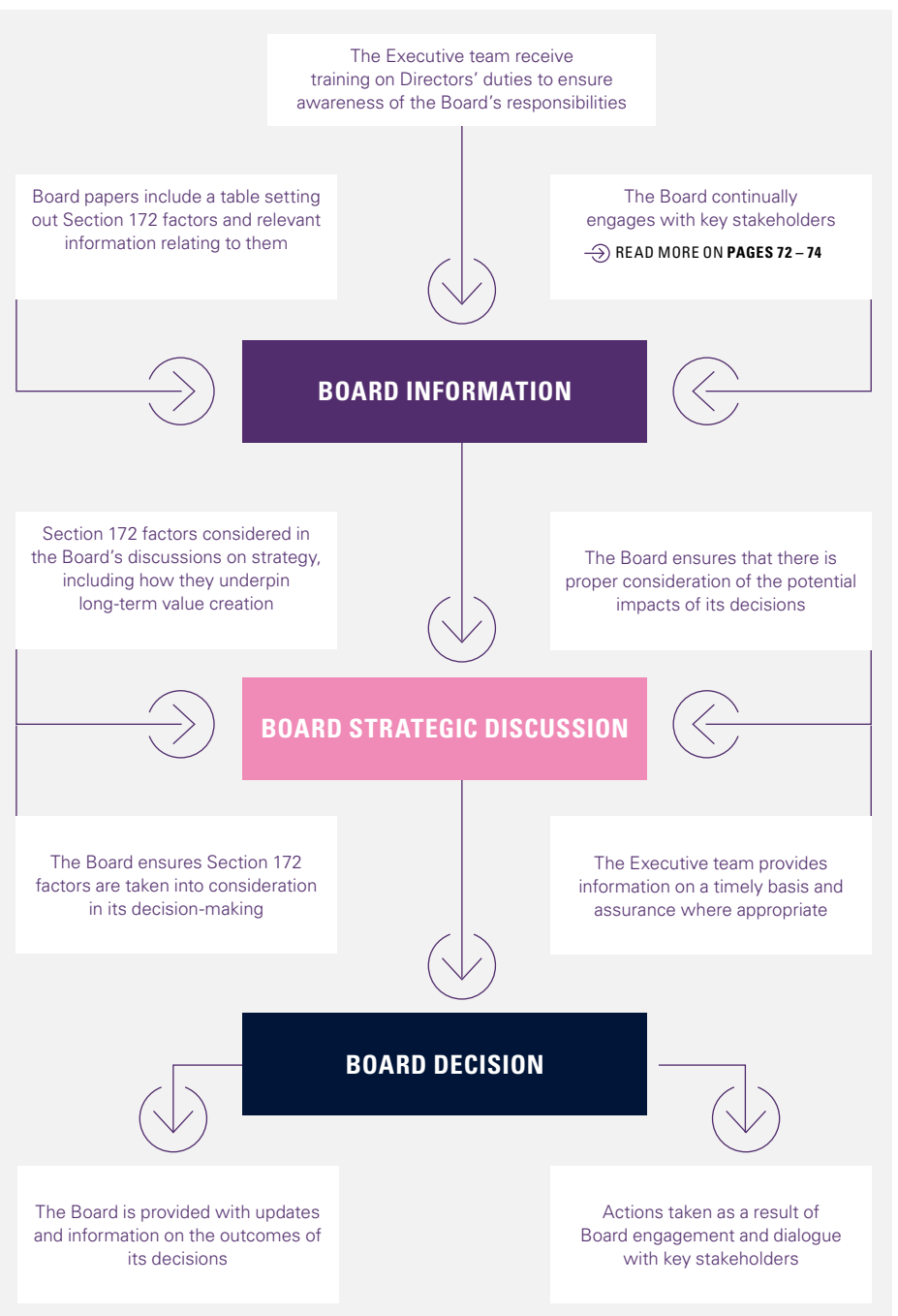


# SETTING THE RIGHT TONE FROM THE TOP

The Board has a duty under Section 172 of the Companies Act 2006 to promote the success of the company, and in doing so the Board must have regard to a number of key matters in its decision-making.

While the Board has always had regard to its responsibilities under Section 172, during this year we have updated the way that Board papers are written to ensure that our Section 172 considerations are clearly recorded. Each Board paper includes a section to ensure the Board has fully considered and recorded all Section 172 matters.



## SECTION 172 IN ACTION

### A clear example of the Board fulfilling its duties under Section 172 was the approval of the refinancing of the Group's £400m bank facility due to mature in November 2021.

The refinancing of this facility involved approaching all current lenders as well as potential new lenders to establish the terms under which they would lend to Britvic under a new facility.

This was Britvic's first sustainability linked credit facility. The deal linked Britvic's progress towards sustainability targets to the cost of the debt facility, with any consequent changes to the margin being donated to charities.

This project required Board approval, and in making its decision the Board considered the matters set out in Section 172 as set out in the table below.

SECTION 172 MATTER	BOARD CONSIDERATIONS
<b>Long-term consequences of the decision</b>	<p>Proceeding with the refinancing of the Group's £400m bank facility ahead of the scheduled maturity date removed the risk of a deterioration in market conditions and secured long term financing at attractive rates to ensure the Group has sufficient liquidity.</p> <p>Securing this facility is also important to enable the continued investment in the business to support the delivery of the strategic goals set out in the company's long-term business strategy.</p>
<b>Interests of the company's employees</b>	<p>This decision had no direct impact on the Group's employees, and the management of this facility continues to be in line with the management of previous facilities. However, the improved financial position for the business is within the interests of all employees along with the company's shareholders.</p>
<b>Fostering relationships with suppliers, customers and others</b>	<p>This project introduced two new lending banks to the business, developed our banking relationships in both existing and potential new territories and also increased our access to expertise.</p>
<b>Impact on the community and environment</b>	<p>The new facility has sustainability linked targets whereby if Britvic meets certain defined sustainability targets the cost of the borrowing will reduce, and if the targets are not met the cost of borrowing will increase. Those targets include:</p> <ul style="list-style-type: none"> <li>• 50% of all plastic bottles in Great Britain and Ireland to be made of rPET</li> <li>• 50% reduction in carbon emissions (compared with 2017)</li> <li>• 75% of the drinks portfolio globally to be either low or no calorie</li> </ul> <p>If performance against these targets leads to a reduction in the cost of borrowing the difference will be donated to a charity selected by Britvic, and if failure to meet the targets results in an increased cost of borrowing the difference will be donated to a charity selected by the lenders.</p>
<b>Maintaining a reputation for high standards of business conduct</b>	<p>A thorough process was carried out to identify and analyse banks that were able to lend to Britvic, their pricing expectations and the key terms under which they would lend. An active dialogue was maintained with all existing and potential new banks during this process, sharing relevant information and understanding each other's ways of working.</p>
<b>Acting fairly between members</b>	<p>This financing improves Britvic's liquidity position and will result in a small reduction in finance costs going forward. This reduces the risk of Britvic having to raise additional funding under stressed market conditions and helps support the growth of the business. It is therefore fully aligned with the interests of our shareholders.</p>