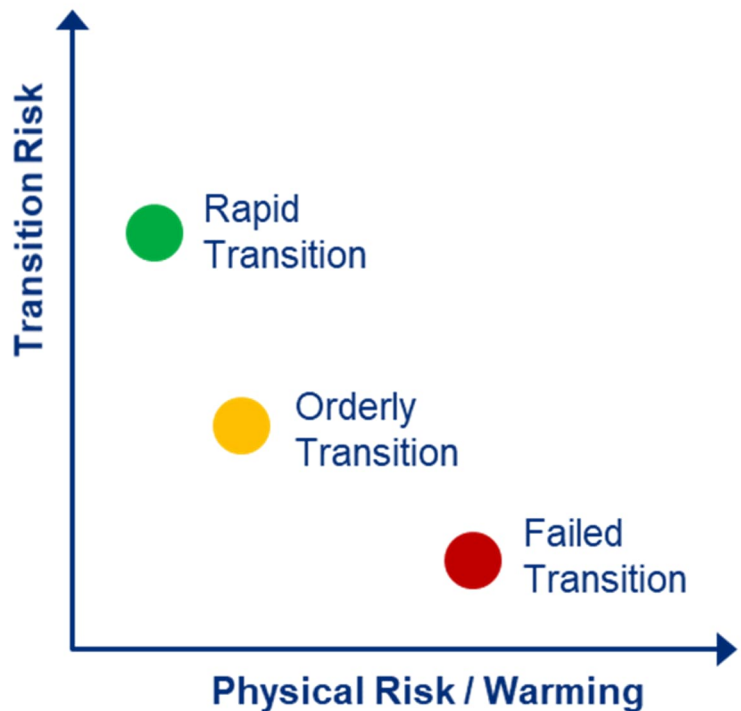
The Trustee has different investment advisors for the DB Section and the DC Section. The climate scenario analysis carried out for each Section is based on similar scenario pathway narratives but different underlying assumptions. Given no-one has clear foresight for how climate change will truly impact the world and the general economy, the Trustee believes the different approaches provide insight into the potential range of outcomes and helps enhance the way the Trustee considers the impact of an important systemic risk on the Plan’s assets, and on the funding status of the DB Section.

Defined Benefit Section

Climate change scenarios

The Trustee undertook climate scenario analysis as at 31 March 2022 to test the resilience of the investment and funding strategy of the DB Section adopted by the Trustee. Quantitative climate change scenario analysis has been undertaken on the Trustee’s strategic asset allocation to assess the potential implications of climate change under three modelled scenarios; a Rapid Transition (1.5°C), an Orderly Transition (less than 2°C) and a Failed Transition (greater than 4°C). The analysis is based on scenarios developed by Mercer working with Ortec Finance. These scenarios were selected by the Trustee to test a broad range of feasible outcomes and the DB Section’s exposure to both transition and physical risks.

- Rapid Transition** – Average temperature increase of 1.5°C by 2100 (relative to pre-industrial average). This scenario assumes sudden downward re-pricing across assets in 2025. This could be driven by a change in policy, consideration of stranded assets or expected costs. The shock is partially sentiment driven and so is followed by a partial recovery. Physical damages are most limited under this scenario.
- Orderly Transition** – Average temperature increase of less than 2.0°C by 2100. Governments and wider society act in a co-ordinated way to decarbonise and to limit global warming to well below 2°C. Transition impacts do occur but are relatively muted.
- Failed Transition** – Average temperature increase above 4°C by 2100. The world fails to co-ordinate a transition to a low carbon economy. Physical climate impacts significantly reduce economic productivity and have increasingly negative impacts including from extreme weather events. These are reflected in re-pricing events in the late 2020s and late 2030s.



Source: Mercer

In designing scenario analysis a fundamental decision is whether to assume that any climate impacts are priced in today. The analysis in this report is expressed relative to a ‘climate-informed’ baseline⁷; the

⁷ The baseline represents what we are assuming the market is currently pricing in. The baseline includes a 10% weight to a **Failed Transition**, 40% weight to an **Orderly Transition**, 10% to a **Rapid Transition** and 40% to a range of **low impact scenarios**.

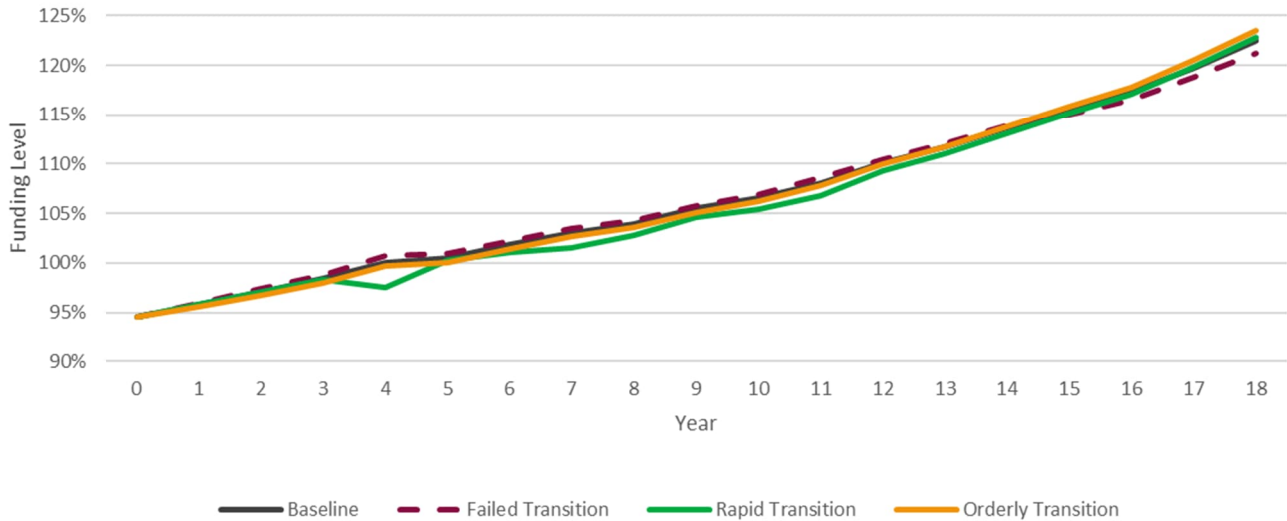
implication is that all return impacts are presented in terms of how they are different to what we are assuming is priced in today.

Further detail on climate scenario narratives, including modelling limitations, is included in the appendix of this report.

Scenario Analysis Results

The charts below represent the output of the Trustee’s quantitative analysis of the investment and funding strategy. The chart represents projections of the Self Sufficiency funding level from an analysis date of 31 March 2022 over a period of 18 years. Projections include the impact of future contributions and assume a dynamic asset allocation that allows for future expected de-risking. Further detail on the underlying asset allocations and limitations associated with climate scenario analysis are set out earlier in this Technical Appendix.

Projections of the Self Sufficiency funding level¹ from 31 March 2022 under the three climate scenarios



Source: Mercer

¹ Analysis based on invested asset only and excludes the value of the Pension Funding Partnership (“PFP”). This was estimated to be £50.9m as at 31 March 2022. See page 15 for more information about the PFP.

The funding level analysis above takes into account the impact of interest rates and inflation expectations on the value of the liabilities. Of note, realised inflation is expected to be elevated under the Rapid Transition, resulting from damages to agriculture and change in food prices, increasing the value of benefits with inflation-linked increases. These impacts are partly hedged by the Plan’s allocation to Liability Driven Investment (“LDI”) holdings. It does not, however, explicitly take into account the impact of changes to mortality.

Impact on mortality

The Trustee has separately considered the impact of climate change upon Plan members’ mortality at a high level. In the UK, mortality changes directly due to climate change (over the Trustee’s short term and medium term projection periods used within this report) are not expected to be material in the context of general uncertainty about life expectancy. This position will be re-assessed at the next actuarial valuation as at 31 March 2025.

Expected impact on annual investment return to 2026, 2030 and 2040 based on the strategic asset allocation as at 31 March 2022

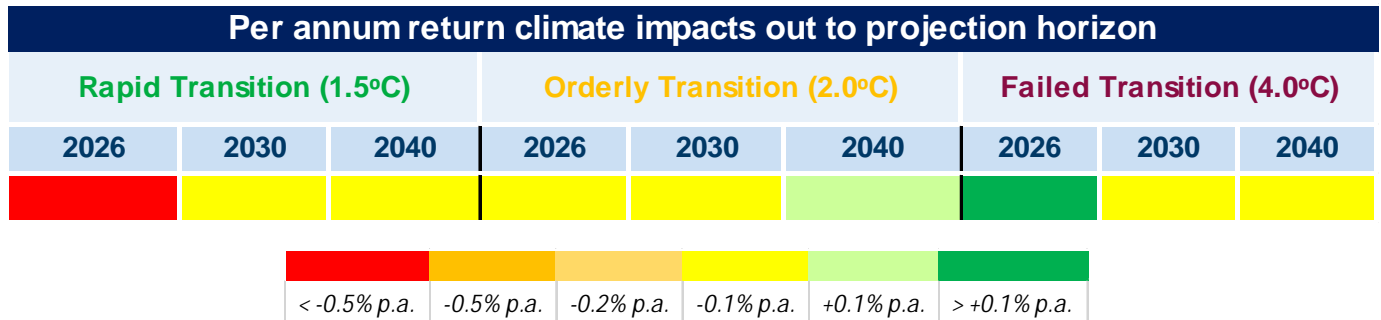


Figure 2 shows the annualised climate impacts on return relative to the baseline returns.

DB Section: Scenario Analysis Findings

In light of the above quantitative analysis, the Trustee noted the following findings with respect to the DB Section:

Key findings from the DB Section climate scenario analysis as at 31 March 2022

Short Term (4 years to 2026)

Over the short term, transition risk dominates with the Rapid Transition having the most impact. Under this scenario, there is a shock in year 4 which could reduce the asset value by around £20m leading to a funding level deterioration of around 2.4%. This could be driven by unprecedented policy action, with markets initially overreacting before recovering. The scenario shows strong recovery as default experience does not increase materially and credit spreads normalise. The actual timing or magnitude of any shock, or recovery, is uncertain. It is possible to envisage scenarios where initial losses are crystallised by defaults so the recovery is not guaranteed.

The exposure to the Rapid Transition scenario is driven predominantly from allocations to credit type assets.

Medium Term (8 years to 2030)

Over the medium term, transition risk still dominates but physical risk is increasing. The impact of transition risks under the Rapid Transition and physical risks under the Failed Transition are broadly similar. The impact on the asset strategy is broadly neutral across all scenario around this time period due to the investment strategy having mainly credit-based assets and liability driven investments. The funding level under a Rapid Transition scenario lags behind the funding level under the other scenarios because of the pricing shock anticipated over the short term.

**Long Term
(18 years to 2040)**

Over the long term, physical impacts become more significant, with the Failed Transition resulting in falls in asset value relative to the baseline. The Failed Transition scenario includes a repricing shock during the 2030s where the market prices in future physical damages. The funding level at 2040 is expected to be below the baseline projection under the Failed Transition scenario and above the baseline for the transition focused scenarios, though the magnitude is somewhat muted due to the nature of the investment strategy.

Source: Mercer

The Trustee has considered the potential impact of these scenarios over all time horizons and has concluded that the investment and funding strategies for the DB Section remains appropriate, having taken into account the wider investment and funding objectives and other risks the Plan is exposed to.

Defined Contribution Section

Climate change scenarios

The Trustee undertook climate scenario analysis as at 31 March 2022 to test the resilience of the investment strategy for the Default Lifestyle strategy adopted by the Trustee. Quantitative climate change scenario analysis has been undertaken on the Trustee’s strategic asset allocation to assess the potential implications of climate change under four modelled scenarios; Least Common Denominator (~3.5°C), an Inevitable Policy Response (~2°C), Greater Coordinated Action (~2°C) and a Climate Emergency (~1.5°C). The analysis is based on scenarios developed by WTW. These scenarios were selected by the Trustee to test a broad range of feasible outcomes and the DC Section’s exposure to both transition and physical risks.

For the DC Section, four climate scenarios have been shown, relative to a base case.

DC Section climate scenario definitions

	Least Common Denominator	Inevitable Policy Response	Global Coordinated Action	Climate Emergency
Description	A "business as usual" outcome where current policies continue with no further attempt to incentivise further emissions reductions. Socioeconomic and technological trends do not shift markedly from historical patterns.	Delays in taking meaningful policy action result in a rapid policy shift in the mid/late 2020s. Policies are implemented in a somewhat but not completely co-ordinated manner resulting in a more disorderly transition to a low carbon economy.	Policy makers agree on and immediately implement policies to reduce emissions in a globally co-ordinated manner. Companies and consumers take the majority of actions available to capture opportunities to reduce emissions.	A more ambitious version of the Global Coordinated Action scenario where more aggressive policy is pursued and more extensive technology shifts are achieved, in particular the deployment of Negative Emissions Technologies at scale.
Temperate rise	~3.5°C	~2.0°C	~2.0°C	~1.5°C
Renewable energy by 2050	30-40%	80-85%	65-70%	80-85%
Physical risk level	High	Low – Medium	Low – Medium	Low
Transition risk level	Low	High	Low – Medium	Medium-High

Source: WTW

The scenarios differ in the size of the physical risks, based on the resulting temperature impacts, but also in the size of the transition risks. The Climate Emergency scenario, where decisive action is taken, and the Inevitable Policy Response scenario, where transition is more disorderly due to delays in meaningful action, represent bigger transition risks than the Global Co-ordinated Action scenario.

The Trustee has carried out the scenario analysis for the DC Section’s Default Lifestyle (Drawdown Focused) strategy, which qualifies as a “popular” defined contribution arrangement with more than 10% of the total defined contribution assets.

Climate scenario methodology for the Defined Contribution Section

As individual members in a defined contribution pension plan bear their own investment risks, unlike in a defined benefit plan, climate change is likely to impact them very differently.

DC Section member risk exposure

Member Status	Risk exposure	Impact of sudden pricing in of climate costs
Younger members	Likely to be more exposed to the long-run physical risks due to their long investment time horizon	May not be material given limited build up of funds
Older members	More likely to be more exposed to short-term transition risks	Could be significant depending on the level of de-risking at point of pricing impact

In order to capture these elements, the following factors have been modelled for the Default Lifestyle (Drawdown Focused) strategy:

- The impact, compared to the base case, on final pot size if climate change asset impacts materialise as drags on return through time.
- The impact on pot size if climate change asset impacts occur as an immediate shock. We have expressed this as a percentage reduction in pot value after 1 year, compared with the pot value under the base case, in order to demonstrate the severity of the impact.

The following table sets out the assumptions for the example members used in the modelling.

Member cohort assumptions

Member Status	Age	Retirement Age	Existing pot size	Initial salary	Contribution rate	Annual salary increase
New Joiner	25	65	£0	£35,000	10%	CPI + 1%
Pre de-risking	50	65	£200,000	£59,000	12.5%	CPI
Near retirement	62	65	£200,000	£37,000	12.5%	CPI

The following figures demonstrate the following:

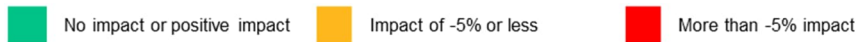
- Figure 3: The potential impact on the final pot compared to the base case under the four scenarios and base case.
- Figure 4: The potential pot size at risk from a severe market shock from climate change (e.g. sudden changes to regulation or introduction of a carbon tax) leading to rapid market repricing in the next year. Effectively this is the impact of the market pricing in the impact of each scenario in a single year, and how much of a member’s pot would be lost compared to the base case.

The aim of these colour-coded ratings is to highlight differences between members and scenarios.

Summary of the impact of climate scenarios on the Default Lifestyle (Drawdown Focused) Strategy

Impact on the final pot size compared to the base case	New joiner	Pre-de-risk	Pre-retirement
Base case	0%	0%	0%
Least Common Denominator	-9.8%	-2.2%	0.0%
Inevitable Policy Response	-8.1%	-9.3%	0.0%
Global Coordinated Action	-6.3%	-3.4%	-0.9%
Climate Emergency	-5.8%	-5.7%	-1.7%

Source: WTW



Summary of a climate shock scenario on the Default Lifestyle (Drawdown Focused) Strategy

Shock scenario: Pension pot at risk (as proportion of pot size)	New joiner	Pre-de-risk	Pre-retirement
Base Case	0.0%	0.0%	0.0%
Least Common Denominator	0.0%	-6.5%	-4.8%
Inevitable Policy Response	0.0%	-11.2%	-9.4%
Global Coordinated Action	0.0%	-6.5%	-5.1%
Climate Emergency	0.0%	-9.0%	-7.3%

The table below outlines the expected impact of climate related risk on each of the relevant freestyle (non-Default Lifestyle) funds under each scenario. The shocks reflect the potential impact on fund value if markets were to suddenly price in each of the climate scenarios.

Expected impact of climate related risk on the relevant freestyle funds under each climate scenario

Fund	Least Common Denominator	Inevitable Policy Response	Global Co-ordinated Action	Climate Emergency
	Shock Impact (%)	Shock Impact (%)	Shock Impact (%)	Shock Impact (%)
Britvic Balanced	-6.7%	-11.3%	-6.6%	-9.1%
Britvic Diversified	-5.2%	-10.1%	-5.5%	-7.8%
Britvic Cash	0.0%	0.0%	0.0%	0.0%

Source: WTW

DC Section: Scenario Analysis Findings

The overall climate change exposure of the default strategy is relatively limited for older members, if the impact of climate change on their investments materialises as drags on performance over time. This analysis only considers the impact on members whilst a member of the Plan. It does not consider how members may be impacted post-retirement, for example if they are continuing to invest in an income drawdown arrangement.

Younger members are more exposed than older members under all scenarios, due to longer holding periods and the physical risks that are incurred further into the future.

Were a market re-pricing shock due to climate change materialise in a single year, the impact

would be more severe for members who have built up a reasonable defined contribution pot.

Younger members are not exposed to shocks in the short term due to their low pot sizes. As those members become older, they will be exposed to climate-related shocks over the medium and longer terms. This demonstrates that, for young members, the quicker the climate-related costs are priced in to asset valuations the better.

From an asset perspective, members of different ages are more exposed to different scenarios. For older members, high transition risk scenarios (e.g. Inevitable Policy Response) are a bigger risk. For younger members, the trade-off of higher transition costs for lower physical

costs is a worthwhile trade financially, as they stay invested long enough to cover the payback period.

The Trustee has not made any changes to the investment strategy as a result of the scenario

analysis. However the Trustee will be undertaking its next formal strategy review of the DC investment strategy in 2024, and will consider options for mitigating exposure to climate change risks as part of that review.

Climate Metric Analysis Approach

Data sources

Climate-related metrics for the DB section have been sourced directly from the asset managers. Climate-related metrics in respect of the Pension Funding Partnership (“PFP”) are not currently available. The Trustee will be considering the most proportionate approach to take in order to obtain metrics in respect of this asset for future reports. More information about the PFP is set out on page 10.

For the DC Section all metrics data has been sourced from the investment managers, LGIM and BlackRock.

Proxy data

For some asset classes, data coverage is too low (or no data is available) to be able to take a pro rata approach. Use of proxy data (data of other asset classes or funds that broadly represent a given fund) can help provide climate-related data where coverage for an asset class/fund is limited.

For the DB Section, the Trustee considered the use of proxy metric data for private debt, real estate and non-UK sovereign debt however, the characteristics of the proxy fund would be too different from the invested assets to be able to make any informed investment decisions with the information and be of limited use from an engagement standpoint. For now, no data on these asset classes has been presented. These assets represent c.11% of the total actual asset allocation.

Scope of emissions

Where only Scope 1 and 2 emissions data has been included in this report, the assessment of underlying companies’ carbon footprint could be considered an understatement. Scope 1, 2 and 3 emissions are as defined by the GHG protocol.

Data coverage

Data coverage refers to the proportion of an asset in which the various climate-related metric data is available. There are gaps in the data as:

- Some public listed companies are not publishing climate-related data or are providing poor quality data. This is relevant to public equity and corporate bonds. Obtaining data for emerging market equity and debt can also be challenging due to general disclosure and transparency challenges.
- Many private companies do not currently produce climate-related data and coverage for private markets, such as private equity and private debt, will be low, or zero for mature funds.
- Sovereigns, or governments, may not publish climate-related data in the public domain. This is a particular challenge for emerging market debt. For UK government debt, data is available but there is a delay in the data being published.
- Short-term instruments have limited data available due to the short-term nature of the individual assets.

In this report, the asset managers have used a pro rata approach to scale up each climate metric in order to present the data as if full coverage was available for each asset, unless otherwise stated. This assumes that the part of an investment fund that does not have data available has the same climate metrics as the part where there is data. Where part of the portfolio is not representative of the portion where there is data coverage, the climate metrics have not been scaled. For the DB Section, no pro rata approach has been taken for the Schroders Emerging Market Debt fund nor the Mercer Multi-Asset Credit Fund.

The Trustee is working with its investment advisors and investment managers to address the data gaps, as far as they are able, through continued engagement with investment managers alongside preparation of annual TCFD reporting.

DB Section

Data provided by Investment Managers has not been independently verified.

Emerging Market Debt – BlackRock

BlackRock provided some climate-related data as at 31 March 2023 however, the reported intensity metric provided only represented 0.45% of the portfolio. Given the low data coverage, the data has not been included in this report. BlackRock was unable to provide any absolute emissions data. This is because the fund is largely invested in sovereign bonds.

Emerging Market Debt – Schroders

Data is as at 31 March 2023 for the majority of the data. The ITR metrics is as at 31 May 2023. Schroders were unable to provide any climate data for the sovereign component of the portfolio at the 31 March 2023 reporting date Carbon intensity data was provided in GBP and has been converted to USD equivalent by Mercer using a GBP:USD exchange rate of 1.236 as at 31 March 2023.

Schroders use MSCI as its primary provider of emissions data. The choice to use a single provider has been made to facilitate consistency and reduce ambiguity across its emissions metric calculations. They are therefore dependent on MSCI for the coverage of emissions data across our public investments and will continue to work with MSCI to encourage increased coverage. In some instances where data is missing, MSCI use an estimation methodology where a company has not reported its emissions metrics. If no emissions data is available from MSCI, Schroders has chosen not to use an internal estimation methodology as they believe this could be misleading for clients.

Residential Property – M&G

Data is as at 31 December 2022. Carbon intensity data was provided in GBP and has been converted to USD equivalent by Mercer using a GBP:USD exchange rate of 1.203 as at 31 December 2022.

The GHG footprint is stated in accordance with the GHG Protocol Corporate Accounting Standard, the emission boundary is established using the principle of operational control and is consistent with standard industry practice (GRESB).

Scopes 1 and 2 emissions data is in respect of Landlord Procured Energy.

Multi-Asset Credit – Mercer

Data is as at 31 March 2023 in USD and is sourced from MSCI BarraOne. The data provided was calculated on a best efforts basis and based on available data and current methodology. This may change in future depending on how the market evolves. Where there is partial coverage of a portfolio, the emissions were scaled up to estimate the coverage for 100% of the mandate. This may over or understate the numbers set out above and could result in a significant change in the numbers as coverage levels increase. Scope 3 data is available for reporting dates after 30 September 2023.

Private Debt - ICG

ICG is unable to provide any climate-related data relating to the legacy private debt funds that the Plan invests in.

Corporate Bonds – Insight

Data is as at 31 March 2023 and in USD. Carbon intensity calculations take a companies’ total Scope 1 and Scope 2 emissions, then normalised by revenue (US\$). The emissions-based data provided in respect of the fund in which the Plan invests is not modified and is sourced from MSCI. Insight ITR metric methodology updated to use MSCI data (S&P Trucost used in the Plan’s TCFD report to 31 March 2022).

Liability Driven Investment - LGIM

The following assumptions have been made in the calculation of the climate-related metrics for the Liability Driven Investment (LDI):

- The overall figures for LDI portfolios will typically be primarily driven by government bond holdings (specifically UK government bonds in the case of UK clients). All UK Gilts (including green gilts) have the same assumed emissions figures given there is just one issuer (the UK government);
- GHGs emissions within the country border (e.g. UK) (Scope 1 and 2);
- To calculate the carbon footprint, the total capital stock of gilts has been used. Figures are released by the DMO with a 2-year lag. For 2023 outputs, early 2023 data has been used by LGIM and reflects GHG emissions for the 2020 calendar year;
- Emissions data is from ISS, and they source data directly from UNFCCC (the official emissions data published by the UK government as part of the Paris accord). In LGIM’s opinion, whilst this figure is more approximate (vs corporate figures), it could be considered more reliable as they say it has been through more validation procedures;
- Scope 3 emissions are not included;
- The carbon footprint of LDI portfolios has been calculated by LGIM as 60 tonnes CO₂e/\$m as at 30 September 2023;
- The metrics cover the full economic exposure to UK gilts which will be from the physical gilt holdings and any exposure to repo⁸.
- Gilts posted out as collateral by the Plan are included in the gilt valuations and gilts received as collateral are excluded.
- Interest rate swaps, inflation swaps, futures, cash and money market fund holdings have all been excluded.

Category	Market value of exposure (£m)	Absolute emissions tCO ₂ e
Funded gilts only	239.7	17,779
Gilts on repo	224.4	16,644
Combined gilt exposure	464.2	34,423

Source: Calculations by Mercer using data from LGIM, UK Government and DMO.

- Temperature alignment: LGIM’s Climate Solutions team have built LGIM Destination@Risk, a proprietary climate model. At present LGIM assesses a temperature alignment score of 1.9°C for the UK government.

⁸ Repurchase agreement: a form of short-term borrowing for dealers in government securities used for portfolio efficiency

DC Section

Britvic Balanced and Diversified Funds - LGIM

Carbon emissions data and company fundamental data is sourced from third party data vendors. The investment manager reports carbon for asset classes covered by its third- party data provider ISS.

Coverage for eligible assets will not always be 100%. This will often be because ISS has not provided carbon data for a given company as it has not published its carbon emissions data. For the purpose of calculating these metrics, the investment manager disregards all positions that are ineligible and not covered in the fund and recalculates the weights so that the sum of the weights is 100%. This process is called reweighting and its purpose is to ensure that they are not making any assumptions for missing/ineligible data points, in particular they are not assuming that missing data is equal to 0.

Britvic Cash Fund – BlackRock

Carbon emissions data is sourced from MSCI.

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Mercer

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