

Britvic Pension Plan - DC Section

Annual Implementation Statement – for the year ending 31 March 2024

1. Introduction

This statement is the annual Implementation Statement (“the statement”) prepared by the Trustee of the Britvic Pension Plan (the “Plan”) covering the Plan year from 1 April 2023 to 31 March 2024 (“the Plan year”).

The purpose of this statement is to:

- set out the extent to which, in the opinion of the Trustee, the Plan’s Statement of Investment Principles (“SIP”) has been followed during the year,
- detail any reviews of the SIP the Trustee has undertaken, and any changes made to the SIP over the year as a result of the review,
- describe the voting behaviour by, or on behalf of, the Trustee over the year.

The operation of the DC Section of the Britvic Pension Plan has been delegated by the Trustee through a “bundled” policy of insurance issued by Aegon. This policy provides for administration, investment and communications. AVCs are also held through similar policies issued by Prudential and Zurich.

The DC Section assets are invested in a range of pooled investment funds through the Aegon policy and whose underlying investment managers are Legal & General Investment Management (“LGIM”), BlackRock and HSBC. This significantly simplifies the operational aspects of the Plan for the Trustee but means that the Trustee has limited ability to engage directly with, or influence the voting decisions of, the investment managers. Similarly, as the Trustee does not invest directly with LGIM and BlackRock, the investment managers do not have visibility of the Trustee’s specific holdings as the DC Section’s investments are made via Aegon’s pooled investment funds.

2. Review of, and changes to the SIP

The SIP was last updated in September 2024 and covers the new requirements on illiquid investments.

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

3. Adherence to the SIP

The Trustee considers that the DC Section of the SIP has been followed during the Plan year. This Statement provides details of how this has been achieved and covers those parts of the SIP which set out the Trustee's policies.

Policy area	Reference in the SIP dated 24 March 2022	Adherence to the SIP
Strategic management of the assets	SIP 3.0 - 3.5	<p>During the Plan year, the Trustee managed the Plan assets by continuing to offer members a range of lifestyle investment options that support the ways in which members typically draw their benefits at retirement namely lump sum, annuity, and income drawdown.</p> <p>The Trustee offered a range of self-select investment funds recognising that some members wish to self-select to meet specific investment needs and objectives</p>
Default investment option – the Drawdown Lifestyle	SIP 3.5	<p>As part of the review of the default option in 2021, the Trustee considered wider industry experience and member demographics. The Trustee also reviewed alternative portfolios for comparative purposes. It was agreed to retain a Drawdown Lifestyle as the default option in line with the SIP as this was considered suitable for the majority of members.</p> <p>The Drawdown Lifestyle continues to allocate 25% of members' accounts to cash at retirement in line with the policy which remains broadly consistent with other pension arrangements.</p> <p>The Trustee uses mainly passive funds as the constituent funds underlying the default option and only uses actively managed funds where there is no passive alternative. The change to the investment funds implemented in March 2022 remain consistent with this approach.</p> <p>A review of the default option commenced in early 2024 and is expected to conclude at the Trustee Board meeting in September 2024.</p>
Responsible investment and corporate governance	SIP 4.0 – 4.5	<p>Following the Trustee's assessment of responsible investment and its impact on investment outcomes, the Trustee continues to take account of ESG factors within the default investment option and lifestyle options.</p> <p>The Britvic Balanced fund used a specialist ESG fund - the LGIM MSCI ACWI Adaptive Capped ESG Index Fund.</p> <p>Aligned with this, the underlying fund within the Britvic Equity fund was also the LGIM MSCI ACWI Adaptive Capped ESG Index Fund.</p>

		It was noted that LGIM as the manager of the Diversified fund, a constituent of the Britvic Diversified fund and Balanced Fund, operated a number of ESG based exclusions and intends to continue integrating ESG factors into the fund.
Investment manager appointments	SIP 5.1	<p>The SIP notes that the DC Section only invests in pooled investment funds and so the Directors have no direct influence over the investment managers or their voting policies.</p> <p>However, through the provision of ongoing advice, the Trustee continued to ensure that the investment objectives and guidelines of each investment fund were consistent with their own policies and objectives.</p>
Monitoring of DC investment options/managers	SIP 5.2	<p>The Trustee meets quarterly to conduct its business, which includes monitoring the DC Section's investment strategy and performance, including the quarterly reports received from Aegon. The DC investment adviser is instructed to update the Trustee in between these meetings if a particular issue arose with Aegon or one of the funds made available within the DC Section.</p> <p>The Trustee's advisers prepare a quarterly update, including a summary of the membership, DC assets, fund performance against their benchmark, fund updates (including risk and volatility monitoring), market updates. These are reviewed at each Trustee meeting.</p> <p>The Trustee monitors the Prudential and Zurich With-Profits Funds used for Additional Voluntary Contributions on an annual basis. The Trustee receives a monitoring report which considers the financial strength of the funds, asset allocation, performance assessment and pay out analysis.</p>
Portfolio turnover costs	SIP 5.3	The Trustee completed a value for members assessment in May 2024 that explicitly considered and monitors transaction costs which can be considered a proxy for portfolio turnover costs. These are set out in the Chair's statement.
Manager turnover	SIP 5.4	The Trustee is a long term investor and is not looking to change the investment arrangements on a frequent basis, though changes may arise following a review of the fund range and default option.

Policy on investing in illiquid assets

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

Investment manager approach to sustainable investment

The investment managers for the Aegon funds selected by the Trustee are LGIM, BlackRock and HSBC. The fund range is set out in the Chair's statement.

As the DC Section of the Plan is delivered via a bundled policy with Aegon (the trading name for Scottish Equitable PLC), and the investment funds are predominantly passively managed, the Trustee has no direct interaction with the underlying investment managers.

The Trustee has delegated responsibility for the selection, retention and realisation of investments to the underlying investment managers. The Trustee recognises that long-term sustainability issues, including climate change, have an impact on investment risk and outcomes.

A summary of engagement activity including corporate engagement and voting is provided for each investment manager and set out in Appendix 1.

Appendix 1 – DC section – Voting and engagement

The Trustee has not set any specific guidelines around manager voting.

The Trustee invests in pooled investment funds, as set out in the SIP. The Trustee's policy is to delegate the day-to-day stewardship and ESG integration and stewardship activities (including voting and engagement) to the investment managers.

The Plan's investment funds cover a range of asset classes; however, this appendix focuses on the equity investments which have voting rights attached. The fund managers have their own voting policies which determine their approach to voting, and the principles they follow when voting on investors' behalf. The providers also use proxy voting advisers which aid in their decision-making when voting and details are summarised below:

BlackRock use of proxy adviser services

"While we subscribe to research from the proxy advisory firms Institutional Shareholder Services (ISS) and Glass Lewis, it is just one among many inputs into our vote analysis process, and we do not blindly follow their recommendations on how to vote. We primarily use proxy research firms to synthesise corporate governance information and analysis into a concise, easily reviewable format so that our investment stewardship analysts can readily identify and prioritise those companies where our own additional research and engagement would be beneficial. Other sources of information we use include the company's own reporting, our engagement and voting history with the company, and the views of our active investors, public information and ESG research."

LGIM proxy voting decision process:

"LGIM's Investment Stewardship team uses ISS's 'ProxyExchange' electronic voting platform to electronically vote clients' shares. All voting decisions are made by LGIM and we do not outsource any part of the strategic decisions. Our use of ISS recommendations is purely to augment our own research and proprietary ESG assessment tools. The Investment Stewardship team also uses the research reports of Institutional Voting Information Services (IVIS) to supplement the research reports that we receive from ISS for UK companies when making specific voting decisions."

HSBC proxy voting decision process:

HSBC Asset Management (HSBC AM) appoints Institutional Shareholder Services (ISS) as its proxy voting agent. HSBC AM maintains a bespoke 'voting policy' and ISS votes in accordance with that policy (or as otherwise directed) at the annual general meetings of companies held in HSBC AM's portfolios. ISS retains a record of those votes, which HSBC AM uses to continually review and enhance its voting policy.

Prudential proxy voting decision process:

Fund management has been delegated to a number of fund managers and carried out by those fund managers who also use proxy voting services.

Summary of votes by managers

A summary of the votes made on behalf of the Trustees over the year to 31 March 2024 is provided in the table below:

	LGIM MSCI ACWI Adaptive Capped ESG Index Fund	LGIM Diversified Fund	BlackRock Diversified Growth	LGIM Ethical Global Equity Index	HSBC Islamic Global Equity Index	LGIM Global Equity (50:50) Index	BlackRock Emerging Markets	Prudential With-profits
No. of meetings at which the manager was eligible to vote:	3,189	8,997	579	1,167	104	3035	2,783	5,771
No. of resolutions on which manager was eligible to vote:	36,189	93,090	7,308	16,564	1,702	39303	23,079	65,638
Percentage of eligible votes cast:	99.9%	99.8%	94.0%	99.8%	96.0%	99.8%	98.0%	98.4%
Percentage of votes with management:	78.3%	76.6%	94.0%	81.4%	76.0%	81.8%	87.0%	92.0%
Percentage of votes against management:	21.4%	23.1%	5.0%	18.5%	23.0%	18.1%	12.0%	7.0%
Percentage of votes abstained from:	0.4%	0.3%	1.0%	0.2%	0.0%	0.1%	2.0%	1.0%
In what percentage of meetings, for which you did vote, did you vote at least once against management	70.0%	73.6%	26.0%	75.0%	82.0%	70.2%	43.0%	37.6%
What percentage of resolutions, on which you did vote, did you vote contrary to the recommendation of your proxy adviser?	14.3%	14.5%	0.0%	14.0%	0.0%	13.3%	0.0%	0.6%

Source: LGIM, Prudential, HSBC, BlackRock

Significant votes

The table below demonstrates a range of significant votes, as determined by the fund managers, cast on behalf of the DC section investments of the Plan over the year to 31 March 2024.

Fund	Significant votes
<p>LGIM MSCI ACWI Adaptive Capped ESG Index Fund</p> <p>(Britvic Equity Fund)</p> <p>(Component of the Britvic Balanced Fund)</p>	<p>Company: Schneider Electric SE Meeting date: 04 May 2023 Manager Resolution: Resolution 17 - Approve Company's Climate Transition Plan How the manager voted: Against (against management recommendation) Rationale: Climate change: A vote against is applied as LGIM expects companies to introduce credible transition plans, consistent with the Paris goals of limiting the global average temperature increase to 1.5°C. This includes the disclosure of scope 1, 2 and material scope 3 GHG emissions and short-, medium- and long-term GHG emissions reduction targets consistent with the 1.5°C goal.</p>
<p>LGIM Diversified</p> <p>(Britvic Diversified Fund)</p> <p>(Component of the Britvic Balanced Fund)</p>	<p>Company: Toyota Motor Corp. Meeting date: 14 June 2023 Shareholder resolution: Resolution 4 – Amend Articles to Report on Corporate Climate Lobbying Aligned with Paris Agreement How the manager voted: For (Against Management Recommendation) Rationale: “LGIM views climate lobbying as a crucial part of enabling the transition to a net zero economy. A vote for this proposal is warranted as LGIM believes that companies should advocate for public policies that support global climate ambitions and not stall progress on a Paris-aligned regulatory environment. We acknowledge the progress that Toyota Motor Corp has made in relation to its climate lobbying disclosure in recent years. However, we believe that additional transparency is necessary with regards to the process used by the company to assess how its direct and indirect lobbying activity aligns with its own climate ambitions, and what actions are taken when misalignment is identified. Furthermore, we expect Toyota Motor Corp to improve its governance structure to oversee this climate lobbying review. We believe the company must also explain more clearly how its multi-pathway electrification strategy translates into meeting its decarbonisation targets, and how its climate lobbying practices are in keeping with this.”</p> <p>Outcome: 15.1% (Fail) Implications: LGIM will continue to engage with the company and monitor progress.</p>
<p>LGIM Ethical Global Equity Index Fund</p>	<p>Company: Apple Inc. Meeting date: 28 February 2024 Shareholder resolution: Report on Risks of Omitting Viewpoint and Ideological Diversity from EEO Policy</p>

<p>(Britvic Ethical Fund)</p>	<p>How the manager voted:: Against Rationale: Environmental and Social: A vote against this proposal was warranted, as the company appears to be providing shareholders with sufficient disclosure around its diversity and inclusion efforts and non-discrimination policies, and including viewpoint and ideology in EEO policies does not appear to be a standard industry practice. Outcome: Fail</p>
<p>HSBC Islamic Global Equity Index (Britvic Shariah Fund)</p>	<p>Company: Apple Inc. Meeting Date: 28 February 2023 Shareholder resolution: Report on Median Gender/Racial Pay Gap How the manager voted: For (against management recommendation) Rationale: HSBC believed that the proposal would contribute to improving gender inequality. Outcome: The shareholder resolution did not pass</p>
<p>BlackRock Diversified Growth</p>	<p>Company: Amazon.com, Inc. Meeting date: 24 May 2023 Key Resolutions: Report on Efforts to Reduce Plastic Use How the manager voted: Against Rationale: The company already provides sufficient disclosure and/or reporting regarding this issue, or is already enhancing its relevant disclosures.</p>
<p>LGIM Global Equity (50:50) Index</p>	<p>Company: Shell Plc Meeting date: 23 May 2023 Shareholder resolution: Resolution 25 - Approve the Shell Energy Transition Progress How the manager voted: Against (against management recommendation) Rationale: Climate change: A vote against is applied, though not without reservations. We acknowledge the substantial progress made by the company in meeting its 2021 climate commitments and welcome the company's leadership in pursuing low carbon products. However, we remain concerned by the lack of disclosure surrounding future oil and gas production plans and targets associated with the upstream and downstream operations; both of these are key areas to demonstrate alignment with the 1.5C trajectory.</p>
<p>BlackRock Emerging Markets</p>	<p>Company: Shin Kong Financial Holding Co. Ltd Meeting date: 09 June 2023 Key Resolutions: Elect Tseng, Yu-Chiung, with Shareholder NO.J201532XXX as Independent Director Shareholder Resolution: Against Outcome of the vote: Fail Rationale: BlackRock believes that it was not in the best interests of shareholders to have this particular director on this board.</p>

Prudential With Profits fund	<p>Company: Microsoft Corporation</p> <p>Meeting date: 07/12/2023</p> <p>Shareholder resolution: Report on Risks of Operating in Countries with Significant Human Rights Concerns</p> <p>How the manager voted: For</p> <p>Rationale: Given the expansion of data centres, additional disclosures around human rights risks would benefit shareholders.</p> <p>Outcome: Resolution Failed</p>
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