Britvic Pension Plan

The Chair's Annual Governance Statement to 31 March 2022

1) Introduction

This statement has been prepared by the Trustee of the Britvic Pension Plan to demonstrate how the Plan has complied with the governance standards introduced under the Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018. It describes how the Plan has complied with the statutory governance standards during the Plan year ending 31 March 2022; these cover the following key aspects affecting the operation of the Plan:

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

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

2) The default investment strategy and other investment arrangements

Default is a Drawdown Lifestyle

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

Description of the default option

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

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

Review of the default option

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

With advice from the Trustee's DC investment advisers, the Trustee Directors regularly review the default option. This last review, in March 2021, included a detailed analysis of the membership and the key outcomes are summarised below:

- *Structure of the default* – The Trustee reviewed how members draw their benefits at retirement. It was agreed that the Drawdown Focused Lifestyle remains a suitable default option for members as it reflects the way that the majority of members are expected to utilise their account when they reach retirement.
- *Growth phase* - The growth phase of the default represents the period when members are more than 15 years from retirement and uses the Britvic Balanced fund which has a 50:50 equity: multi-asset structure. The growth phase was modelled against alternative portfolios and it was agreed that the structure remained appropriate and no changes were recommended to the asset mix or timing of de-risking to the consolidation phase.
- *Consolidation phase* - Alternative portfolios composed of different asset mixes were tested to assess whether improvements could be made to the risk profile and return expectations for each of the lifestyle options, the default Drawdown, Annuity and Lump Sum but no changes were recommended.
- The Trustee recognised the case for the inclusion of investment funds which integrate Environmental, Social and Governance (ESG) considerations in the investment process, and so decided to change the equity portfolio within the Britvic Balanced fund to a specialist ESG fund. In doing so, this also addressed the UK equity bias associated with the BlackRock Global Equity 30:70 Index Fund, with a move to a global market weighted approach. Whilst not a component of the default option, the BlackRock Global Equity 30:70 Index Fund was also replaced as the underlying fund within the Britvic Equity Fund.

Having conducted the review of the default option, the following changes were made to the constituents of the Britvic Balanced Fund and Britvic Equity Fund. These changes came into effect for all members on 17 March 2022.

- ***Britvic Balanced Fund*** - Prior to the change, the fund invested 50% of its assets in the BlackRock Global Equity 30:70 Index fund. This was replaced with the LGIM MSCI ACWI Adaptive Capped ESG Index Fund. The other 50% will continue to be invested in the LGIM Diversified Fund.
- ***Britvic Equity Fund*** – Prior to the changes the fund invested 100% in the BlackRock Global Equity 30:70 Index fund.This was wholly replaced with the LGIM MSCI ACWI Adaptive Capped ESG Index Fund.

As a result of the fund changes, there were one off transaction costs, representing the costs of buying and selling the underlying funds in the market. Aegon provided a breakdown of the trades and confirmed that the transaction costs were in line with Aegon's expectation.

Following the review, there were also a number of changes to the annual management charges, though none of these impacted the funds within the default option. Whilst the Britvic Equity Fund charge increased as a result of the underlying fund change, the charges on six of the other self-select funds were reduced.

Statement of Investment Principles

The Plan's investment strategy is set out in the Statement of Investment Principles ('SIP') which governs its decisions about investments including its aims, objectives and policies for the Plan's default arrangement. The default is designed to provide an investment option suitable for the majority of the members, taking into account their proximity to retirement by including lifestyle de-risking.

The SIP was last updated in March 2022 and covers the new requirements on fund manager remuneration and sustainable investments.

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

Other investment options

The Plan offers a choice of 3 Lifestyle strategies:

- Drawdown Focused (the default option)
- Annuity Focused
- Lump Sum Focused

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

There is also a 5 year lifestyle strategy, though this is closed to new investors and only members within 5 years of TRA at August 2018 were left in the strategy, with all other investors switched to the new default.

The self-select funds enable members to design their own strategy by using the funds that meet their investment preferences.

The self-select funds are:

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

*The Britvic Diversified fund utilises passive components, but the manager will review the allocation of the asset classes on a quarterly basis, hence the classification as an active fund.

Performance of the default option

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

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

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

Fund	1 year (%)	3 years (% pa)	5 years (% pa)
Lifestyle strategies			
Drawdown Focused (the default option)			
Member aged 25	**6.22**	**8.11**	**6.49**
Member aged 45	**6.22**	**8.11**	**6.49**
Member aged 55	**5.63**	**6.18**	**-**
Annuity Focused			
Member aged 25	**6.22**	**8.11**	**6.49**
Member aged 45	**6.22**	**8.11**	**6.49**
Member aged 55	**5.63**	**6.18**	**-**
Lump Sum Focused			
Member aged 25	**6.22**	**8.11**	**6.49**
Member aged 45	**6.22**	**8.11**	**6.49**
Member aged 55	**5.63**	**6.18**	**-**
Self-Select Funds			
Britvic Balanced	**6.22**	**8.11**	**6.49**
Trustee comparator (50% GBP SONIA Sterling Over Night Index +3.5%, 50% Equity composite benchmark)	6.91	7.49	-
Britvic Diversified	**5.63**	**6.18**	**-**
SONIA Sterling Over Night Index +3.5%	3.54	*3.66*	-
Britvic Cash	**-0.08**	**0.15**	**0.16**
SONIA Sterling Over Night Index	0.04	0.16	0.24
Britvic Bond	**-6.88**	**0.19**	**-**
LGIM composite benchmark	-6.62	0.54	-
Britvic Equity	**6.74**	**9.82**	**7.71**
Benchmark Return	10.28	11.32	8.85
Britvic Ethical Fund	**16.47**	**15.33**	**-**
FTSE4GOOD Developed Gross TR Index	17.2	16.06	-
Britvic Shariah Fund	**19.34**	**19.94**	**-**
Dow Jones Islamic Market Titans 100 Total Return Index	20.12	20.73	-
Aegon BlackRock Diversified Growth	**0.14**	**4.37**	**4.05**
Bank of England Base Rate Index - GBP	0.19	0.34	0.41
Aegon BlackRock Emerging Markets Equity Index	**-7.88**	**4.92**	**4.36**
Aquila Connect EM historic component	-7.36	5.36	4.75
Aegon BlackRock Over 15 Years Gilt Index	**-8.10**	**-1.00**	**0.70**
FTSE Actuaries UK Conventional Gilts over 15 Years Index	-7.17	-0.72	0.92
Aegon LGIM Global Equity (50:50) Index	**10.91**	**8.62**	**6.9**
Composite benchmark	11.12	8.84	7.11

Notes

1. Figures shown are based on performance provided by Aegon to 31 March 2022
2. Performance data is net of charges including the annual management charge and additional expenses.
3. The SONIA benchmarks were introduced from January 2022. Prior to this, LIBOR (for the Britvic Diversified and Britvic Balanced funds) and LIBID (for the Britvic Cash fund) were used.
4. The Lifestyle strategies use a combination of the self-select funds and given that members will be at different stages in the Lifestyle stratries, there is no Lifestyle specific benchmark.

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

Fund name	1 year (%)	3 years (% pa)	5 years (% pa)
Prudential With-profits Fund	6.30	6.20	5.10
Prudential Deposit Fund	0.16	0.34	0.40
Zurich With-profits 90:10 Fund	-4.9%	4.5%	3.6%

1. Prudential With-profits performance data to 6 April 2022
2. For investments in With-profits Funds, the value of the policy depends on how much profit the fund makes and how the provider decides to distribute that profit. Policyholders receive a distribution of profits by means of bonuses, or other methods as specified in the relevant policy documentation.
3. Zurich With-profits 90:10 Fund performance data to 31 December 2021 before charges.

3) Assessment of charges and transaction costs

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

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

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

Fund	Annual Management Charge (%)	Additional charge (%)	Total charge (%)	Transaction costs (%)
Britvic Equity	0.35	0.01	0.36	0.00
Britvic Diversified	0.45	0.04	0.49	0.00
Britvic Shariah	0.50	0.0	0.50	0.02
Britvic Ethical	0.50	0.01	0.51	0.00
Britvic Balanced	0.39	0.02	0.41	0.00
Britvic Bond	0.32	0.0	0.32	0.00

Britvic Cash	0.20	0.03	0.23	0.02
* Aegon BlackRock Diversified Growth	0.65	0.05	0.70	0.37
* Aegon LGIM Global Equity (50:50) Index	0.20	0.0	0.20	0.01
* Aegon BlackRock Emerging Markets	0.30	0.05	0.35	-0.03
* Aegon BlackRock Over 15 Year Gilt Index	0.20	0.01	0.21	0.00

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

Transaction cost notes

1. All data has been taken directly from information provided by the relevant manager.
2. Transaction costs shown are to 31 December 2021, as data to 31 March 2021 was not available.
3. Transaction costs for the funds have been calculated using the 'slippage' methodology. This is impacted by market moves between instructing and executing a trade so can result in negative costs if the price of the stock moves in the fund's favour before the trade is completed.

Prudential AVC funds

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

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

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

Zurich AVC funds

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

£ and pence illustration

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

4) The monitoring of administration and core financial transactions

Plan administration, including the processing of financial transactions, is undertaken by Aegon (the Plan's administrator and investment manager) and by Prudential in respect of the AVC policy.

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

Prudential has now moved away from transactional reporting, where each stage of a work item previously had its own service level agreement (SLA), to end to end reporting where the total time taken to deal with a work item is measured. The aim is that tasks will be completed within a shorter number of days from start to finish.

Aegon summary of processes and controls - Core financial transactions

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

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

Aegon reconciliation of member contribution and investment records

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

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

Aegon service standards

During the Plan year, Aegon reported that service performance started to be negatively impacted by resourcing issues. This was due to a backlog built up because of challenges with staffing levels caused by high staff turnover and a higher than average rate of staff sickness

These service issues are reflected in Aegon's service performance figures for the period as well as Aegon's helpdesk incurring longer than usual call wait times, despite a reduction in the number of calls coming into the helpline team.

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

Reporting period	Cases completed in agreed timescales	
	Main Plan	Exec Plan
1 April 2021 – 30 June 2021	93%	89%
1 July 2021 – 30 September 2021	92%	94%
1 October 2021 – 31 December 2021	84%	73%
1 January 2022 – 31 March 2022	88%	88%

This period of service disruption has impacted the Britvic Plan membership directly, with 21 complaints received from Plan members by Aegon during the year, of which 9 were upheld.

Aegon has taken action to address the resourcing issues including a targeted recruitment project looking to sure up capacity. As a result Aegon achieved a partial recovery in the service figure for the first quarter of 2022. The Trustee will continue to monitor service standards.

Aegon financial transactions

All contributions have been received and invested on time. Following recent resourcing issues Aegon moved to ringfence financially critical work ensuring service levels for core financial transaction including payments out were completed within agreed timescales. Note that delays to service standards for transfers and retirements can also be due to third parties outside of Aegon's control.

Prudential service standards

The timing of the migration of work to a new platform with new administration processes in the middle of a pandemic led to severe resourcing issues increasing service disruption and backlogs.

The disruption and poor service timeframes for claims servicing continued into the scheme year covered by this Statement. However, from September 2021 it was reported that claims servicing and helpline response times had recovered to Prudential's standard working levels.

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

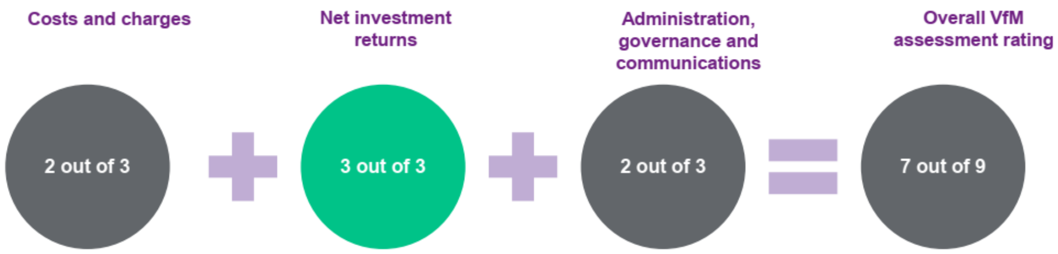
The Trustee Directors are committed to ensuring that members receive good value from the Plan (i.e. the costs and charges deducted from members' accounts and contributions paid provide good value in relation to the benefits and services provided by or on behalf of the Plan).

The Trustee Directors undertook their annual assessment of whether the total cost of Plan membership represented value for money in June 2022. This assessment was supported by a report prepared by the Plan's advisers, WTW, using a new process. **Importantly, this graded value for money as good, fair or poor, whereas previously, they operated a five tier process (excellent, good, sufficient, below average and poor) with the Britvic Pension Plan being rated as good in 2021.** All things being equal, this has meant that some schemes (including the Britvic Pension Plan) rated as good in 2021 were being rated as fair in 2022.

To assess the total value members receive from the Plan, the Trustee Directors considered both the:

- Legal duty to assess value for members which for the Plan includes charges, investment, administration, and communication.
- Broader elements of good value provided by the Plan that members do not meet the cost for, which include Plan governance and management.

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



Key	Rating	Score applied to each of the 3 individual pillars	Overall VfM rating
	Good value	3 out of 3	8-9 out of 9
	Fair value	2 out of 3	5-7 out of 9
	Poor value	1 out of 3	1-4 out of 9

In accordance with the Pensions Regulator's DC Code of Practice No 13 and with the relevant legislation, the Trustee Directors concluded that the Plan represents fair value for money for its members.

The Trustee Directors will carry out a Value for Members assessment on an annual basis and will continue to review the costs and transaction charges deducted each year to ensure that value to members is maintained or enhanced. There may also be enhancements that could be made to governance and communications that would improve member outcomes.

During the Plan Year, the Plan also maintained two AVC arrangements for members with Prudential and Zurich. The assets are principally held in with-profits with implicit charging structures and a deposit fund. The policies are now valued at around £1.2M, a relatively small sum when compared to the value of the DC section assets of approximately £156M.

The Trustee has been advised to retain these policies as it would not necessarily be in members' interests to move them to the main DC fund range. This was kept under review during the Plan Year with regular reports from WTW, which were reviewed by the Trustee and the decision taken that there had been no material change to these arrangements. However, members can elect to redirect their AVCs and switch their investments in these funds to the main DC fund range should they wish.

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

Trustee Knowledge and Understanding (TKU)

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

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

Trustee training

The Trustee Directors maintain training logs recording training undertaken during the year. In addition to individual training, the following were covered at Trustee Board or Committee meetings: emerging market debt, climate change and the new TCFD requirements, Liability Driven Investment and the draft combined Code of Practice.

The Trustee Directors have all completed the modules of the Pension Regulator's Trustee toolkit. Directors are expected to re-take TPR's Trustee Toolkit every 4 years with most Directors due to re-take the Toolkit in 2024.

The Chair, Alison Bostock, has passed the PMI Certificate in DC Governance and is now an accredited professional trustee (with a requirement to complete 25 hours of CPD each year). Dinesh Visavadia is also an accredited professional trustee.

New Trustee Director Induction programme

There were no new Trustee Directors during the year.

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

The induction training includes a:

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

Trustee policies

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

Policy	Date of last review	Date of next review
Chair's appointment process	9 December 2021	Triennial, December 2024
Conflicts policy	March 2021	Conflicts managed at every meeting with a review of the register annually. Policy is reviewed triennially, next review due March 2024
Cyber and Data Security policy	March 2021 and June 2022	Last formally reviewed in March 2021 and agreed with Chair in June 2022 that this item is reviewed on a triennial basis (aligned with the business plan). Next review due 2024.
Internal Dispute Resolution Procedure	August 2021	Biennial, next review is August 2023
GDPR	In progress	Reviewed by the Trustee's legal adviser, Allen & Overy (A&O) in June 2022. Updated policy due at September 2022 Board meeting.
Member nominated trustee election procedure	December 2020	As required; before selection process is due to take place
Anti-bribery policy	June 2020	Gifts and hospitality managed at every meeting with a review of the register annually. To be reviewed in 2022 once the requirements of the new combined Code of Practice are confirmed
Overpayments policy	11 June 2020	Triennially, next review due June 2023
Trustee training policy	September 2020	Triennially, next review due September 2023

Trustee knowledge and understanding – staying up to date

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

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

During the Plan year, the Statement of Investment Principles (SIP) and Investment Principles Implementation Document (IPID) were revisited and updated and signed by the Chair on 24 March 2022.

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

Review of trustee effectiveness

The Trustee effectiveness review was initially scheduled for Q2 2021. The secretariat team and the Chair considered the current position and, given the recent appointment of two new Trustees, it was agreed to postpone the activity to Q1 2022. Following a further review in Q1 2022, the Chair agreed that it would be best to pick this up as part of the work to implement the Effective System Of Governance under the new Code. It is anticipated that there will be a need to develop a suite of governance documents accessible to all, which will help with effectiveness, and perhaps then focus on assessing trustee effectiveness. The Trustee's adviser has undertaken the initial Single Code of Practice assessment which was discussed at the 9 June 2022 Board meeting.

In summary

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

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

Appendix 1 - £ and pence illustrations

The following tables gives a summary of the projected account values and the impact of costs and charges up to a normal retirement age of 65. The figures are presented using three member examples; young member, average member and a member approaching retirement. Additionally, the tables include the performance of the funds over different time periods depending on the age of the member.

<u>How to interpret the illustrations</u>

Example Plan member – see note 13. The young member is a 20-year-old with a total initial annual contribution of £1,500 and a starting account value of £2,500

The fund/strategy in which the example member invests. The assumed growth rates for each fund/strategy varies – see note 10.

Example Member	Projection period (years)	Drawdown Focussed Lifestyle		Britvic Equity		Britvic Diversified	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Young member	1	£4,100	£4,000	£4,100	£4,100	£4,000	£4,000
	3	£7,300	£7,200	£7,400	£7,300	£7,200	£7,100
	5	£10,600	£10,500	£10,900	£10,800	£10,300	£10,200

The period (for example, 5 years) over which the example member if assumed to invest in the fund/strategy.

The figures show the projected account value before and after the impact of charges should the member invest over 5 years. In this example, the member invests in the Drawdown Focussed Lifestyle and is projected to accrue £10,600 over 5 years. This is reduced to £10,500 once charges are deducted

Example Member	Projection period (years)	Drawdown Focussed Lifestyle		Britvic Equity		Britvic Diversified	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Young member	1	£4,100	£4,000	£4,100	£4,100	£4,000	£4,000
	3	£7,300	£7,200	£7,400	£7,300	£7,200	£7,100
	5	£10,600	£10,500	£10,900	£10,800	£10,300	£10,200
	10	£19,500	£19,100	£20,500	£20,100	£18,600	£18,100
	15	£29,300	£28,300	£31,500	£30,500	£27,300	£26,200
	20	£40,100	£38,300	£44,100	£42,200	£36,500	£34,600
	25	£52,000	£49,000	£58,600	£55,400	£46,200	£43,200
	30	£65,000	£60,600	£75,100	£70,300	£56,500	£52,100
	35	£77,400	£71,200	£94,100	£86,900	£67,200	£61,300
	40	£89,400	£80,900	£115,800	£105,700	£78,600	£70,700
	45	£100,600	£89,700	£140,600	£126,800	£90,600	£80,300
Average member	1	£44,800	£44,600	£45,200	£45,000	£44,400	£44,200
	3	£54,700	£54,100	£55,900	£55,300	£53,500	£52,800
	5	£64,900	£63,800	£67,200	£66,200	£62,700	£61,500
	10	£91,900	£89,100	£98,400	£95,600	£86,700	£83,600
	15	£118,000	£112,500	£134,100	£128,700	£112,000	£106,300
	20	£145,000	£136,100	£175,000	£165,900	£138,600	£129,700
	23	£159,700	£148,700	£202,400	£190,400	£155,300	£144,100
Approaching retirement	1	£64,400	£64,100	£65,700	£65,500	£64,700	£64,400
	2	£68,600	£68,000	£71,600	£71,100	£69,400	£68,700

Example Member	Projection period (years)	Britvic Ethical		Britvic Cash (the lowest cost fund)		Aegon BlackRock Diversified Growth (the highest cost fund)	
		Before charges	After charges	Before charges	After charges	Before charges	After charges
Young member	1	£4,100	£4,100	£3,900	£3,900	£4,000	£4,000
	3	£7,400	£7,300	£6,700	£6,700	£7,200	£7,000
	5	£10,900	£10,700	£9,500	£9,400	£10,300	£10,000
	10	£20,500	£19,900	£15,800	£15,600	£18,600	£17,500
	15	£31,500	£30,200	£21,600	£21,200	£27,300	£25,100
	20	£44,100	£41,600	£26,900	£26,200	£36,500	£32,600
	25	£58,600	£54,400	£31,700	£30,800	£46,200	£40,200
	30	£75,100	£68,700	£36,100	£34,900	£56,500	£47,700
	35	£94,100	£84,700	£40,200	£38,600	£67,200	£55,300
	40	£115,800	£102,500	£43,900	£41,900	£78,600	£62,900
	45	£140,600	£122,400	£47,200	£44,900	£90,600	£70,500
Average member	1	£45,200	£44,900	£43,200	£43,100	£44,400	£44,000
	3	£55,900	£55,200	£49,600	£49,200	£53,500	£52,000
	5	£67,200	£65,800	£55,600	£55,100	£62,700	£60,100
	10	£98,400	£94,700	£69,900	£68,700	£86,700	£80,200
	15	£134,100	£126,900	£83,000	£80,900	£112,000	£100,300
	20	£175,000	£162,900	£94,900	£92,000	£138,600	£120,500
	23	£202,400	£186,500	£101,500	£98,100	£155,300	£132,600
Approaching retirement	1	£65,700	£65,400	£62,900	£62,700	£64,700	£64,000
	2	£71,600	£70,900	£65,700	£65,400	£69,400	£68,000

Notes

1. Projected pension account values are shown in today's terms and are rounded to the nearest hundred pounds.
2. Contributions and costs/charges are aggregated for each year and applied halfway through the year.
3. Investment returns and costs/charges, as a percentage reduction per annum, are assumed to be deducted at the end of the year.
4. Charges and costs are deducted before applying investment returns.
5. Switching costs are not considered in the lifestyle strategy.
6. Inflation is assumed to be 2.5% each year.
7. Contributions are assumed to be paid from age 20 to 65 for the young member, 42 to 65 for the average member, and from 63 to 65 for the member approaching retirement.
8. Salaries are assumed to increase in line with assumed earnings inflation of 0% per year (in real terms).
9. Values shown are estimates and are not guaranteed.
10. The real projected annual growth rates (i.e. after allowing for inflation) for each fund are as follows:
    - Drawdown Focused Lifestyle (default): from 0.35% to 1.91% (adjusted depending on term to retirement)
    - Britvic Equity: 2.75%
    - Britvic Diversified: 1.07%
    - Britvic Ethical: 2.75%
    - Britvic Cash: -1.80%
    - Aegon BlackRock Diversified Growth: 1.07%
11. Transactions costs and other charges have been provided by Aegon and covered the year to Q4 2021. Transaction costs have been averaged by WTW using a time-based

approach. The transaction costs for blended funds were estimated by WTW based on the transaction costs for the underlying funds.

12. Pension scheme's normal retirement age is 65.
13. Example members
    - Young: age 20, total initial contribution: £1,500, starting fund value: £2,500.
    - Average: age 42, total initial contribution: £4,000, starting fund value: £40,000.
    - Approaching retirement: age 63, total initial contribution: £4,000, starting fund value: £60,000.

Appendix 2 - Extract from the Statement of Investment Principles

Britvic Pension Plan

Statement of Investment Principles – March 2022 (Extract)

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

The Pensions Regulator's new Code of Practice is expected to be finalised in 2022 and incorporates the key elements of the previous DC Code of Practice 13 (CoP13). This sets out the standards of conduct and practice that the Regulator expects trustee boards of occupational pension schemes providing money purchase benefits to comply with in the pursuit of good member outcomes.

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

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

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

March 2022

3.1 DC Investment objectives

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

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

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

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

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

3.2 Triennial review of the default option

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

The Directors consider:

- An analysis of the Plan's active and deferred membership covering risk tolerance and members' projected accounts.
- Consideration of the Plan's and industry experience of member investment choice, retirement decision making and selected retirement age.
- Modelling of the default's growth phase and decumulation phases to assess the overall suitability of the default and composition of the underlying funds in terms of risk and expected returns.

- Benchmarking of charges against other DC pension schemes.

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

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

3.3 DC investment policies

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

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

3.4 DC risk management

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

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

- Retirement age risk
    - the risk that a member's selected retirement age for derisking purposes is not aligned with their retirement plans.
    - is managed through the review of the default retirement age and regular communications to remind members to review their selected retirement age.
- Manager risk:
    - is measured by the expected deviation of the return relative to the benchmark set and by monitoring the actual deviation of returns.

- is limited by using mainly passive investment funds and managed through ongoing monitoring of the actual deviation of returns relative to the benchmark and by regular manager review.

- Concentration risk:

  - is measured by the level of concentration of any one market, asset type or currency leading to the risk of an adverse influence on investment values.

  - is managed by regular reviews of the Plan's investments and through the level of diversification.

- Inflation risk:

  - is the risk that the real value of contributions will erode over time and help lead to an inadequate amount of benefit at retirement.

  - is managed by the provision of a range of funds with varying return expectations. Within the growth phase of the lifestyle strategies members are invested in a diverse range of equities with the expectation that this asset class will provide long term real returns.

- Climate change risk

  - is the risk that climate change could impact investment returns.

  - is managed by understanding how managers are integrating ESG factors in the investment process as well as including funds that take account of Environment, Social and Governance (ESG) factors within the investment process.

3.5 Policies in relation to the default option

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

- The lifestyle strategy's growth phase structure invests in equities and other growth-seeking assets with the aim to provide growth with moderate volatility and some protection against erosion in real value by inflation.

- Based on their understanding of the Plan's membership, the investment strategy aims to provide a suitable balance between risk and return in the "growth" phase.

- As a member's account grows, investment risk will have a greater impact on member outcomes. Therefore, the Directors believe that a default strategy which seeks to reduce investment risk as the member approaches retirement is appropriate, whilst retaining return seeking assets.

- Members generally take some of their account as a Pension Commencement Lump Sum and so 25% of the Drawdown focused lifestyle is allocated to cash at retirement.

- Having a default option that targets income drawdown does not mean that members have to take their benefits in this way at retirement – it merely determines the default investment strategy that will be in place pre-retirement.

4. Responsible Investment and Corporate Governance

4.1 The Directors believe that good stewardship and environmental, social and corporate governance ("ESG") issues may have a material impact on investment risk and return outcomes and that good stewardship can create and preserve value for companies and markets as a whole. The Directors also recognise that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

4.2 The Directors take into account how the investment managers integrate ESG factors into their investment process and have given appointed investment managers responsibility for evaluating ESG factors, including climate change considerations, and exercising voting rights (where applicable) and stewardship obligations attached to the investments. In accordance with their own corporate governance policies and current best practice, including the UK Corporate Governance Code and UK Stewardship Code.

4.3 Within the DC Section:

- Following the 2021 investment review and agreement of the DC investment beliefs, the Directors agreed that ESG factors should be taken account of within the default. This is done via the equity investments in the Britvic Equity and Britvic Balanced funds.

- The Directors also offer alternative self-select funds:

    - an ethical fund, the Britvic Ethical fund which invests wholly in the LGIM Ethical Global Equity Index fund

    - a shariah compliant fund, the Britvic Shariah fund which invests wholly in the HSBC Islamic Global Equity Index.

4.4 Member Views

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

4.5 Investment Restrictions

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

March 2022

5. Investment Manager Appointments

5.1 Aligning Manager Appointments with Investment Strategy

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

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

When selecting and appointing investment managers, the Directors will take into account how ESG, climate change and stewardship are integrated within the managers' investment processes. This will be balanced against other manager selection criteria such as (but not limited to) idea generation, portfolio construction, implementation, business management and fees and charges.

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

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

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

5.2 Monitoring manager appointments

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

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

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

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

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

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

5.3 Portfolio Turnover Costs

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

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

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

5.4 Manager Turnover

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

Within the Defined Benefit Section, for open-ended funds, there is no set duration for the manager appointments. The Directors will therefore retain an investment manager unless:

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

- The manager appointed has been reviewed and the Directors have decided to terminate the mandate.

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

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

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

6. Compliance with this Statement

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

7. Review of this Statement

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

Signed: Alison Bostock ....

Date: 24 March 2022 ....

March 2022