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Section 1:

Introduction

This statement, prepared by the Trustee Directors of the Plan (“the Directors”), sets out how, and the extent to which, the Statement of Investment Principles (“SIP”) has been followed during the year to 31 March 2024 (the Plan Year). This statement has been produced in accordance with the Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the subsequent amendment in The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the statutory guidance on reporting on stewardship in the implementation statement dated 17 June 2022. This statement covers the DB Section of the Plan and should be read in conjunction with the SIP. A separate statement has been prepared for the Defined Contribution section.

The statement is based on, and should be read in conjunction with, the SIP dated March 2022.

Sections 2.1 and 2.2 of this statement set out the investment objectives of the Plan and changes that have been made to the SIP during the Plan Year, respectively.

A copy of the SIP is available at <https://www.britvic.com/investors/corporate-governance/pension-plan>

Section 2.3 of this statement provides some highlights of the activity undertaken by the Trustees in relation to Responsible Investment and Environmental, Social and Governance (ESG) over the Plan Year.

Section 3 includes information on the engagement activities of the underlying investment managers of the Plan, and also sets out how the Plan’s engagement has been followed during the Plan Year in respect of the Plan’s DB assets. **The Trustees can confirm that all policies in the SIP in relation to the Plan’s DB assets have been followed during the Plan Year.**

Section 2:

Statement of Investment Principles

2.1 Investment Objectives of the Plan

The Trustee Directors believe it is important to consider the policies in place in the context of the objectives they have set. The objectives of the DB Section of the Plan included in the SIP dated March 2022 are as follows:

- Invest the Plan's assets in the best interest of the members and the beneficiaries, and in the case of a potential conflict of interest, in the sole interest of the members and beneficiaries.
- To be fully funded on a self-sufficiency basis by 31 March 2031¹.
- To limit the likelihood of the funding level falling in the next three years.

2.2 Review of the SIP

During the year, the Trustee Directors reviewed Plan's objectives and updated the self-sufficiency fully funded objectives from 31 March 2026 to 31 March 2031. This will be formally reflected in the next update of the SIP.

2.3 Assessment of how the policies in the SIP have been followed for the year to 31 March 2024

The information provided in the following section highlights the work undertaken by the Directors during the Plan year to 31 March 2024 and sets out how this work followed the Directors' policies in the SIP.

In summary, it is the Directors' view that the policies in the SIP have been followed during the Plan year to 31 March 2024.

¹ The SIP references the objective to be fully funded on a self-sufficiency basis by 31 March 2026. Following the 2022 Actuarial Valuation, it was noted that whilst the Plan is expected to be fully funded on the self-sufficiency basis by 2026, there is a level of uncertainty in these projections and as a result, the objective was updated to target fully funded on a self-sufficiency basis by 31 March 2031.



Strategic Asset Allocation

| Policy | Location in SIP | How the policy has been met over the year to 31 March 2024 |
|---|--------------------|--|
| <p>1</p> <p>Kind of investments to be held and the balance between different kinds of investments</p> | <p>Section 2.6</p> | <p>The Directors aim to review the Plan's investment strategy at least on a triennial basis or following any significant changes to the Plan. The Plan's investment strategy comprises a liability-hedging mandate (to hedge out the majority of interest and inflation risk associated with the Plan's liabilities), credit assets (including Multi-Asset Credit, Private Debt, Buy and Maintain Credit, Emerging Markets Debt), and a Property allocation.</p> <p>The Directors reviewed the Plan's investment strategy over the year and considered the role of each asset class in the portfolio as it evolves over time.</p> <p>The Directors reviewed the role of property in the portfolio and decided to redeem the Plan's allocation to improve the portfolio's liquidity. A number of unit sales were completed during the year under review and the remaining unit sales are expected to be completed in 2024.</p> <p>The Directors also reviewed the expected return of the agreed strategy but agreed to defer any strategy changes pending further work around the Plan's journey plan.</p> <p>The Directors reviewed the role of LDI and Credit in the portfolio and decided to consolidate the mandates into a single portfolio to improve the collateral efficiency. This change was implemented during the year under review. The Directors continue to hold investments within the Plan that are consistent with the policies in the SIP.</p> <p>Over the year there have been no changes to the SIP.</p> |
| <p>2</p> <p>Risks, including the ways in which risks are to be measured and managed</p> | <p>Section 2.4</p> | <p>The Directors consider both quantitative and qualitative measures of risks when deciding investment policies, strategic asset allocation and the choice of fund managers / funds.</p> <p>The primary risks upon which the Directors focus are those arising through a mismatch between the Plan's assets and its liabilities and the risks associated with a deterioration in the strength of the Company's covenant.</p> <p>The Plan also maintains a risk register of the key risks, including the investment risks. This rates the impact and likelihood of the risks and summarise existing mitigations and additional actions.</p> <p>On a quarterly basis the Directors review the Plan's asset allocation compared with target and may make rebalancing decisions to ensure that the overall level of risk and return is maintained. On a quarterly basis, the Directors also review the LDI mandate in detail including the hedge ratio vs target and counterparty and collateral risks to ensure the mandate is operating as expected, and that the assets are hedging the interest rate and inflation risks as expected. The target hedge ratios were increased to 90% in the year to 31 March 2024.</p> <p>The Directors review the performance of the managers on a quarterly basis and may invite managers to present to the Directors if there are any concerns on the performance or management team.</p> |

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| | | In October 2023, the Directors published, on the member website, their first climate-related report covering the Plan year to 31 March 2023. This sets out the climate-related risks that the Plan is exposed to and how the Directors monitor and manage those risks. The Directors will publish the report covering the year to 31 March 2024 by October 2024. |
| 3 | Expected Return on Investments | Section 2.8 |
| | | The investment performance report is reviewed by the Directors on a quarterly basis. The investment performance report includes how each investment manager is delivering against their specific mandates. Over the 3 years to 31 March 2024, the Plan returned -11.3% p.a. relative to a benchmark of -11.1% p.a. on a net of fees basis. |



Investment Mandates

| Policy | Location in SIP | How the policy has been met over the year to 31 March 2024 |
|--------|---|---|
| 4 | Securing compliance with the legal requirements about choosing investments | Section 2.2 & 6 |
| | | Over the year, the Directors received advice from Mercer in relation to the strategic asset allocation of the Plan and the role that some of the asset classes play. As noted in Policy 1, the Directors agreed to defer any strategy changes pending further work around the Plan's journey plan. As noted in policy 2, the Directors received advice in Q4 2023 and Q1 2024 regarding the disinvestment from the M&G Residential Property mandate and the switch of the LDI mandate from LGIM to Insight. |
| 5 | Realisation of Investments | Section 2.10 |
| | | The investment managers have discretion in relation to decisions around the liquidity of investments and the timing of realisation of investments, provided they remain within the parameters set out in the fund documentation. Investment in illiquid investments (i.e. private debt and property) must not exceed 15% of the Plan's total assets. The Directors will monitor this as part of future investment strategy reviews. As at 31 March 2024, the Plan held 10.7% of total DB assets in illiquid investments. The Plan's assets are invested in pooled funds; however, many are subject to weekly or monthly dealing restrictions. The Directors therefore monitor the Plan's cashflow position on a regular basis to ensure there is sufficient liquidity within the Plan to allow for the pay-out of approved member benefit requests, private market drawdowns and any collateral calls from the LDI mandate. This monitoring includes a process to sell Plan assets, in line with the liquidity waterfall, and if additional cash is required to maintain the level of liability hedging in the LDI mandate ('cash collateral'), which manages the level of interest rate and inflation risk in the Plan. A cashflow policy has also been established to effectively manage the Plan's liquidity. Over the year the Directors acted on several occasions to ensure sufficient liquidity for member cashflow. |

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| | | Additional money, through the sale of property, was allocated to the Cash fund and Trustee bank account on several occasions to meet the Plans Cashflow requirements, such as benefit payments. |
| 6 | Financial and non-financial considerations and how those considerations are taken into account in the selection, retention and realisation of investments Sections 2.2, 4.4, 5.1 & 5.2 | <p>The Directors utilise Mercer’s manager research ratings (as set out in the quarterly investment performance reporting) when making decisions around selection, retention and realisation of manager appointments. The Directors’ focus is on the medium and long-term financial and non-financial performance but will put a manager ‘on watch’ if there are sustained short-term performance concerns.</p> <p>A number of the key investment risks identified in the SIP were measured and managed via the investment strategy reviews carried out over the year. The Directors concluded the aggregate level of risk in the investment strategy was reasonable and necessary to produce the expected return required to meet the objectives of the Plan, with a view to carrying out a further review of the investment strategy aligned with journey planning discussions.</p> <p>Member views are not taken into account in the selection, retention or realisation of investments.</p> |

Monitoring the Investment Managers

| # | Policy | Location in SIP | How the policy has been met over the year to 31 March 2024 |
|---|--|-------------------|--|
| 7 | Incentivising investment managers to align their investment strategies and decisions with the Directors’ policies | Section 5.1 & 5.2 | <p>If an investment manager is not meeting performance objectives or targets, or the investment objectives for a mandate have changed, the Directors will review the fund appointment to ensure it remains appropriate and consistent with the Directors’ wider investment objectives. Manager appointments were reviewed over the Plan year.</p> <p>The Directors met with a number of the Plan’s managers over the year to discuss a range of topics, including recent performance against objectives, performance outlook and ESG integration.</p> <p>In addition, the Directors monitored the investment and Environmental, Social and Governance (“ESG”) ratings assigned to each manager by Mercer on a quarterly basis as part of the regular performance monitoring.</p> |

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| <p>8</p> <p>How the arrangement incentivises the asset manager to make decisions based on assessments about medium to long-term financial and non-financial performance of an issuer of debt and to engage with issuers of debt in order to improve their performance in the medium to long-term</p> | <p>Sections 4.2 & 5.1</p> | <p>Where the Directors invest in pooled investment vehicles within the DB Section, they accept that they have no ability to specify the risk profile and return targets of the managers, but appropriate mandates can be selected to align with the overall investment strategy.</p> <p>The assessment of the medium to long-term financial and non-financial performance of an issuer is delegated by the Directors to the investment managers appointed by the Plan. The Directors' view is that these managers are in a position to engage directly with such issuers in order to improve performance in the medium to long term.</p> <p>Over the year, the Directors also monitored how each asset manager embeds ESG into their investment process and how the managers' responsible investment philosophy aligns with the Directors' own responsible investment policy via changes in the ESG asset manager ratings assigned by Mercer, and meetings with the managers as noted in Policy 7 above.</p> <p>As part of this implementation statement process, the Directors have also received and considered key engagement information from the managers, which is summarised in the Engagement Activity section that follows. The Trustee Directors agreed to move the credit mandate to a client specific pooled fund structure, this allowed the trustee directors to amend the guidelines as appropriate, and as part of this change, to incorporate the Plan's climate-related targets into the credit guidelines.</p> |
| <p>9</p> <p>Evaluation of the investment manager's performance and the remuneration for asset management services</p> | <p>Section 5.2</p> | <p>To evaluate performance in respect of the investment managers, the Directors received and discussed investment performance reports on a quarterly basis. The reports presented performance information and commentary in respect of the Plan's investments. Such reports have information covering investment performance for the previous 3 months, 1 year and 3 years for the investment managers and at the total Plan level. The Directors reviewed the absolute performance, relative performance against a suitable index used as the benchmark, and/or against the managers' stated target performance (over the relevant time period).</p> <p>The investment managers' fees were outlined in the quarterly investment reports prepared for the Directors.</p> <p>Over the year fee negotiations took place with investment managers as part of the LDI and Credit consolidation implementation which delivered fee savings for the Plan.</p> <p>The Directors will keep investment managers' fees under review and will seek to renegotiate fees where appropriate.</p> |
| <p>10</p> <p>Monitoring portfolio turnover costs</p> | <p>Section 5.3</p> | <p>At present, the Directors do not formally monitor investment manager portfolio turnover costs but are looking to incorporate this into the wider investment manager monitoring process. Over the year the Directors received MiFID II reporting in respect of the Multi-Asset Credit Fund but did not formally analyse the information.</p> |
| <p>11</p> <p>The duration of the arrangement with the investment manager</p> | <p>Section 5.4</p> | <p>Investment managers are aware that their continued appointment is based on their success in delivering the mandate for which they have been appointed to manage. If the Directors are dissatisfied, then they will look to replace the manager. The Directors are long-term investors and are not looking to change the investment arrangements on a frequent basis.</p> |

For open-ended funds, there is no set duration for the manager appointments.

The private debt mandates are in closed-ended funds and the Plan is invested in these assets for the lifetime of each individual fund. At the time of appointment, the investment managers provided an indication of the expected investment duration of their funds and have the discretion to extend the lifetime of the fund in line with the contractual documentation.

During the year, the Directors instructed a full primary redemption of the Plan's holdings in the Property mandate managed by M&G. A number of unit sales were completed during the year under review and the remaining unit sales are expected to be completed in 2024.



Voting Disclosures

| | Policy | Location in SIP | How the policy has been met over the year to 31 March 2024 |
|----|--|-----------------|--|
| 12 | The exercise of the rights (including voting rights) attaching to the investments | Section 4.2 | There were no specific voting rights attaching to the Plan's investments held within pooled funds over the year, given there were no listed equity holdings. The Directors review voting rights attached to the pooled funds directly as they arise and take appropriate action. |

Section 3

Engagement Activity by the Plan's Investment Managers

The following are examples of engagement activity undertaken by the Plan's investment managers, where relevant. Examples were provided by the investment manager(s).

Schroders Emerging Markets Bond Fund

Engagement Statistics

Active Ownership insights – SISF Emerging Market Bond

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| Fund | SISF Emerging Market Bond |
| Asset Class | Fixed Income |
| Strategy | Emerging Market Debt Relative |

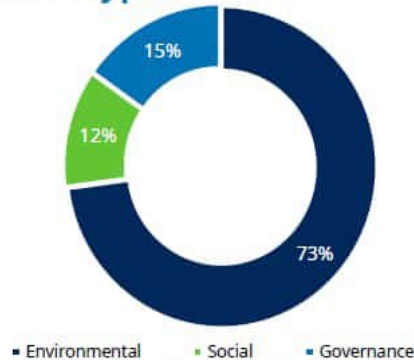
AUM | £2,022 Million

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| Total events | 36 |
| Total discussion topics | 59 |
| Total completed objectives | 5 |
| Total Companies | 15 |

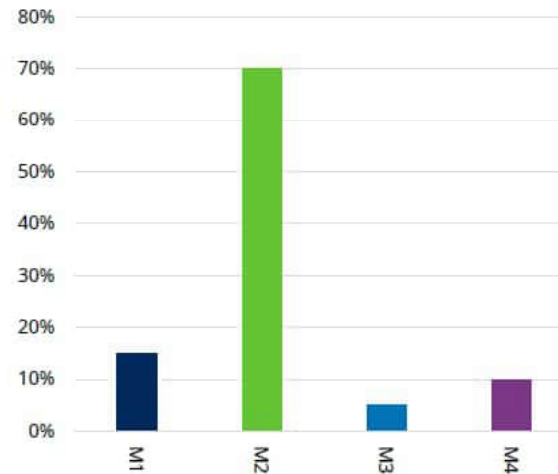
Event type



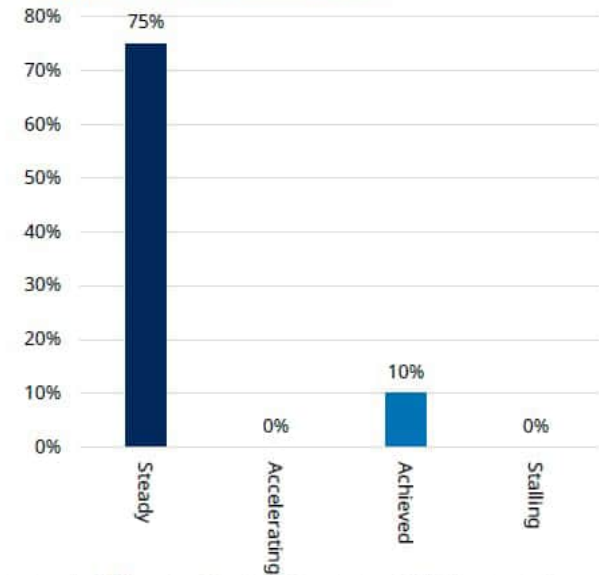
Objective type



Objective milestone progress



Objective momentum



Source: Schroders, data as of 31 March 2024. Engagement data over a period of 1 year ending 31 March 2024. *Individual quarters will not add up total companies, as Schroders may engage with a company multiple times in one year. Schroders Objectives are measure through milestones. The lead analyst is responsible for the overall progress of that objective. An "event" is a single interaction with an investee on environmental, social, and/or governance issues. It can include insights-driven discussion topics where we seek to understand business practices and strategy. It can also include outcomes-driven topics where we set SMART objectives and encourage progress. This engagement could take place in the following formats: one-to-one meetings and calls, group meeting and calls, formal letters, emails, and collaborative engagements. Milestones for engagement are defined as: M1 – engagement opportunity identified and communication started; M2 – acknowledgement by company of issues raised; M3 – company commits to an improvement plan; M4 – company implements our engagement ask. Engagement figures may be subject to revision.

Insight Buy & Maintain Credit

Company: Amazon - Seeking to improve a technology and e-commerce company's water-related performance.

Amazon is one of the largest retailers globally and provides a wide range of retail products and services, as well as cloud and logistics services. Insight engaged the company as part of a collaborative engagement organised by the Valuing Water Finance Initiative (VWFI). Due to its reliance on water as a key input into several business segments' large operational footprints, and influence on supply chain partners, Insight believe the company's progress on water stewardship is material. Insight's priority for the engagement is to improve its water-related disclosures and clarify water quantity impacts across its operational segments. Several of the company's competitors already have water monitoring programs for their supply chains.

Within the VWFI technology industry benchmark analysis, Amazon was ranked lower than many of its peers, significantly trailing the industry average. Amazon's corporate governance committee has oversight of several ESG matters and implies water stewardship, but Insight wanted to understand the extent of its oversight. Other peers in the VWFI benchmark analysis have disclosed evidence that their corporate boards and senior management consider water risk and opportunities as integral components of their business planning activities and investment decisions for their supply chains.

As a co-lead investor for the Valuing Water Finance Initiative team, Insight sent a letter to the CEO introducing their investor group and expectations, highlighting some of the areas of Insight's research. The letter requested a response to Insight's letter and an introductory meeting with the company's sustainability team.

Insight intends to develop a recurring dialogue with the company and will provide additional recommendations after further engagement is completed.

Mercer Multi Asset Credit

Company - BT Group Plc

The CQS Head of Research participated in a small investor group face-to-face meeting with the BT Group CEO was held in June 2023. CQS specifically asked about two social issues - the significant number of planned redundancies (up to 55,000 by 2030) and price increases on their customer base of c. 14% (CPI + 3.9%). The CEO explained that c. 15,000 redundancies will arise from completing the fibre network rollout, c. 10,000 will arise from technological developments (such as AI replacements) and c. 10,000 from natural attrition. The CQS Head of Research believed that whilst the headline does not look good, the explanation from the CEO was reasonable. It was also noted that industrial relations are broadly in line with peers (8 days of industrial action in 2022 and none in the first half of 2023). The price increases were in line with an industry agreed formula and the CEO stated that they were "necessary to deliver future products/digital infrastructure". The CEO highlighted that a price of just over £1.50 per day (£50 per month) represents good value for full mobile and broadband access.

In November 2023, a Research Analyst and the Responsible Investment Manager met with the Sustainability & Corporate Affairs Strategy Director and Senior Manager Investor Relations and ESG Strategy from BT Group. The meeting covered updates on redundancy plans, moving to digital voice, data privacy, and decarbonisation strategy. With regards to the redundancy plan, CQS queried whether there were any plans to re-skill workers that worked on the legacy network. They confirmed that there are re-skilling programmes in place and that the vast majority of the workers made redundant so far were contract workers where their contract wasn't renewed as opposed to permanent staff.

On digital voice, CQS queried how they were ensuring that vulnerable customers, such as the elderly, were supported and how they were handling weather challenges that may cause the service to drop. They explained that they are working proactively with customers, providing 1-on-1 workshops, organising local community workshops and ensuring engineers who install the service are trained to answer questions they may have. They explained that the weather challenges tend to be issues in more remote areas and happen with the legacy network too. For very vulnerable customers, they are providing additional support that can act as a backup. For data privacy, the company has clear separate privacy policies for consumers and for business. They have set principles under their Responsible pillar and try to be transparent with all customers.

CQS had a very detailed discussion on their decarbonisation strategy. 80% of their scope 1 and 2 emissions come from their fleet. Of their 30,000 vehicles, 2,400 are now electric. They founded the Electric Vehicle Coalition to seek support from government and car manufacturers which led to an extra 500 vehicles a year added to the EV subsidy. Whilst rolling out, they have faced challenges such as employees not having access to off-road parking so they have worked with BP and Shell to boost the EV infrastructure. For their scope 3 emissions, suppliers with contracts over £25m must have SBTi or commit to them within 6 months and there is a decarbonisation clause in the contract.

Overall, CQS were impressed with BT Group's responses to the questions, particularly their consideration of vulnerable customers with regard to the digital voice rollout. CQS will continue to monitor their progress with the electric vehicle rollout and redundancy plans.

M&G UK Residential Property Fund

M&G's 2023 Annual Stewardship Report states the below in regard to how their Real Estate team incorporates ESG in their approach to investing directly in property:

We recognise that as one of the world's largest real estate fund managers, our business activities have wide-ranging social, environmental and economic impacts.

We take a long-term, active approach to investing in property. Responsible investing is a key aspect of this, and we aspire to create and manage exceptional places that enrich the lives of people and communities to deliver long-term value for our investors, society and the environment.

Environmental and social issues are already influencing real estate market fundamentals, including obsolescence, rate of depreciation, voids, operational costs and liquidity. By being at the forefront of identifying and influencing the drivers of change, and shaping our investment strategies accordingly, we aim to continue delivering strong returns to our investors in the long term and support creation of positive environmental and social outcomes.

Full details of our approach to ESG governance and integration into the real estate investment process is detailed in M&G Investments' Real Estate ESG Investment Policy, which is published on our website and reviewed annually. This policy sets out how we consider ESG within our investment processes and how we will implement our ESG strategy.