



Enjoying Life's Everyday Moments

Annual Report and Accounts 2021



Britvic is an international business rich in history and heritage. Founded in England in the 1930s, we have grown into a global organisation with more than 35 much-loved brands sold in over 100 countries. Built on innovation and opportunity we continue to nurture entrepreneurial flair to become the most dynamic soft drinks company, helping people enjoy life's everyday moments.



Our purpose, vision and values

Britvic is a purpose-driven organisation with a clear vision and a clear set of values. Our purpose, vision and values sit at the heart of our company, driving us forward together to create a better tomorrow.

Our purpose:

Enjoying life's everyday moments

Our vision:

To be the most dynamic soft drinks company, creating a better tomorrow

Our values:

- We care
- We're courageous
- Own it
- Stronger together
- Act with pace

 [Read more on page 22](#)

Cautionary note regarding forward-looking statements

This report includes statements that are forward-looking in nature. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except as required by the Listing Rules and applicable law, Britvic undertakes no obligation to update or change any forward-looking statements to reflect events occurring after the date such statements are published.

Sustainability

We want to contribute positively to the people and world around us. This means ensuring that our sustainable business practices, which we call Healthier People, Healthier Planet, are embedded in every element of our business strategy. We see this drive as fundamental to Britvic's resilience, to delivering the value our stakeholders deserve and to building a company of which we can all be proud.

People

 [Read more on page 6](#)

Our Healthier People philosophy aims to create a business where work is purposeful and rewarding, as well as fun, and to provide consumers with a choice of great tasting drinks that are better for them.

Planet

 [Read more on page 8](#)

The core elements of our Healthier Planet strategy are to build a resilient Britvic through responsible use of natural resources, significantly reducing the impact of our operations on the environment and transitioning to a low-carbon business.

Performance

 [Read more on page 10](#)

When we set our commercial strategies and plans across Britvic, we are working towards our Healthier People, Healthier Planet goals being given the same priority as financial performance. The specific nature of these goals vary by market as each business unit has a distinct role to play.



24

Global premium brands

Consumers are demanding more from their soft drinks and our premium range of sodas and syrups provide the perfect serve every time.



28

Access new growth spaces

This year sees Britvic expand into plant-powered milks, relaunch Rockstar Energy and rebrand its state of the art smart touch taps to Aqua Libra Co.



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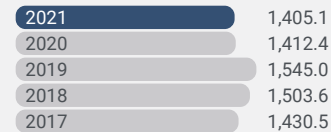
Britvic in numbers

A strong performance, demonstrating the resilience of our business and the strength of our balance sheet, with progress against our strategic goals despite continued market challenges and uncertainty.

Performance

Revenue

£1,405.1m



Why do we measure this?

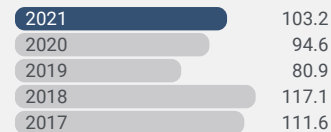
Revenue growth measures our ability to increase price and/or increase the volume sold.

Performance

Underlying revenue increased by 6.6%, adjusted for constant currency, the French private label juice and Counterpoint agency brands. Reported revenue decreased by 0.5%.

Profit after tax

£103.2m



Why do we measure this?

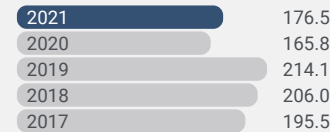
Profit after tax is a statutory measure of financial performance which considers adjusted EBIT, interest, taxation and adjusting items.

Performance

Profit after tax increased by 9.1%, reflecting the increase in adjusted EBIT which was partially offset by higher tax as a result of the revaluation of deferred tax.

Adjusted EBIT

£176.5m



Why do we measure this?

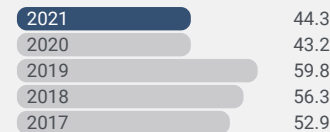
Adjusted EBIT measures the underlying profitability of the company, excluding any one-off costs.

Performance

Adjusted EBIT increased by 10.0%, adjusted for constant currency and excluding French private label and Counterpoint agency brands. Reported adjusted EBIT increased by 6.5%.

Adjusted earnings per share (EPS)

44.3p



Why do we measure this?

Adjusted earnings per share measures the profit per share of the company and is used by investors to compare the performance of a company against peers.

Performance

Adjusted EPS increased by 2.5% due to higher adjusted EBIT, offset by higher tax as a result of the revaluation of deferred tax.

Free cash flow

£132.7m



Why do we measure this?

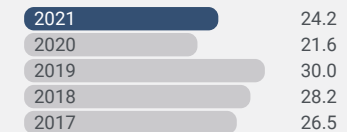
Free cash flow measures the cash generated by the business to fund payments to our shareholders and acquisitions.

Performance

Free cash flow was £132.7m, with the increase from 2020 primarily driven by the increase in EBITDA and an improvement in working capital.

Dividend per share

24.2p



Why do we measure this?

The dividend per share measure enables shareholders to calculate the amount of profit that is returned to them by the company in cash.

Performance

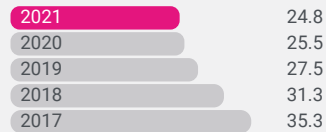
Dividend per share increased 12% due to the adjusted EPS increase and maintaining the 50% payout ratio on underlying earnings, which excludes a one-off deferred tax charge.

Britvic in numbers **continued**

People

Healthier consumer choices
(average calories per 250ml)

25 cal per 250ml



Alignment to strategy



Why do we measure this?

Providing healthier consumer choices is at the heart of the company's strategy; measuring calories per serve is a lead indicator of success in this area

Further information

Healthier People on pages 36 – 41

Planet

Recycled plastic (rPET) bottles in
our Great Britain and Ireland businesses

29%_{GB} 39%_{Ireland}



Alignment to strategy



Why do we measure this?

Measuring rPET enables the company to track its progress on its journey to reduce, reuse, recycle and reframe packaging to ensure it never becomes waste

Further information

Healthier Planet on pages 42 – 56

Employee engagement

80/100

Employee Heartbeat score*

'I would recommend Britvic as a great place to work'

Alignment to strategy



Why do we measure this?

Every individual's unique and varied contributions are valued; measuring belonging tracks whether our employees feel they can be themselves at work

Further information

Healthier People on pages 36 – 41

Employee health, wellness and wellbeing

75/100

Employee Heartbeat score*

'I feel Britvic genuinely cares about my wellbeing'

Alignment to strategy



Why do we measure this?

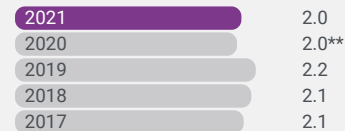
Measuring employee wellbeing helps the company ensure that its employees feel physically and psychologically well

Further information

Healthier People on pages 36 – 41

Water intensity ratio

2.0 m³/tonne production



Alignment to strategy



Why do we measure this?

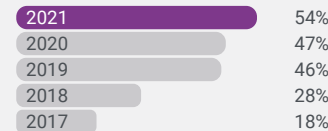
Measuring water intensity enables the company to track the improvement in water efficiency in its operations***

Further information

Healthier Planet on pages 42 – 56

Manufacturing energy from renewable sources

54%



Alignment to strategy



Why do we measure this?

Measuring energy from renewable sources enables the company to track progress towards creating a zero carbon economy

Further information

Healthier Planet on pages 42 – 56

Alignment to strategy key

- Build local favourites and global premium brands
- Flavour billions of water occasions
- Healthier People, Healthier Planet
- Access new growth spaces

Non-financial information statement

The information on this page and incorporated by cross-reference complies with the relevant non-financial reporting regulations. The People and Planet information fulfils the requirements under Section 414CB of the Companies Act for content on environmental matters, the company's employees and social matters.

Further information about targets, outcomes and impact in these areas can be found in the Sustainable business section on pages 34 – 56.

Content on human rights can be found on page 46.

Content on anti-bribery and corruption and a description of the company's approach to policy compliance can be found on page 118, and information on the company's business model can be found on pages 20 – 21.

* Employee Heartbeat is a twice yearly employee survey, providing us with valuable insights on employee engagement, what works well in the organisation, and what can be improved. Employees respond to statements on a five point scale ranging from strongly disagree to strongly agree. Their individual responses are then converted to a number on a rating scale going from 0 (strongly disagree) through 25, 50 and 75 to 100 (strongly agree). The overall score shown is the average of all these ratings.

** 2020 water ratio restatement from 1.9 to 2.0 due to reporting correction at our French site.

*** Water ratio includes our fruit processing business, Be Ingredient, in Brazil.

Our business at a glance

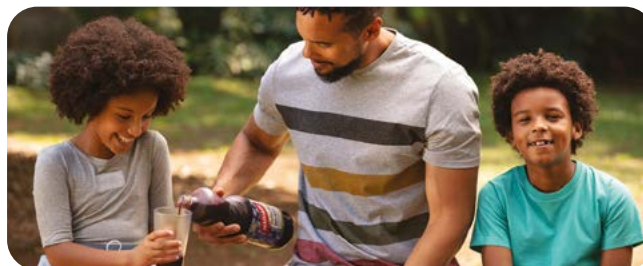


Great Britain

Great Britain is the birthplace of Britvic plc and home to some of its most iconic brands.

Founded in the 1930s as The British Vitamin Products Company, the company used soft drinks to bring an affordable source of vitamins to Britain. Today, our purpose is to make life's everyday moments more enjoyable by helping consumers make healthier choices with drinks that taste great and are better for you.

With firm favourites like Fruit Shoot, J20, Purdey's, Robinsons and Tango, and exclusive agreements to make, distribute and market global brands on behalf of PepsiCo, including 7UP, Lipton Ice Tea, Pepsi MAX, and Rockstar Energy, Britvic is dedicated to creating and building brands that people can trust.



Brazil

Acquiring Brazilian companies, Ebba in 2015 and Bela Ischia in 2017, Britvic has developed fruit favourites such as Maguary, Dafruta and Bela Ischia into strong national presences known for innovation.

The Maguary brand heritage dates back to 1953 and, similar to the European flavour concentrates brands, is consumed by families at home. Category launches in recent years have included Puro Coco, Seleção grape juice and Natural Tea, which are ready-to-drink formats in the coconut, juice and iced tea categories.

More recently the portfolio has expanded with the launch of Britvic Mixers and the premium Mathieu Teisseire range of concentrates for cocktails.

To support our growth ambitions in Brazil we operate a fruit processing company, Be Ingredient, which provides natural ingredients for both Britvic plc and the export market.

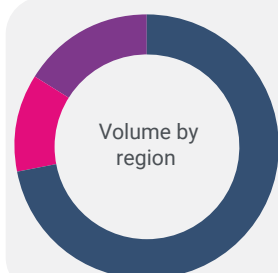


Other international

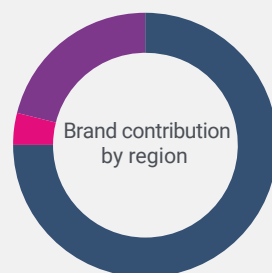
Beyond Great Britain and Brazil, we're established in Ireland and France – manufacturing local, iconic brands steeped in heritage that date back hundreds of years. Beyond that, we continue to identify opportunities in select international markets to promote and deliver Britvic's brands to new markets.

In Ireland, we have a proud brand history that spans almost 250 years. Britvic Ireland is a verified member of Origin Green, the only sustainability programme in the world operating on a national scale, that unites government, the private sector and food and drink producers through Bord Bia, the Irish Food Board.

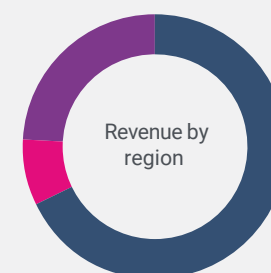
In France, we acquired Teisseire in 2010, a brand with a rich history dating back to 1720 when Mathieu Teisseire created a distillery at Grenoble in the French Alps. From France, Britvic Teisseire International has become the commercial centre for our international operations, with offices in the United States, Benelux, Asia and the Middle East. Distributing and exporting to more than 100 countries worldwide, we are the global leader in branded flavoured concentrates.



	% share by region	Million litres
Great Britain	72%	1,697.2
Brazil	12%	288.3
Other international	16%	389.9



	% share by region	£m
Great Britain	75%	381.0
Brazil	4%	21.1
Other international	21%	106.4



	% share by region	£m
Great Britain	68%	956.1
Brazil	8%	114.1
Other international	24%	334.9

Our business at a glance **continued**

Our brands at a glance

Brands that everyone loves

Great Britain



From left to right 7UP, Aqua Libra, Aqua Libra Co, Ballygowan Mineral Water, Britvic, drench, Robinsons Fruit Shoot, Gatorade, J20, Lipton Ice Tea, London Essence Co, Mathieu Teisseire, Mountain Dew, Pepsi MAX, Plenish Juices, Plenish M*iks, Plenish Shots, Purdey's, Robinsons, Rockstar Energy, R. White's, Tango, Teisseire

Brazil



From left to right Bela Ischia, Britvic, Dafruta, Maguary Fruit Shoot, London Essence Co, Maguary, Mathieu Teisseire, Natural Tea, Nuts, Pressade, Puro Coco

Other international



From left to right 7UP, Ballygowan Mineral Water, Britvic, C&C, Cidona, Club, Club Mixers, Edge, Energise Sport, Fruit Shoot, Lipton Ice Tea, London Essence Co, Mathieu Teisseire, MiWadi, Moulin de Valdonne, Mountain Dew, Pepsi MAX, Pressade, Robinsons, Rockstar Energy, TK, Teisseire

People

Our Healthier People ethos, which is embedded in our business strategy, is focused on our employees and our consumers.

Across Britvic, we are dedicated to establishing an inclusive and diverse working environment where wellbeing is prioritised, and our people feel empowered to be themselves so they can thrive and grow in our highly dynamic workplace.

3 years

Britvic has been the proud winner of a Food and Drink Federation Award three years in a row. In February, we won the education initiative award for our young people's programme and in September our science, technology, engineering and mathematics educational initiative was shortlisted in the same category. This programme saw hundreds of young people gain an online introduction to careers they may not have previously considered.

50

We have committed to providing 50 job placements for young people in the UK at risk of long-term unemployment by supporting the Government's Kickstart initiative.

People continued



Supporting young people looking for work

In March 2021, Britvic announced its participation in the UK Government's Kickstart partnership, which aims to boost youth employment. An initial 50 job placements were offered to young people at risk of long-term unemployment as part of the £2 billion scheme. It is a six month experience where young people can gain skills to use in the workplace as well as acquiring CV and interview tips. This will ensure that they have a greater chance of securing long-term employment following the scheme.

We have Kickstarters working with us in many departments, in roles such as IT Analysts, Document Controllers, Sustainable Business Analysts, and Audit, Risk and Compliance Analysts. These roles are spread across our Great Britain sites in Beckton, Hemel Hempstead, Leeds, Rugby and Solihull.

One of our current Kickstarts, Eleanor Lee, began her placement as a Document Controller working at our Rugby factory in July. Ellie's role includes maintenance of core systems and databases through to updating the training matrix. "I'm learning a lot working with the Quality Department team at the Rugby site. I'm gaining more confidence in my abilities and have incredibly supportive colleagues who are there to help me when I'm doing something new."



Working Well – work is no longer where we go, it's what we do

How the world works is changing, and over the past year we've been listening to our colleagues to understand what works best for them. The result is Working Well – a dynamic working manifesto that focuses on output rather than hours.

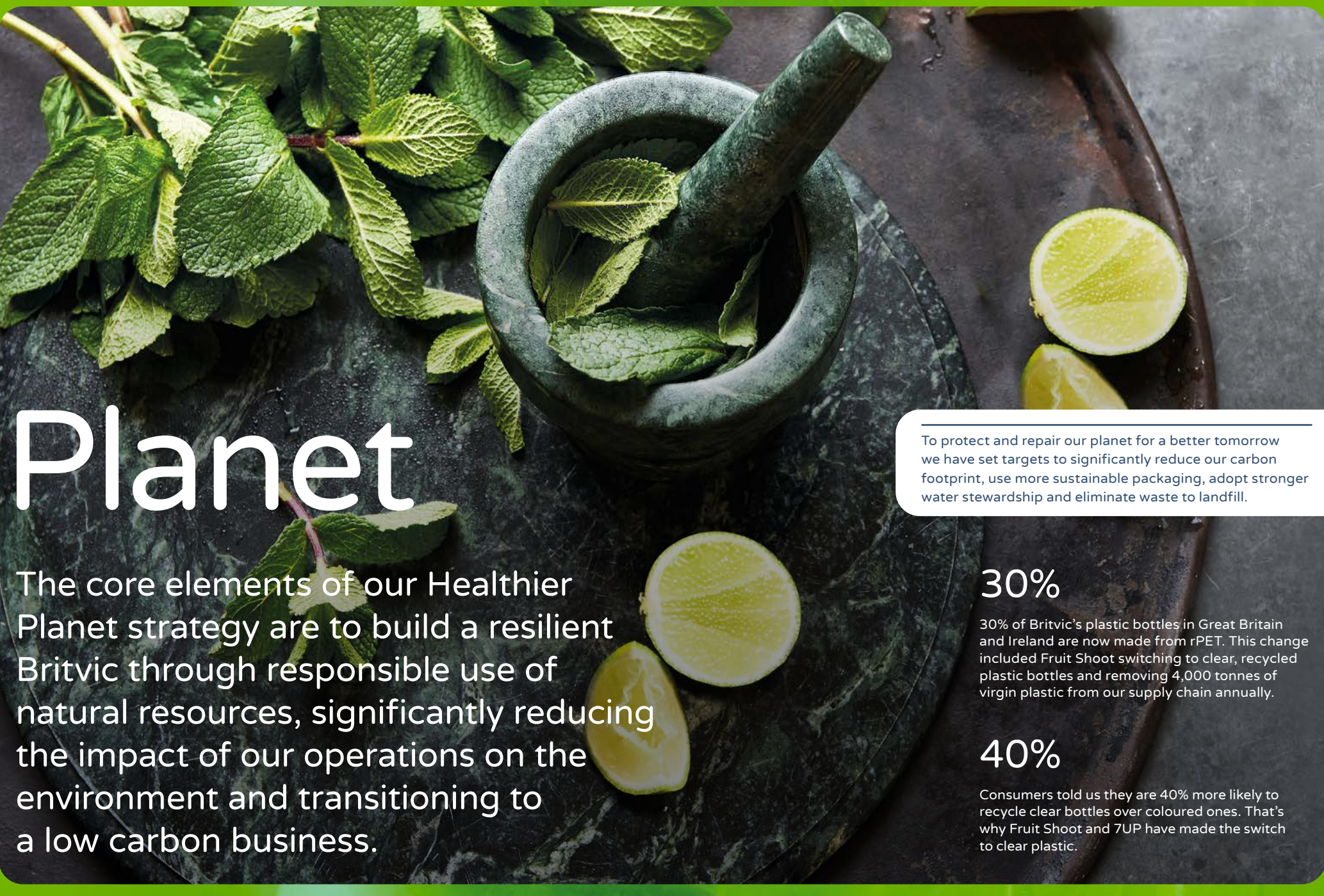
Working Well is the solution to meet everyone's needs – transforming Britvic spaces for when work needs to be done in person and, where we can work remotely, harnessing technology to cut travel time, costs and our carbon footprint.

Britvic's new office in Brazil is 50% smaller and open plan. The layout and furniture have been designed to encourage personal interactions, sharing and exchanging of ideas. The option to reduce space is a significant reflection of our new ways of working as it is no longer necessary for entire teams to be physically in the office every day. We can connect with our colleagues in Brazil, or anywhere in the world, without the need to be in the same physical space.



"We are experiencing a revolution in the way we work and especially how we see work. This transformation has brought a series of new possibilities – previously seen as distant, or even impossible."

Pedro Magalhães
Managing Director, Brazil



Planet

The core elements of our Healthier Planet strategy are to build a resilient Britvic through responsible use of natural resources, significantly reducing the impact of our operations on the environment and transitioning to a low carbon business.

To protect and repair our planet for a better tomorrow we have set targets to significantly reduce our carbon footprint, use more sustainable packaging, adopt stronger water stewardship and eliminate waste to landfill.

30%

30% of Britvic's plastic bottles in Great Britain and Ireland are now made from rPET. This change included Fruit Shoot switching to clear, recycled plastic bottles and removing 4,000 tonnes of virgin plastic from our supply chain annually.

40%

Consumers told us they are 40% more likely to recycle clear bottles over coloured ones. That's why Fruit Shoot and 7UP have made the switch to clear plastic.

Planet continued

“Britvic began life as a vitamin company, and we believe the vitality of people and planet is where we can make a real difference. This is why I am really proud of the progress we’ve made to date, but even more excited about the journey ahead as we demonstrate how we can create a more resilient business leveraging our people, planet and performance lens.”

Joanne Wilson
Chief Financial Officer



Partnership with The Rivers Trust

The Boxing Day floods in 2015 left over 4,000 residents and properties flooded in Leeds, England, with many other properties affected around the River Aire. In a bid to improve biodiversity and flood resilience, a team from our Britvic site in Leeds took a day away from the day job to plant close to 1,000 plug plants. These plants will help increase flood resilience by slowing the flow of water to the river. This in turn reduces the likelihood of properties downstream being flooded so severely in the future.

The plug plants are hugely beneficial for the biodiversity of the area too. Without them soil would be swept into the River Aire during flood events, reducing the spawning ground available for fish. The plants increase suitable habitats for other species and pollen diversity in the local area, helping to strengthen the local ecosystem.



Our zero waste approach in a nutshell

In Brazil we partner with more than 200 family and subsistence farmers who, with our support, produce cashews of the best quality for the production of cashew juices and cashew nut milks.

As the largest buyer and manufacturer of cashew juice in Brazil, we purchased more than 16,000 tonnes of cashews, during the three month harvest last year.

On top of this, we successfully use by-products to increase production efficiency and avoid any waste.

We produce cashew aroma, use cashew nut shells for fuel, and sell cashew fibre as an ingredient for vegan burgers. Our entire programme is designed to use the whole fruit and deliver on our goal for zero waste.

Performance

Throughout the pandemic we have strengthened our relationships with customers and suppliers, ensuring that together we could respond with agility to the changing market circumstances.

With a portfolio of market-leading brands, a strong multi-channel route to market and collaborative customer relationships in all our geographies, we believe we are well-placed to continue to deliver excellent returns to shareholders and our other stakeholders.

6.6%

Underlying revenue growth.

32.5%

In Brazil, we have continued to build scale through our core and innovation brands, delivering another year of double-digit revenue growth. Ready-to-drink formats revenue grew 32.5%.

Performance continued



New 20 year agreement with PepsiCo and the launch of Rockstar

This financial year marked a new 20 year agreement between Britvic and PepsiCo with the exclusive franchise bottling agreement for the production, distribution, marketing and sales of PepsiCo's carbonated soft drinks brands including Pepsi MAX, 7UP and Lipton Ice Tea. This new agreement extends the relationship which started in 1987 to 2040.

It also allows Britvic to broaden the portfolio by adding Rockstar Energy to the line up, increasing our participation in the large and growing energy category. The international relaunch of Rockstar in July this year featured 13 flavours in Great Britain.



£27 million investment in Rugby canning line

In September 2021, Britvic announced a £26.9m investment in its largest production site – adding a fourth canning line at the Rugby factory. The new line increases the site's total capacity by a further 18% and creates at least 20 new jobs.

The efficient new set-up will produce recyclable 330ml cans for leading brands including Tango, Pepsi MAX and 7UP. The first cans were produced in November and the new line will be fully operational in early 2022.

This latest announcement underscores Britvic's continued commitment to investing in its supply chain and follows the completion of the transformative business capability programme, improving facilities for the benefit of colleagues and customers.



Plenish

Britvic's acquisition of Plenish in May 2021 signalled our entry into the fast-growing plant-powered drinks market. We know consumers are increasingly favouring plant-based alternatives, not only for their own health but also for a healthier planet. In the UK, there are over nine million dairy alternative households and plant-based milks are forecast to top £500m by 2024.

With the plant-based category soaring in both relevance and size, Plenish gives Britvic an excellent platform in this exciting growth market. It fulfils our strategy of building a portfolio of soft drink brands for every consumer occasion, delivers on our commitment to access new spaces in the soft drinks category and strengthens our Healthier People, Healthier Planet sustainability agenda.

“We are very pleased to announce this new and enhanced exclusive bottling appointment with Britvic in Great Britain, as well as further strengthening our portfolio with the exciting addition of Rockstar. This decision was based on our history of sustained strong performance in the market, backed by Britvic's ongoing commitment to significantly invest behind our brands.”

Silviu Popovici,
CEO PepsiCo Europe

Chairman's statement



John Daly
Chairman

“The Board is confident that while the pandemic created near-term challenges, the business is emerging stronger. Underpinning this confidence is a portfolio of fantastic brands and a dedicated and committed team.”

When I wrote to you last year, the COVID-19 pandemic had resulted in a challenging year for us all. Twelve months on, we have all faced another difficult year as the pandemic continued to impact our lives. The Board continued to work closely with the Executive team throughout the year. On behalf of the Board, I want to thank Simon and his team for their stewardship and to thank the broader Britvic team for their commitment and dedication to the business, enabling it to navigate the pandemic so successfully and emerge stronger as a result.

Simon will share more detail in his Chief Executive Officer's statement, but the highlights I would call out include:

- The business's resilience, demonstrated in managing the impact of the pandemic and other headwinds such as carbon dioxide and haulage shortages.
- How the business has continued to trade throughout the pandemic, ensuring that our products remained available and supporting our customers when faced with the impact of lockdown restrictions.
- Continuing to leverage and innovate around Britvic's portfolio of fantastic family brands to broaden consumer appeal.
- Progress in simplifying the business model in Ireland with the closure of Counterpoint, a non-core business, and the move into new growth spaces with the acquisition of Plenish and the launch of Aqua Libra Co.
- The significant progress that the business has continued to make on the Healthier People, Healthier Planet strategic pillar. The welfare of the Britvic team has been central to this, enabling people to work safely and providing ongoing support for both physical and mental health.

Dividend

In 2020 we paid a final dividend in line with our stated 50% pay-out policy, having deferred a decision on the interim dividend due to the early stage and uncertainty of the pandemic at the time. In 2021 the Board declared an interim dividend in May, and I can confirm that the Board has proposed a final dividend of 24.2p. Once again, the business has demonstrated operational resilience and sound financial management, enabling us to maintain the 50% payout ratio.

Culture

The Board and the Executive team have a vital role in shaping and embedding a healthy corporate culture, which continued to be a focus. 2020 saw the launch of both a new values framework and employee networks to deliver on our diversity and inclusion agenda. This year the business has continued to embed these critical initiatives. Members of the Board have actively shared their personal and professional experiences with the broader Britvic team. In October, Simon signed the CBI's Change the Race Ratio Pledge – making Britvic one of the first 100 UK businesses to do so. This commits us to increasing racial and ethnic diversity in senior leadership and to publishing ethnicity pay gap reporting from 2022.

Directors

The Board's composition brings a range of views and experience to Britvic, and both supports and challenges the Executive team in the execution of the strategy. As well as regular Board meetings, the Non-Executive Directors are on hand to support Simon and his team throughout the year. While the pandemic prohibited face-to-face shareholder engagement at the last AGM, we made ourselves available to answer shareholder questions during the year. The Board also continued to share its learnings from other organisations with the Executive team, especially concerning COVID-19.

Remuneration

Our approach to reward is to link remuneration with the Group's key strategic objectives, both financial and non-financial, while delivering long-term, superior and sustainable returns to shareholders. We believe in offering fair compensation, where colleagues' performance reward is determined by the long-term sustainable success of the business. More information on how we ensure that our approach to remuneration supports our strategy is available in the Directors' Remuneration Report on pages 93 – 116.

Looking ahead

The Board is confident that while the pandemic has created near-term challenges, the business is emerging stronger. Underpinning this confidence is a portfolio of fantastic brands and a dedicated and committed team. The AGM will be held on 27 January 2022. Further information is available in the Notice of Meeting, which is available on the Britvic website at britvic.com/agm.

John Daly
Chairman

23 November 2021

Chief Executive Officer's statement



Simon Litherland
Chief Executive Officer

“I am incredibly proud of the entire Britvic team, who have shown agility and resilience to deliver a strong performance, progress our strategic priorities and support each other and our communities.”

Today we report our results for the year ended 30 September 2021, during which time our business continued to successfully navigate impacts from the COVID-19 pandemic. Once again, I am incredibly proud of the entire Britvic team, who have shown agility and resilience to deliver a strong performance, progress our strategic priorities and support each other and our communities. On behalf of the Board and the Executive, I would like to extend my thanks to each of them and their families for their continued commitment.

Our financial performance in the first half was impacted by lockdowns and social distancing measures across our markets. This impacted our channel mix, with the At-Home channel growing strongly, while Out-of-Home trading was significantly impacted by On-Trade closures and capacity limitations. As COVID-19 restrictions eased in the second half, Out-of-Home volumes rebounded strongly, while the At-Home channel remained robust. Immediate Consumption volumes benefited from increased mobility levels and people holidaying domestically, recovering back to 2019 levels in quarter four.

Across our markets we activated a range of exciting marketing campaigns, such as the Pepsi MAX sponsorship of the Champions League, launched new flavours to broaden appeal, such as Tango Dark Berry, and executed in-store and online activity to ensure our brands are visible to consumers. Throughout the pandemic we have strengthened our relationships with customers and suppliers, ensuring that together we could respond with agility to the changing market circumstances. These relationships and our well-invested Great Britain supply chain enabled us to successfully navigate the market-wide supply chain disruptions during the summer and protect our on-shelf availability.

Our performance, and the financial strength of our business, gave us the confidence to increase investment in the second half behind our brands, infrastructure, people, and planet initiatives, and we are emerging from the pandemic as a stronger, faster growing, more resilient business.

I am delighted with the progress we have made across both key financial and non-financial performance indicators. Underlying revenue grew 6.6%, adjusted EBIT 10.0% and margin increased 40bps in the year. Our focus and discipline on cash enabled us to generate record free cash flow of £132.7m, reducing our leverage ratio back to the 2019 level of 2.1x. A priority has also been further progress on our Healthier People, Healthier Planet programme and in the year our employee engagement score of 80 has been top quartile, our calories per serve well below our 30 calories target and we have moved all our Immediate Consumption packs into 100% rPET.

Progress towards our strategic priorities

We refreshed our strategy in 2019 to ensure the business was well-placed to access growth opportunities in the changing consumer and retail landscape across our markets. We have stress tested the strategy for the post-COVID world and remain confident that it will enable us to leverage Britvic strengths and respond to the changing consumer and market trends to drive strong top-line growth. With a portfolio of market-leading brands, a strong multi-channel route to market and collaborative customer relationships in all our geographies, we believe we are well-placed to continue to deliver excellent returns to shareholders and our other stakeholders.

Our future focus remains on four key strategic priorities:

- Build local favourites and global premium brands
- Flavour billions of water occasions
- Healthier People, Healthier Planet
- Access new growth spaces

Each of our markets has a defined role to play delivering the strategy:

- Great Britain – to lead market growth
- Brazil – to accelerate growth and expand our presence
- Other international – to globalise premium brands and improve profitability in Western Europe

Underpinning this strategy are three critical enablers:

- Generate fuel for growth through efficiency
- Transform organisational capability and culture
- Selective mergers and acquisitions (M&A) to accelerate growth

Chief Executive Officer's statement **continued**

Build local favourites and global premium brands

Consumers have increasingly turned to brands they trust, that taste fantastic and are better for them. So our focus on developing and growing healthier soft drinks has been pivotal to our success and our portfolio of low and no calorie family favourite brands and better for you innovation have continued to resonate strongly.

In Great Britain, we have delivered growth across the portfolio. Pepsi MAX, 7UP Free and Tango, our mainstream carbonated brands, had an excellent year, growing revenue and retail sales value. Pepsi's retail value, as measured by Nielsen, crossed the £700m threshold, with no sugar MAX the driver of growth. Market share was stable after the large gains in 2020, while both 7UP and Tango gained market share in the year. With the lifting of restrictions, our socialising brands, such as J2O and Fruit Shoot, have returned to growth as the On-Trade and schools reopened, and mobility normalised. With increased people movement, immediate consumption has rebounded in the latter part of the year. This has benefited both small pack formats across the portfolio and brands such as Lipton, Purdey's and Aqua Libra, which are sold mostly in immediate consumption pack formats. As an example, Lipton revenue increased 47% in the second half of the year.

In Brazil, we have continued to build scale through our core and innovation brands, delivering another year of double-digit revenue growth. Ready-to-drink formats revenue grew 32.5%, with our core brands Maguary, Dafruta and Bela Ischia performing strongly, as well as newer brands Puro Coco, Seleção grape juice, Fruit Shoot and Natural Tea making a meaningful contribution as they build scale.

Last year in France we completed the sale of the low-margin private label juice business, to enable us to focus on our portfolio of brands. Fruit Shoot grew revenue 19.5% and market share 20bps, while Pressade held onto market share but saw a decline in revenue of 5.5%. In the Netherlands, Teisseire retail sales value increased by nearly 26% in the year. In Ireland, we exited the wholesaling of third-party brands, which were low margin and low growth, retaining access to the On-Trade for our brands through distribution agreements. At-Home performance has remained strong throughout the year and as lockdown restrictions eased, increased consumer demand led to a bounce-back in quarter four in the On-Trade and Immediate Consumption.

The performance of our premium brands in other international markets was heavily impacted by COVID-19 related restrictions on global travel and the On-Trade. More recently we have started to see a recovery as restrictions eased, and London Essence is now available in double the number of outlets compared to 2019.

“With the lifting of restrictions, our socialising brands, such as J2O and Fruit Shoot, have returned to growth as the On-Trade and schools reopened.”



Flavour billions of water occasions

2020 saw a significant acceleration of growth in flavouring billions of water occasions with our flavoured concentrates brands, as consumers spent significantly more time at home across the all important spring and summer period. Against this tough comparable, Robinsons revenue declined in 2021, but encouragingly its retail value remains above pre-pandemic levels. More recently we have launched new flavours to broaden appeal and announced new ranges for 2022, with added functional benefits such as vitamins, to build on our leadership in healthy hydration.

In Brazil, our liquid concentrate brands now have a 76% share of the market, leading the healthy hydration opportunity. We have expanded the range in recent years, with new pack formats and ranges to promote healthy hydration and ensure affordability. This focus will continue in the future as we aim to build the scale and reach of our brands.

In France, our brands gained market share, despite the backdrop of an extremely tough 2020 comparable. The combination of this with adverse summer weather led to a decline in year-on-year revenue. We continue to rejuvenate the brands, with additional ranges and flavours coming to market.

We have continued to innovate across our markets with new liquids and types of packaging, to ensure we bring excitement and develop opportunities to grow the category through our leadership. For example, earlier in the year we launched added vitamins and zinc to MiWadi in Ireland, while in Great Britain we have recently launched a range of Robinsons Minis targeted at specific consumer needs, with offerings such as 'Vitality' and 'Boost'.

Chief Executive Officer's statement **continued**

Healthier People, Healthier Planet

Our Healthier People, Healthier Planet sustainable business programme remains core to what we do. In terms of People, as well as prioritising consumer health and wellbeing, we have been working hard to build a truly diverse and inclusive environment to retain and recruit the best talent. Across the business, we have several vibrant employee networks to help all our employees thrive at Britvic. In these times of mental and emotional health challenges, the holistic wellbeing of our people is especially important.

We have also made strong progress this year on Healthier Planet. As we work to minimise the impact of our packaging on the planet, the rollout of recycled PET across our Great Britain and Ireland portfolios is now up to 30%. We have leading brands such as Fruit Shoot and Ballygowan and all our immediate consumption packs in 100% rPET. As well as continuing to reduce our carbon emissions, we have redoubled our focus on water stewardship and in Great Britain have partnered with The Rivers Trust, working with them at each of our manufacturing sites on initiatives to protect this critical resource.

In Ireland, as well as the relaunch of Ballygowan in 100% recycled PET, we achieved a gold award from Origin Green – Ireland's leading sustainability network for food and beverage companies. In Brazil, we have partnered with farmers and educational bodies to ensure efficient, sustainable production, and have achieved our first full year of zero waste to landfill. We are also increasingly powered by biomass in Brazil, reducing our carbon footprint further.

Access new growth spaces

In Great Britain, I am particularly pleased with the progress we have made in accessing new growth spaces. Across the core portfolio, we have launched new flavours to broaden appeal to both new and existing consumers, including Pepsi MAX Lime and Tango Dark Berry. We have launched new offerings to expand our health and wellbeing leadership, including the relaunch of our natural energy brand, Purdey's, and we have leveraged our dispense leadership to offer new experiences and access new occasions with the rollout of London Essence Tonic on Tap and Aqua Libra Co expansion beyond workplace into leisure and retail.

With the acquisition of Plenish, we now play in the high growth plant-based drinks category. We are on track with the integration and we have made good progress, leveraging our strong customer relationships to gain new listings in the UK and Europe, and using our group innovation and brand development capability to support a brand relaunch next year.

With the extension of the PepsiCo agreement in 2020, we took on the Rockstar brand, in the scale energy category. During the year we have worked with PepsiCo to bring to market a new, higher priced Rockstar proposition, with a new pack design and new liquids, some with added health benefits, and supported by a new marketing platform based around gaming. These innovations and entries into new categories offer Britvic significant growth opportunities as we scale these brands in the years ahead.

In Brazil, we have continued to expand our category presence, nurturing, and scaling recent launches such as Puro Coco, Seleção, Natural Tea and the Nuts brands. In addition, while still a small part of the business, we are trialling some of our group brands, including Pressade organic juice, Britvic mixers and Mathieu Teisseire syrups to establish a presence in premium categories that have long-term potential.

Generate fuel for growth through efficiency

It is essential that we continually drive improvement in our operations both to build our margin and to release funds for reinvestment behind our growth drivers. We will continue to invest where it makes financial sense to do so, and we will continue to focus on optimising our footprint in each of our markets. We are responding to customers' drive for simpler ranges and more recession-oriented value solutions through portfolio optimisation and continuing our revenue management journey.

We are investing in our technology and infrastructure to support our growth ambitions. This year we are implementing new commercial systems to enhance our revenue growth management and customer relationship management capability. In response to strong demand for cans in Great Britain, we are increasing capacity through the installation of a fourth can line, to complement the three that formed part of the recent business capability programme. We are also upgrading our Great Britain National Distribution Centre and we have implemented SAP Ariba to support our supplier relationship management and ultimately our end-to-end purchasing efficiency.

6.6%

Underlying revenue growth

£132.7m

Record free cash flow

30% rPET

Across Great Britain and Ireland

£700m

Record retail value for Pepsi

Chief Executive Officer's statement **continued**

Transform organisational capability and culture

At the outset of this strategic evolution, we recognised that to achieve our future growth ambitions, we would need to build on the organisational capabilities which have delivered such a strong performance track record, with new ones which would ensure the company can continue to thrive in the years ahead.

We are using some of our learnings from the pandemic to enable our people to work together in simple, focused, and agile ways. We are using technology to ensure connected collaborative working everywhere, and we are refreshing our office environments as part of our global hybrid working programme, Working Well. We continue to invest in wellbeing programmes in each of our markets through myLife, and our active diversity and inclusion employee networks are flourishing. We are also supporting our people's development through a significant expansion in our online training library, embracing e-learning on a global scale.

We are developing a centre of excellence for consumer experience which is focused on enhancing our digital marketing capability. We are integrating the end-to-end consumer experience of our brands with interactive communications across social media, while also developing an in-house digital studio to create marketing content.

Selective M&A to accelerate growth

While we can achieve much of our ambition organically, we do see opportunities to accelerate the pursuit of our strategy through disciplined inorganic expansion. We look at opportunities both to continue our geographic expansion and as an alternative to innovation in order to expand our portfolio into new growth spaces. This year for example, we acquired Plenish to access the growing opportunity of plant-based drinks and targeted the energy sector through the expansion of our partnership with PepsiCo to include Rockstar. In the last two years we have also executed the disposal of the private label juice business in France and the closure of Counterpoint in Ireland, both initiatives intended to simplify our operations and work towards our Western European objective of improving our profitability, while enabling the local management team to focus on the higher-margin branded portfolio.

Outlook

We have started our new financial year with good trading momentum. I am confident that with our strong portfolio of core brands, marketing plans, innovation, and new growth opportunities, we will continue to accelerate our growth trajectory. Like others, we are facing into inflationary pressures but we are confident we will minimise the impact on our business through revenue growth management, smart procurement and other cost initiatives. We anticipate further progress against our key financial metrics in 2022 and are confident we will continue to deliver superior returns in the years ahead.

Simon Litherland

Chief Executive Officer

23 November 2021

"I am confident that with our strong portfolio of core brands, marketing plans, innovation and new growth opportunities, we will continue to accelerate our growth trajectory."



Britvic investment case



1 A portfolio of market leading brands

In Great Britain and Ireland, we have a full portfolio of family favourites, both owned and as the bottler for PepsiCo. In France and Brazil, the portfolios are all owned brands in a smaller number of categories. In each market we are the leading supplier of flavour concentrates, underpinning our strategic pillar of flavouring billions of water occasions.



2 A well-invested infrastructure

The completion of our business capability programme in 2019 in Great Britain means we have a fantastic supply chain platform to enable us to lead market growth. In our other markets we continue to invest in the supply chain to support growth, efficiency and our sustainability targets. Beyond supply chain we are investing in both our digital capability and IT infrastructure to ensure that the business is future fit to realise our growth ambitions.



3 A long-term agreement with PepsiCo

In October 2020, we signed a new and exclusive 20 year franchise bottling agreement for the production, distribution, marketing and sales of its soft drink brands in Great Britain. Our PepsiCo relationship provides access to a portfolio of global brands, including Pepsi MAX, 7UP, Lipton Ice Tea and, more recently, Rockstar Energy. This follows a similar 10 year agreement signed in 2016 with PepsiCo in Ireland.



4 A sustainable business

Britvic's Healthier People, Healthier Planet sustainability ethos underpins every element of our business strategy to ensure that we deliver sustainable value for all our stakeholders, and we create a better tomorrow. This year, we developed five interactive training modules for Britvic colleagues to learn more about our Healthier People, Healthier Planet strategy.



5 A well-financed and cash generative business

Britvic has a strong financing platform, with a £400m sustainability-linked multi-bank revolving credit facility and a series of private placement notes in place. The business is cash generative and has a clear capital allocation policy, including a commitment to a dividend policy that pays out 50% of profits.



6 A track record of growth

Since the appointment of Simon Litherland in 2013, we have consistently delivered excellent returns for shareholders. While the COVID-19 pandemic interrupted progress in 2020, we have continued to generate total shareholder returns significantly ahead of the FTSE 250.



7 A resilient and growing category

Soft drinks are a consumer staple, meaning category performance is consistent, stable and projected to grow. Growth is achievable through increasing consumption by innovating to meet emerging consumer needs, accessing new spaces and premiumisation.



8 An engaged and agile workforce set up for success

We're building a working environment where everyone belongs. This year we launched Working Well – our new dynamic ways of working. We have repurposed our work spaces to increase interactions, collaboration and opportunities for innovation with performance based on output rather than hours spent.

Market drivers

Britvic's insight team tracks the consumer and market trends impacting the soft drinks category. Here we highlight some of these key trends and how Britvic is responding.

Responsible brands

Expectations that companies will prioritise sustainability keep rising



What's happening?

- Awareness and urgency of the climate crisis has continued to grow. Global attention to the journey towards net zero has remained high on the agenda in the year of the United Nations' 26th climate change conference, COP26, in Glasgow.
- It is not just carbon which demands high public attention – the public, media and regulators have maintained their focus on the environmental impacts of pollution, waste and resource overuse. The onus is on businesses to clearly demonstrate the action they are taking to be a part of the solution.

The impact

- In the UK in October, the Government published its Net Zero Strategy, a world leading blueprint on how the country will achieve net zero emissions by 2050. Meanwhile the Environment Bill has continued its passage through Parliament, setting the stage for significant developments in extended producer responsibility, and deposit return schemes.
- Awareness on the impact of plastic pollution, in particular, is rising. 62% of adults in the UK cite plastic pollution as among their top five environmental concerns. Further, they are not relying on governments to take the required action. 51% of people believe companies are most responsible for increasing the amount of packaging that is recycled.ⁱ

How we are responding

- 30% of our plastic bottles in Great Britain and Ireland are made of rPET, with Lipton Ice Tea, Robinsons ready-to-drink, drench, 7UP, Tango and Pepsi bottles in 500ml and 600ml now in 100% rPET.
- 7UP and Robinsons Fruit Shoot moved to clear plastic, making these bottles easier to identify at recycling plants, improving the quality of recycled material and increasing their recyclability.
- In Brazil, we are reducing packaging per serve, so far reducing packaging weight by 2.7% across all pack types.

Health and wellbeing

Purchasing decisions in the soft drinks category are being influenced by sugar reduction and overall health perception



What's happening?

- The COVID-19 pandemic has complicated the public's perception of what 'healthy' entails, entwining the importance of environmental, physical and mental health. However, for soft drinks, a global focus continues to encourage a reduction in ingredients such as sugar, and inclusion of natural ingredients.
- This holistic view of health is creating a more complex environment informing decision making – and 55% of people now believe that it's more important to think about nutritional benefits of a product, rather than calorie content alone.ⁱⁱ

The impact

- A Public Health England study showed that there has been a 44% reduction in sugar content per 100ml of soft drinks covered by the Soft Drinks Industry Levy between 2015 and 2019. However, regulators, like the public, are looking beyond mere sugar reduction with regard to healthy choices. The EU's Farm to Fork Strategy is considering how best to harmonise front of pack nutrition labels across the continent to make those decisions easier for consumers.

How we are responding

- In Ireland, we launched MiWadi 0% Sugar, fortified with vitamins B and D and zinc, supporting the immune system and the maintenance of strong bones, and the growth of healthy teeth. Further, our Diabetes Ireland partnership logo is championed on pack across the 0% Sugar MiWadi range.
- Our acquisition of Plenish in May 2021 signalled our entry into the fast-growing plant-powered drinks market. In the UK, there are over nine million dairy alternative households.

i Mintel Soft Drink Review, UK, 2021 – p30

ii Mintel Soft Drink Review, UK, 2021 – p18

Market drivers continued

Elevated experiences

Premium options and quality products in demand



What's happening?

- Despite the financial impact of COVID-19 and subsequent inflationary pressures, consumers are still signalling their desire for premium products that contain higher quality ingredients and signal authentic provenance.
- We have seen an increase in at home socialising occasions that are driving the premiumisation trend in the home.
- While markets have shifted in different ways depending on local restrictions and lockdowns, there is a consistent trend towards alternatives to alcohol for adults – connected to the desire to live more holistically healthy lives while still maintaining a premium experience.

The impact

- Forecasts for the global non-alcoholic beverage market indicate that within both the on-trade and off-trade, value will increase at approximately double volume between now and 2025 – highlighting that premiumisation trends remain strong.ⁱⁱⁱ
- In the UK, the share of adults limiting or reducing their alcohol intake has climbed to 36% from 33% in the year to April 2019, while 16% of adults who consume alcohol plan to cut back once the pandemic is over.^{iv}

How we are responding

- Our international agenda continues with a drive to globalise our premium brands, notably The London Essence Company and Mathieu Teisseire.
- London Essence Tonic on Tap offers a range of premium tonics on dispense. The eye-catching installation uses patented micro-dosing technology to deliver freshly infused botanical tonics. Built-in technology then provides additional benefit by delivering data straight to us in real time.

On-demand living

New habits, convenience and digital technology are disrupting lifestyles



What's happening?

- Even before the disruption of COVID-19, the traditional retail landscape was in flux. With busier lives, more flexible routines and an increasing amount of choice available to them, consumers' demands and expectations are high.
- In the ensuing recovery, there remains a great deal of uncertainty – as consumers evolve and adapt to their new reality, and the technology available to them shifts. 46% of the global population were extremely or quite concerned about visiting shops and stores because of the COVID-19 risk in 2021^v – and new online delivery services have multiplied to cater to them.

The impact

- The consequences of the pandemic are still being understood. However, discounters that can offer high-quality products at competitive prices will fare well in the difficult economic times ahead. Meanwhile, the convenience store sector saw strong growth (+5.4% in the UK in 2020) as an increase in at home food and drink balanced the concurrent drop in food and drink 'to-go'.^{vi}

How we are responding

- With further investment in our flexible supply chain capability, for example the new canning line in Rugby, as well as an increasingly diverse portfolio, Britvic can continue to work closely with its customer base to maximise the opportunity in the future retail landscape.
- Building on our existing portfolio of brands with new product development and the acquisition of Aqua Libra Co and Plenish, we can meet retailer needs and satisfy a full range of consumer demands with our wide range of products.

ⁱⁱⁱ GlobalData – Where next for non-alcoholic beverages in the post-pandemic era? 22 September 2021

^{iv} Mintel – Attitudes towards Low and No Alcohol Drinks, UK, 2021 – p8

^v GlobalData – Where next for non-alcoholic beverages in the post-pandemic era? 22 September 2021

^{vi} Mintel – Convenience stores, UK, 2021 – p13

Business model

Britvic is a leading supplier of soft drinks with a broad portfolio of market leading brands.

We make, market and sell our drinks around the world. We manufacture our brands in Great Britain, Brazil, France and Ireland. We are the global leader in branded flavoured concentrates and our international teams, operating from the United States, Benelux, Asia and the Middle East, distribute and export to more than 100 countries worldwide. In Great Britain and Ireland, we are a proud partner of PepsiCo, bottling, marketing and selling a range of its brands alongside our owned brand portfolio.

Our business model is underpinned by our Healthier People, Healthier Planet sustainable business strategy. Across the whole of Britvic, we are committed to promoting health, wellness and wellbeing, providing consumers with balanced lifestyle choices and protecting our planet through the responsible use of resources today to create a better tomorrow. Our business model is underpinned by our commitment to the United Nations' Sustainable Development Goals.

 [Read more on page 34](#)

Overview



Consumer Insight

The starting point of our business is understanding how we can best meet the diverse requirements of our consumers and customers. We aim to build a longer-term view – understanding emerging trends and the wider context the category operates in, as well as current consumer needs. This enables us to build and develop brands that consumers love and deliver retail solutions that maximise the growth opportunity for our customers.

Our insight is underpinned by our Healthier People ambition to help consumers make informed and healthier choices and understand what motivates consumers to make healthier choices and act accordingly.

 [Read more on page 36](#)



Sourcing

We are committed to producing high-quality soft drinks that are sourced and manufactured in a fair, ethical and environmentally responsible way. We take a global approach to sourcing the raw materials we need in the manufacturing of our brands. Our main raw material ingredients are fruit juices, concentrates, water, sugar, and other sweeteners. We offer a range of pack formats including rPET and PET, glass bottles, cartons and aluminium cans. We also offer refill opportunities in the workplace and retail environment.

We work in collaboration with our suppliers to understand the environmental and social footprint of our collective activities and drive efficient use of natural resources, which are the key aspects to addressing the climate challenge and reducing carbon emissions throughout the value chain.

 [Read more on page 46](#)



Manufacturing and distribution

In each of our core markets we have our own factories where we manufacture most of our brands and these are operated to the highest standards. We are committed to ensuring that our employees work in safe environments that support their health and wellbeing, and we monitor this closely across all our markets. We also work with carefully selected manufacturing partners to produce our smaller brands, innovate on new packaging solutions and, during peak times, deliver additional capacity. We work with specialist transport companies to distribute our products rather than operate our own fleet of vehicles.

We operate to the highest standards, and we are committed to reducing the environmental impact of our manufacturing and distribution activity. We set targets related to water usage, waste and carbon emissions annually, through our Healthier People, Healthier Planet business ethos.

 [Read more on page 42](#)

Business model **continued****Customers**

Our customers are essential to our business as our main route to market, and as partners on joint business plans where we can create shared value with our category-led approach. We share our expertise with our customers to drive category growth. We engage regularly with customers through face-to-face meetings, conferences and events, webinars and hosting customer facing websites and online platforms. As well as day-to-day operational contact, we have regular reviews of joint business plans to ensure that we deliver what is necessary to reach our shared goals.

We share a commitment with our customers to establish and drive a sustainable approach to business. We proactively engage with our customers to share knowledge and best practices across packaging innovation trends and create solutions to minimise the impact of our collective carbon footprint related to our operations.

 [Read more on page 42](#)

**Marketing and sales**

We invest in world class marketing to build brands that our consumers love. We have a track record of delivering award-winning advertising and marketing campaigns across multiple platforms, and this work is critical to the success of our own international portfolio of owned brands and PepsiCo brands. Our marketing complies with all relevant Britvic policies, such as the Ethical Business Policy and our Responsible Marketing Code, which sets out the principles we adopt in all marketing and advertising activity globally.

Our Healthier People, Healthier Planet ethos is embedded in our marketing strategies. Through clear and consistent campaigns and consumer labelling, we aim to increase consumer understanding of the need to create a circular economy for plastic, and we always promote and market healthier options in line with our marketing code to encourage people to make healthier choices.

 [Read more on page 34](#)

The value we create for our stakeholders

Underpinned by our sustainable business programme – Healthier People, Healthier Planet

Shareholders

Delivering Total Shareholder Returns (TSR) through dividends and share price movement. In 2021 our TSR was 20.0%.

Employees

We provide jobs in a diverse and inclusive environment, creating local purchasing power. In 2021, £143.0m was paid in salaries and wages.

Customers

We build and maintain long-term, trusting relationships with our customers to co-create joint business plans and drive growth.

Consumers

Our purpose is dedicated to enjoying life's everyday moments. We aim to produce great tasting drinks for multiple occasions to bring happiness in those moments.

Suppliers

We engage with our national and international suppliers to address challenges and drive positive change through our procurement and supplier quality assurance teams and processes.

Industry

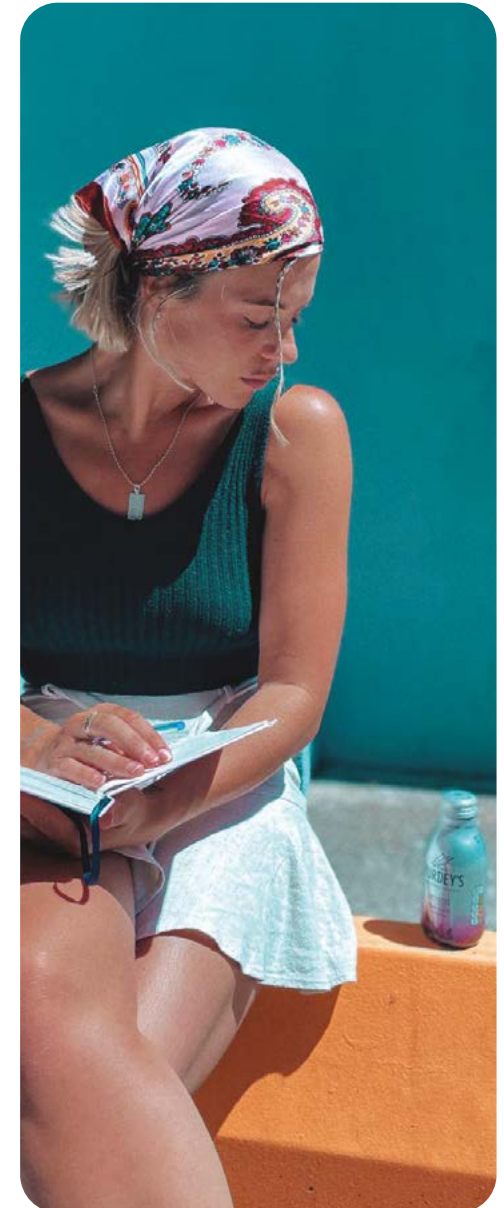
We promote the growth, development and understanding of our business and the industry, and we're proud to work alongside and support relevant trade bodies and associations in our key markets.

Government

We support the development of public infrastructure, healthcare, education and local services, through paying taxes in the markets where we operate.

Communities

To ensure the communities in which we operate thrive, we make meaningful contributions through community support programmes.



Strategy at a glance

In 2019 we took the opportunity to evolve our business strategy to ensure that it continued to align with the changing consumer and retail landscape. Over the last two years it has provided an excellent framework, and we are confident that we will emerge stronger from the pandemic and that the strategy will stand the test of time and deliver excellent returns in the future.

Our purpose

Enjoying life's everyday moments. Britvic is a purpose-driven organisation with a clear vision and a clear set of values. Our purpose, vision and values sit at the heart of our business, driving us to achieve our strategic ambitions and create a better tomorrow. Our purpose is rooted in everyday life: it is our mission to bring joy to people, everywhere, from all walks of life, through our brands. There are so many tiny moments every day, and they can all be made more enjoyable with one of our delicious drinks. Simon Litherland, CEO of Britvic plc, explains why our purpose is so important: "Uniting behind a common purpose is a powerful driver of performance and culture. It's a reason to exist, a reason to get up in the morning and get excited about what we're trying to achieve as individuals and as a collective. The thought of people all over the world enjoying our drinks as part of their own special and totally unique everyday moments makes me smile."

Our vision

Our vision provides a clear view of the company we want to be. Our dynamism comes from our people whose unparalleled energy, spirit and creativity keep us constantly in motion, seizing opportunities to innovate and drive us forward. This dynamism means we act with pace and agility, fuelling the entrepreneurial spirit that is rooted in our heritage, to push boundaries and make things happen. At the same time, the scale of our business, our credibility within the market, and our dedication to our Healthier People, Healthier Planet sustainability strategy mean we can turn our ideas into popular product propositions and deliver sustainable value to all our stakeholders, from consumers to customers to investors. Creating value today will help us create a better tomorrow.

Our culture

Our workforce is central to our ability to succeed. As we transform our culture and capabilities to deliver our business strategy, our employees' wellbeing, happiness, pride and spirit of togetherness are paramount. We will continue to focus on employee engagement to create a culture we are proud of and deliver our long-term goals.

Our markets

Each of our markets has a role to play delivering the strategy:

- We continue to see Great Britain as a growth market and plan to build on our existing momentum to lead market growth.
- In Brazil, our ambition is to accelerate growth and expand our presence.
- Our international agenda continues with a drive to globalise our premium brands, notably The London Essence Company and Mathieu Teisseire. Across our Western European markets, the priority is to increase margins and profitability.

Critical enablers

We have identified three key enablers to underpin and support the successful execution of our strategy:

- Efficiency: Generate fuel for growth through appropriate focus on efficiency gains across our organisation.
- Culture and capabilities: Transform our organisational culture and the capabilities we need to become truly future fit.
- Mergers and acquisitions: Selective mergers and acquisitions to accelerate progress towards our strategic goals.

Our strategic pillars



Build local favourites and global premium brands



Flavour billions of water occasions



Healthier People, Healthier Planet



Access new growth spaces



Build local favourites and global premium brands

We are focused on growing our local, family favourite brands, which are predominantly number one or number two in their categories. We have a proven track record of growing, stretching and revitalising our brands such as Robinsons, Tango, Fruit Shoot and Teisseire. And we have consistently done a fantastic job growing PepsiCo brands, focusing on low or no calorie variants, such as Pepsi MAX and 7UP Free.

At the same time, our consumers are looking for a wider choice of premium drinks and elevated experiences when they relax and socialise. We are seeking to create a winning portfolio of premium brands in each of our markets around the world, led by The London Essence Company and Mathieu Teisseire.

We believe choice is key to growing our local favourites and global premium brands. All markets and consumers are different, so we need localised solutions, created by a diverse workforce, to give consumers what they want. To continue our growth trajectory, we are empowering our people – those closest to the consumers in each market – to drive the identification of opportunities, create the solutions that meet consumer needs and build the capabilities to deliver brilliant execution at the point of purchase. By combining the power of our global business with the wisdom and experience of local teams, we will achieve the greatest possible impact in each market.

 Read more about global premium brands on page 24

Strategy at a glance **continued**



Flavour billions of water occasions

In each market Britvic offers the leading flavour concentrate brands, including Robinsons, MiWadi, Teisseire and Maguary. We plan to leverage this leadership and expertise in concentrating flavour, along with the strength of our local favourite brands in each of our markets to collectively flavour billions of new water occasions.

The increased consumer focus on health and wellbeing and greater consumption of water provides additional large-scale opportunities for Britvic.

This year in Ireland we fortified MiWadi 0% Sugar with vitamins B and D and zinc. In Great Britain we added vitamins B, C and D to our Robinsons Fruit & Barley. The added C and D vitamins help support the immune system and the growth of strong bones, and B vitamins contribute to energy release, all while maintaining the same great taste that families know and love.

Britvic has extended its presence in work, travel and retail environments since acquiring Aqua Libra Co in 2020. Its state of the art smart touch taps offer hot, cold and sparkling water. Britvic added its micro-dosing expertise to the tap technology to offer flavoured water on demand.

Britvic is building on its strong foundation of flavour expertise and, by harnessing nutritional and technological innovations, it is well placed to continue flavouring billions of water occasions.

 [Read more about flavouring billions of water occasions on page 26](#)



Healthier People, Healthier Planet

A key part of our Britvic vision is to create a better tomorrow for all our stakeholders. We want to make a positive contribution to the people and the world around us and provide consumers with the trusted and authentic purpose-driven brands they increasingly want and deserve. This means ensuring that sustainable practices are embedded in every element of our business strategy.

Doing good while doing well has been at the heart of Britvic's ethos since the creation of The British Vitamin Products Company back in the 19th century by chemist Mr Rawlings, our founder. Like Mr Rawlings, we believe the most pressing challenges facing and shaping society globally are centred around health, individual health and the health of society as a whole, including our environment.

Today, we continue to build on our heritage, by embedding Healthier People, Healthier Planet – a key tenet of our commercial strategy – into every part of our business, from manufacturing to marketing. We see this drive as fundamental to Britvic's resilience, to delivering the value our stakeholders deserve and to building a company of which we can all be proud. For this reason, when we set our commercial strategies and plans across the business, we are working towards our Healthier People, Healthier Planet goals being given the same priority as financial performance. Taken together, these goals support our overarching performance ambition, as well as our vision to be the most dynamic soft drinks company, creating a better tomorrow.

 [Read more about Healthier People, Healthier Planet on page 35](#)



Access new growth spaces

Accessing new growth spaces is not just about what our consumers are buying but where. We have seen e-commerce growing in importance and value over the years and this has only accelerated during the pandemic. Online shopping in Great Britain has jumped from 10% of soft drinks sales in 2019 to 14% in 2020, and we expect many of those new online shoppers to stay. Online is also becoming increasingly important within the wholesale channel, with 42% of orders now online. As such, we are investing in our data and analytics tools, such as Kantar for revenue management and SAP Analytics Cloud for data processing and analysis.

Technology is a key driver for new customer and consumer propositions. Our acquisition of the rebranded Aqua Libra Co is one such example of this. Its state of the art smart touch taps are available to a wide range of commercial customers as well as consumers in retail, travel and work locations. The taps eliminate the need for bottles, supporting Britvic's sustainable innovation ambition to deliver more Beyond the Bottle solutions for our customers and consumers.

We have also explored new growth markets with the acquisition of Plenish. We know consumers are increasingly favouring plant-based alternatives, not only for their own health but also for a healthier planet and that is why Britvic is moving into the plant-based milks market with Plenish.

 [Read more about accessing new growth spaces on page 28](#)

Strategy in action

Global premium brands



The UK's fastest growing mixer

This year, alongside its first television advert, London Essence reached its highest distribution yet – making it the UK's fastest growing mixer.

From cocktails to mocktails and everything in between, contemporary consumers expect an elevated drinking experience on every occasion. So, whether savoured as a standalone drink or paired with a premium tipple, our soft drinks are working harder than ever before.



London Essence

The London Essence Company's range of mixers is perfectly pitched to meet the needs of today's discerning drinker.

Drawing on a history that once saw it serve London's finest perfume houses, the company's expertise when it comes to the layering of essences means it is now delighting the senses with combinations such as Pomelo & Pink Pepper Tonic Water and, most recently, Roasted Pineapple Crafted Soda.

As the official mixer partner of The World's 50 Best Bars, London Essence's mixers are available in some of the world's finest establishments. This year, alongside its first television advert, London Essence reached its highest distribution yet – making it the UK's fastest growing mixer and meaning it's also likely to be found much closer to home.

Strategy in action continued



The world's first premium tonic on tap

London Essence's mixers with distilled botanicals, deliver a fresh and aromatic drinks experience. It has now created the world's first premium tonic on tap to bring this luxury quality to even more venues.

Incorporating patented micro-dosing technology, the tap provides a range of five tonic flavours, each freshly infused with distilled botanicals, into perfectly carbonated chilled tonic water at the point of serve.

Offering Indian Tonic, Elderflower, Rhubarb, Cucumber, or Grapefruit our premium Tonic on Tap cuts packaging by 96% – offering a sustainable solution to bartenders looking to free up valuable back bar space.

In action at London Essence's very own Essence House during this year's London's Cocktail Week, more than 400 new Tonic on Tap installations have been agreed in 2021.



The Essence House

In the beating heart of London hospitality and on the aptly named Floral Street in Covent Garden, London Essence opened the doors to a two-floor drinks experience during the month-long edition of London Cocktail Week this October.

London Essence partnered with Dr Rachel Edwards-Stuart, one of the very few experts dedicated to the science of gastronomy and flavour perception in the UK. Together, they created a series of interactive taste and aroma tests, providing insight into individuals' personal palate profile.

Visitors to The Essence House came away with a greater appreciation for the science behind our mixers and some unexpected recommendations for cocktails to delight their senses.



Teisseire

More than 300 years ago, in the foothills of the French Alps, 18th century distiller Mathieu Teisseire was so inspired by the taste of ripe cherries that he discovered a technique to capture the fruit's juicy essence, then bottled it and shared it with the world. His passion for concentrating flavour is the inspiration for what has become one of the world's best tasting syrup today.

Mathieu Teisseire syrup is perfectly crafted to elevate the taste of any cold drink, coffee, cocktail or dessert, and is France's number one syrup in both Out-of-Home and retail channels.

Recognised by international quality institute Monde Selection, in 2020/21 Mathieu Teisseire syrups received a total of 20 Grand Gold and Gold awards for superior quality and exceptional flavour.

Today Mathieu Teisseire syrups total almost 150 flavours and are sold in over 100 countries around the world.

We're now selling the syrups in Brazil and have recently launched the Mathieu Teisseire flavour hub – a digital platform aimed at trade professionals which offers a comprehensive experience – sharing insights, content creation and expert endorsement.

“We're excited about what lies ahead for London Essence. The interest and buzz around the brand, including our world leading premium tonic on tap, at this year's London Cocktail Week is testament to that. We look forward to continuing to innovate and to deliver exceptional experiences for our customers.”

Ounal Bailey
The London Essence Company

Strategy in action continued

Flavour billions of water occasions



The increased consumer focus on health and wellbeing and greater consumption of water provides a range of opportunities for Britvic. These include flavouring billions of water occasions with our family favourite concentrate brands and innovating with Beyond the Bottle solutions.

Innovation

Aqua Libra Co expands Britvic's presence in the water category through its range of state of the art smart touch taps offering hot, cold and sparkling water.

Beyond the Bottle

While we continue to flavour billions of water occasions at home with our family favourite flavour concentrates, Aqua Libra Co means we can reach more people on the go.

Strategy in action continued



Aqua Libra Co

Sustainability means looking Beyond the Bottle to deliver a range of delicious healthier choices straight to the consumer. We need to provide sustainable solutions to reduce single-use packaging, cut water usage and minimise our carbon footprint. Britvic is now well placed to capitalise on this trend by providing great tasting, healthy, sustainable hydration through Aqua Libra Co.

Aqua Libra Co expands Britvic's presence in the water category through its range of state of the art smart touch taps offering hot, cold and sparkling water. Utilising Britvic's micro-dosing technology, Aqua Libra Co pure water is infused with delicious flavours such as Peach & Raspberry and Cucumber, Lime & Mint.

While we continue to flavour billions of water occasions at home with our family favourite flavour concentrates, Aqua Libra Co means we can reach more people on the go. Consumers can fill their glasses or long-life bottles with delicious flavours, confident that they are making a good choice for themselves and the planet.



Benefit Drops and vitamins

Robinsons Mini offers 20 highly concentrated servings of squash in a convenient pocket-sized pouch. In Great Britain, 81% of consumers own a reusable water bottle but only 38% add squash – making Robinsons Mini the perfect solution.

As consumers increasingly look for added benefits, we have built on this success to launch Robinsons Benefit Drops – great tasting squash fortified with vitamins and minerals.

Benefit Drops is one of many Britvic products now with added vitamins and we continue to explore how we can offer more drinks that do good and taste great.

 [Read more about adding vitamins on page 37](#)



Let there be Fruit

This summer, Robinsons returned to the nation's screens for the first time in four years with a £6.4m advertising campaign created by Saatchi & Saatchi. Running on TV, radio, digital, out of home and in-store, the campaign brought the great taste and real fruit message of the brand to life, encouraging consumers to liven up their water.

Whether grown ups are gardening, reaching for their water bottle after exercise or simply enjoying a glass of water, they are encouraged to liven up these everyday occurrences with the help of children singing 'Let there be Fruit'.

When it comes to concentrates, research shows that taste is the most important consideration for consumers, so Robinsons, the number one Great Britain squash brand, is perfectly placed to meet this demand.

“Aqua Libra – meaning balanced water – is the perfect brand to represent and broaden our ambition for tasty, healthy, sustainable hydration. We have created a winning combination of innovative taps alongside Britvic's scale and expertise in the drinks industry, and we are excited to be bringing this great partnership to existing and new customers. We believe we have a pivotal role to play in Britvic's sustainability journey.”

Steve Potts
Managing Director, Beyond the Bottle

Strategy in action continued

Access new growth spaces



Our acquisition of Plenish firmly enters Britvic into the plant-based milks, cold-pressed juices and functional shots growth market. And as a native player in the direct to consumer business model and digital marketing, Plenish offers a distinct advantage compared to traditional fast-moving consumer goods players.



Award-winning

Plenish's award-winning plant-based milks are designed to be as pure and natural as possible. The range includes almond, oat, coconut, cashew, hazelnut and soya.

Strategy in action continued



Plant-based milks in Brazil

In 2019, we entered the plant-based milks market in Brazil, offering our consumers almond and coconut milks with our brand Nuts. In 2011, we launched a coconut water called Puro Coco and have since supplemented our South American offering with a plant-based chocolate milk for children.

“At the heart of my business are the twin aims of improving people’s health and making a positive impact on the planet, and what impresses me so much about Britvic is they share the same values – perfectly encapsulated in their Healthier People, Healthier Planet long-term sustainability strategy.”

Kara Rosen
Founder of Plenish



Plenish

Britvic’s acquisition of Plenish in May 2021 signalled our entry into the fast-growing plant-powered drinks market.

We know consumers are increasingly favouring plant-based alternatives, not only for their own health but also for a healthier planet.

Plenish’s award-winning plant-based milks are designed to be as pure and natural as possible. The range includes almond, oat, coconut, cashew, hazelnut and soya. They contain up to 95% less sugar, 90% less saturated fat and 30% fewer calories than semi-skimmed dairy milk. Plenish also delivers cold-pressed juices and shots designed to fuel, lift, pump, shield and boost the immune system. The range of organic plant-powered milk alternatives, raw juices and shots are already firm favourites in Ocado, Sainsbury’s, Waitrose and Planet Organic. Since becoming part of the Britvic portfolio, we have leveraged our strong customer relationships to gain new listings in Great Britain and the Netherlands.

As well as making great tasting drinks, Plenish is also about doing good, making them a natural fit for Britvic’s long-term sustainability strategy – Healthier People, Healthier Planet. All the ingredients are sustainably sourced and certified organic by the Soil Association. Plenish achieved its B Corp status in 2020 – meaning it meets the highest levels of social and environmental performance – and it already offers all its juices in 100% recycled plastic bottles – something Britvic has an ambition to achieve across all its bottles made in Great Britain by the end of 2022.

We also believe we can learn a lot from Plenish’s direct to consumer and digital approaches. This direct to consumer model alongside Britvic’s resources means there is a great opportunity to supercharge the company.

With the plant-based category soaring in both its relevance and size, Plenish gives Britvic an excellent platform in this exciting growth market. The UK’s plant-based milk market has soared from sales of £135m in 2012 to £320m in 2019, with sales predicted to top £500m by 2024. We see a great future ahead for customers, consumers, investors and the planet.

Stakeholder engagement

Active engagement with our stakeholders helps us perform as an agile business – responding to opportunities as they arise and safeguarding us against threats when they emerge. Creating open and meaningful dialogue with all our stakeholders helps to steer our strategy in a way that creates the most sustainable value for our business, now and in the future.



Delivering value to our consumers

We give consumers healthier choices to enjoy life's everyday moments.

What matters to them

It's critical our consumers have a clear and direct way to contact us so that they can ask questions, share concerns, offer feedback and ideas for improvements, and know that they will be heard.

How we engage at Board level

The Board gains insight into consumer needs via detailed brand reviews at each Board meeting and presentations from individual Executive team members about trends in their specific areas. The Board also receives market and consumer insight data on a regular basis.

How we engage across the company

Whatever platform our consumers use – whether it's telephone, email, post or social channels – we engage directly with them via our Consumer Engagement team.

How we delivered on feedback this year

This year the team engaged with close to 30,000 consumers globally. The learnings from this are tracked, analysed and fed into our marketing, quality and research and development teams to make sure the consumer remains at the heart of everything we do.

[Read more on page 36](#)



Delivering value to our suppliers

We strive for the highest ethical standards, holding our suppliers and partners to the same criteria.

What matters to them

Our suppliers need to be confident in the knowledge that we are conducting business with respect, integrity and equality across all of our supply relationships and that we all adhere to our Ethical Business Policy.

How we engage at Board level

Members of the Executive team, including Simon Litherland, regularly meet with our suppliers in their local geographies. Details of these meetings are reported to the CEO who informs the Board on any key matters, both in reviews at Board meetings and informally in individual conversations. The Board agenda included a formal session on procurement strategy, including ethical standards and balanced across people, planet and performance.

How we engage across the company

We engage with suppliers to address challenges and drive positive change through our Procurement and Supplier Quality Assurance teams and processes, as well as through conferences and training sessions for suppliers.

How we delivered on feedback this year

In 2020 we launched our supply chain engagement programme. This provided a clear picture of our combined environmental impacts which we are using to support planning for a low carbon economy journey. We were recognised by CDP, as one of the top global companies working with suppliers to tackle climate change.

[Read more on page 46](#)



Delivering value to our customers

Our strong customer service levels make us a trusted partner for our customers.

What matters to them

Developing strong, collaborative partnerships built on a shared passion for success.

How we engage at Board level

Key dynamics of customer relationships are regularly reviewed in the context of performance, brand and channel discussions. This included a focused session on customers in Great Britain, our biggest market.

Our CEO meets with key customers to help maintain important relationships, connect with the broader supply chain community, discuss customer strategy and brand portfolio, and share expertise and knowledge, and reports back to the Board on the outcomes of those discussions.

How we engage across the company

We are well known for sharing our expertise with customers and helping them navigate fresh challenges and legislative changes. Britvic invested in its Sensational Drinks platform – extending the support it offers to cover independent food service operators.

How we delivered on feedback this year

We worked in partnership with our customers to achieve the strongest possible restart once lockdown restrictions eased. For our pub, club, bar and restaurant customers in Great Britain, we developed a full 're-open right' programme supported online by our Sensational Drinks portal.

[Read more on page 48](#)

Stakeholder engagement **continued****Delivering value to our communities**

We want the communities in which we operate to thrive.

What matters to them

Britvic and its people want to make a meaningful contribution to our communities.

How we engage at Board level

The Board engages with communities and considers wider environmental issues that affect them through reporting via the Environmental, Social and Governance (ESG) Committee, reviewing and approving objectives and monitoring progress against them. The CFO reports on non-financial measures at every Board meeting, and the Board spends time considering the ESG strategy, which informs investment decisions.

How we engage across the company

Through our community support programmes, we offer a variety of mechanisms by which our employees can support their communities including paid community days, matched fundraising and drinks donations.

How we delivered on feedback this year

We delivered 256 community volunteering days in Great Britain and Ireland in 2021 to enable our employees to support the causes that mean most to them. We also encouraged employees to fundraise on behalf of a registered charity close to their hearts.

 [Read more on page 41](#)

**Delivering value to our employees**

We want our people to thrive in a dynamic, highly inclusive workplace.

What matters to them

For Britvic to offer a truly inclusive culture and safe working environment where employees feel they belong, whether working remotely, in our manufacturing sites or in our offices.

How we engage at Board level

The Directors use a variety of channels to engage with employees and give them a voice in the boardroom. Information about the activities undertaken by the Board this year can be found on page 81.

How we engage across the company

We receive regular employee feedback through our Employee Heartbeat survey which we conduct every six months alongside more regular informal feedback sessions. The feedback we receive is invaluable in shaping how we work.

How we delivered on feedback this year

During another challenging year, we increased our engagement score from 79 in November 2020 to 80 in May 2021. A number of key initiatives, from the introduction of new policies such as the menopause policy through to webinars covering topics including the merits of a gender balanced workforce, contributed to this. In Great Britain we embraced the UK Government's Kickstart scheme offering opportunities to 50 young people at risk of long-term unemployment. To date we have provided more than 30 Kickstarters with opportunities across the business.

 [Read more on page 37](#)

**Delivering value to our shareholders**

We want to deliver a strong performance in a sustainable way for our shareholders.

What matters to them

Confidence in our ability to deliver strong performance in a sustainable way.

How we engage at Board level

The Chairman regularly engages with investors to understand their views on governance and the performance of the company against its strategy. Information about the activities undertaken by the Board this year can be found on page 80.

How we engage across the company

Our Director of Investor Relations is responsible for all primary contact with shareholders, potential investors and equities research professionals. The CEO, CFO and Chief Strategy Officer provide regular engagement support with other Executive team members and functional specialists.

How we delivered on feedback this year

We have regular meetings with major institutional shareholders to consider the Group's performance and prospects. The Group reports its financial performance to shareholders four times a year: half year and full year announcements and Q1 and Q3 trading updates.

 [Read more on page 80](#)

Section 172 statement

Under Section 172 of the Companies Act 2006, the Board has a duty to promote the success of the company, and in doing so must have regard for a number of factors when making decisions. In addition to this, under the Corporate Governance Code, the Board must consider the interests of the company's key stakeholders.

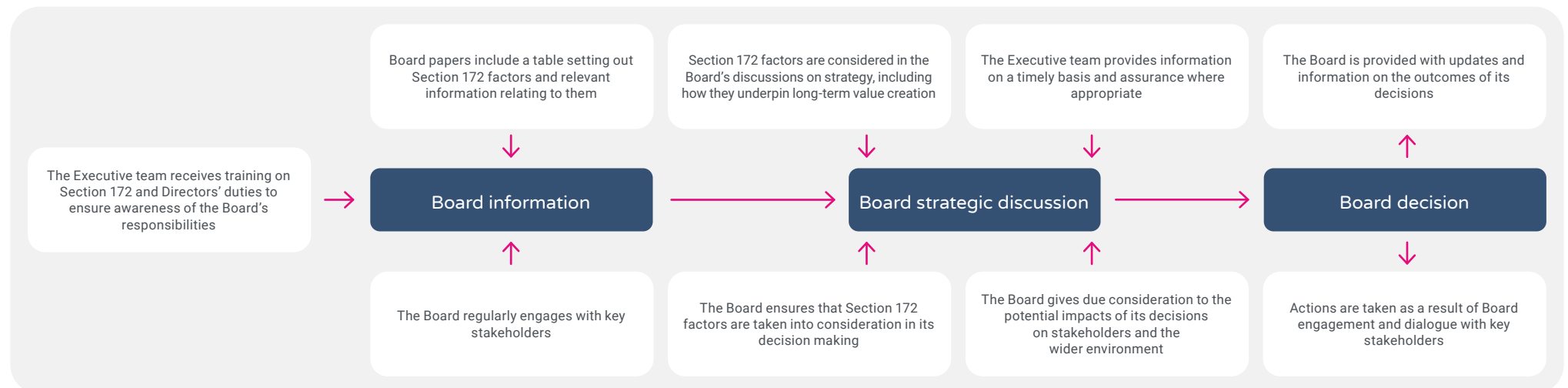
Britvic's key stakeholder groups are set out on pages 30 – 31, with information on how both the Board and the wider business interact with those groups and measure success.

The purpose of this statement is to bring to life the Board's decision-making process and how it takes into account the Section 172 matters, and to demonstrate how Britvic's key stakeholder groups are considered in decision making.

Section 172 is now firmly embedded into the Board's decision-making process, as summarised in the diagram below. Board papers for key decisions contain a table identifying each of the matters referred to in Section 172 and how they are considered as part of the proposal. The Board actively debates key decisions, taking into account the Section 172 matters as part of the discussion.

Inevitably, some Board decisions may require consideration of a particular Section 172 matter more than others, and the decision may also require greater consideration of one stakeholder group than another. Despite this, all of the Section 172 matters and stakeholders are considered at each key decision, alongside the overarching duty to ensure that the decision promotes the best interests of the company.

On page 33, three examples of key Board decisions are provided, along with examples of how some of the Section 172 matters were considered, and for each example the relevant stakeholder groups are identified.



Section 172 statement **continued****Stakeholder groups most impacted**

Our Consumers



Our Customers



Our Employees



Our Suppliers



Our Communities



Our Shareholders

**PepsiCo exclusive bottling agreement****Context**

In October 2020, Britvic announced it had reached an agreement with PepsiCo for a new and exclusive 20 year franchise bottling agreement, for the production, distribution, marketing and sales of its carbonated soft drinks brands. The new agreement extends the relationship to 31 December 2040 and includes the introduction of the Rockstar Energy brand.

Section 172 factors considered**Long-term consequences of the decision**

The renewal of the PepsiCo agreement provides significant long-term security for Britvic, by ensuring that the PepsiCo relationship will continue until at least 2040. The addition of the Rockstar brand to Britvic's offering also enables growth into the expanding energy sector.

Impact on the community and the environment

As part of the new agreement, it was agreed that all plastic bottles would be made from 100% recycled plastic (rPET) by the end of 2022. Britvic also announced that it would meet this target for both Britvic and Pepsi brands. The commitments made by both Britvic and Pepsi to transition to 100% recycled plastic bottles will have significant environmental benefits, and aligns with Britvic's wider business strategy on sustainability.

Acting fairly between members

Britvic has a long-term strategy, and the Board believes this strategy is in the interests of all members. The renewal of the PepsiCo agreement is fully aligned with this strategy, by securing a critical component of the Great Britain business until 2040 and introducing the Rockstar brand into the Britvic portfolio.

**Canning line investment****Context**

In September 2021, Britvic announced a £26.9m investment into a new canning line in Rugby, as part of the commitment to continuous improvement of the supply chain.

Section 172 factors considered**Fostering relationships with suppliers and customers**

The introduction of the new can line and the additional can volume it will produce will enable us to provide better service to our customers, who have seen an increasing consumer demand for canned Britvic products. As part of the investment programme, we have been able to develop our strategic partnerships with key suppliers for the purchase of the equipment and the associated civil engineering works.

Interests of the company's employees

The new line has created 20 employment opportunities at our Rugby site, in addition to creating development opportunities for our existing employees.

Maintaining reputation for high standards of business conduct

The Britvic procurement team conducted a thorough tender process to ensure that the best partners were selected for the investment, taking into account a range of factors, and focusing on the best technical solution for the site.

**Introduction of Working Well****Context**

As part of the continuing focus on our people, and in response to the change to working patterns following the COVID-19 pandemic, Britvic has launched a dynamic working policy called 'Working Well'. The aim of Working Well is to ensure that Britvic has happy, healthy employees, thriving in a dynamic workplace, focusing on six core components: Flex, Together, Tech, Vitality, Planet and Place. Further information about Working Well can be found on page 40.

Section 172 factors considered**Interests of the company's employees**

Working Well is centred around employee wellbeing, and the interests of employees was at the heart of this initiative. The changes to the working world caused by COVID-19 prompted Britvic to accelerate a journey that had already begun, by enabling flexibility for our employees to perform at work while also being able to factor in time for personal wellbeing. Britvic has also committed to provide its employees with the tools required to work flexibly, for example through technology and improvements to our places of work.

Long-term consequences

While there will be immediate benefits from Working Well, it is certainly not a short-term initiative. The Board believes that the introduction of Working Well will benefit the business in the long-term through greater employee retention, and by attracting external talent. The changes Britvic is making to its facilities and technological capabilities are long-term commitments, and the Board puts people at the heart of its long-term strategy as one of the three pillars of People, Planet and Performance.

Impact on the community and environment

Flexible working will mean that employees travel less, reducing our carbon footprint. Employees are encouraged to think before acting, taking into account the impact on the environment and using resources wisely. The flexibility offered to employees will also benefit the communities in which our employees live, as they will have more time and freedom to participate in positive local initiatives.

Sustainable business

Strategic overview

Our approach to sustainability

Doing good while doing well has been at the heart of Britvic's ethos since the creation of The British Vitamin Product Company back in the 19th century. This continues to this day as we want to make a positive contribution to the people and the world around us.

Accordingly, our sustainable business practices, which we call Healthier People, Healthier Planet, are embedded in every element of our business strategy. Our focus on the vitality and wellbeing of both people and planet is fundamental to Britvic's resilience, to delivering the value our stakeholders deserve and to building a company of which we can all be proud.

25 calories/serve

Average calories per serve per 250ml†

30% rPET

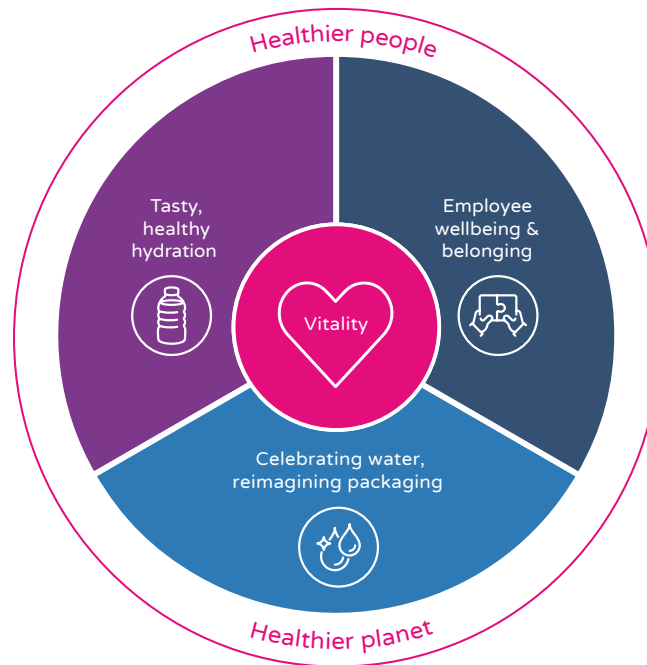
We finished the year with 30% of our PET bottles made from recycled plastic in Great Britain and Ireland

80 employee engagement

Our employee engagement score was 80 on a rating scale 0 – 100

Britvic Annual Report and Accounts 2021

As we set our commercial strategies and plans across Britvic, we are working towards our Healthier People, Healthier Planet goals being given the same priority as financial performance. The specific nature of these goals will vary by market as each business unit has a distinct role to play. Taken together, these goals support our overarching performance ambition, as well as our vision to be the most dynamic soft drinks company, creating a better tomorrow.



Sustainable business **continued**

Summary of performance

Pillars	Focus area	Sustainable Development Goals	2025 targets	Progress to 2025 goals
Healthier People	Give consumers healthier choices to enjoy everyday moments		<30 calories per 250ml serve*	 Read more on page 36
	Make a meaningful contribution to the communities in which we operate	 	Double employee community days (vs 2020 baseline)	 Read more on page 41
	Our employees are empowered to be their best selves to deliver great performance	    	85 employee engagement score (vs 2020 baseline)	 Read more on page 37
	Our employees feel physically and psychologically well		> 80 employee wellbeing score (vs 2020 baseline)**	 Read more on page 40
Healthier Planet	Create a world where great packaging never becomes waste	      	Reduce packaging per serve by 20% (vs 2020 baseline) Packaging 100% recyclable in Great Britain All bottles in Great Britain to be made from 100% rPET by the end of 2022	 Read more on page 42
	Understand the environmental (water and biodiversity) and social footprint of our supply chain and drive efficient use of natural resources	      	Manufacturing water intensity ratio (m ³ /tonne production)***	 Read more on page 43
	Transition to a net zero economy by maximising energy efficiency and using renewable energy sources	     	Reduce Scope 1 and 2 carbon emissions by 50% by 2025 (vs 2017 baseline) Reduce Scope 3 carbon emissions by 35% by 2025 (vs 2017 baseline)	 Read more on page 47
sdgs.un.org/goals	Indirect contribution Sustainable Development Goals:	   		

Healthier People

Our Healthier People philosophy aims to create a business where work is purposeful and rewarding, as well as fun, and to provide consumers with a choice of great tasting drinks that are better for them.

Across Britvic, we're dedicated to establishing an inclusive and diverse working environment where wellbeing is prioritised, and our people feel empowered to be themselves, allowing them to thrive and grow in a highly dynamic workplace.

For our consumers, we want to ensure that our products help them enjoy life's everyday moments, as part of a healthy, balanced lifestyle, and we do this as a leader in low and no calorie drinks.

As a leader in healthier soft drinks, we have taken bold steps to help consumers make healthier choices, and our responsible marketing code means, where available, we will always promote no sugar options in our advertising.

Healthier consumer choices



Overview

Our health strategy focuses on the role we can play in providing a wide range of soft drinks to suit all needs and tastes. We don't believe in taking away choice or telling consumers what to do – we believe in creating fantastic tasting drinks that mean there is no choice to make between drinks that taste better and drinks that are better for you.

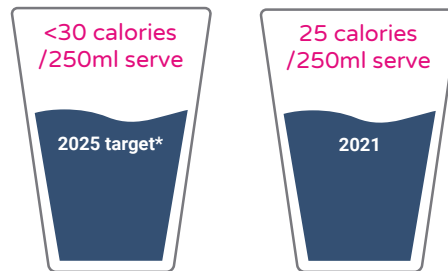
While we believe there is always a place to enjoy full sugar drinks, we recognise that obesity levels around the world are on the rise and over-consumption of high fat, high sugar foods that are high in calories could be a contributory factor. We are committed to playing our part in addressing this challenge and our health strategy focuses on removing calories.

We are making progress against this target by focusing on three key activities: reformulating our drinks with no compromise on taste or quality, continual innovation in our products and ranges,

and using the power of our brands responsibly to educate and motivate consumers.

Our 2025 goal is to maintain an average of below 30 calories per 250ml serve across our business.

Calories per serve



* We continue to reduce the calories per serve across our portfolio. The goal of <30 calories per serve in 2025 compared with our current calories per serve, reflects faster expected volume growth of markets with higher average calories per serve

Average calories per serve reduced slightly during the year driven by volume growth of Pepsi MAX and the reformulation of 7UP. Additionally over the last year, we have applied our skills in calorie reduction to our famous Club brand in Ireland and, new to the portfolio, Rockstar Energy, including the release of Rockstar Original No Sugar. In 2021, 79% of all volume sold globally (as consumed) were low or no calorie drinks, and in Great Britain and Ireland, 94% of our innovation activity in 2021 was in low or no calorie drinks. With the introduction of high fat, salt, sugar (HFSS) regulations in England, we expect around 88% of the products sold in our Great Britain market to comply with the new regulations by the end of the calendar year 2022.

Similarly, in Brazil we are witnessing increasing regulation on sugar content. During the year we continued working towards aligning our portfolio with the Ministry of Health's regulations that require product labels to state if they contain over 7.5g of added sugar per 100ml. Our team has been reformulating our brands, reducing sugar content to comply with the regulation. We have already completed the process for our Bela Ischia brands and have achieved a 55% reduction to date for our Maguary portfolio.

The trend for consumers to look for brands that are better for them has been around for several years. Calorie reduction is only one aspect of consumers' increasing interest in products that are better for them and we are looking beyond calorie reduction

towards broader healthier hydration. One trend is the provision of added benefits, which has seen us launch MiWadi 0% Sugar with added vitamins as well as our new Robinsons Benefit Drops.

Consumers are also seeking soft drinks that are free from other ingredients such as caffeine. That's why we have launched Pepsi MAX No Caffeine cola to meet the demand of consumers looking to reduce their caffeine intake. In France, natural is a key purchase consideration for our consumers and here we have added to our range of Teisseire Bio and Pressade Bio brands, with 100% natural ingredients including a 100% natural flavour range, with no preservatives, no artificial flavours and no artificial colours, as well as the relaunch of much of our children's Fruit Shoot range with 100% ingredients of natural origin.



Sustainable business **continued**Healthier People **continued**

Working in partnership to deliver better for you products

It can sometimes be a challenge to add benefits, such as vitamins, to a soft drink which do not break down before consumption. This is especially true with our brands in clear packaging, which we use to ensure recyclability. We are therefore very excited about our partnership with Xampla and the use of micro encapsulation to extend the shelf life of vitamin D. As well as undertaking consumer research to ensure that the end product meets our consumers' exacting taste and refreshment requirements, we are already talking with Xampla about how we can extend this work to include other vitamins and nutrients.

79%

In 2021, 79% of all volume sold globally, as consumed, were low or no calorie drinks[†], and in UK and Republic of Ireland, 92% and 89% of our volume sold, as consumed, was below their respective sugar levies.

Employee belonging



Overview

To grow and thrive in a global and expanding market, against ever stronger competition, we need diverse talent with fresh thinking and bold ideas. It is this talent that sets us up to get ahead and stay ahead. We know that diverse ideas and insights significantly improve how we work, improve our speed, agility and responsiveness, and also create greater efficiencies to fuel our growth.

We know that great talent decides to join and stay with companies that offer a positive contribution to society, companies that value non-financial performance alongside financial, and companies that want to give back. To attract and retain the very best talent it is critical that we place a premium on creating and sustaining a truly inclusive culture.

As part of our ambition to be a truly diverse business, during the year we set additional targets that are both more ambitious and broader in scope.

2025 goals

Gender balanced leadership

Increase our Black, Asian and minority ethnic leadership to 10%

Belonging at Britvic > 83**

Employee engagement of > 85**

2020 baseline*

40% women in leadership

Black, Asian and minority ethnic leadership 3%

Belonging at Britvic 77**

Employee engagement of 79**

* Data capture exercise underway aligned to data protection regulations with over 50% completion across all our diversity and inclusion criteria.

** These scores will be measured using our Employee Heartbeat survey.

Belonging



Engagement



* Employees respond to statements on a five point scale ranging from strongly disagree to strongly agree. Their individual responses are then converted to a number on a rating scale going from 0 (strongly disagree) through 25, 50 and 75 to 100 (strongly agree). The overall score shown is the average of all these ratings.

Our people are our biggest asset and during another year of uncertainty caused by the ongoing pandemic, ensuring that our employees feel they belong, whether working remotely, in our manufacturing sites or in our offices, is of paramount importance. Our Employee Heartbeat scores show that Britvic is a company that engages our people even in the most challenging of circumstances.

During another difficult year, when compared against a November 2020 baseline, we have maintained a belonging score of 77, and are pleased that our engagement score has increased from 79 to 80. Numerous key initiatives have supported this, many led by our extraordinary employee networks. Role modelling what it means to be your true self at work, we have attracted new talent who have acknowledged Britvic's approach to diversity and inclusion as a significant reason for joining us.

Key to both employee engagement and belonging is development. At Britvic all permanent employees have regular performance reviews, aligned with their career development goals, and we encourage continuous coaching and development conversations throughout the year. This is supplemented by a suite of online learning tools, on the job training and training provided by external suppliers where necessary. This is important not just for career planning, but also succession planning and business resilience.

Gender balance

Our B-Empowered network has reviewed our maternity and family policies as well as hosting webinars with inspiring advocates of the merits of gender balance. In Brazil, we have taken part in industry panels to promote diversity in the workplace as part of diversity week. We have also launched a menopause group in Great Britain and Ireland alongside the development of a menopause policy and employee guidance.

On a practical level, free sanitary products have been added to toilet facilities in Great Britain and Ireland supply chains. In Ireland, we have also refurbished our supply chain facilities to better accommodate female employees, including building additional changing and toilet facilities closer to the production floor.

Sustainable business continued

Healthier People continued



Equal opportunity

Our belonging programme goes beyond gender diversity. In Great Britain we have embraced the UK Government's Kickstart programme with more than 30 young people being given opportunities to work across the business. We are delighted to provide these candidates with support in their early careers (see page 7).

Similarly, our team in Brazil has developed young talent and graduate training programmes.

Disability and diverse ability

At Britvic we are very open about our support for neurodiverse employees, with Paul Graham from our Executive team championing the merits of neurodiversity both in The Grocer and on the BBC World Service. A number of our employees have shared how dyslexia and other neurodiversities have influenced their work and home lives. We have also put in place a work adjustment policy which accommodates learning and emotional disabilities in the workplace as well as long-term mental health.

At one of our Great Britain sites, our B-Seen disability and diverse ability network has worked with a college to offer supported internships. This means that young people with special educational needs and disabilities can gain three days of experience with our finance teams each week while working on English and Maths qualifications at college for the rest of the week. This scheme equips young people with the skills they need for work, setting them up to achieve sustainable, paid employment in the future.

In Ireland, we have recently created a B-Seen group. Since it was set up, the team has implemented new productivity tools and a support policy. Additionally, across Great Britain and Ireland, all recruiting line managers must complete our Licence to Hire training which includes 'recruiting with an inclusive mindset', and we have launched

diversity and inclusion training as part of our Healthier People, Healthier Planet employee engagement programme.

LGBTQ+ inclusion

Our B-Proud network group has increased its visibility across Britvic. Activities this year have included a panel focusing on LGBTQ+ families hosted by DIAL Global. Employees shared their own stories on coming out, living as LGBTQ+ families and supporting family members who are transitioning. We celebrated Pride again this year, displaying flags across all of our Great Britain and Ireland sites and creating a Pride playlist for employees to access and listen to music, chosen and recommended by employees at Britvic.

Gender and equality

The gender balance across all employees within the business at year end was 29% female and 71% male. This figure is broadly indicative of our industry, with a high proportion of operations-based employees typically (or at least historically) being male. This year, the proportion of women in leadership roles was 38%, down from last year†. This is below our expectations and we are redoubling our efforts to improve this going forward. In addition, we have a new target of 50% women in leadership across the business by 2025. We have a number of opportunities planned to ensure we meet this target including dedicated leadership development for women. We are also committed to improving ethnic diversity within our leadership population to 10% in Great Britain and Ireland. To support our diversity goals we have rolled out unconscious bias training across the company, with 93% of employees having completed the online training to date, excluding Supply Chain. Face-to-face training will be introduced for Supply Chain in the coming year.

More broadly, embracing diversity means providing equal opportunities to current and potential employees, and applying fair and equitable employment practices everywhere. We codify this through our Equality and Diversity Policy (britvic.com/policies) and in how we live and lead through our culture. This includes enforcing diverse shortlists and using inclusive job boards to attract diverse candidates.

Great Britain gender pay gap

The following information shows the results of our Great Britain gender pay gap audit for the 1,867 people who were employed by Britvic on 5 April 2021. The gender pay gap is the difference between the average earnings of men and women across the business regardless of the nature of their work. It is different from equal pay. Equal pay relates to men and women being paid equally for equivalent jobs. This is a legal

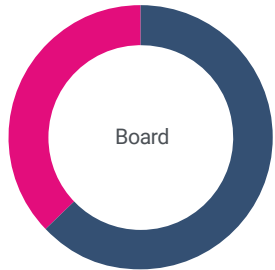
requirement in the UK and one that Britvic believes in fully across all of our markets. We are confident that men and women are paid equally for equivalent work. However because different jobs pay differently and the number of men and women performing these jobs varies, a gender pay gap exists.

The mean pay gap is the difference between the average hourly rate of men and women. The median pay gap is the difference between the midpoints in the ranges of hourly rate of men and women. In both cases, a positive figure indicates that men receive higher pay and a negative figure indicates that women do. Our total gender pay gap is skewed towards women, which means that the average earnings of women are higher than those of men. Britvic has a -14% median pay difference against the UK average of 15.5% median. The primary driver of this is the structure of our workforce which, in line with the industry we operate in, is weighted towards manufacturing and distribution operations, where the balance of the workforce is predominantly male (7:3). There has been an increase in female representation across the quartiles as we focus on attracting more females into our manufacturing and distribution operations. As a result of business performance during the pandemic, the business did not pay an annual bonus to employees. However, discretionary bonuses were given to some supply chain employees in our manufacturing and distribution operations. As a result the median bonus payment was 0% and the mean bonus payment was 0.9%. Due to the higher male representation in manufacturing and distribution operations this meant 11.1% of males received a bonus compared to 4.8% of females.



Sustainable business **continued**
Healthier People **continued**

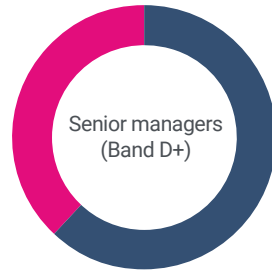
Gender diversity



Male	63%	5
Female	37%	3



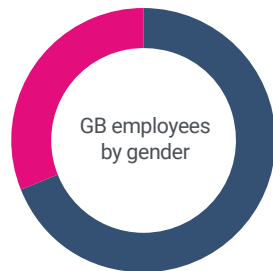
Male	70%	7
Female	30%	3



Male	62%	222
Female	38%	137



Male	71%	2,975
Female	29%	1,235



Male	69%	1,208
Female	31%	552

Pay quartile gender split (%)



Difference in pay between genders (%)

-3	-14	0.9%	0
Mean	Median	Mean	Median

Sustainable business continued

Healthier People continued

Health, wellness and wellbeing



Overview

Supporting employee wellbeing and creating a safe and healthy working environment is of paramount importance to Britvic, as we recognise that our people are our life force. We take a holistic approach to health in the workplace, recognising that it is a complex blend of physical, psychological and social factors.

Across our markets, we offer a variety of programmes that support our employees' wellbeing and encourage healthier lifestyle choices. These programmes provide support for life's everyday moments.

Employee wellbeing*



* Employees respond to statements on a five point scale ranging from strongly disagree to strongly agree. Their individual responses are then converted to a number on a rating scale going from 0 (strongly disagree) through 25, 50 and 75 to 100 (strongly agree). The overall score shown is the average of all these ratings.

Working Well

Entirely consistent with our fervent wish to create a better tomorrow, we recognise the importance of employee health and wellbeing and have created Working Well principles that are embedded across Britvic.

Working Well means much more than just being flexible. At Britvic we are finding our own dynamic ways of working, we see this as a catalyst in our transformation to a high-performance culture, in service of our 2025 strategy.

We know that not every component of Working Well will apply in the same way to every role, or to every part of our business. However, our intent to start Working Well everywhere in Britvic is absolute. Part of Working Well covers where we work – the physical environments of our workspaces. While each Britvic place is unique, we do want every one of our places to fully represent who we are and what we stand for in the marketplace. We also want our spaces to enable Working Well as far as possible. This applies just as much in Araguari, Beckton, Crolles or Kylemore, for example, as it does our head office (see page 7).

As we embed Working Well, we are developing team charters, evolving our physical work spaces and sharing weekly blog posts of experiences and interpretations of Working Well by a variety of people from across the business, to engage our people to make Working Well a success. Below is one such post from a new member of our team, Wendy Staples.

"I'm new to Britvic, and Working Well was a significant factor in my choosing to join Britvic rather than anyone else. Why? It all comes down to one word. Difference. I did my research. I read about the Be Yourself initiative. I watched the video. I cried. I showed my family. I watched it again. When I saw the B-Seen group, I truly felt that I had found a company that would not only embrace my difference but one which would have the tools available and, crucially, the motivation and culture which would allow me to reach my full potential. The flexibility and understanding that Katy, my line manager, has shown is truly transformative. I am thriving. My friends and family have told me how much happier I seem. They're right. I am."

Wendy Staples
Capability Co-ordinator, Rugby

Mental health

The pandemic has led to an even greater focus on mental wellbeing and we are very proud of our partnership with men's mental health charity Andy's Man Club.

During mental health awareness week we joined forces to encourage men to talk about their mental health and the charity introduced Britvic's workforce to what the charity has to offer. Like many manufacturing businesses, our supply chain is predominantly male, so Andy's Man Club is a good fit. Our work with Andy's Man Club complements the work of our incredible mental health first aiders, who have been hosting tea and talk sessions with colleagues to offer support throughout the year.



myLife

This year we launched our myLife Minha Vida programme in Brazil. The programme includes monthly wellbeing lectures, ideas to support healthy nutrition and physical wellbeing, including encouraging employees to take part in running and cycling to work challenges. This is in addition to our annual flu vaccination scheme.

In Great Britain and Ireland our employees have one day a year they can use to take time for themselves to do something they love. During the year our people have used their myJoy days to collect a new puppy, go wild swimming, spend time with grandchildren much missed during lockdown and catch up with friends. Our leaders have shared their stories and this in turn had a powerful effect, encouraging others to take their myJoy days.

Sustainable business continued

Healthier People continued

Sustainable communities



Overview

Britvic and its people want to make a meaningful contribution to our communities. We offer community volunteering days to employees in Great Britain and Ireland, and the diversity of the charities they support is as diverse as the workforce itself. We know that giving back to the communities in which we operate gives great pride to our employees and the very nature of giving back builds both team and individual resilience.



DIABETES UK

Our principal charitable partnership is Diabetes UK. During the year our donations enabled Diabetes UK to support a further 63 schools with their Good Diabetes Care in School Awards programme, with the largest number of nominations to date. Over the course of our partnership we have supported 215 schools. This scheme is specifically designed to support young people with Type 1 diabetes and their families. Our employees supported with a Million Step Challenge and by enjoying a charity music night.



256 days

Community days taken by employees in Great Britain and Ireland

Following feedback from employees in Great Britain and Ireland, and recognising that many community and charity events take place at weekends, we have changed our policy to enable our people to take days off in lieu. Combined with the easing of some pandemic lockdown rules, this has led to a dramatic increase in volunteering days. This year we recorded 256 days⁺ vs 163 days last year, a 57% rise. Our focus for next year is increasing this further through leadership led engagement.

To support our wider water stewardship programme, this year we partnered with The Rivers Trust, and many colleagues from our Leeds production site took part in a programme to improve the flow of water and biodiversity in the River Aire catchment (see page 9).

Inspired by a diversity and inclusion presentation by our network groups, a team from our finance team spent a community day tidying up the garden at a residential home owned by Autism West Midlands, a charity close to our Solihull office, which relies on donations to continue its amazing work providing specialist support and advice to people on the autistic spectrum and their families.

Britvic is a gold supporter of GroceryAid in the UK. The charity provides emotional, practical and financial support to those who work in grocery, and has done so since 1857. This includes support and guidance on health and wellbeing, personal issues, benefits, careers, housing and legal issues. GroceryAid's mission is to make life better for grocery people in need, from factories to stores.

In Brazil, our colleagues have continued to make monthly juice donations to their communities, alongside donating socks and



In France, we partner with the Apprentis d'Auteuil to support vulnerable young people and their families. This year, our support focused on family centres in South West France, including the provision of face masks and hand sanitiser, allowing them to welcome children and their families to their centres safely during the continuing pandemic.

Additionally, our support enabled the training of young people in catering and service professions at a college, providing young people with some of the skills necessary to join the world of work.

blankets to vulnerable people. This is in addition to ongoing support to stem the impact of the pandemic with the donation of masks and cleaning products to those in need.

In Ireland, we partnered with Business in the Community's World of Work programme, supporting schools in Dublin and Newcastle West as their students began to think about entering the workplace. This year the programme had to be delivered online. However this didn't dampen student engagement with 'Day in the Life' sessions hosted by Britvic employees from all parts of the business proving a particular success. We also continued the longstanding and successful MiWadi 'Trick or Treat for Temple Street' campaign, now having raised €2.8million since 2012.

In France, much of our community support is focused on diversity and inclusion. Together with our continued support for Apprentis D'Auteuil (see above) we have found a new home for our old IT equipment, giving it to AfB France. AfB is an organisation where more than two thirds of employees have disabilities, which resonates strongly with our belief in empowering people of all abilities, in addition, of course, to being good for the planet.

Healthier Planet

The core elements of our Healthier Planet strategy are to build a resilient Britvic through responsible use of natural resources, significantly reducing the impact of our operations on the environment and transitioning to a net zero business.

Reimagining packaging



Overview

At Britvic we are taking proactive steps to reduce the environmental impact of plastic packaging and future-proofing 'beyond plastic'. With the growth in packaging has come an unintended consequence, packaging waste. More needs to be done about it and, as an industry leader, we play a crucial role in dealing with this issue. We are a trusted partner to our customers through our engagement with them and commitment to finding packaging solutions as we aim to create a world where great packaging never becomes waste, and work towards creating a circular economy. We work in close collaboration with our industry peers, government and waste management to improve infrastructure and systems to promote better material recovery, and as part of this we advocate for an industry run deposit return scheme (DRS).

	2025 goal	2021
% rPET*	100% rPET in Great Britain	29% rPET in Great Britain
	50% rPET in Ireland	39% rPET in Ireland

* % of portfolio that was rPET at the end of the financial year.

Sustainable packaging

This year the percentage of rPET in our bottles across Great Britain and Ireland has risen to 30%. We are proud of our achievement to date with the majority of our on-the-go brands now available in 100% rPET in Great Britain. This is significant step towards our 2022 goal.

This progress is echoed in Ireland with the completion of the relaunch of the entire range of Ballygowan, our leading Irish mineral water, with all bottles now in 100% rPET and on average 20% lighter in weight.

In France, we have transitioned our Pressade brand to biodegradable cartons of vegetable origin, certified by the Carbon Trust. The new carton is 100% recyclable and FSC certified. The plastic cap and film are made from sustainably sourced sugar cane residues.

Light-weighting

In addition to moving many of our brands to recycled PET, we have continued to light-weight our products removing yet more packaging from the market. In Great Britain and Ireland this year, this means a reduction of 1,326 tonnes*, with 3,417 tonnes removed since 2017.

In Brazil, we have reduced packaging weight per serve by 2.7% across all pack types including plastic film, PET, cap and card.



It is our intent that all PET plastic bottles made and sold in Great Britain will be made from 100% recycled plastic by the end of 2022 – surpassing our previous target of 50% recycled plastic by 2025. To achieve this, Britvic provided £5m of investment support for the construction of rPET manufacturing facilities at Esterform's site in North Yorkshire in the UK, to secure a long-term supply of UK sourced recycled plastic. Those facilities have now produced their first rPET bottles and we are very proud to have finished the year with over 30% of our plastic bottles made of recycled PET.

Lipton Ice Tea, drench, Robinsons ready-to-drink, 7UP, Tango and Pepsi bottles in 500ml and 600ml are now all 100% rPET. These join Fruit Shoot Hydro and the entire Ballygowan range.

Sustainable business continued

Healthier Planet continued

Deposit return scheme

Deposit return schemes are used to encourage more people to recycle packaging. They work by charging anyone who buys a drink a small deposit per container. They get this money back when they return the container to a collection point to be recycled.

As a founding member of Circularity Scotland, the administrator of Scotland's DRS, we work in close collaboration with our industry peers, government and the waste management sector to improve infrastructure and systems to promote better material recovery.

A well-designed DRS will address several packaging waste issues and has been found to improve recycling quantity and quality, encourage wider behaviour change around waste, and supports the transition to a circular economy – by using recycled materials repeatedly.

Britvic remains committed to an industry-led, not for profit and Great Britain-wide DRS to increase recycling levels.

While we wait for deposit return schemes to become a reality, we are playing our part in making recycling easier with the launch of 7UP and Robinsons Fruit Shoot in clear bottles. The clear bottles are easier to identify at recycling plants, improving the quality of recycled material and increasing their recyclability.

We are also working towards a DRS in Ireland. While government plans are not yet defined, we took part in the CryptoCycle Reward4Waste trial. During the trial, coded stickers were applied to the participating items in the SPAR Whitehead store in Ireland. Residents who downloaded the free Reward4Waste app were rewarded every time they recycled (10p or 20p per item). Households could also donate points to local charities. The preliminary results demonstrated that the scheme enabled consumers of all ages to recycle at home and on the go. The programme worked across different materials and sizes, and Reward4Waste drove positive behavioural change.

Beyond the Bottle

A key tenet of our packaging transformation plan is to provide consumers and customers with solutions Beyond the Bottle when they are on the go, at work, and in bars and food outlets. We are focused on developing new technologies that offer sustainable hydration while helping reduce the use of plastic. A major milestone in this ambition is Aqua Libra Co. (See case study on pages 26 – 27).

Sustainable supply chain

Overview

At Britvic we believe it is critical to tackle the climate crisis, and champion good water and biodiversity stewardship. This involves responsible consumption of resources within our direct operations and working the length of the value chain to be net positive in all that we do. After all, it is not possible to have healthier people without a healthy climate and natural environment.

Water stewardship and biodiversity



Overview

Water is vital to our business, and to every single one of our brands – from bottled water and flavouring billions of water occasions to Beyond the Bottle and everything in between. Historically water has been seen as a commodity. We have been diligent around minimising waste and have made some good progress. Going forward we are elevating the role of water, broadening our scope beyond our direct operations to consider our water catchments and the whole value chain.

	2025 goal	2021
Water intensity ratio (m ³ /tonne of production)*	20% reduction	2.0 [†]

* 2020 water ratio restatement from 1.9 to 2.0 due to reporting correction at our French site.



Water efficiency

Through the year we have undertaken projects to improve water efficiency across our sites. In Great Britain we undertook a number of projects to improve water recovery and reuse. The full year benefit of these projects is estimated to save over 10 million litres of water a year.

Additionally we expanded the effluent treatment plant at Rugby (see above), our largest soft drinks production site.

Across our Brazilian production sites, we conducted a hydric balancing exercise to better understand water use throughout our production plants. In addition, we have reduced the water usage during pasteurisation at our factory in Araguari and across our three sites we have implemented water reuse projects that we expect to significantly improve our overall water efficiency.

All of these activities were supported by our employee engagement programme in Brazil encouraging people to save water around the site and also speak up and share their ideas on how we can save more water with our Just do It programme.

Despite all of the efforts to reduce and improve water usage, factors at our Beckton and Crolles sites offset these benefits and our water ratio remained broadly flat year on year.

Sustainable business continued

Healthier Planet continued

Water and biodiversity stewardship

As we have refreshed our approach to water and biodiversity stewardship, we have undertaken key initiatives to better understand our water risks and the opportunities to improve the resilience of our water catchment areas.

Firstly, we conducted a risk analysis of our manufacturing sites and shared the findings and recommendations with all of our markets using the WWF water risk tool. We have joined forces with The Rivers Trust in the UK to protect our waterways, taking practical action to improve the quality of waterways near our production sites. For example, a team from our Leeds factory (see page 9) used one of its community days to improve the river catchment area of the River Aire. Finally, our sustainability team has worked with our engineering and quality, safety and environment teams to calculate the true cost of water to our business. We plan to use this alongside our carbon impact assessment to support people, planet and performance decision making throughout our business.

Meanwhile our continued association with Office National des Forêts in France saw us take part in planting 10,500 trees in the Verdun Forest as part of our commitment to biodiversity in the region.

10 million litres

Through the year we have undertaken projects to improve water efficiency across our sites. In Great Britain, a number of projects involved water recovery and reuse in our cleaning process. The full year benefit of these projects is estimated to save over 10 million litres of water a year.



10,500 trees planted

We took part in a tree planting scheme in France with our continued association with Office National des Forêts, planting 10,500 trees in the Verdun Forest.



Water roadmap



Employee and community engagement in water/nature schemes, reinforcing the mental health benefits for our people and supporting our communities



Support Ballygowan mineral water as the most sustainable bottled water brand



Alignment to recognised water stewardship standards



Innovate low-impact packaging without triggering unintended consequences



Play a key role removing water from the transport system, as water is added at the point of purchase with Aqua Libra Co



Britvic will own healthy hydration as a pioneer of flavour concentrates – great tasting drinks, diluted at the point of consumption, with the added benefit of reducing the water on the road and packaging per serve

Sustainable business **continued**

Healthier Planet **continued**

Creating a sustainable supply chain



Overview

Building strong relationships with our supply chain partners, where both parties promote socially and environmentally responsible business practices, is not just good for safeguarding business continuity but also for a healthier planet and healthier people.

Our impact as a business expands along our whole value chain, from the ingredients and materials we source through to our consumers. We source from more than 45 countries and over 400 direct suppliers, so it's important that we have confidence in the ethical and environmental practices of every single supplier and partner.

Working with sustainable suppliers

We are embedding sustainability into all our sourcing processes to ensure we work with suppliers who prioritise sustainability.

Following the launch of our supply chain engagement programme last year, we have developed our sustainable procurement roadmap and we are collaborating with our suppliers to enhance sustainability performance. For example, our partnerships with our co-packers have helped address shared challenges including investigating closed loop glass recycling. We also work with wider industry groups such as the AIM Progress Group to contribute to the development of the responsible sourcing agenda.

Our progress in supplier engagement was recognised by CDP, as we were named as one of the top global companies working with suppliers to tackle climate change.



Britvic and DS Smith collaborate for Biodiversity Community Day

Our procurement team, together with a team from DS Smith, one of our key packaging suppliers for over 30 years, spent the day working to improve the environment for insects and birds, and enhance biodiversity, a true demonstration of our aligned values.

Organised in partnership with The National Trust, this was a great opportunity to have fun together, while supporting carbon sequestration, water conservation, working with communities, and improving mental wellbeing for our employees, especially after a long period working from home.

"Britvic's procurement team had a fantastic day volunteering with colleagues from DS Smith and the National Trust. Together we improved the biodiversity and environment at DS Smith's impact centre. We look forward to seeing the positive impact the bird boxes, insect hotels, pond restoration and wildflower areas will have on the local environment and community over time," commented Matt Swindall, Chief Procurement Officer at Britvic.

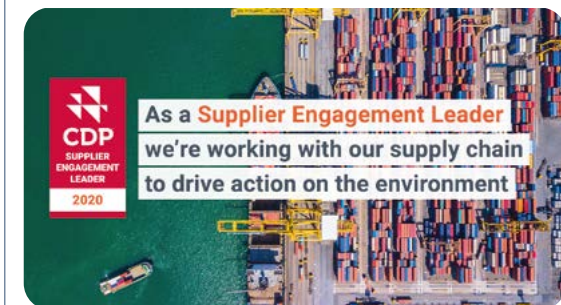
"This project continues to solidify our partnership as we not only work on joint packaging related projects, but also on joint sustainability projects which demonstrate our combined values," commented Janine Carter, Strategic Account Manager at DS Smith.

Regenerative agriculture

Regenerative agriculture refers to farming practices which deliver climate change reduction benefits such as restoring soil biodiversity. In line with our commitments on reducing our carbon footprint and improving the recyclability of our packaging, we are in the process of updating our sustainable sourcing strategy for key agricultural ingredients such as fruit to ensure that we source from suppliers and farmers who are meeting regenerative agricultural principles.

We have recently become a member of the Sustainable Agricultural Initiative Platform to identify solutions to help meet regenerative agricultural principles in our ingredient supply chains. We are aiming for 100% of our key agricultural ingredients to be sustainably sourced by 2025.

In Brazil we have worked with the regional municipality of Aracati, BNB, Ematerce and Sebrae in Ceará, to launch the Aracati + Fruta project, with the goal of growing 500 hectares of acerola cherry orchards in the region. This will contribute to the local economy and fruit production and we anticipate further job creation as we increase export sales of our Be Ingredient division. To qualify, the cherry orchards must be planted in areas without water stress and without the use of pesticides.



CDP

Progress towards supplier engagement was recognised by CDP, as we were named as one of the top global companies working with suppliers to tackle climate change.

Sustainable business continued

Healthier Planet continued

Ethical sourcing

We engage with suppliers to address challenges and drive positive change through our procurement and supplier quality assurance teams and processes, as well as through conferences and training sessions for suppliers. We are committed to sourcing the materials we need and the ingredients of our drinks in a responsible manner and continually strive for the highest ethical standards, holding our suppliers and partners to the same criteria.

Our approach is guided by international conventions and standards, including the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. Our ethical sourcing policy extends to our suppliers and other trading partners, and compliance is monitored through our responsible sourcing programme. Since fully integrating all Britvic business units into our responsible sourcing programme in 2018, we are proud to confirm the percentage of direct suppliers linked to us on Sedex, the ethical supply chain data platform, was 79% across the Group over the course of 2021.

While this is lower than last year, 100% of high-risk suppliers have had Sedex Member Ethical Trade Audits (SMETA) carried out in 2021. Our own operations undergo SMETA (social) audit every three years. For transparency, these audit reports are published on the Sedex platform for our customers to view with whom we have been requested to link and share our data.



Further details on our Sedex scorecard and our approach to protecting human rights and preventing modern slavery across our business can be found within our Modern Slavery Statement published on our website at britvic.com/modernslavery.

In addition to Sedex we have recently partnered with EcoVadis, a supplier assessment tool, to further help us measure and encourage our suppliers to improve their sustainability performance.

Sedex

% of direct suppliers linked to us on Sedex



% of high-risk suppliers with SMETA audits in place



Health and safety

Throughout 2021, the controls we have put in place to keep our people and our business partners safe from the spread of COVID-19 have become our everyday custom and practice. Maintaining a COVID-safe environment across all our plc locations and operational activities is a priority and we will continue to follow local Government, Public Health and World Health Organization advice as measures alter over time.

Our day-to-day focus on growing our zero harm culture and mindset across the plc has not diminished during the pandemic, and our 2021 wins in this arena include a year-on-year reduction of 58% in accident frequency from 2.52 to 1.06 and a lost time injury frequency rate reduction of 42% from 0.66 to 0.38[†]. Additionally, we have standardised the zero harm agenda across supply chain and developed a set of occupational health targets to support our plc Healthier People goal. Our integrity system for health, safety and environment reporting, now just over a year old, is embedded in our ways of working and we have benefited from the insights the growing number of hazard and safety observation reports have given us. Compliance with our internal and external



standards and delivering our external certification roadmap is a vital focus for the plc and, despite the pandemic restrictions, we have successfully achieved our 2021 compliance audit programme.

Zero waste to landfill

Society is consuming more resources than ever before and, with a rising global population, the world's natural resources are being put under increasing pressure. As a business, waste represents an avoidable cost, and we are committed to making our business more efficient by reducing, reusing, recycling and recovering our waste, ensuring that the waste residues that remain are disposed of using the most environmentally responsible options.

Our approach to waste management starts with the investment we have made in state of the art technology at our manufacturing sites to drive efficiency and minimise our waste generation. We work closely with our waste management contractors to ensure optimum end of life for our waste and responsible disposal. 2021 was the first year we achieved zero waste to landfill globally[†].

100%

In 2021, 100% of our manufacturing waste globally was diverted from landfill.

Sustainable business continued

Healthier Planet continued

Path to net zero



Overview

We have set ambitious targets accredited by the Science Based Targets initiative and are publicly committed to reducing our greenhouse gas emissions in our operations by 50% and our upstream and downstream emissions by 35% by 2025, aligned to the 1.5°C pathway. Britvic will be net zero by 2050. We are fully committed to our science-based targets and we are exploring a range of opportunities to reduce our carbon emissions through three main activities: improving energy efficiency in our operations; utilising low-carbon technology and/or energy sources; and working in partnership with our key suppliers to reduce carbon emissions in our supply chain.

Scope 1 and Scope 2 carbon intensity ratio (market based, tCO₂e/thousand tonnes production)



Scope 1 and Scope 2 market based emission (tCO₂e)*



* For full information see page 49

Our Scope 1 and 2 emissions reduced slightly during the year, in part due to the sale of some manufacturing facilities in France and energy saving initiatives which reduced our carbon manufacturing intensity ratio. However, an increase in the use of refrigerant gases in manufacturing processes and retail chillers offset some of these gains. To help address this we have developed a carbon reduction pathway with the support of external consultants, with projects proposed across most of our sites that will be implemented over the next four years as we work towards our science-based targets.

In Great Britain, the market with the largest Scope 1 and 2 footprint, we have implemented over 20 energy saving projects with an estimated benefit of over 14 million kWh annualised savings. The biggest contributor by far was the switch to using our Combined Heat and Powerplant (CHP) cooling water as a source of hot water. Other projects included switching to LED lighting, using light sensors and reducing the number of boilers on standby. These actions delivered an improved carbon intensity ratio in Great Britain.

As part of our journey to net zero, we continue to see the benefits of our move to biomass boilers in Brazil and the construction of a new biomass boiler at our Aracati site is underway.

It is not only the big projects that deliver carbon reductions, in our Newcastle West factory we have replaced diesel lawnmowers with electric robotic mowers to reduce our use of fossil fuels.

As with all other businesses, the more challenging goal remains reducing our indirect emissions (Scope 3), by far the largest proportion of our carbon footprint, where our biggest hotspots are ingredients, packaging, logistics, leased assets, and capital goods. This year we assessed our progress against our indirect emissions compared with our base year of 2017. We have made progress in reducing our Scope 3 emissions, principally through moving to aluminium cans, the completion of our business transformation programme in Great Britain, decarbonisation of the grid and logistics savings. As expected, this was partially offset by increased emissions from ingredients fuelled by business growth.

Our procurement team has engaged with a number of priority suppliers to collaborate with them to reduce their greenhouse gas emissions (see Working with sustainable suppliers, page 45).

This work will continue as we prioritise greenhouse gas emissions reductions in our contract negotiations. To support us with these discussions we use a carbon calculator to assess the impact of different options. We estimate that we have saved over 17,800 tonnes of greenhouse gas on an annualised basis through the use of this tool in procurement in the last year.

Roadmap to net zero



100% renewable electricity



No new fossil fuel power across the business. All capital expenditure approvals over £1m to include environmental impact analysis and mitigation plans



No new owned petrol or diesel fleet (cars, forklifts) in Great Britain and Ireland



Reduce heat temperature loads in our production and replace legacy energy generation with renewable technologies



100% of priority ingredients will be sustainably sourced, including carbon reduction programmes



Use robust offsetting schemes for hard to abate residual emissions

Sustainable business continued

Healthier Planet continued

Communication, education and engagement



Overview

Active engagement with our stakeholders helps us perform as an agile business – responding to opportunities as they arise and safeguarding us against threats when they emerge. Creating open and meaningful dialogue with all our stakeholders helps to steer our strategy in a way that creates the most sustainable value for our business, now and in the future.

Employee engagement

Healthier People, Healthier Planet is at the heart of our 2025 strategy, and to deliver our ambitious goals requires leveraging the focus and effort of all of our employees. To support them in the understanding of our Healthier People, Healthier Planet strategy we have developed an employee learning programme that has been rolled out across all of our businesses. Five 15 minute modules have been launched to date, focusing on our material issues of water stewardship, reimagining packaging, climate change, and diversity and inclusion and why these are important to our business. Each module includes contributions from people across our business sharing their passion and expertise in creating a better tomorrow. We plan to build on this suite of tools next year to cover healthier consumer choices and sustainable supply chains.

“Really enjoyed this module, especially the Brazil and Rugby video insights. They really bring our water stewardship efforts to life.”

Debbie Shrives

Senior Manager plc Health Safety & Environment

Customer engagement

During the year we have engaged with over two thirds of our customer base in Great Britain, with a particular focus on our rPET packaging implementation, DRS and the HFSS legislation that comes into force next year. Engagement has been mirrored across our other businesses with the subject matter adapted according to the local challenges and opportunities in those markets.



Investor engagement

In addition to CEO and CFO engagement our Investor Relations Director and Director of Sustainable Business have met with over 60 institutions representing over 20% of our share capital. In July we hosted a specific investor event to which we invited the key investor indices and major fund managers. Where possible, we also support and engage with the leading sustainable business indices, and our 2020 CDP submission received an improved score of B for both carbon and water.

Supplier engagement

See supplier engagement page 45. We were also recognised by CDP as a leader in sustainable supply chain engagement.

Consumer engagement

Consumer behaviour is key to achieving our Healthier People, Healthier Planet goals and we have a duty to make it easier for consumers to make the right choice for themselves and society. This year our focus has been on the implementation of recycled PET bottles, complemented by our continued support of Recycle Week.

In Ireland our consumer engagement has focused on the provenance of Ballygowan mineral water, locally sourced with a lower carbon footprint than imported water.



In addition to our recycling messages, we partnered with the Co-op and Water Unite to engage our consumers in the challenge of making clean water available to all. The proceeds from the micro contributions from each bottle sold are applied to projects that transform access to clean water, to better sanitation and to reduce plastic waste pollution.



Industry bodies

Paul Graham, Managing Director of our Great Britain business, has become president of the British Soft Drinks Association, at a critical time in our industry as we move closer towards the implementation of deposit return schemes.

In Ireland, Managing Director Kevin Donnelly, was proud to accept Gold Membership Status from Origin Green Certification. Following independent verification, this award is given to companies that demonstrate an exceptional annual performance on their sustainability targets. Companies receive credits for their performance in areas such as raw material sourcing; water and energy efficiency; waste reduction; packaging; and social sustainability.

Sustainable business continued

Healthier Planet continued

Materiality

As with any business, we face issues that impact our ability to grow our business. We regularly monitor the external landscape and engage with internal and external stakeholders to ensure that our sustainability strategy is addressing these material issues.

We have an established risk management framework to identify, assess, mitigate and monitor the risks we face as a business. Plastic packaging and calorie reduction are recognised as key priorities. More recently we have witnessed an increase in interest in carbon reduction and water scarcity, alongside the impact of our supply chain on our environment, our people and our communities. We recognise the importance of a diverse and inclusive workforce to grow and thrive in a global market as well as playing an active role in the communities we serve. We regularly measure our own progress against these issues and apply an external lens by aligning our progress to the United Nations' Sustainable Development Goals.

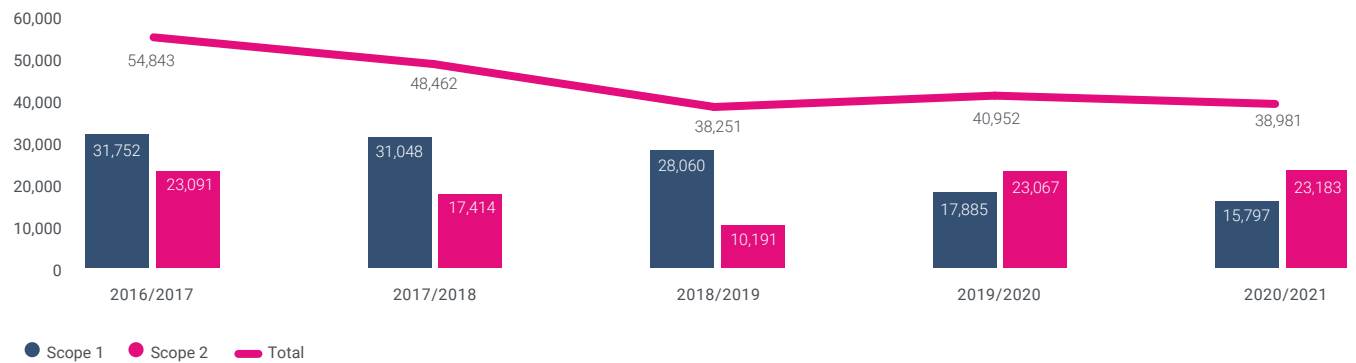
Independent assurance

Britvic plc appointed Ernst & Young LLP to provide limited independent assurance over selected sustainability content within the Strategic Report, as at and for the period ended 30 September 2021. The assurance engagement was planned and performed in accordance with the International Standard for Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information. These procedures were designed to conclude on the accuracy and completeness of the sustainability performance indicators, which are indicated in the Report with an obelus (†).

A limited assurance report was issued and is available on britvic.com/sustainability/sustainability-reports, along with further details of the Scope, respective responsibilities, work performed, limitations and conclusions.

Streamlined energy and carbon reporting (SECR)

Scope 1 and 2 Market Based Emissions 2017-2021 (tCO₂e)



		Location-based emissions				Market-based emissions			
Britvic plc – Global emissions	Unit	2017/2018	2018/2019	2019/2020	2020/2021	2017/2018	2018/2019	2019/2020	2020/2021
Scope 1	tCO ₂ e	31,048	28,060	17,885	15,797†	31,048	28,060	17,885	15,797†
Scope 2	tCO ₂ e	31,067	34,765	36,916	31,363†	17,414	10,191	23,067	23,183†
Total	tCO ₂ e	62,115	62,825	54,801	47,161†	48,462	38,251	40,952	38,981†
Intensity metrics									
Scope 1 & 2 emissions intensity	per thousand tonnes of production	29.0	28.9	25.0	21.6†	22.7	17.6	18.7	17.8†
Production	Tonnes	2,140,036	2,177,113	2,194,043	2,186,752	2,140,036	2,177,113	2,194,043	2,186,752

Sustainable business **continued**
Healthier Planet **continued**

Britvic Scope 1,2 and 3 emissions 2017–2021

Category	2017/2018	2018/2019	2019/2020	2020/2021
	Emissions (tCO ₂ e)	Emissions (tCO ₂ e)	Emissions (tCO ₂ e)	Emissions (tCO ₂ e)
Scope 1	31,048	28,060	17,885	15,797 [†]
Scope 2 – market-based	17,414	10,191	23,067	23,183 [†]
Scope 3				
Upstream emissions of purchased fuels	NR	NR	2,561	2,841
Upstream emissions of purchased electricity and heat	NR	NR	5,247	7,455
Transmission and distribution losses	3,236	2,340	1,589	1,519 [†]
Waste	594	534	604	546 [†]
Water supply	1,576	1,633	1,441	667 [†]
Effluent	NR	NR	1,203	465
Business travel	4,700	4,136	1,959	652 [†]
Logistics	53,711	52,050	50,744	48,549 [†]
Electricity from refrigeration on customer sites	53,114	46,541	45,379	33,693 [†]
Total Scope 1, 2, & 3	165,393	145,486	151,679	135,366

For our SECR disclosure we have applied the methodology per the GHG protocol. Scope 1 and 2 figures include all manufacturing and non-manufacturing related emissions. In 2021, our Great Britain operations accounted for 45% of total energy consumption and 76% of total GHG emissions. For the full breakdown showing split by country, refer to the sustainability datasheet on our corporate website at britvic.com/sustainability/sustainability-reports.

The Scope 3 categories included in the SECR disclosure reflect the areas where we have robust and current data. We continue to expand the categories of Scope 3 greenhouse gas emissions that we measure and disclose, and this will be reflected in future reporting.

2021 figures refer to the 52 weeks ended 30 September 2021. Please refer to Britvic's 2021 Basis of Reporting available at britvic.com/sustainability/sustainability-reports for full scope, boundary, and methodology disclosure for our GHG reporting. This data is independently assured by Ernst & Young LLP.

The Greenhouse Gas Protocol (2015) defines location-based Scope 2 emissions as reflecting 'the average emissions intensity of grids on which energy consumption occurs' and market-based Scope 2 emissions as reflecting 'emissions from electricity that companies have purposefully chosen'.

Total energy consumption by source	2017/2018	2018/2019	2019/2020	2020/2021
	MWh	MWh	MWh	MWh
Natural Gas	90,317	94,283	70,023	53,746
LPG – Liquid petroleum gas	8,876	8,217	5,955	6,232
Diesel	949	710	1,022	374
Medium/Heavy Fuel oil	28,044	22,169	1,165	3,184
Biogas	130	–	–	37
Total Biomass	33,089	48,752	77,380	92,069
Electricity	134,096	123,260	98,862	87,815
Electricity CHP	–	13,913	40,387	36,043
Steam CHP	–	27,074	59,697	50,507

Energy efficiency actions

This year Britvic initiated a number of energy efficiency projects that we estimate will reduce cost as well as lower our greenhouse gas emissions.

Examples include:

- At our Rugby factory we used the CHP engine block cooling water as source of hot water and reduced the number of boilers on hot standby. We switched to LED lighting and the use of sensors as well as improving the efficiency of the in-can pasteuriser.
- At Beckton we installed an economiser to the boiler, improved efficiency of our compressed air lines and switched to LED lighting.
- At Leeds we upgraded our internal lighting to LED, improved compressed air efficiencies via more frequent leak detection surveys, and improved the return of condensate.
- At our Crolles factory in France we have trained operators to detect leaks in our compressed air systems and have improved pipe insulation.
- At our Araguari site in Brazil we optimised compressed air usage, by reducing working pressure and eliminating leaks.

In summary, we completed over 20 different projects in 2021 that are expected to reduce annual energy consumption by 14,000,000 kWh. Looking ahead to 2022, our engineering team has 11 projects in the pipeline. The combined energy savings of these projects is estimated to reduce energy consumption by an additional 15,000,000kWh saving.¹

¹ A geographic breakdown of our green house gas emissions can be found in our Healthier People, Healthier Planet data sheet britvic.com/sustainability/sustainability-reports

Sustainable business continued

Healthier Planet continued

Task Force on Climate-Related Financial Disclosures

Climate related disclosures

Climate change is the defining issue of our time and the greatest challenge to sustainable development, affecting every country, business and person on the planet. We recognise that future climate change represents both physical risk which includes impacts resulting from acute weather events, and/or chronic risk stemming from longer-term shifts in climate, such as higher temperatures, prolonged heat waves, and drought. We also acknowledge that the transition risk (regulatory, technology, market, reputation) increases as globally we move to a low-carbon world but this also presents opportunities for us to move our business to a net zero one.

We are committed to working towards incorporating the recommendations laid out by the Task Force on Climate-Related Financial Disclosures (TCFD) in full and are aiming to be fully aligned by 2022. In the subsequent paragraphs entitled Governance, Strategy, Risk management, and Metrics and targets we will summarise our progress to date.

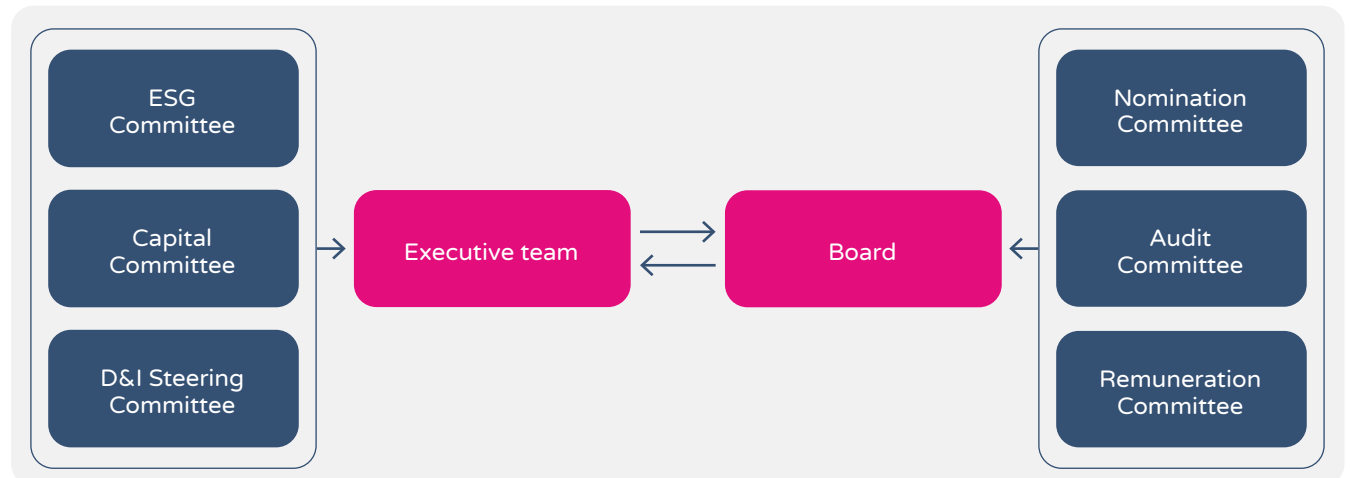
Our Executive committee has overall responsibility for climate related risks and our Healthier People, Healthier Planet strategy. The Board agenda is balanced across People, Planet and Performance, supporting Section 172 of the Companies Act. As part of this rhythm, our sustainability and climate related KPIs are shared as part of the regular performance updates at each Board meeting by our Chief Financial Officer, Chair of the ESG Committee, and our Director of Sustainable Business presents to the Board at least twice a year to share our thinking on the progress and evolution of our Healthier People, Healthier Planet strategy.

Members of our Board have experience from a number of consumer goods companies with strong track records of sustainability. William Eccleshare chairs the ESG taskforce at Clear Channel, Suniti Chauhan established and leads the sustainability practice at Tulcan, a newly certified B Corp, and as former Corporate Affairs Director of SABMiller plc, Sue Clark oversaw the implementation of global ESG initiatives.

Meeting quarterly, our ESG committee is accountable for managing the progress of our key sustainability and climate change targets as well as understanding and responding to climate-related risks and opportunities identified through our ongoing climate risk assessment. Following each ESG Committee, the CFO shares a summary of key discussion points and non-financial performance with the Executive team.

The ESG Committee is also responsible for reviewing our greenhouse gas emissions disclosures and understanding what intervention is required to ensure that we accomplish our science-based greenhouse gas reduction targets. Major plans of action, investment, risk management policies, as well as setting key objectives are also taken up by the ESG Committee and presented as needed to the Executive committee, and the Board for decision making. This includes reviewing and approving investment required for energy efficiency, low-carbon investments and water savings.

Governance



Sustainable business continued

Healthier Planet continued

Our focus on addressing climate change and climate related risks is backed by our commitment to achieving our science-based carbon reduction targets. Given this commitment as part of our Healthier People, Healthier Planet strategy, we are making progress in embedding climate related decision making right across our business. This is underpinned by the inclusion of non-financial performance metrics in the short term bonus structure for all our senior leaders, approximately 100 employees. Healthier People, Healthier Planet non-financial measures constitute 20% of the short term bonus award. The non-financial measures include targets on climate action, water stewardship, sustainable packaging solutions as well as employee wellbeing, and healthier consumer choices.

Strategy: identifying risks and opportunities

As a soft drinks manufacturer, our business's direct operations and supply chain are exposed to the physical and transition risks and opportunities stemming from climate change. In 2021, we conducted a thorough qualitative scenario analysis working with all of our business units across our supply chain and commercial

functions for a truly holistic understanding of the significant climate risks we face. For our analysis, we used the combined physical and transition scenarios highlighted by the Bank of England. The key assumptions within our scenarios are highlighted in the table below.

It was recognised that our most significant climate-related risks are the acute and chronic physical risks such as extreme weather events, flooding, prolonged high temperatures, drought, and rising mean temperatures which could have an impact on our business and our supply chain in the future. We have also identified our other significant transition risks related to the increased pricing of our key raw materials, carbon taxes and pricing, shifts to low carbon technology, and changing customer and consumer preferences.

Through the analysis it became apparent that our business in Brazil has greater exposure to physical risks, while our European-based businesses face greater transition risk as a result of the faster changing regulatory and customer environment.

Our climate scenarios

Early policy action: smooth transition

Scenario narrative

There is early decisive action within society to reduce global emissions as well as co-ordinate policy action towards a low-carbon economy. The outcome of this scenario is action sufficient to limit global warming to well-below 2°C in accord with the Paris Agreement in line with an RCP2.6 pathway (representative concentration pathways) as outlined by the International Panel on Climate Change (IPCC).

We know under this scenario we will experience high transition risks unless mitigated. Physical risks will be the least extreme under this scenario.

Our climate scenarios

Late policy action: disruptive transition

Scenario narrative

There is a delay in implementing the policy response required to reduce global emissions. This leads to a more severe implementation response around 2030 to compensate for the late transition. The outcome of this scenario is actions to limit warming to 2°C in line with an RCP2.6 pathway (representative concentration pathways) as outlined by the IPCC.

We know under this scenario there will be the most significant transition risks given the speed and severity of the response required. Physical risks will be slightly higher than the smooth transition scenario due to limiting warming to 2°C instead of well below.

Our climate scenarios

No policy action: business as usual

Scenario narrative

This scenario highlights the global impacts of a failure from governments to introduce further policy interventions to limit global emissions. Under this scenario we see global temperatures increase to above a 3 – 4°C level of warming in line with an RCP8.5 pathway (representative concentration pathways) as outlined by the IPCC.

Under this scenario, we know there will be limited transition risks due to no further policy changes. However, we have the most extreme physical risk impacts.

Sustainable business **continued**Healthier Planet **continued**

Great Britain

Top risks

Supply chain resilience – water scarcity and supply of raw materials



Top opportunities

Development of sustainable procurement policy

Carbon pricing



Investment in energy efficiency and development of on site renewable energy

Changing customer and consumer preferences



Development of lower emission products



Brazil

Top risks

Extreme weather events and availability of raw materials



Top opportunities

Development of sustainable procurement policy

Reliable power supply



Further development of renewable energy

Reliable water supply



Further investment in water stewardship



Other international

Top risks

Supply chain resilience – water scarcity and supply of raw materials



Top opportunities

Development of sustainable procurement policy

Carbon pricing



Increasing the level of recycling may result in a cost saving and improved reputation

Changing customer and consumer preferences



Development of lower emission products

Sustainable business continued

Healthier Planet continued

Risk management

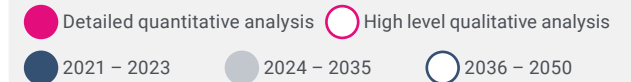
We have an established risk management framework to identify, assess, mitigate and monitor the climate related risks and opportunities we face as a business. The risk management framework incorporates both a top down approach to identify the company's principal risks and a bottom up approach to identify specific operational risks. The ESG Committee is responsible for identifying, managing and monitoring the principal risks, which includes climate change. The Board, (where our CFO represents the ESG Committee) is accountable for the overall risk management process and determining the effectiveness of the Executive team's risk management strategy. Similarly, all business units and functions are responsible for identifying and assessing their risks, which are subsequently reported to the Audit and Risk Committee.

This process applies to climate related risk and our risk team works closely with our sustainable business team to update our principal risks as they relate to climate change. In collaboration with our risk team, this year a cross-business and cross-functional team worked with external consultants to assess our material risks and the expected time horizons. A summary of this analysis is in the table below.

To better understand the financial impact of our significant climate risks and opportunities, we are undertaking a quantitative scenario analysis exercise to model the potential impacts, extremes and differences of our risks and opportunities under our three climate scenarios. The output of the scenario analysis will inform our planning and prioritisation of future business strategies, investments and the establishing of policies to improve our business's resilience

and continuity in the long term. An outline of which risks and opportunities we are currently modelling and have been previously modelled in a high-level qualitative scenario analysis is found below. In parallel to the scenario analysis, our procurement team is using a carbon calculator in purchasing decisions (see page 47) and we are working towards ensuring all capital expenditure proposals over £1 million include environmental impact and mitigation assessments.

Key



Climate factor	Our risk impact	Scenario analysis	Timeframe
Transition risk – Risks associated with transitioning to a low-carbon economy e.g. new regulations or reporting requirements, disruptive technology, changing consumer preferences			
Regulation	Legislated focus on plastic packaging could see additional costs borne by Britvic in areas related to producer responsibility notes system reform to extended producer responsibility, problematic recycling, deposit return schemes, portion of recycled content, tethered caps and further unidentified areas, and impact Britvic's ability to attract and retain talent. High risk in regard to lack of policy alignment between Ireland, UK and the devolved governments.		
Carbon pricing & tax	Increased costs associated with carbon pricing – potential carbon emission caps, and requirements to offset our emissions footprint that are increasingly expensive and unreliable. There is a risk that carbon taxes will continue to be introduced in the future, which will increase the cost of products/services both purchased and sold by Britvic.		
Technology	Capital works may increase in cost in order to create manufacturing processes consistent with science-based targets and move away from fossil fuels. The effects of climate change can disrupt power to Britvic's sites. An inefficient grid can lead to value chain disruptions through power outages, which may impact Britvic operations and supply chain and further increase costs.		
Markets	Customers may change demand to lower-emission products, such as replacement of sugar with artificial sweeteners and reduction of the intensity of other inputs such as energy and ingredients.		
Reputation	Real or perceived inaction on climate change may affect access to capital from external parties, in turn damaging the reputation of Britvic. Inaction on climate could lead to a negative ESG rating by third party benchmarking and rating agencies, negatively impacting Britvic's ability to access credit/debt facilities, and impact Britvic's ability to attract and retain talent.		

Sustainable business continued

Healthier Planet continued

Climate factor	Our risk impact	Scenario analysis	Time frame
Physical risk – Increasing global surface temperatures and changing weather patterns can lead to the increased intensity of droughts/water scarcity in some areas, impacting the supply of Britvic's raw materials, particularly agricultural ingredients, across all business units			
Supply chain	Extreme weather events causing damage to key suppliers may impact upon Britvic's ability to source raw materials e.g. sugar, fruit for juice extraction.		
	Wildfires cause damage to infrastructure within the supply chain causing service disruption.		
	Increasing temperatures and changing weather patterns can lead to the increased intensity of droughts/water scarcity in some areas, impacting directly the supply of water to Britvic manufacturing sites.		
	Increase in average temperature can impact yields of key input crops, either directly or through limitation of availability of water.		
Asset damage	Extreme weather events causing damage to infrastructure or product stored within it.		
	Extreme weather events causing damage to local infrastructure of water supplier, impacting ability to supply potable water.		
	Rising sea levels can create additional exposure for Britvic's coastal assets or to key nodes within the distribution network.		
Service disruption	Extreme weather events (such as flooding and storms) causing disruption to production and other business activities.		
	Extreme temperature days leading to production equipment failure leading to service disruption.		
Employee wellbeing	Increase in water-borne or other climate related disease may cause disruption to Britvic's workforce, including the physical health of employees, contractors and suppliers.		
	Increase in number/intensity of hot days creating supply disruption due to health and safety risks for people throughout our supply chain.		

Sustainable business continued

Healthier Planet continued

Climate factor	Our risk impact	Scenario analysis	Timeframe
Opportunities associated with transitioning to a low-carbon economy e.g. increasing resource efficiency, developing low-carbon products/business models, access to green capital			
Resource consumption/ reputation	Increasing the level of recycling may result in a cost saving.		
	Demonstrating commitment to climate adaptation and climate action can benefit Britvic through becoming more resilient towards disruptions within the supply chain and the sourcing of ingredients.		
	In addition, it can help reduce future damage costs and prepare Britvic for the impacts of climate change.		
Energy	The development of on-site renewable energy generation could help Britvic increase its resilience to future energy/price shocks across all our markets as well as reduce emissions.		
	Investment in innovative climate related technologies increase cost savings, and could create further opportunities for strategic business partnerships, and access to innovations.		
Markets	Development or expansion of low-emission products from low-carbon production facilities and ingredients may result in increasing demand for products, increasing revenue.		
	Strong corporate climate change management can help strengthen relationships with investors, customers, consumers and other stakeholders, and thus lead to new revenue opportunities.		
Supply chain	Sustainable procurement policy and partnerships can create opportunities to source ingredients from markets most resilient to the physical impacts of climate change.		

Metrics and targets

A full view of our global energy consumption and GHG emissions data for the last four years can be found on pages 49 – 50 within our SECR disclosure. In addition, we have set approved science-based carbon reduction targets in line with the latest climate science recommendations necessary to meet the goals of the Paris Agreement and limit global warming to well below 2°C. This entails reducing our Scope 1 and 2 emissions by 50%, and our Scope 3 emissions by 35% by 2025. We have also pledged to be a net zero business by 2050. Further details can be found on page 47. In addition to these targets, we will also look to include key climate change related risk indicators in our risk management strategy to monitor our risk and progress in building resilience and mitigation controls.

Next steps

To improve the climate resilience of our business, we are reviewing the current mitigating controls in place and identifying gaps to strengthen mitigation and adaptation to future climate change. For example, we have developed a sustainable procurement strategy (see page 45), the next steps towards which include developing a sustainable procurement policy and then embedding this within our supplier universe. To support us with this work and apply the required rigour, we will be using EcoVadis, the globally recognised sustainable business ratings company.

During the next financial year we are undertaking a number of decarbonisation projects which include increasing our capacity for self-generation in our Great Britain, Ireland and Brazil business units (see SECR report, pages 49 – 50).

Chief Financial Officer's review



Joanne Wilson
Chief Financial Officer

Overview

We have delivered a strong performance in the year with all key financial metrics on a positive trajectory, reflecting the resilience and agility of our business and the entire global Britvic team. Underlying group revenue increased 6.6% year-on-year and we saw a sequential improvement through the year with our second half revenue increasing 16.8% year-on-year and 3.3% versus second half revenue in our financial year 2019.

Adjusted EBIT increased 10.0% to £176.5m resulting in an adjusted EBIT margin of 12.6%, a 40-basis points improvement year-on-year. Profit performance reflects improved operating leverage as volumes increased, a partial improvement in mix and continued discipline on discretionary spend, all of which enabled us to rebuild investment in the business. Adjusted EPS increased 2.5% year-on-year with growth impacted by a higher effective tax rate versus last year. This reflects the one-off, non-cash revaluation of deferred tax in line with the proposed and enacted 6% increase in the UK corporation tax rate from April 2023 onwards.

Our cash performance was particularly strong with a year-on-year improvement of £42.7m in free cash flow, driven by a continued focus on day-to-day cash management. As a result, we have delivered an adjusted net debt/EBITDA ratio of 2.1 times which is in line with year-end leverage in our financial year 2019. The full year dividend equates to 24.2p per share, which represents a year-on-year increase of 12.0%. This maintains the 50% pay-out ratio in line with our stated dividend policy, after adjusting for the one-off deferred tax impact on adjusted EPS.

Below is a summary of the segmental performance and explanatory notes related to items including taxation, interest, and free cash flow generation.

Great Britain

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	% change actual exchange rate
Volume (million litres)	1,697.2	1,621.0	4.7%
ARP per litre	56.3p	54.6p	3.1%
Revenue	956.1	884.9	8.0%
Brand contribution	381.0	351.0	8.5%
Brand contribution margin	39.8%	39.7%	10bps

In Great Britain, we have made good progress across all metrics with revenue growth of 8.0% being driven by the At-Home channel which grew at 10.9% vs FY20 and by 16.6% vs FY19. While Out-of-Home was broadly flat for the full year and continues to lag pre-COVID levels, we did see a strong recovery in the second half of the year.

ARP growth of 3.1% was driven by an improved mix across both channels and packs with immediate consumption volumes back to 2019 levels in Q4. This mix improvement was seen across our brand portfolio, including Pepsi, 7UP, Tango, Robinsons ready-to-drink and Lipton. We increased our A&P in the second half in Great Britain to levels above H2 2019 which held back margin growth in the full year but enabled us to take full advantage of the easing of restrictions.

Brazil

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	% change actual exchange rate	% change like-for-like at constant exchange rate
Volume (million litres)	288.3	251.0	14.9%	14.9%
ARP per litre	39.6p	45.1p	(12.2)%	5.3%
Revenue	114.1	113.1	0.9%	21.0%
Brand contribution	21.1	24.8*	(14.9)%	2.5%
Brand contribution margin	18.5%	21.9%	(340)bps	(330)bps

* Reclassification of certain 2020 costs in Brazil (£0.2m) variable to fixed costs to allow like-for-like comparison with 2021.

In Brazil, we saw a continuation of strong double-digit volume and revenue growth with revenue at constant currency up 21% which after adjusting for PIS/COFINS tax benefits translates to underlying revenue growth of 22.4%. This was driven by both volume and ARP growth, with Maguary ready-to-drink revenue growing by 40% and our innovation brands Puro Coco and Natural Tea growing by 71% and 69% respectively. Flavour concentrates revenue saw a modest decline, against a tough 2020 comparable, when the category benefited from consumers drinking more at home. While brand contribution grew in the year, brand margin declined 330bps driven by continued inflationary pressures and product mix.

Chief Financial Officer's review **continued****Other international**

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	% change actual exchange rate	% change like-for-like at constant exchange rate
Volume (million litres)	389.9	469.8	(17.0)%	0.2%
ARP per litre	85.9p	88.2p	(2.6)%	(1.4)%
Revenue	334.9	414.4	(19.2)%	(1.3)%
Brand contribution	106.4	129.6	(17.9)%	(1.9)%
Brand contribution margin	31.8%	31.3%	50bps	(20)bps

Note: Other international consists of France, Ireland and other international markets. Volumes and ARP include own-brand soft drinks sales and do not include third-party product sales included within total revenue and brand contribution. Concentrate sales are included in both revenue and ARP but do not have any associated volume. % change like-for-like excludes France private label and Counterpoint agency brands.

Across Other international, while underlying volume grew 0.2%, ARP declined 1.4% and revenue declined 1.3%. This was due to weaker performance in France, which was impacted by poor summer weather and a tough comparable from syrups growth in 2020, and restrictions in the On-Trade and global travel in other international markets. Ireland began to recover strongly in the second half with revenue growing 20.4%, resulting in full year revenue growth of 1.6% versus 2020 (after adjusting for the Counterpoint agency business closure). Brand contribution margin declined 20bps.

Fixed costs – pre-adjusting items

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	% change actual exchange rate	% change like-for-like at constant exchange rate
Non-brand A&P	(8.3)	(10.2)	18.6%	18.6%
Fixed supply chain	(122.1)	(132.0)*	7.5%	(2.2)%
Selling costs	(75.1)	(77.4)	3.0%	0.5%
Overheads and other	(126.5)	(120.0)	(5.4)%	(10.5)%
Total	(332.0)	(339.6)	2.2%	(3.9)%
Total A&P investment	(58.0)	(46.0)		
A&P as a % of own brand revenue	4.1%	3.3%		

* Reclassification of certain 2020 costs in Brazil (£0.2m) variable to fixed costs to allow like-for-like comparison with 2021.

Reported fixed costs declined year-on-year due to the disposal of the Private Label juice business in France at the end of 2020, while on a like-for-like basis costs increased 3.1%. This reflected continued discipline of the cost base whilst rebuilding investment, most notably A&P and variable reward.

Total A&P was £12.1m higher year-on-year with A&P in the second half £5.1m higher than our second half 2019. Fixed supply chain costs increased 2.2% primarily driven by co-packing in Great Britain for the full year and in Brazil in our first half because of high levels of demand in each of those markets. During the year we increased production capacity in Brazil and with a new can line operational in Great Britain early in the new calendar year co-packing costs will reduce year-on-year in 2022. Overheads and other costs increased 10.5% primarily driven by a rebuild of variable reward.

Interest

The net finance charge for the year ended 30 September 2021 is £17.8m, compared with £19.1m in the comparative period due to lower debt levels through the year. Lower interest on borrowings was partially offset by a charge related to the hedge accounting of private placement notes.

Adjusting items – pre-tax

In the period, the Group incurred, and has separately disclosed, a net charge of £15.9m (2020: £35.7m) of pre-tax adjusting items. Adjusting items comprises:

- strategic restructuring costs £6.7m, primarily relating to the closure of Counterpoint in Ireland;
- a charge of £0.7m for past service costs related to GMP equalisation impacting the Great Britain pension plan;
- acquisition and other costs of £0.3m, primarily related to Plenish; and
- acquisition-related amortisation £8.2m.

Taxation

The adjusted tax charge was £40.7m (2020: £32.1m), which equates to an effective tax rate of 27.0% (2020: 23.2%). The reported net tax charge was £39.7m (2020: £16.6m), which equates to an effective tax rate of 27.8% (2020: 14.9%). The rise in effective tax rate follows the revaluation of deferred tax as a result of the proposed and enacted increase to the UK corporation tax rate from 19% to 25% from April 2023. This 2020 rate of 14.9% was lower than usual following a tax deduction on the loss related to the sale of the French juice business.

Earnings per share (EPS)

Adjusted basic EPS for the period was 44.3 pence, an increase of 2.5% (at actual exchange rates) on the prior year due to higher operating profits offset by a higher effective tax rate due to the deferred tax revaluation. Adjusted diluted EPS improved 2.8%. Basic EPS for the period was 38.7 pence, an increase of 8.7% on last year.

Dividends

The Board is declaring a final dividend of 17.7p per share with a total value of £47.3m, resulting in a full year dividend of 24.2p (£64.6m). This is in line with our stated 50% payout after adjusting EPS for the one-off deferred tax revaluation. The final dividend for 2021 will be paid on 2 February 2022 to shareholders on record as of 17 December 2021. The ex-dividend date is 16 December 2021.

Free cash flow

Free cash flow (defined as cash generated from operating activities, plus proceeds from sale of property, plant and equipment, less capital expenditure, interest and repayment of lease liabilities) was an inflow of £132.7m, compared with £90.0m in the previous year.

Chief Financial Officer's review **continued**

Net cash flow from operating activities was £232.3m compared to £168.8m in the previous year as a result of increased profit before tax and improved working capital.

There was a working capital inflow of £16.1m (2020: £13.0m outflow), driven by inflows in trade and other payables of £74.2m (2020: £45.3m outflow) and other current assets of £10.0m (2020: £10.0m outflow); offset by outflows in inventories of £15.4m (2020: £11.9m inflow), provisions of £8.5m (2020: £8.0m inflow) and trade and other receivables of £44.2m (2020: £22.4m inflow).

The inflow in trade and other payables is due to an increase in purchases as trade increased following the removal of COVID-19 restrictions and an increase in variable reward accruals. The other current assets inflow relates to pension contributions (see pensions section below).

The outflow in inventories, which were up £16.5m year-on-year, is mainly driven by an increase in finished goods to protect customer service levels.

The outflow in trade and other receivables is due to the significant increase in trade in the fourth quarter following the removal of COVID-19 restrictions. There has been a strong focus on credit management and collections with average days sales outstanding in GB and Ireland continuing to reduce in the year and a reduction in overdue balances.

Net tax paid in the period of £15.4m is lower than £21.7m net tax paid in the year to 30 September 2020, primarily due to a cash tax rebate in France of £7.0m following the loss on disposal of the juice business recognised in September 2020.

Capital expenditure increased to £73.7m (2020: £50.0m) following deferral of investment during the COVID-19 restrictions.

Treasury management

The financial risks faced by the Group are identified and managed by a central treasury department, whose activities are carried out in accordance with Board approved policies and subject to regular Audit and Treasury Committee reviews. The department does not operate as a profit centre and no transaction is entered into for trading or speculative purposes. Key financial risks managed by the treasury department include exposures to movements in interest rates, foreign exchange rates and commodities, while managing the Group's debt and liquidity profile. The Group uses financial instruments to hedge against raw materials, interest rate and foreign currency exposures.

On 30 September 2021, the Group had £959.7m of committed debt facilities, consisting of a £400.0m bank facility, undrawn, and a series of private placement notes, with maturities between December 2022 and May 2035. A one-year extension to the maturity of the Group's £400.0m bank facility was approved by six of the seven lenders in February 2021 extending the maturity of £366.7m of this facility to February 2026. The remaining £33.3m will mature in February 2025.

On 30 September 2021, the Group's adjusted net debt, including the fair value of interest rate currency swaps hedging the balance sheet value of the private placement notes, was £488.5m, which compares with £520.4m at 30 September 2020. Reported net debt of £508.0m (excluding derivative hedges) comprised £579.2m of private placement notes and £2.8m of accrued interest, offset by net cash and cash equivalents of £71.1m and unamortised debt issue costs of £2.9m.

Pensions

On 30 September 2021, the Group had IAS 19 pension surpluses in Great Britain and Northern Ireland totalling £141.2m and IAS 19 pension deficits in Ireland and France totalling £9.6m, resulting in a net pension surplus of £131.6m (30 September 2020: net surplus of £91.1m).

The defined benefit section of the Great Britain plan was closed to new members on 1 August 2002 and closed to future accrual for active members from 1 April 2011, with new employees being invited to join the defined contribution scheme. The Northern Ireland scheme was closed to new members on 28 February 2006 and future accrual from 31 December 2018, and new employees are eligible to join the defined contribution scheme. All new employees in Ireland join the defined contribution plan.

Contributions are ordinarily paid into the defined benefit section of the Plan as determined by the Trustee, agreed by the Company and certified by an independent actuary in the Schedule of Contributions.

As noted in the 2020 Annual Report, in addition to the expected partnership income of at least £5.0m per annum, the Group had been expected to pay an additional £15.0m into the scheme by 31 December 2019. However, the Group sought clarity through the courts as to the construction of the wording in the Plan rules on the employer's ability to unilaterally set an alternative rate of pension increase. The original judgment in January 2020 was not in the Group's favour, and it was granted leave to appeal that judgment. The appeal was heard in May 2021.

Pending the outcome of that appeal hearing, the Trustee of the Plan agreed that the Schedule of Contributions be drafted so that payments would be paid into a blocked account.

Therefore, on 30 September 2020 the balance within the blocked account (held on the balance sheet as 'Other current assets') was £10.0m and this increased to £20.0m by 31 March 2021.

During the year, Britvic was successful in its appeal and the ruling on the pension increase issue arrived in its favour. The company can now instruct the setting of future pension increases, within certain statutory limits. Given future increases may not automatically be in line with an inflationary index, the Plan liabilities are now valued based on any changes proposed for prior pension increases, and the company's confirmation of what future pension increases are expected to be. At 30 September 2021, the company has provided for certain future pension increases with reference to no greater than CPI. The change to CPI from RPI at the prior year end has resulted in a reduction in pension liabilities and is the main driver behind the remeasurement gain of £50.5m included within the consolidated statement of comprehensive income/ (expense). This additionally resulted in the £20.0m held in the blocked account being returned to Britvic.

As a result of the successful appeal no further deficit funding payments are expected to be paid except for the £5.0m annual partnership payment which will continue until 2025. This will be reviewed as part of the next triennial valuation as of 31 March 2022.

Guaranteed Minimum Pension (GMP)

Following the Lloyds GMP equalisation case in October 2018, which ruled that treatment of men and women be brought in line for schemes with a guaranteed minimum pension, the Group recognised a charge of £6.2m in its 2019 financial statements to provide for the impact of GMP equalisation. In November 2020, a further ruling on the Lloyds case took place requiring that individual transfer payments made since 17 May 1990 would also need to be equalised for the effects of GMP. During the year ended 30 September 2021, the Group has recorded a charge of £0.7m as part of adjusting items for the estimated cost of GMP equalisation arising from this latest judgment.

Chief Financial Officer's review **continued**

COVID-19 update

During the year, government restrictions on trading activity in the Out-of-Home channel and on the movement of people in each of our markets has continued to have an impact on our business. As expected, the largest impacts have been seen in our markets with significant exposure to Out-of-Home, namely Great Britain and Ireland. While Out-of-Home was adversely impacted we saw volumes shift strongly to deferred At-Home consumption with the overall mix adversely impacting margin rate. Restrictions began to ease during our third quarter and trading has been robust through the key summer period on the back of strong customer demand across all channels and recovery in the Out-of-Home channel. Product mix has not yet returned to pre-pandemic levels with At-Home demand remaining strong and Out-of-Home channels not yet back to pre-COVID-19 volumes or revenue levels. Immediate consumption packs began to return to more normalised levels over the summer months.

We have continued to operate a flexible plan that has enabled Britvic to successfully navigate the challenges of the past year and emerge from the pandemic in a strong position as the Out-of-Home market re-opens. During 2020 several actions were implemented to mitigate the adverse impact of the restrictions, including reduced A&P spend, variable reward and discretionary spend as well as stopping all non-essential and non-committed capex. Financial year 2021 has seen a re-build of investment in A&P, reward and capex; however, ongoing plans remain flexible to allow us to react as necessary in the event of further restrictions or lockdowns.

Previous sensitivity analysis that quantified the expected impact on our business of a full lockdown in all our markets proved to be reasonable during the period of the most widespread restrictions in 2020. In assessing the impact of any future restrictions, we now have a greater level of clarity on the trends we would expect to see in each of our markets and the mitigating actions we can take. In 2022 the possibility of additional COVID-19-related restrictions means there remains some degree of uncertainty in predicting the outlook for our business.

Considering all learnings to date we have continued to analyse a range of possible scenarios to model different levels of impact on revenue, profit and cash, and the offsetting effect of the controllable mitigating actions over the course of the next 16 months. We have tested the impact on debt covenant headroom through this period. Under all the scenarios modelled, and before any mitigating actions, our forecasts indicate a high level of covenant headroom.

These scenarios include a range of estimated impacts, primarily based on the length of time various levels of possible restrictions may be in place, and the severity of the consequent impact of those restrictions on our routes to market and consumer behaviour. For each of our markets we have sensitised the expected revenue, profit, and cash flow impact of reduced trading activity in our Out-of-Home channel and changes in product mix. The assumptions used reflect the trends we have seen in 2020 and 2021. The scenarios are most sensitive to the assumptions made for Great Britain and Ireland, where we have more significant exposure to Out-of-Home channels. France and Brazil are predominantly At-Home markets and therefore drive less sensitivity.

Under each scenario, mitigating actions are all within management control, can be initiated as they relate to discretionary spend, and do not impact our ability to meet demand. We continue to believe that the risk of enforced factory closure is low, and Britvic has implemented additional health and safety measures in each of our factories to reduce the risk of a major supply disruption. We have also put contingency supply arrangements in place for key raw materials should they be required. Our significant investment in supply chain capability has provided a high level of operational resilience during even the most challenging times and gives us confidence we can meet future demand.

In all the scenarios we have modelled, there remains significant liquidity headroom under our existing debt facilities at each month end. On 30 September 2021, the adjusted net debt position was £488.5m and our covenant net debt/EBITDA ratio was 2.1x, with a covenant EBITDA/net interest ratio of 15.3x. The RCF (Revolving Credit Facility) of £400.0m was undrawn, with an additional £71.1m of cash holdings. The Group has issued long term private placement notes totalling approximately £559.7m, with maturities out to 2035. Of these, £27.8m of USPP notes are due to mature in December 2022 (FY23). During the first half we extended the maturity of our £400.0m RCF for one year with £366.7m of this facility now maturing in February 2026, with £33.3m maturing in February 2025. The RCF has the option to extend the maturity by a further year, subject to lender consent, and lenders will be approached regarding this extension in H1 FY22. The RCF also offers an accordion facility of £200.0m, again with lender consent. Covenants are set at a maximum of 3.5x net debt/EBITDA and a minimum of 3.0x EBITDA/net interest in all our lending agreements.

Risk management process

As with any business, we face risks and uncertainties. We believe that effective risk management supports the successful delivery of our strategic objectives. The management of these risks is based on a balance of risk and reward, determined through assessment of the likelihood and impact, as well as the Group's risk appetite. The Executive team performs a formal robust assessment of the principal risks facing the Group bi-annually, which is reviewed by the Board. Similarly, all business units and functions perform formal risk assessments that consider the Group's principal risks and specific local risks relevant to the market in which they operate.

Risks are monitored throughout the year with consideration given to internal and external factors and the Group's risk appetite. We have continued to develop and enhance the effectiveness of our risk management processes throughout the year, focussing on rearticulating and reassessing risk appetite across our principal risks. Updates to risks and mitigation plans are managed agilely, with changes made as required. In response to the ongoing COVID-19 pandemic, the risk team has continued to support each of our markets and functions to identify the actions required to ensure business continuity and the risks impacting our people.

We have re-assessed our principal risks considering the changing context of the pandemic and have identified that the ongoing management of the risks associated with the COVID-19 pandemic are now embedded and consolidated within existing risk management processes across Health & Safety, Business Continuity and Treasury. Also, we have reviewed our customer relationship and pricing risk, taking account of changes in route to market because of the pandemic. Furthermore, the conclusion of UK and EU negotiations on the post Brexit trade arrangements in December 2020 (and now formally concluded in April 2021), which includes agreement of zero quotas and zero tariffs between the UK and EU, has significantly reduced the risk associated with Brexit and we have seen limited impact on our business to date. As a result, the risk in relation to Brexit has now been removed from our principal risks.

In October 2020 we reached agreement with PepsiCo for a new and exclusive 20-year franchise bottling agreement for the production, distribution, marketing, and sales of its carbonated soft drink brands in Great Britain. The new agreement extends the relationship, which commenced in 1987, to 31 December 2040 and includes the Rockstar Energy brand. As a result, the risk relating to our partner relationship with PepsiCo has reduced significantly.

Finally, we have reviewed our International Expansion risk and amended this to form a new Market Risk, creating further alignment with our current strategy. This risk covers the failure to develop and grow our business across our markets, through either failure to execute our plans or external market factors.

Joanne Wilson

Chief Financial Officer
23 November 2021

Risk management



Joanne Wilson
Chief Financial Officer

Risk management plays an important role in everything we do at Britvic and its objective is to add maximum sustainable value to all the activities of the organisation.

Overview

As with any business, we face risks and uncertainties especially as we look to grow our business here in the UK and around the world. Effective risk management helps support the successful delivery of our strategic objectives. We have an established risk management framework to identify, assess, mitigate and monitor the risks we face as a business and help deliver a balance between risk and opportunity.

What are we focused on

We have continued to monitor and amend our principal risks during the year, in light of both the ongoing assessment of emerging risks and continued progress and delivery against our risk mitigation plans.

We have reduced the residual risk associated with Third Party Relationships as a result of the successful conclusion and agreement of a new 20 year Great Britain bottling agreement with PepsiCo in October 2020. As a result, this is no longer deemed a principal risk. In addition, following the UK and

“COVID-19 has continued to be a major focus to the business with the safety and wellbeing of our people being our first priority. We have managed and responded to a number of challenges driven by the significant supply chain disruption in the second half of the year, and have delivered a strong and resilient performance.”

EU agreement of a tariff-free trade deal, the Brexit related risk has reduced to the extent it is no longer deemed a principal risk in isolation. Further, the principal risk relating to COVID-19 has been removed, as we have embedded the oversight and controls into existing processes.

In order to create greater alignment with our revised strategy, we have adapted the International Expansion risk to form a broader Market Risk, which also includes the imposition of market restrictions within the key causes.

Britvic's risk appetite

The UK Corporate Governance Code requires companies to determine their risk appetite. This is an expression of the amount and types of risk that the company is willing to take in order to achieve its strategic and operational objectives.

We have reviewed and amended our approach to risk appetite in the year, setting a clear scale for risk appetite which we have embedded both across our principal risks and wider Enterprise Risk Management. A principal risk is one that can seriously affect the performance, prospects or reputation of the company. These are aligned to the company's strategic goals and priorities. The risk appetite across our principal risks has been determined and reviewed by the Executive team and approved by the Board. We use the articulation of risk appetite in decision making across the company, and to define and validate the mitigating activities required to effectively manage our risks.

Our risk culture

The Board sets the risk culture for the business through the risk framework detailed below and by meeting bi-annually to discuss the progress made on our principal risks. Each of the principal risks are owned by a member of the Executive Team, who are responsible for the monitoring and oversight of the principal risk on an ongoing basis with the appropriate individuals across the business. The principal risks are reviewed by the Executive team, considering changes to risk and reviewing and challenging risk appetite and execution of risk improvement activity. This senior involvement ensures that the importance of risk management flows down throughout Britvic with business units, group functions and project teams all engaged in risk management, demonstrated through, for example, budget risk sessions, business case assessment or project risk logs. The risk team act as the conduit to ensure this culture and consistent application of our risk framework is maintained.

Risk management

The risk management framework incorporates both a top down approach to identify the company's principal risks and a bottom up approach to identify operational risks. The Executive team is responsible for identifying, managing and monitoring the principal risks. The Board is accountable for the overall risk management process and determining the effectiveness of the Executive team's risk management. Similarly, all business units and functions are responsible for identifying and assessing their risks, both current and emerging, and measuring them against the defined criteria, considering the likelihood of occurrence and the potential impact to the Group. This review includes an assessment of the movement in the risks, the strength of the controls relied upon and the status of the mitigation actions.

Risk management **continued**

Emerging Risk

We continue to monitor and assess emerging risks throughout our risk processes. Through both the top down and bottom up risk discussions held across the business, we seek to identify both changes in existing and new risks. The Group Risk team conduct horizon scanning, utilising their knowledge, from internal and external sources to identify emerging risks for consideration and review.

The COVID-19 pandemic and its wider impact continue to dominate the changing and emerging risks we face as a business, increased inflationary pressure, increasing focus on the resilience of our supply chain, continued change in both the route to market and retailer landscape, and an increasing risk on our ability to attract and retain talent following the prolonged impact of the pandemic.

Priorities for the year ahead

We continuously evolve and improve our approach to risk management, in order to support effective decision-making. We will continue to drive the embedding of the risk management approach into existing processes and ways of working, to drive greater simplicity and effectiveness.

Next year, we will sustain the focus on partnering with the relevant business teams to develop and enhance business continuity arrangements across the group, in light of the ever increasing volatility and uncertainty in the external environment.

In addition, the risk team will play a key role in the cross functional team responsible for our approach to the requirements of Task Force on Climate-Related Financial Disclosures (TCFD). We will support the integration of this activity into the current Enterprise Risk Management process, adapting and integrating the approach taken so that it fits Britvic and the risks we face and facilitating the results of these assessments to ensure they become part of our longer term strategic thinking and decision making in the business.

Our Principal risks

The table below sets out our principal risks, a summary description of the risk, the connection with our strategy, a summary of key controls in place to mitigate the impact should a risk come to fruition. This does not represent an exhaustive list of all the risks facing the organisation, nor are they set out in priority order below. There will be additional risks not known to management, or currently assessed to be less material, that may also have an adverse effect on the business.

Similarly, all business units and functions are responsible for identifying and assessing their risks, both current and emerging, and measuring them against the defined criteria, considering the likelihood of occurrence and the potential impact to the Group. This review includes an assessment of the movement in the risks, the strength of the controls relied upon and the status of the mitigation actions.

Case Study – Changes to Risk Scores vs Prior Year



Supply chain (including raw materials)

The supply chain risk facing the organisation has increased in the past 12 months. The pandemic has stretched and tested supply chains, highlighting the risk to respond to change at pace whilst continuing to deliver customer service. Increased inflationary pressure following the pandemic along with the heavily publicised global material shortages, shipping disruption and haulage driver shortages have all heightened the risks we face across our supply chain in the past 12 months.



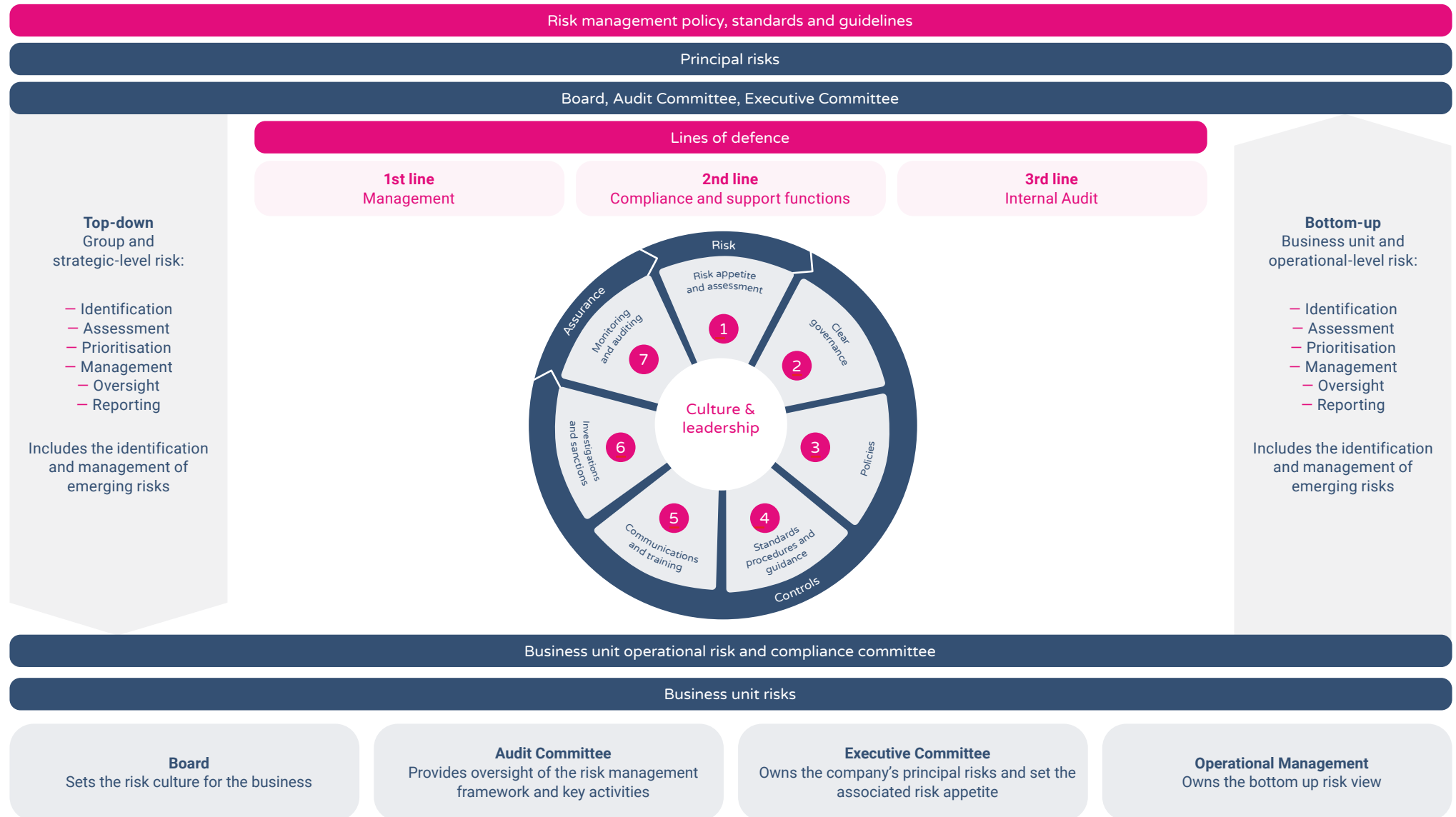
Treasury

The Treasury Risk for the organisation has reduced in the past 12 months. As with most organisations, the significant and sustained impact of market restrictions on our business provided a heightened risk, specifically the risk of breaching our debt covenants. In spite of these challenges, we navigated the half year covenant test in financial year 2021 with significant headroom, and we are well set up to continue to fund and grow the business. This has been further demonstrated in financial year 2021 with the purchase of Plenish and reduction in net debt of around £30m.



Risk management **continued**

Risk management framework



Risk management **continued**

Principal risks and uncertainties

Key



Build local favourites and global premium brands



Flavour billions of water occasions



Healthier People, Healthier Planet



Access new growth spaces

The risk score movement from the prior year for each principal risk is presented as follows:



No change



Increased



Decreased

Consumer preference: Innovation **Risk Description**

Risk that our portfolio over time becomes less relevant to consumers and customers as we fail to adapt to changing needs, environment and as such we lose market share/revenue.

Link to strategic objective**Risk owner**

Chief Marketing Officer

Change during the year and residual risk

Flavouring billions of water occasions and innovate to scale are key parts of our 2025 strategic plans. Flavouring billions of water occasions is operating as separate entity to help ensure focus purely on innovation.

We have continued to develop and build our innovation pipeline across our markets, from limited edition flavour of Club in Ireland through to the recipe refresh and packaging redesign on Fruit Shoot. This takes Fruit Shoot singles in Great Britain to 100% recycled PET and preservative free.

Impact on the business

If our innovation fails to win and build scale in the marketplace this can weaken existing brands and means we miss out accessing new spaces with both an impact on financials and our reputation with customers and consumers.

Risk mitigation

- Continuous assessment of consumer and customer trends and insights in order to anticipate changes in preferences and adapt our offering accordingly.
- A balanced innovation pipeline in place, supported by a programme governance structure to remove obstacles and prioritise based on available investment/resources.
- Regular performance review and oversight of innovation delivery, identification and agreement of changes to plans in order to drive successful execution.

Health concerns **Risk description**

There continues to be a focus of media and government scrutiny on health and obesity in all of the markets we operate in, highlighted in the UK by the introduction of regulation over HFSS products.

Link to strategic objective**Risk owner**

Chief Marketing Officer

Change during the year and residual risk

Flavouring billions of water occasions programme to encourage positive hydration habits since 2020, with the Robinsons 'Let there be fruit' and 'Liven up your water' campaigns.

HFSS Programme team is in place to manage the introduction of HFSS regulation in Great Britain, and work with customers to assist their implementation.

The continued development of our portfolio with the acquisition of Plenish, which has healthy nutrition at the core of the award winning business.

Impact on the business

The continued focus on health and obesity results in a decline in the soft drinks category and/or our share of it.

Risk mitigation

- We play an active role in health policy debate with key external stakeholders, policymakers and non-governmental organisations. We maintain transparent stakeholder engagement and lobbying to understand best practice and share intelligence through our active membership of the Food and Drink Federation and the British Soft Drinks Association.
- ESG and Health Strategy has been created and deployed with the 2025 Healthier People, Healthier Planet strategy includes published targets on calories per serving lower than 30, which is monitored and reported on across our markets.

Retailer landscape and customer relationships **Risk description**

We may not be able to maintain strong relationships with our key customers or respond to changes in both the route to market (e.g. channel shift) and the retailer landscape (e.g. consolidation).

Link to strategic objective**Risk owner**

Business Unit Managing Directors

Change during the year and residual risk

We have invested in developing and broadening our contact strategy and customer relationships across our markets.

We have continued to partner with our customers and worked openly and collaboratively through the challenges of the past 12 months.

We have extended our credit insurance policy to cover Ireland and our International markets as well as Great Britain.

Impact on the business

This would lead to reduced margin and returns from customers due to market pressures, pricing not keeping up with input inflation, and not keeping up with consumer trends.

Risk mitigation

- We operate across many different customer channels and markets and continuously monitor customer performance and trends.
- We develop joint business plans with customers that include investment and activation plans.
- We have strong and established customer relationship and contact strategy procedures in place.

Supply chain **Risk Description**

Supplier failure, market shortage or an adverse event in our supply chain impacts sourcing of our products and the cost of our products is significantly affected by commodity price movements.

Link to strategic objective**Risk owner**

Business Unit Managing Directors

Change during the year and residual risk

Key projects are underway, including preparations for a new can line at Rugby, national distribution centre development and warehouse management system upgrades to increase resilience.

There is an ongoing senior management focus on identifying and mitigating significant supply issues across our wider supply chain.

Impact on the business

Failure to supply required volumes and deliver acceptable customer service levels, limiting both revenue growth (volume and innovation) as well as increasing the risk of adversely impacting customer relationships.

Risk mitigation

- We have robust supplier strategy, selection, monitoring and management processes and are seeking to diversify our supplier base in key areas.
- Disaster recovery and business continuity plans in place for each of the sites, in order to ensure identification of key risks, assessment of key controls, improvement actions required and preparedness for an event.
- Alignment between supply and demand to deliver targeted customer service, supported by a robust demand and supply forecast.

Risk management continued

Principal risks and uncertainties continued

Key



Build local favourites and global premium brands



Flavour billions of water occasions



Healthier People, Healthier Planet



Access new growth spaces

The risk score movement from the prior year for each principal risk is presented as follows:



No change



Increased



Decreased

Sustainability and environment



Risk description

Climate change, water, biodiversity loss, natural resource depletion and environmental pollution all present risks to our ability to source, manufacture and market our drinks.

Link to strategic objective



Risk owner

Chief Marketing Officer

Change during the year and residual risk

DRS project and governance in place to oversee all aspects of the proposed implementation of DRS in Scotland.

We kicked off work to prepare for TCFD looking at the identification and modelling of the key climate risks and opportunities (and quantification) for Britvic across Energy, Physical, Supply Chain & Reputational.

A number of key brands across our on-the-go range have switched to 100% rPET production this year as part of our plan to move to 100% rPET in Great Britain.

Impact on the business

This may lead to a reduced availability and quality of raw materials which could result in price rises or interruptions to supply. It could also mean increased regulation for example extended producer responsibility and carbon pricing or a reputational impact arising from the failure to adequately address societal and stakeholder concerns.

Risk mitigation

- We have externally certified management systems in place to monitor and reduce the environmental impact of our operations and ensure compliance with environmental legislation.
- Sustainability criteria is embedded throughout the procurement decision making process in order to mitigate risks and identify opportunities to deliver our Healthier Planet objectives across the external Supply Chain.
- For more on Healthier Planet see pages 42 – 56 and our TCFD Disclosure is on pages 51 – 56.

Market risk



Risk description

Failure to develop and grow our business across our markets, increasing market share and generating the fuel for growth due to either our ability to execute our plans or external market factors (e.g. competitor activity).

Link to strategic objective



Risk owner

Business Unit Managing Directors

Change during the year and residual risk

We have delivered strong performance in the past 12 months, with underlying revenue growth of 6.6% and margin expansion of 40bps.

In Brazil, we have continued to build scale through our core and innovation brands, delivering another year of double-digit revenue growth.

We have leveraged our dispense leadership to offer new experiences and access new occasions with the rollout of London Essence Tonic on Tap and Aqua Libra Co expansion beyond workplace into leisure and retail.

We are investing in our technology and infrastructure to support our growth ambitions. This year we are implementing new commercial systems to enhance our revenue growth management and customer relationship management capability.

Impact on the business

This may lead to adverse impact on our financial position and future growth forecasts as we aren't able to grow and invest in the key drivers to support the delivery of our strategy.

Risk mitigation

- Strategic Planning for Business Units and Group, including both reflection and re-appraisal of market drivers the strategic plan for the period ahead.
- Detailed review and allocation of investment to support the portfolio of activity to drive the delivery of the plan.
- Regular management reviews to govern, monitor and amend plans, bringing together market and competitor insight.

Quality of our products and the health and safety of our people



Risk description

Risk that a faulty or contaminated product, either through malicious contamination, human error or equipment failure, is supplied to the market. Risk associated with the health and safety of our employees, contractors and visitors.

Link to strategic objective



Risk owner

Business Unit Managing Directors

Change during the year and residual risk

We have maintained our COVID-19 controls flexing for the risk faced at our individual locations across all our markets and we will continue to follow local Government advice as measures alter over time.

A year-on-year reduction of 55% in accident frequency and a lost time injury frequency rate reduction of 34%.

We are driving a food safety culture by maintaining FSSC22000 certification (HACCP and TACCP focused) and maintaining ISO 9001 certification.

Impact on the business

This could result in reputational, regulatory and commercial impact to our business as the quality of our products and the health and safety of our employees is of the utmost importance to us.

Risk mitigation

- Integrated quality, safety and environment (QSE) management system has been rolled out across all territories. This contains all QSE standards and site procedures and also is used as a central reporting tool for QSE performance.
- Monthly zero harm forum, led centrally, for health and safety executive managers to share standards, monitor performance and share best practice.

Legal and regulatory



Risk description

Non-compliance with local laws or regulations or breach of our internal policies and standards.

Link to strategic objective



Risk owner

General Counsel

Change during the year and residual risk

We have launched a new Insider Management List tool (EQ Insider) in conjunction with an updated share dealing code for employees.

Anti-bribery and corruption training and awareness has been rolled out including with the Board and Executive team.

We have invested in a legal system to automate approval process, semi-automated contract authoring and support contract management.

Impact on the business

Failure to comply with such requirements could have a significant impact on our reputation and/or incur financial penalties.

Risk mitigation

- In-house legal and compliance functions (now with a dedicated Data Protection Officer in place) responsible for ensuring compliance with all relevant legislation and regulations. They work closely with the rest of the business and external advisers and other key stakeholders regarding current and changes to legislation.
- Horizon scanning process in place supported by two external firms to help the business assess the impact of potential and incoming legislation.

Risk management continued

Principal risks and uncertainties continued

Key



Build local favourites and global premium brands



Flavour billions of water occasions



Healthier People, Healthier Planet



Access new growth spaces

The risk score movement from the prior year for each principal risk is presented as follows:



No change



Increased



Decreased

Technology and information security



Risk description

Disruption to business due to loss or failure of systems or exposure to loss of information or technology due to cyber attacks.

Link to strategic objective



Risk owner

Chief Financial Officer

Change during the year and residual risk

We have invested in a new phishing tool to support and drive employee awareness of phishing attacks and how to respond appropriately.

External cyber audits have been conducted in Brazil, Great Britain and Ireland, in order to benchmark our controls and drive sustainable improvement in the control environment.

Impact on the business

Disruption to our IT systems could have a significant impact on our sales, cash flows and profits. Additionally, cyber security breaches could lead to unauthorised access to, or loss of, sensitive information.

Risk mitigation

- Disaster recovery plans across the Group are tested every year with annual penetration testing also performed.
- Regular system and client security patching is in place including use of vulnerability scanning to identify security weakness via out of date software or missing security patches.
- Quarterly internal phishing campaigns are run and followed up with training and guidance.

Treasury, tax and pension



Risk description

Britvic is exposed to a variety of external financial risks relating to treasury, tax and pensions.

Link to strategic objective



Risk owner

Chief Financial Officer

Change during the year and residual risk

In spite of the pandemic, we have continued to operate with significant headroom against our debt covenant, whilst reducing our net debt by around £30m.

The Group sought clarity in financial year 2021 through the Court of Appeal on its ability to determine the rate of pension increase and revaluation of deferred benefits in the Britvic Pension Plan in Great Britain. The Court of Appeal ruled in Britvic's favour, and in exercising this power (where applicable) no deficit funding contributions are payable to the plan up to the next re-evaluation effective March 2022. Refer to note 22 of the financial statements for further detail.

Impact on the business

Changes to exchange rates and interest rates can have an impact on business results and the cost of interest on our debt. Additionally, the Great Britain and Ireland businesses have defined benefit pension plans which, while closed to new employees, are exposed to movements in interest and inflation rates, values of assets and increased life expectancy.

Risk mitigation

- Monitoring of investment and funding strategies for the pension fund. Quarterly updates provided on the funding position to Trustees.
- Board approved foreign exchange and interest rate hedging policy covers rolling 18 month period.
- Strong relationship management with tax authorities in the UK and accountancy firms (e.g. annual updates) and open dialogue with tax authorities to seek non-statutory clearances upfront where possible and ahead of inspections.

Talent



Risk description

Without the correct skills and capability and/or the workforce resilience impacts the business' ability to deliver ambitious plans for our long-term strategy and post COVID-19 recovery.

Link to strategic objective



Risk owner

Chief People Officer

Change during the year and residual risk

Britvic have filled an initial 30 job placements for young people at risk of long-term unemployment as part of the Government's £2 billion Kickstart scheme.

A new employee feedback survey launched in financial year 2021 in order to be more focused and dynamic to the needs of the organisation. Please see pages 36 – 41 for more detail on Healthier People.

A structured education and awareness programmes delivered across Wellbeing and Diversity and Inclusion for the employee population.

Impact on the business

We rely on key individuals to contribute to the success of Britvic, we need our people to continue to develop and be fit for the future.

Risk mitigation

- Strategic talent review process is in place which planning, mapping and succession, targeting areas for greater risk mitigation, retention planning or talent moves.
- Regular pulse surveys take place across the company to obtain employees feedback on a wide range of topics.
- Talent and succession planning at senior level with talent forums now built into Executive team agenda.

Viability statement

In accordance with the UK's Corporate Governance Code, the Directors assessed the viability of the company, taking into consideration the company's current financial position, our strategy and business model and the principal risks as set out in the Strategic Report. See pages 64 – 66 which details how we manage and control the principal risks. The Directors have determined that a three year period is an appropriate timeframe for the assessment given the dynamic nature of the FMCG sector and is used for our strategic planning which is updated annually. Beyond this, it becomes much more difficult to accurately estimate growth and cost projections. Although the business was impacted by COVID-19, the Group was able to sustain production, and continue to service the demand as it shifted to greater At Home consumption. As a result, the Directors also assessed that the timeframe of the viability assessment should not be reduced.

The starting point for the viability assessment is the strategic and financial plan, which makes assumptions relating to the economic climate in each of our markets, soft drinks category growth, input cost inflation and growth from the company's value drivers. The most recent plan was updated and signed off by the Board in October 2021. The Board's review includes consideration of the appropriateness of the key assumptions and underlying risks and uncertainties associated with the plan. Over this time horizon, the Group has a strong financing position, with the majority of debt maturing beyond the assessment period. See pages 57 – 60 for further detail on our financial position.

Our principal risks, by their nature, can also have a significant impact on the business' viability. As a result, our viability model takes into consideration how these risks may be realised and the impact this may have on Britvic's financial resilience, including adherence to our covenant and liquidity requirements.

On their own, none of the principal risk events would cause a significant challenge in the Group's ability to meet its covenant and liquidity requirements. While each principal risk could have an impact on the business, our approach was to consider a combination of those risks, based on the Group's risk assessment of their likelihood.

The baseline modelling for the viability assessment has utilised a severe but plausible scenario model from the Going Concern review, which includes an assumption that COVID-19 market restrictions are in place across FY22, and a slow growth recovery thereafter in FY23 and FY24. Therefore, the viability modelling start point includes a significant level of principal risk and uncertainty, including:

- Market Risk: the severe but plausible modelling includes impact of COVID lockdown restrictions for the duration of FY22 which is considered to already reflect the impact of the assessed risk.

The significantly moderated growth versus the Group's strategic plan across FY23 and FY24, is considered to capture an appropriate impact as a result of the following principal risk and uncertainties.

- Customer Relationship & Pricing Risk
- Health Risk & Innovation Risk
- Talent Risk

As a result, we have not mapped further separate risk events to these principal risks.

The table below summarises the further separate risk events, in addition to those included in the severe but plausible scenario model. Combinations of these events have been modelled, based on the Group's risk assessment of likelihood.

Principal Risk	Associated Risk Event in the viability model
Operational Supply Risk	Warehouse Management System Upgrade failure interrupting our logistics network, which impacts our ability to service customer demand for a period of time.
Raw Material Goods & Services	rPET supply issue leading to product shortages and use of additional suppliers to make up shortfall, including additional costs.
Sustainability	The base modelling already includes the costs of the Group's sustainability initiatives, however, additional unforeseen regulatory costs, such as an increase in the cost of Carbon Credits is considered as an additional risk event.
Technology & Information Security	Operational Technology related event at one of our production sites, affecting production output for a period of time.
Quality	Product Recall impacting one of our major brands and the associated costs involved.
Health & Safety	Site closed by a regulator for an extended period due to a large scale incident to allow for thorough investigation.
Tax, Treasury & Pensions/ Legal & Regulatory	Regulatory fine imposed by authorities, for example a HMRC penalty or tax claim.

Consideration has been given to the impact of climate change, which has identified the increase in regulatory costs as the key sustainability risk within the assessment period. The strategic plan for the Group includes the best estimate of the impacts of climate change on financial performance. An in-depth assessment of climate risk has been conducted in the past 12 months, with further analysis of the key risks to be conducted in the upcoming 12 months. See pages 51 – 56 for an overview of our work to prepare for TCFD.

As part of the analysis, the Directors considered the mitigating actions available to the company to protect against these downside risk events, for example, reducing advertising and promotional spend or reducing capital investment. The Directors have considered only controllable mitigating actions and no action modelled would materially impact business delivery. The Group has continued to demonstrate resilient performance, and the above risk events do not consider the organisation's production flexibility within the supply chain, the partnerships with our suppliers and customers, and the skills and experience of employees.

The viability model combines the adverse impacts of several unconnected risks to assess our resilience. These risk events are then reviewed against the company's current and projected debt and liquidity position, and after considering the repayments of loan notes falling due during the viability period with no new facilities assumed, to assess if this would lead to a breach of our covenant position. This assessment is made at the half year and year end position, for each of the three years within the viability statement.

In addition, we have conducted a reverse stress test to identify the magnitude of revenue and profit decline required before the Group breaches its debt covenant. The required reduction was considered extreme and implausible.

Based on the results of this analysis, the Directors have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the three year period to September 2024.

The Strategic Report was approved by the Board and signed on its behalf by:

Simon Litherland, Chief Executive Officer
23 November 2021

Chairman's introduction to governance



John Daly
Non-Executive Chairman

Dear Shareholder

I am pleased to present the Corporate Governance Report for the year ended 30 September 2021. The report sets out our governance framework, the Board's key actions during the year, our approach to the alignment of purpose, values, culture and strategy and our engagement with stakeholders.

"We worked hard to balance Board time across People, Planet and Performance, and to align the Board's focus with our purpose and values."

John Daly
Chairman



Board focus in 2021

The Board acknowledges that there is a diverse range of stakeholders and factors to be considered as it steers the business towards implementation of its long-term strategy. In 2021 we deliberately allocated significant agenda time to our Healthier People, Healthier Planet strategic pillar, to ensure a holistic approach across People, Planet and Performance.

The Board was mindful of creating the right balance between considering in year activities and looking ahead at more strategic matters. We held in-depth discussions to review the strategy, to ensure that it was right for the new world we are now facing, concluding that the direction was still valid while adjusting some elements to take advantage of new opportunities and address new challenges.

The Board also took care to incorporate external views, scanning the environment and bringing in experiences from the other businesses with which our Directors serve, analysing competitor activities and inviting outside speakers to keep us informed. We also regularly reviewed our performance from the competitive position via market data and external advisor feedback.



Future outlook

The Board believes in our strategy and its importance across all our markets, and in the coming year, will focus on the company's progression and the implementation and articulation of the business strategy, while delivering on our nearer-term promises in terms of plan delivery.



Fair, balanced and understandable

The Audit Committee recommended to the Board, following its in-depth review, that this Annual Report and Accounts is, in its opinion, fair, balanced and understandable (see page 90). The Board reviewed the Annual Report and Accounts, drawing on its collective knowledge of the business and updates from management during the year, and the opinion of the Audit Committee, and confirms that the Board believes this Annual Report and Accounts presents a fair, balanced and understandable assessment of the company, and provides shareholders with information necessary to assess the company's position, performance, business model and strategy.

The report also sets out how we have complied with the UK Corporate Governance Code 2018 (the 2018 Code). Our 2018 Code compliance statement can be found on page 69.

John Daly
Non-Executive Chairman
23 November 2021

The UK Corporate Governance Code 2018: our compliance

The Board is supportive of the standards set by the UK Corporate Governance Code 2018 and is pleased to report that the company has applied the principles and complied with all the provisions set out in the 2018 Code during the year under review. A copy of the 2018 Code, issued by the Financial Reporting Council can be found at frc.org.uk.

This Governance Statement, including the Nomination Committee, Audit Committee and Remuneration Committee Reports, explains how we have applied the principles and complied with the provisions of the 2018 Code.

Section 1: Board leadership and company purpose

	Section	Page
A. An effective and entrepreneurial Board promotes the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	— The Board in 2021	78 – 81
B. Purpose, values and strategy are set and align with culture, which is promoted by the Board.	— Strategy at a glance — How governance supports strategy	22 78
C. Resources allow the company to meet its objectives and measure performance. A framework of controls enables assessment and management of risk.	— Risk management — Internal control and risk management	61 – 66 91
D. Engagement with shareholders and stakeholders is effective and encourages their participation.	— Shareholders — Stakeholder engagement	80 30 – 31
E. Oversight of workforce policies and practices ensures consistency with values and supports long-term sustainable success. The workforce is able to raise matters of concern.	— Employees — Whistleblowing	81 91

Section 2: Division of responsibilities

	Section	Page
F. The Chair is objective and leads an effective Board with constructive relations.	— Our governance framework	74
G. The Board comprises an appropriate combination of Non-Executive and Executive Directors, with a clear division of responsibilities.	— Directors — Our governance framework	77 74
H. Non-Executive Directors commit appropriate time in line with their role.	— Directors	77
I. The Company Secretary and the correct policies, processes, information, time and resources support Board functioning.	— How the Board works	76 – 77

Section 3: Composition, succession and evaluation

	Section	Page
J. There is a procedure for Board appointments and succession plans for Board and senior management which recognise merit and promote diversity.	— Succession planning and recruitment	84
K. There is a combination of skills, experience and knowledge across the Board and its committees. Tenure and membership are regularly considered.	— Board composition: skills and experience	83
L. Annual evaluation of the Board and Directors considers overall composition, diversity, effectiveness and contribution.	— Review of Board effectiveness	85 – 87

Section 4: Audit, risk and internal control

	Section	Page
M. Policies and procedures ensure the independence and effectiveness of internal and external audit functions. The Board satisfies itself of the integrity of financial and narrative statements.	— Internal audit — External audit — Review of financial statements	90 92 89 – 90
N. A fair, balanced and understandable assessment of the company's position and prospects is presented.	— Review of the 2021 Annual Report and Accounts	90
O. Procedures manage and oversee risk, the internal control framework and the extent of principal risks the company is willing to take to achieve its long-term strategic objectives.	— Internal control and risk management — Risk appetite	91 61

Section 4: Audit, risk and internal control

	Section	Page
P. Remuneration policies and practices are designed to support strategy and promote long-term sustainable success, with executive remuneration aligned to company purpose, values and strategic delivery.	— Remuneration Policy	101 – 108
Q. A transparent and formal procedure is used to develop policy and agree executive and senior management remuneration.	— New policy and shareholders' views	95 – 96
R. Independent judgement and discretion is exercised over remuneration outcomes taking account of the relevant wider context.	— Rewarding performance against backdrop of the pandemic	94 – 95

Board of Directors

The right skills to deliver our strategy



Board and Committee meeting attendance

Membership and attendance	Board	Audit Committee	Nomination Committee	Remuneration Committee	AGM attendance
John Daly	●●●●●●●● 9/9		●●●● 4/4	●●●● 4/4	✓
Simon Litherland	●●●●●●●● 9/9				✓
Joanne Wilson	●●●●●●●● 9/9				✓
Suniti Chauhan	●●●●●●●● 9/9	●●● 3/3			✓
Sue Clark	●●●●●●●● 9/9			●●●● 4/4	✓
William Eccleshare	●●●●●●●● 9/9			●●●● 4/4	✓
Ian McHoul	●●●●●●●● 9/9	●●● 3/3	●●●● 4/4	●●●● 4/4	✓
Euan Sutherland	●●●●●●●● 9/9	●●● 3/3	●●●● 4/4		✓

John Daly Non-Executive Chairman

1

John Daly was appointed Chairman of the Board in September 2017. He joined the Board as a Non-Executive Director in January 2015 and became Senior Independent Director in January 2016.

Skills, competence and experience

John brings strong international and consumer expertise to the Board, having held various executive leadership positions over the course of 20 years at British American Tobacco plc (BAT). His most recent positions at BAT were Chief Operating Officer and Regional Director for Asia Pacific, based in Hong Kong. John is a former Director of Reynolds American Inc., which at the time was a US public company owned 42% by BAT. Prior to his time with BAT, he held various sales and marketing positions with Johnson & Johnson, Bristol-Myers Squibb, Pennwalt Corporation, Schering-Plough and Fergusson plc.

Committee membership

N R

External public directorships

Non-Executive Chairman of Vivo Energy plc.

Simon Litherland Chief Executive Officer

2

Simon has been Chief Executive Officer since February 2013, having joined Britvic in September 2011 as Managing Director, GB.

Skills, competence and experience

Simon's earlier career was with Diageo plc, a global leader in alcoholic beverages. His last role was Managing Director of Diageo Great Britain, having previously run Diageo's businesses in South Africa, Ireland and Central and Eastern Europe. Prior to this he led various functions and held a variety of international finance director roles in Diageo, IDV and Grand Metropolitan. Simon was the President of the Incorporated Society of British Advertising from 2015 to 2017. Simon was born in Zimbabwe and qualified as a Chartered Accountant with Deloitte in South Africa having gained a business degree at the University of Cape Town.

External public directorships

Non-Executive Director of Persimmon plc and a member of the Audit, Nomination and Remuneration Committees.

Board of Directors **continued****Joanne Wilson**
Chief Financial Officer

3

Joanne has served as Chief Financial Officer since September 2019. She is responsible for the finance, strategy, risk and internal audit, IT and master data teams. She has primary responsibility for all financial related activities including the development of financial and operational strategies, strategic planning, deal analysis and negotiations, and investor relations. Joanne also chairs Britvic's ESG Committee.

Skills, competence and experience

Joanne has extensive financial and international experience with a strong background in the retail sector. Prior to joining Britvic, Joanne was Chief Financial Officer at dunnhumby, a global leader in customer data science and part of the Tesco group. Prior to this, she held a variety of financial and commercial roles at Tesco, working internationally as well as in the UK. Joanne started her career at KPMG, where she qualified as a Chartered Accountant and spent three years in Hong Kong.

Joanne studied Economics and Politics at Trinity College Dublin and holds the INSEAD Certificate in Corporate Governance.

External public directorships

Non-Executive Director of Informa plc and a member of the Audit and Nomination Committees.

Suniti Chauhan
Independent Non-Executive Director

4

Suniti was appointed as a Non-Executive Director in November 2017.

Skills, competence and experience

Suniti brings over 20 years of experience in strategy, finance and M&A through a career in corporate development and investment banking, most recently as Director of Corporate Development for Rexam plc, a multinational consumer packaging company. Formerly, Suniti was a Managing Director of Morgan Stanley, focused on UK M&A and the consumer and retail industry. She is currently a partner at Tulchan Communications and advisor to GrowthEnabler, a digital platform providing intelligence on tech start-ups globally to facilitate corporate innovation, and she has previously served as Trustee of Breakthrough Breast Cancer, the leading breast cancer research charity in the UK. Suniti

graduated from Dartmouth College in the United States with a degree in Economics and attended the General Management Program at Harvard Business School.

Committee membership

A

External public directorships
None.**Sue Clark**
Independent Non-Executive Director

5

Sue was appointed as a Non-Executive Director in February 2016 and since September 2017 has been Chair of the Remuneration Committee.

Skills, competence and experience

Sue has strong international credentials and has worked in the global FMCG sector for the last 16 years. In her executive career, Sue held the role of Managing Director of SABMiller Europe and was an Executive Committee member of SABMiller plc. She joined SABMiller in 2003 as Corporate Affairs Director and was part of the executive team that built the business into a top FTSE company. Previously, Sue held a number of senior roles in UK/listed companies, including that of Director of Corporate Affairs for Railtrack Group and Scottish Power plc. Sue has an MBA from Heriot-Watt University and was a Director on the Board of Edinburgh Business School from 2017 to 2019. She is also a Non-Executive Director of Tulchan Communications Group LLP, a leading advisory firm.

Committee membership

R

External public directorships

Non-Executive Director of Mondi plc and a member of the Audit, Nomination and Remuneration Committees.

Non-Executive Director and Senior Independent Director of Imperial Brands PLC, Chair of the Remuneration Committee and a member of the Audit and Succession & Nomination Committees.

Key

A Audit Committee N Nomination Committee R Remuneration Committee Chair of the Committee

William Eccleshare
Independent Non-Executive Director

6

William was appointed as a Non-Executive Director in November 2017.

Skills, competence and experience

William has strong international experience in business transformation, expansion, marketing, branding, restructuring and digital innovation. He has run the European divisions of major advertising agencies WPP and Omnicom and is a former partner of McKinsey & Co where he led the firm's European Marketing practice. William also served as a Non-Executive Director of Hays plc from 2004 to 2014. William is Chief Executive Officer of Clear Channel Outdoor Holdings Inc., and led the global Out-of-Home advertising business through a major digital transformation. William is also a Trustee and Director of Donmar Warehouse Projects Ltd.

Committee membership

R

External public directorships

Executive Director of Clear Channel Outdoor Holdings, Inc.

Non-Executive Director and Senior Independent Director of Centaur Media plc and a member of the Remuneration, Nomination and Audit Committees.

Ian McHoul
Senior Independent Director

7

Ian was appointed as Senior Independent Director in September 2017, having joined the Board as a Non-Executive Director in March 2014.

Skills, competence and experience

Ian served as Chief Financial Officer of Amec Foster Wheeler plc for nine years. Prior to this, he was Finance Director of Scottish & Newcastle plc and Finance and Strategy Director of the Innpreneur Pub Group Ltd. In addition, Ian spent 10 years with Foster's Brewing Group in a variety of roles. He brings substantial financial expertise, and extensive knowledge and experience of strategy and the beverage and retail industry, to the Board. Ian was a Non-Executive Director and Chairman of the Audit Committee of Premier Foods plc, the last year of which he was also the Senior Independent Director.

Committee membership

A N R

External public directorships

Chairman of Vitec Group plc.

Non-Executive Director of Young & Co's Brewery plc and Chair of the Audit Committee.

Non-Executive Director of Bellway plc, Chair of the Audit Committee and a member of the Remuneration and Nomination Committees.

Euan Sutherland
Independent Non-Executive Director

8

Euan was appointed as a Non-Executive Director in February 2016.

Skills, competence and experience

Euan currently serves as Group Chief Executive Officer of Saga plc. Prior to this, he served as Group Chief Executive Officer of SuperGroup Plc for five years and as Group Chief Executive Officer for the Co-op group of companies. Earlier in his career he was Group Chief Operating Officer at Kingfisher plc, Chief Executive Officer of B&Q and Chief Executive of AS Watson UK, owner of Superdrug. Euan has over 20 years' experience within the retail and FMCG sectors having held roles with Boots, Dixons, Coca-Cola and Mars. Euan has a first class Honours degree in Managerial and Administrative Studies from Aston University.

Committee membership

A N

External public directorships

Executive Director of Saga plc.

Clare Thomas
General Counsel and Company Secretary

9

Clare joined Britvic as General Counsel and Company Secretary in September 2013 and is responsible for the Legal, Company Secretarial and Estates teams across Britvic.

Clare has extensive legal and corporate governance experience over a 20 year career and prior to joining Britvic was a corporate/M&A partner at law firm Addleshaw Goddard LLP, where she had a particular focus on FMCG clients.

Clare holds a degree in law from the University of Bristol.

Group Executive team

as of 30 September 2021



Simon Litherland
Chief Executive Officer

1



Joanne Wilson
Chief Financial Officer

2



Clare Thomas
General Counsel and
Company Secretary

3



Matt Barwell
Chief Marketing Officer

4



Zareena Brown
Chief People Officer

5



Steve Potts
Managing Director, Beyond the Bottle

6



Paul Graham
Managing Director, Great Britain

7



Kevin Donnelly
Managing Director, Ireland

8



Pedro Magalhães
Managing Director, Brazil

9



Hessel de Jong
Managing Director, Britvic
Teisseire International

10

Group Executive team **continued**

Simon Litherland Chief Executive Officer

1

See Simon's biography on page 70.

Joanne Wilson Chief Financial Officer

2

See Joanne's biography on page 71.

Clare Thomas General Counsel and Company Secretary

3

See Clare's biography on page 71.

Matt Barwell Chief Marketing Officer

4

Matt is responsible for all aspects of global brand strategy, research and development, corporate affairs and the company's sustainability agenda.

Matt joined Britvic in 2014 from Diageo, the world's leading premium drinks business, where he was a senior member of the marketing team for more than 15 years. Matt was Marketing and Innovation Director for Diageo Europe and prior to that Marketing and Innovation Director for Africa. He also worked and lived in Italy for a number of years with the company.

He started his career as a graduate trainee at Mars, working in sales and marketing across the pet care and confectionery businesses.

Matt is a former Chair of both the Marketing Group of Great Britain and the Advertising Association's Front Foot group, he sits on the Food and Drink Federation President's Committee and is a Fellow of the Marketing Society.

Zareena Brown Chief People Officer

5

Zareena was appointed as Chief People Officer in June 2018, responsible for global talent management, capability building, diversity, organisation development, reward and all aspects of the people strategy for the Group.

Zareena has extensive HR experience over a 25 year career with major multinational companies. Before joining Britvic, she worked for InterContinental Hotels Group in a variety of senior human resources positions including Senior Vice President Talent, Learning and Leadership Development, and Vice President of Human Resources, Asia, Middle East and Africa. Her earlier career was with Hilton Hotels and a number of FTSE 100 retailers. She has experience of living and working in Asia.

Steve Potts Managing Director, Beyond the Bottle

6

Steve joined Britvic as Chief Information Officer in 2014 and became a member of the Executive team in June 2018, taking on additional responsibility for Britvic's digital transformation.

From October 2020, Steve was appointed Managing Director, Beyond the Bottle, Britvic's forward-thinking approach to the future of dispense. In addition, Steve runs Britvic's Group Procurement Function.

Prior to joining Britvic, Steve was at Marks & Spencer plc, where he was responsible for IT for UK stores, the international businesses in more than 40 countries, and the critical commercial and supply chain systems used across the foods business. Earlier in his career, he worked for both Procter & Gamble and Reckitt Benckiser, where he performed a number of director-level roles within IT, and was CIO at Tarmac Group, where he combined running the IT function with the Programme Director role of Tarmac's Business Transformation Programme.

Paul Graham Managing Director, Great Britain

7

Paul joined Britvic in September 2012 and was promoted to the role of Managing Director, Great Britain, the following year. He has played a pivotal role in business-shaping milestones, including Britvic's commitment to move to 100% recycled plastic bottles.

Prior to Britvic, he worked in commercial roles at Mars Confectionery and United Biscuits, where he developed his passion for FMCG.

Paul is President of the British Soft Drinks Association.

Paul holds a degree in Management Sciences from The University of Manchester.

Kevin Donnelly Managing Director, Ireland

8

Kevin joined Britvic Ireland in September 2008 as Marketing Director and was appointed Managing Director in June 2013. He has over 30 years' experience in sales, marketing and general management in FMCG companies, including Unilever and Dairygold. He is Chair of the Prepared Consumer Foods Council, part of Ibec, Ireland's largest business lobby group.

Kevin holds a first class Honours degree in Marketing from Trinity College Dublin and a postgraduate diploma in Digital Marketing.

Pedro Magalhães Managing Director, Brazil

9

Pedro joined Brazilian drinks company Ebba in 2009, which became part of Britvic Brazil in September 2015. Pedro became Managing Director, Brazil, in 2021.

Prior to this position, he was CFO of the Brazilian business unit and Vice President of Finance and Operations.

Pedro has more than a decade of experience as an Investment Fund Manager within various sectors in North East Brazil, including Casa Forte Investments and Rio Bravo Investments.

Pedro studied Business Administration at the Pernambuco University and gained an MBA from FGV with an extension at the Harvard Business School.

Hessel de Jong Managing Director, Britvic Teisseire International

10

Hessel joined the business in September 2015 with over 20 years of management experience in the international FMCG industry.

Prior to joining Britvic, Hessel held various regional and global leadership positions at Coca-Cola, Heineken and SCA Group.

Hessel is based in Amsterdam and holds a Master of Business Administration from INSEAD and a Bachelor of Business Administration from Nyenrode University.

Corporate Governance

Our governance framework

2,645 shareholders as at 30 September 2021

Board

Non-Executive Chairman John Daly

The Chairman leads the Board and is responsible for the creation of the conditions necessary for overall Board and individual Director effectiveness in directing the company.

The Chairman acts as the company's external representative, seeking regular engagement with major shareholders in order to understand their views on governance and performance against the strategy.

Chief Executive Officer Simon Litherland

The CEO is responsible for the day-to-day management of the business, developing the Group's strategic direction for consideration and approval by the Board and implementing the agreed strategy. He is supported by the other members of his Executive team.

Chief Financial Officer Joanne Wilson

The CFO is responsible for the finance, strategy, risk and internal audit, IT and master data teams. She has primary responsibility for all financial related activities including the development of financial and operational strategies, strategic planning, deal analysis and negotiations, and investor relations. The CFO also chairs Britvic's ESG Committee.

Senior Independent Director Ian McHoul

The Senior Independent Director works closely with the Chairman, acting as a sounding board and providing support, and acting as an intermediary for other Directors as and when necessary.

He is available to shareholders and other Non-Executive Directors to address any concerns or issues they feel have not been adequately dealt with through the usual channels of communication (i.e. through the Chairman, the CEO or CFO), or for which such contact is inappropriate.

Independent Non-Executive Directors Suniti Chauhan, Sue Clark, William Eccleshare, Euan Sutherland

The Non-Executive Directors' role is to provide critical and constructive challenge to the Executive Directors, while scrutinising and holding their performance to account against agreed performance objectives.

They bring independent judgement and oversight on issues of strategy, performance and resources, and, through the Board's committees, on matters such as remuneration, risk management systems, financial controls, financial reporting, the appointment of further Directors and sustainability.

General Counsel and Company Secretary Clare Thomas

All Directors have access to the advice of the General Counsel and Company Secretary. The General Counsel and Company Secretary is the senior legal officer for the Group and is responsible for advising the Board on all governance matters and ensuring that Board procedures are followed. Support is also provided to the Chairman in ensuring that the Directors receive accurate, timely and clear information.

Committees

Nomination Committee

Responsible for Board appointments, succession planning and reviewing the structure, size and composition of the Board, ensuring that there is a balance of skills, knowledge, experience and diversity on the Board.

Audit Committee

Monitors the integrity of the Group's external reporting and provides oversight and governance of the Group's internal controls, risk management and the relationship with external auditors.

Remuneration Committee

Responsible for setting the remuneration policy and individual compensation for the Chairman, Executive Directors and senior management to ensure that it is in line with the long-term interests of the Group.

Executive team

CEO

Chief Marketing Officer

Chief People Officer

Managing Director, Beyond the Bottle

Managing Director, Great Britain

CFO

Managing Director, Britvic Teisseire International

Managing Director, Ireland

Managing Director, Brazil

General Counsel and Company Secretary

Executive Committees

ESG

D&I

Tax & Treasury

Capital

Healthy People

Compliance

Corporate Governance continued

How the Board works

The role of the Board

The role of the Board is to promote the long-term sustainable success of the company for the benefit of all stakeholders, generating value for shareholders and contributing to wider society. The Board is responsible for setting the long-term business strategy and establishing the company's purpose, vision and values, which together underpin the culture of the business – see page 22 for our strategy at a glance.

The Board assesses the basis on which the company generates and preserves value by focusing on a number of key areas.

Strategy

The Board is focused on strategic matters and is responsible for assessing the appropriateness of the strategy against the company's purpose, vision and values, making adjustments over time as required. The Board evaluates and approves targets for both financial and non-financial measures, including the Group's environmental impact, to ensure alignment with strategic aims.

It has a forward-looking agenda that considers economic, social, environmental and regulatory issues and any other relevant external matters that may influence or affect the company's achievement of its objectives.

 Further information on how Board governance supports strategy can be found on page 78.



Performance and monitoring

The Board evaluates and monitors current performance against agreed targets and is responsible for approving annual plans and budgets, major capital commitments, material acquisitions, results, dividends and announcements, including the going concern and viability statements. It ensures that the necessary financial resources, assets and skills are in place for the company to meet its objectives.

Performance monitoring includes non-financial performance such as quality, health and safety, employee engagement, diversity, environmental measures such as carbon footprint, water usage, waste and packaging, and social measures such as community programmes and the drive to offer healthier consumer choices via calories per serve.

 Detailed information on Britvic's sustainable business can be found on pages 34 – 56.



Internal controls and risk management

The Board considers and sets the company's risk appetite for each of the company's principal risks. It assesses principal and emerging risks, approves changes to risk evaluation and reviews and considers mitigation plans. The Board also considers the mapping of risk against risk appetite and approves the overall approach to risk management.

While the Board has ultimate responsibility for the company's risk management and internal control systems, monitoring of these systems is delegated to the Audit Committee.

 Further information can be found in the Audit Committee Report on page 91 and the risk management section on pages 61 – 66.



Culture, leadership and people

The Board assesses and monitors culture, ensuring that policy, practices and behaviours in the business are aligned with the company's purpose, values and strategy. The Board receives and considers detailed analysis of employee engagement surveys, covering company culture including wellbeing, learning & development, belonging and career progression, noting performance, progress made and future next steps.

The Board reviews health and safety performance at every meeting, noting safety performance against targets, health and safety culture and key focus areas going forward.

The Board engages with the wider workforce via a number of different channels, including participating in the Employee Involvement Forum and the Leadership Forum.

 Further information on employee engagement can be found on page 81.

The Board is responsible for succession planning and the remuneration policy for the Chairman, Non-Executive Directors, Executive Directors, the Company Secretary and Executive team, following advice and recommendations made by the Nomination and Remuneration Committees.

The Board also ensures that provision is made for the workforce to raise concerns in confidence. The Audit Committee routinely reviews the mechanism in place for reporting, and reports on any concerns raised are provided to the Board at every meeting.

 Further information on succession planning can be found on page 84.

 Further information on raising concerns can be found on page 91.



Governance, shareholders and stakeholders

The Board acts fairly between shareholders and engages in appropriate dialogue to obtain the views of shareholders as a whole. The Board reports to shareholders in the form of an Annual Report and Accounts, quarterly trading updates and full and half year results updates, as well as various other statutory non-financial statements.

The Board considers the views of, and effects on, the company's key stakeholders in Board discussions and decision making.

 Further information on shareholder engagement can be found on page 80.

 Further information on stakeholder engagement can be found on pages 30 – 31.



Corporate Governance **continued**

How the Board works **continued**

How the Board operates

The Board is accountable to shareholders for all the actions of the company. The articles of association set out the rules agreed between shareholders as to how the company is run, including the powers and responsibilities of the Directors. Britvic's articles were updated in January 2019 to incorporate best practice and current legal and governance standards.

Matters reserved

The Board has a formal schedule of matters specifically reserved for its decision making and approval. These include responsibility for the overall management and performance of the Group and the approval of its long-term objectives, commercial strategy, annual and interim results, annual budgets, material acquisitions and disposals, material contracts, major capital commitments, going concern and long-term viability statements and key policies. The matters reserved for decision by the Board are regularly reviewed and approved by the Board.

Committees

The Board is assisted by three Board committees to which it formally delegates matters as set out in each committee's terms of reference, which are reviewed annually, with any amendments being approved by the Board.

Terms of reference for each committee can be found at britvic.com/committees. The reports of the committees can be found on pages 82 – 116.

The Board also has a Disclosure Committee which meets when required and is responsible for overseeing the disclosure of information by the company to meet its obligations as a listed company. The Disclosure Committee was not called on to meet during the year.

The Board may constitute further committees for regular long-term duties or to address specific short-term situations, as set out in the company's articles of association. The Board may also call on a number of Directors to form a sub-committee for an individual decision or authorisation, such as the approval of quarterly results.

Delegation of authority

The Board delegates authority for the executive management of the company to the CEO, other than those matters reserved for decision by the Board and matters delegated to committees of the Board. The Britvic Statement of Authorities is an internal document that sets out the delegations below Board level. It provides a structured framework to ensure the correct level of scrutiny of various decisions covering matters including contracts, capital expenditure, tax, treasury and HR decisions. Amendments to the Statement of Authorities are reviewed and approved by the Board.

Meetings

The Chairman, in conjunction with the CEO and Company Secretary, plans an annual programme of business prior to the start of each financial year, taking into account outputs from the annual review of Board effectiveness. This ensures that essential topics are covered at appropriate times, and that space is built in to give the Board the opportunity to have in-depth discussions on key issues. The programme of business is prepared in conjunction with the annual programme for the Executive team meetings, to ensure consistency and fluid reporting to the Board as and when required.



The Board met seven times during the year as scheduled, excluding sub-committee meetings to approve the financial results, and on two further occasions at short notice, to deal with matters related to remuneration and the acquisition of Plenish.

Wherever possible, when upcoming time-sensitive approvals were expected to be required before the next scheduled meeting, the Board authorised sub-committees to be convened as appropriate. Sub-committee meetings were held on matters related to the approval of capital investments and technical amendments to the Group financing facility. Additionally, written resolutions were passed related to the appointment of the new Managing Director, Brazil, and approval of Directors' new external appointments.

All meetings were held via Teams video conference, with the exception of the meeting in September 2021, when the Directors were able to meet in person for the first time since the start of the pandemic.

The Chairman regularly meets with the Non-Executive Directors without the Executive Directors present, both collectively and individually. In addition, the Chairman discussed matters relevant to the Audit and Remuneration Committees with the Chairs of each on a regular basis. The Non-Executive Directors also met during the year without the Chairman to discuss his performance.

The Chairman and the Company Secretary ensure that the Directors receive clear, timely information on all relevant matters. Board papers are circulated electronically via a secure Board portal in advance of meetings to ensure that there is adequate time for them to be read and to facilitate robust and informed discussion. The portal is also used to distribute reference documents such as company policies and other useful resources like articles and discussion papers.

 Information on Board attendance can be found on page 70

Corporate Governance **continued**

How the Board works **continued**

Directors

The majority of the Board are independent Non-Executive Directors. The roles of the Chair and CEO are separate; there is a clear division of responsibilities between the two and the roles may not be exercised by the same individual.

The Nomination Committee reviewed the independence of all Non-Executive Directors during the year and has concluded that all current Non-Executive Directors remain independent (see page 84).

Non-Executive Director appointments are initially for a period of three years and may be renewed for two further terms of three years subject to recommendation from the Nomination Committee, taking into account both individual contribution, length of service of the Board overall and its future needs.

Details of the Executive Directors' service contracts and the Chairman's and the Non-Executive Directors' letters of appointment are set out in the Directors' Remuneration Report on page 116. These documents are available for inspection at the registered office of the company during normal business hours and at the AGM.

All Directors are subject to annual re-election by shareholders. Both the appointment and removal of the Company Secretary are subject to approval by the whole Board.

Following the voting outcome of Resolution 12 (re-election of William Eccleshare) and Resolution 13 (re-election of Ian McHoul) at the company's AGM held on 28 January 2021, the Board determined that both William Eccleshare and Ian McHoul continue to discharge their roles on the Britvic Board effectively, despite challenging conditions over the past year which have required increased ad hoc Board and Committee meetings and further dialogue between Directors outside formal Board meetings. The Board also noted the announcement that William is stepping down from the operational leadership of Clear Channel Outdoor Holdings Inc and will take on a new role as Executive Vice Chairman, effective from 1 January 2022.

Time commitment and external appointments

Non-Executive Directors are required to devote sufficient time to their role and responsibilities as a member of the Board and its committees. The Nomination Committee considers any existing time commitments of potential new Directors as part of its selection process and prior to any new appointment being approved.

All new Directors are required to provide confirmation to the Company Secretary of their external appointments on joining the Board. With respect to any subsequent external appointment, the Nomination Committee reviews the impact on the Non-Executive Director's time commitment and makes a recommendation to the Board for approval if appropriate. Executive Directors are not permitted to take on more than one appointment as a director of another listed company. The Company Secretary's office maintains a record of all external appointments held by the Directors.

During the year, the Board approved two external appointments. Sue Clark joined the Board of Mondi plc as a Non-Executive Director and a member of the Audit, Nomination and Remuneration Committees. The Board noted that Sue stepped down from a similar role at AkzoNobel NV at a similar time and concluded that there would be no impact on her time commitment for her Britvic role.

Joanne Wilson was appointed as a Non-Executive Director and a member of the Audit and Nomination Committees of Informa plc. The Nomination Committee concluded that the time commitment required was reasonable, and that the appointment brought benefits related to Joanne's personal development as a listed company director.

Directors' indemnities

The company maintains Directors' and Officers' liability insurance which provides appropriate cover for legal actions brought against its Directors. Each Director has been granted indemnities in respect of potential liabilities that may be incurred as a result of their position as an officer of the company. A Director will not be covered by the insurance in the event that they have been proven to have acted dishonestly or fraudulently.

Conflicts of interest

All Directors have a duty to avoid conflicts of interest, and where they arise to declare conflicts to the Board, including significant shareholdings. The Board considers, and if thought fit, authorises any potential conflict and the conflicted Director may not participate in any discussion or vote on the authorisation. Any such authorised conflicts are reviewed at least annually by the Nomination Committee.

Advice and access to employees

All Directors have access to the advice of the Company Secretary, who is responsible for advising the Board on all governance matters. Directors are also entitled to obtain independent professional advice on any matters related to their responsibilities to the company, at the company's expense.

The Board is authorised to seek any information it requires from any employee of the company, including the Company Secretary, in order to perform its duties.

Training and development

Newly appointed Directors are offered a tailored, comprehensive and personalised induction programme on joining the Board. No new Directors joined the Board during the year. Continuing training and education is available to all Directors to enable them to fulfil their responsibilities as Directors and to develop their understanding of the business. The Board portal is used as a repository of reference standards, recent articles and papers on a range of relevant topics. The Company Secretary arranges for external speakers to provide training on specific topics as appropriate.

During the year, Addleshaw Goddard provided training on Anti-Bribery and Corruption requirements, and the Board discussed the company's policy and processes, and how these were implemented and monitored globally.

Corporate Governance continued

The Board in 2021

How governance supports strategy

The Board spent time throughout the year reviewing the strategy, including a two day strategy meeting in March 2021 which included in-depth assessments of specific strategic pillars and evaluations of individual business units' progress. The Board considered the strategy in light of the COVID-19 pandemic, to ensure it was right for the new world we are now facing, concluding that the direction was still valid while adjusting some elements to take advantage of new opportunities and address new challenges.

Build local favourites and global premium brands

The Board's governance role:

The Board reviews information, market drivers, and progress reports from the Executive teams in each of our business units and provides advice from its own experience to support brand and market growth.



What we considered in 2021:

- Received and discussed a different brand health review at each Board meeting, including The London Essence Company, Tango, Robinsons and J20
- Received and considered an in-depth update on plans and performance for the new Britvic Teisseire International business unit
- Reviewed and approved the new 20 year Pepsi Exclusive Bottling Agreement and the addition to the portfolio of the Rockstar brand
- Monitored performance of local favourites and global premium brands throughout the year including relative market shares

Flavour billions of water occasions

The Board's governance role:

The Board reviews the implementation of the Group's strategy and the ways in which the business units are able to become more sustainable and provide consumers with market leading flavour concentrate brands.



What we considered in 2021:

- Received updates on individual concentrates brand plans including Robinsons and Mathieu Teisseire and discussed the unique role of each brand in the Flavour Billions of Water Occasions strategy, including current brand performance, future strategy and innovation
- Received a detailed update from the Beyond the Bottle team outlining progress and innovation related to the Aqua Libra brand (formerly The Boiling Tap Company), the sustainable hydration strategy and tap/dispense innovation
- Monitored performance of concentrates brands throughout the year including relative market shares

Healthier People, Healthier Planet

The Board's governance role:

The Board ensures that non-financial goals and progress are integrated with all performance decisions and are considered as part of strategy and implementation throughout the business. These include environmental targets, employee wellbeing and impacts on the wider community.



What we considered in 2021:

- Received the CFO report every month containing a series of non-financial measures, including rPET, water, carbon, calories per serve, employee engagement and women in leadership
- Reviewed Healthier People, Healthier Planet performance against goals
- Reviewed and discussed the company's new dynamic working approach 'Working Well'
- Reviewed and discussed the outputs of employee surveys and focus areas going forward, to further increase employee engagement
- Received a Health, Safety and Wellbeing report at every meeting

Access new growth spaces

The Board's governance role:

The Board reviews information on new channels and solutions which anticipate consumer needs and purchasing behaviours, and the technology requirements of the business units.



What we considered in 2021:

- Received and discussed the CFO report every month containing innovation tracking and market share data
- Spent time discussing potential new spaces and strategies for approaching and integrating them
- Received updates on innovation plans for key brands including Robinsons, Tango and The London Essence Company
- Considered and discussed other potential organic and inorganic growth opportunities to access new spaces
- Reviewed and approved the acquisition of Plenish

Corporate Governance *continued*

The Board in 2021 – key activities

Performance and monitoring – People, Planet and Performance

At each meeting, the CFO presented to the Board on activity in the prior period, covering People, Planet and Performance metrics. These included environmental and safety performance against targets, consumer complaints, the zero harm strategy, Group and business unit performance for each period, market data, budgets, outlook, cash flow and liquidity. Investor relations reports detailing market movements and trends were also considered.

The Board's monitoring of financial performance was informed by in-depth presentations covering individual business units, including Great Britain, Brazil, Britvic Teisseire International and Beyond the Bottle, and brand evaluations including Pepsi, Tango, J2O and Robinsons.

The Board received presentations from the Environmental, Social and Governance (ESG) team twice during the year covering progress against targets, water stewardship, the introduction of a carbon calculator and the roadmap for ESG strategy going forward.

The Board reviewed and approved the interim and full year results, including the recommended dividends and market announcements. The Board also reviewed and approved the annual budget and operating plans.

Culture, leadership and people

The Board carried out two sessions on culture and employee engagement during the year, at which the Chief People Officer presented on the new Employee Heartbeat framework and results of pulse surveys. Results from the surveys are immediately available and the Board was able to see scores analysed by business unit and other thematic splits, and understand how results fed back directly into plans to support culture and employee wellbeing and improve engagement still further.

Britvic's employees are critical to the company's success and the Board believes their hard work and dedication should be recognised and rewarded in a fair and consistent way, in accordance with the company's values. The Board reviewed the approach

to investing in and rewarding the workforce during the year. In Britvic's local markets, the company provides a package of relevant benefits focused on employee health and wellbeing. In addition, employees are eligible to receive a bonus, typically linked to financial performance, as well as their individual performance. Further information on employees can be found on pages 37 – 40 and in the Directors' Remuneration Report on page 105.

A half day session on talent was held in March, during which detailed conversations took place on Executive succession, senior leadership pipeline, talent and capability. The Board also received recommendations from the Nomination Committee on Board and Executive succession.

Internal controls and risk management

The Board received presentations from the Director of Internal Audit and Risk twice during the year. These included a comprehensive review and consideration of changes to both existing and emerging risks, including particular attention to risk appetite setting across the principal risks.

Detailed risk and control reviews were conducted for each of the principal risks, with continued focus on cyber security and supply chain risk. The Board also evaluated how the company can continue to improve the effectiveness of its approach to risk management.

The Board received updates at each meeting on any reports received through the company's whistleblowing provision, and updates from the independent company investigations and actions required to resolve issues raised.

The assessment of the company's system of internal controls and risk management is delegated to the Audit Committee, and the Board received verbal updates from the Audit Committee Chair after each Committee meeting. A description of the main features of the company's internal control and risk management systems can be found on pages 61 – 63, and the Audit Committee's Report can be found on pages 88 – 92. The Board's statement on viability is on page 67.

Governance

The Board received regular updates on the company's governance practices and procedures and legal and regulatory matters and approved various matters such as the going concern and viability statement, as well as statutory non-financial reports such as the Modern Slavery Act Statement, the Gender Pay Gap Report and annual disclosure of tax strategy.

The Board reviewed and adopted updated Group policies on matters including share dealing, whistleblowing, and anti-bribery and corruption.

The Board reviewed Non-Executive Director independence and Director conflicts of interest following recommendations from the Nomination Committee, and carried out the annual review of Non-Executive Director fees.

An externally facilitated review of Board and Committee effectiveness was carried out and the Board discussed actions to be taken in the upcoming year to implement its recommendations (see pages 85 – 87).

The Board considered and approved a number of significant contracts as required by the governance framework.

The Board reviewed and approved the Annual Report and Accounts, having considered compliance against the UK Corporate Governance Code.

The terms of reference of each Committee were reviewed and adopted where changes were made.

Corporate Governance **continued**

The Board in 2021 – key activities – shareholders and stakeholders

Shareholders

The Board values maintaining strong lines of communication with investors, which it believes should be an ongoing process. The Board's main contact with existing and prospective institutional shareholders is through the Director of Investor Relations, who is responsible for all primary contact with shareholders, potential investors and equities research professionals.

The Chairman regularly proactively engages with investors to understand their views on governance and the performance of the company against its strategy and on any other matters specifically concerning the company. In addition, the Audit and Remuneration Committee Chairs engage with investors on matters relevant to those committees through a variety of channels such as face-to-face and virtual meetings. During 2021, the Chair of the Remuneration Committee liaised with the company's top institutional shareholders concerning potential changes to the company's current Remuneration Policy.

 Further information on the remuneration policy consultation can be found on pages 95 – 96.

There is a regular programme of meetings with major institutional shareholders to consider the Group's performance and prospects. The Group reports its financial performance to shareholders four times a year: half year and full year announcements and Q1 and Q3 trading updates.

The Director of Investor Relations and various members of the Executive team engage directly with investors throughout the year, including one-to-one meetings and group meetings, as well as attending conferences both virtually and physically.

The Group's investor reach is global, and the company liaised with investors in the UK, the United States, Canada, France, Italy, Germany, the Netherlands, Norway and Sweden during the last financial year.

The Board receives reports on investor relations activity from the Director of Investor Relations at each Board meeting and additionally receives regular reports from an independent capital market advisory firm, which provides comprehensive information relating to the company's major shareholders. The Board is also kept up to date with information from any meetings with major shareholders. The Directors discuss such feedback, which influences decisions to actively meet as required with major shareholders on matters specific to the company. The CEO and CFO also meet with both corporate advisors, JPMorgan and Citi, as well as Headland Consultancy for advice and insight related to capital markets and media engagement. Citi gave a presentation to the Board in March, to give insight to the Board on what is important to investors, how they see us and what they would like the company to focus on.

Private shareholders are encouraged to access the company's website for company reports and business information and to contact the company via email with any queries (investors@britvic.com). Enquiries about specific shareholder matters should be addressed to the company's Registrar, Equiniti, in the first instance – contact information can be found on page 192.

Annual General Meeting (AGM)

Prior to the AGM, the Board receives and considers principles of ownership, corporate governance and voting guidelines issued by the company's major institutional shareholders, representative bodies and proxy advisory organisations.

Key shareholder activities:

Q1

- Preliminary results 2020 meetings
- Engagement with investors ahead of the Annual General Meeting

Q3

- Interims 2020 meetings
- Deutsche Bank Consumer Conference
- Executive remuneration discussions with investors
- Goldman Sachs ESG conference

Q2

- Annual General Meeting
- Broker, investor and ESG analyst engagement visits and virtual meeting
- ODDO BHF European Mid-Cap Conference
- UBS Global consumer and retail conference
- Berenberg UK corporate conference

Q4

- Executive remuneration discussions with investors
- Barclays consumer conference
- UBS ESG conference
- Investor calls and virtual meetings
- ESG roadshow
- Kepler Cheuvreux consumer conference

The CEO provides an update on the performance, positioning and outlook for the Group at each AGM. Shareholders are invited to ask questions formally during the meeting which may be followed up by one-to-one discussions with the Directors afterwards if required. Our 2021 AGM was held as a closed meeting, due to the ongoing restrictions and limitations on public gatherings imposed by the Government. Shareholders were encouraged to vote by appointing the Chair as proxy as they were unable to attend in person. The Board encouraged shareholders to submit questions in advance and these were responded to individually.

The 2022 AGM is planned to be a physical meeting to be held in London. The Board will monitor the situation in relation to the AGM with particular regard to any changes to the UK Government restrictions and guidance and other factors relating to the health and safety of shareholders and the Board, and will change the arrangements for the AGM if this is deemed necessary.

Stakeholders

The Board actively encourages and carries out engagement with its key stakeholders and considers this to be paramount to the long-term success and the performance of the business. Our Section 172 statement outlined on pages 32 – 33 explains how Section 172 matters, including engaging with key stakeholders, are taken into consideration by the Board in its decision making.

The Board recognises, along with the company's purpose and values, the contribution the company makes to society, the environment, and to each of its key stakeholders. It seeks to understand the views of its key stakeholders and predominantly engages with those stakeholders through the Executive Directors, who ensure that the Board is kept informed of any key issues or changes.

It also keeps engagement mechanisms under constant review to ensure that they remain effective. Information on how the Board has engaged with key stakeholders during the year can be found on pages 30 – 31 and information specific to employee engagement can be found on page 81.

Corporate Governance **continued**

The Board in 2021 – key activities – employees

The Board is committed to engaging with employees throughout the company on subjects that affect them and providing them with updates on the company's performance. Towards the end of 2019, the Board implemented an approach to employee engagement that built on existing mechanisms, with clear plans to enhance and adapt these going forward. Examples of these mechanisms are set out on this page. The Board acknowledged that although this is not one of the recommended approaches set out in the 2018 Code, by adopting a range of different engagement practices, the Board will be provided with greater opportunities to hear the employee voice in a variety of settings. The Board considers this to be more effective than allocating responsibility to a single Director or limiting engagement to an advisory panel, as it opens up possibilities for a wider range of activities.

The Board set out an engagement plan at the start of the 2021 financial year, which included in person site visits and face-to-face meetings. It was not possible to complete these activities, but a range of alternative measures were implemented instead. The Board has resumed site visits in November 2021, meeting employees at the Beckton site, and plans to visit other sites in 2022.

Employee Involvement Forum

The Employee Involvement Forum (EIF) provides a formal mechanism for elected representatives of Britvic employees to meet regularly with senior management representatives for the purpose of exchanging information and consulting on issues that have a general impact on business performance for topics such as company strategy, business performance, environmental matters and employment policy.

It also provides a mechanism for the ad hoc exchange of information and consultation on issues that impact business performance between elected representatives and senior management as required.

John Daly and Sue Clark attended an EIF meeting in August 2021 and led a Q&A session on a number of topics including:

- Executive Director pay and how non-financial performance is considered in relation to this
- External market view of Britvic performance
- Recent acquisitions
- The growing importance of ESG
- Company culture and ambition

John and Sue fed back to the Board following this session and going forward, different Directors will participate in further EIF meetings each year.

“It was an open and informative session which bodes well for future meetings and ways of working together.”

EIF Chair



Leadership Forum with John Daly

Regular Leadership Forum calls, chaired by Simon Litherland, are held with the 100 most senior Britvic leaders worldwide, to keep the community connected and spend time together for updates on key strategic initiatives and performance. These interactive online sessions include time for Q&A sessions between the participants. John Daly occasionally joins these calls to share his views and give the leadership population the opportunity to ask questions.

“The Leadership Forum calls are a great way for me to stay connected to my colleagues around the world. I particularly enjoy hearing about progress against our strategy, and it was great to hear direct from our Chairman as to how we're doing, and how our work is landing in the City.”

Leadership Forum member



Employee Heartbeat surveys

In November 2020 we introduced our new employee engagement framework – Employee Heartbeat. Twice a year we take the Heartbeat of our people, providing us with valuable insights on employee engagement, what works well in the organisation, and what can be improved. All our employees are given an opportunity to make their voice heard, and an average 86% took the opportunity, giving over 10,000 comments.

Results are released to the Board for discussion following each survey, highlighting the insights gained from Heartbeat, the current business context, and the actions planned. Following this detailed feedback, at these sessions Board input is taken on how we continue to build our culture and, across our business, the insights gained from the surveys are used to develop meaningful action plans.



B-Diverse lunch and learn with Suniti Chauhan

The B-Diverse Network aims to promote diversity and inclusion across the company, providing opportunities to learn and helping to create an environment where all Britvic employees feel confident to bring their true selves to work and inspire everyone to demonstrate inclusive behaviours.

The network organised a virtual event in January 2021 at which Suniti Chauhan spent time talking to around 100 employees about her career journey and the experiences and opportunities she navigated as a woman of colour in the financial and corporate world.

“The inclusiveness of the B-Diverse Network is truly inspiring – a testament to the many people at Britvic who want to contribute, learn and be a part of the solution.”

Suniti Chauhan



All-employee connect calls

The CEO, Simon Litherland, hosts regular global connect calls to bring together all Britvic people to update them on key activities that impact and work towards our strategy in all our business units. They are our live global townhalls, and are available in three languages to ensure that, no matter where in the world, all Britvic employees are included and are together as one team working towards the same goals.

Over the last 12 months, we have held three all-hands connect calls with an average of 1,800 attendees from all areas of the business, covering a range of topics including updates on our People, Planet and Performance agendas, our local brands, the introduction of our Working Well programme and Beyond the Bottle innovation, and included informative and interactive Q&A sessions with members of the Executive team.

“It was an excellent session, and I am proud to work for a large international group with real business opportunities and innovative projects. My team found it inspiring.”

Britvic employee

Nomination Committee Report



John Daly
Nomination Committee Chair

On behalf of the Nomination Committee (the Committee), I am pleased to present its report for the year ended 30 September 2021. The report describes how the Committee has carried out its responsibilities during the year.

Committee members

John Daly (Chair)
Ian McHoul
Euan Sutherland

“The Committee provides oversight of the leadership needs of the business, with a view to ensuring our continued ability to compete effectively in the market place.”

John Daly
Committee Chair

Role and responsibilities

The Committee's role is to provide oversight of the leadership needs of the business, both Executive and Non-Executive, with a view to ensuring our continued ability to compete effectively in the marketplace, to implement the strategy and achieve our objectives. The Committee takes into account the challenges and opportunities facing the company and the skills, experience and knowledge required for the future. Key responsibilities include:

- Reviewing the structure, size and composition of the Board and of its committees and making recommendations to the Board on any changes required to meet current and future needs
- Ensuring that plans and processes are in place for the orderly succession of Directors, Executive team and other members of senior management while overseeing the development of a diverse talent pipeline
- Identifying and nominating candidates for appointment to the Board for approval by the Board, approving changes to the Executive team, and ensuring that the procedure for appointing Directors is formal, rigorous, transparent, objective, merit based and has regard for diversity
- Monitoring the diversity of the Board and senior management and approving any changes to the Global Diversity & Inclusion Policy
- Reviewing the Non-Executive Directors' time commitment, independence and external appointments, and the annual performance evaluation results relating to the composition of the Board
- Reviewing annually any conflict declarations by the Directors and any conflict authorisations granted by the Board
- Making recommendations to the Board concerning suitable candidates for the role of Senior Independent Director
- Making recommendations to the Board for membership of Board committees
- Making recommendations on the re-appointment of any Non-Executive Director at the conclusion of their specified term of office
- Making recommendations for the re-election by shareholders of each Director having due regard to their performance, ability and contribution to the Board in the light of their skills, experience and knowledge

 The Committee's terms of reference, which are reviewed annually, are available on the company's website at britvic.com/committees.

Committee meetings

The Committee met four times during the year, at three scheduled meetings and at one ad hoc meeting at short notice. Committee meetings usually take place prior to a Board meeting, and I reported the activities of the Committee and any matters of particular relevance to the subsequent Board meeting.

All members of the Committee attended all four meetings (see page 70 for attendance report). Attendees at each meeting comprise Nomination Committee members, who are all independent Non-Executive directors, and, by invitation as appropriate, the CEO, the Chief People Officer and any members of the senior management team the Committee feels necessary for a full discussion on agenda items. External advisors may be invited to attend as and when appropriate.

Nomination Committee Report **continued**

Committee membership was reviewed as part of the wider consideration of Board and Committee memberships and no changes were recommended. Meetings were held via video conference for most of the year, with the exception of the September meeting, which we were able to hold in person.

The Committee in 2021

Board and committee composition

The Committee reviewed the composition of the Board, considering the mix of skills, experience, knowledge and background of the Directors, both as required to fulfil strategic needs going forward and in particular when considering renewal of contracts and potential new appointments.

The Committee considered the outputs of the Board evaluation that related to the composition of the Board and its committees, which will be fed into future succession planning processes.

Committee membership was considered, and it was concluded that current memberships fulfil present needs and no changes were recommended.

Suniti Chauhan and William Eccleshare completed their first three year term contracts in November and the Committee considered and approved their renewal for a further three years. The Committee recommended that all serving Directors be put forward for re-election at the 2022 AGM.

Executive team appointment

The Committee considered and approved the appointment of Pedro Magalhães as Managing Director, Brazil, following the retirement of João Caetano de Mello Neto from the business. The Committee noted João Caetano's contribution and achievements since he joined Britvic in 2015 following the acquisition of Ebba, and wish him the very best for the future.

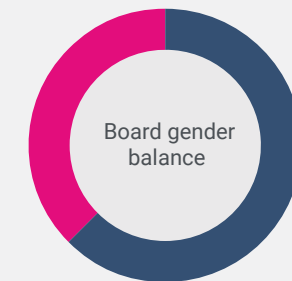
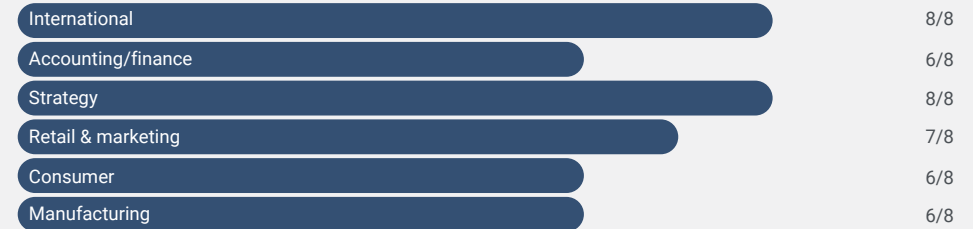
Diversity and inclusion

Britvic recognises the importance of diversity at the Board and all levels of the Group. We are committed to increasing diversity across our operations and have a wide range of activities to support the development and promotion of talented individuals, regardless of factors such as gender, age, ethnicity, disability, sexuality and religious belief.

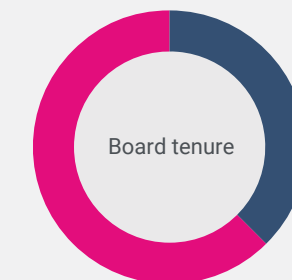
The Committee approved an update to the Global Diversity & Inclusion Policy and noted it was being re-launched in local languages across the business. The policy links directly to the Healthier People, Healthier Planet pillar of the company's strategy. The Chief People Officer provided the Committee with regular updates on progress against the company's diversity and inclusion targets. More information on the detail of the company's diversity and inclusion objectives, policy implementation and progress can be found on pages 37 – 38.

The Committee considered the gender balance of the Executive team and its direct reports and receives information on these from the Chief People Officer on a regular basis. Details can be found opposite.

Board skills and experience



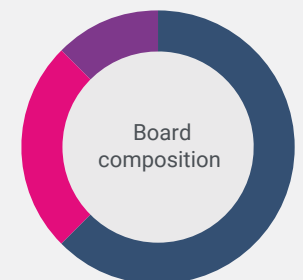
Male	62.5%
Female	37.5%



0 – 4 years	37.5%
5+ years	62.5%



Male	58%
Female	42%



Independent NEDs	62.5%
Executive Directors	25%
Chair	12.5%

Nomination Committee Report **continued**

Succession planning and recruitment

The whole Board reviewed papers presented by the Chief People Officer on succession plans for all members of the Executive team and both short-term and long-term succession is regularly evaluated. Talent is discussed by the full Board at strategy sessions and is also addressed regularly during individual business unit reviews.

The Committee noted that no new Directors had joined the Board for some years, and that several Directors would approach the limit of independence under the 2018 Corporate Governance Code over the next two to five years. A plan to recruit new Non-Executive Directors on a rolling basis over this period was drawn up with the Chief People Officer, mindful that appointments must be based on merit and objective criteria, and cognitive and personal strengths while promoting diversity of gender, ethnicity and social background. A wide range of candidates would be considered, keeping in mind the requirements for Committee Chairs and Senior Independent Director roles over an extended period of time. The Committee decided to initially focus on the recruitment of a candidate for the Audit Chair role. The Committee followed a formal, rigorous and transparent process, as described opposite.

External appointments

All Directors are required to request approval from the Board before accepting any new external directorship appointments. The Committee reviewed requests from Sue Clark and Joanne Wilson during the year and, after careful consideration of the time commitments required and the benefits of the roles under review, recommended approval of their external appointments to the Board (see page 77).

Conflicts of interest and independence

On behalf of the Board, the Committee reviewed the independence of each Non-Executive Director and is satisfied that all Non-Executive Directors, including the Chairman, remain independent under the definition in the 2018 Code. Furthermore, the Committee is satisfied that each of the Non-Executive Directors commits sufficient time to meet their Board responsibilities.

All Directors are required to submit an annual declaration of conflicts of interest and to declare any new conflicts as they arise. The Board delegates to the Committee the responsibility for reviewing the procedures for assessing, managing and, where appropriate, recommending the approval of any conflicts of interest to the Board. The Committee reported to the Board that the current procedures are appropriate and that they have operated effectively during the year.

Committee evaluation

The Committee was evaluated as part of the external effectiveness review of the Board and its committees (details of which can be found on pages 86 – 87). Committee members were interviewed by the external reviewers, who also observed the Committee meeting held in person in September 2021.

The conclusion of the evaluation was that the Committee remains focussed on key themes of succession planning and board composition, with direct involvement from the full Board where this adds value.

Appointment of new Non-Executive Director

1

Criteria

At the April meeting, the Committee discussed search criteria for an Audit Chair role including experience in senior financial management within an substantial international business, experience of strategy development and different business models, and ideally a background in a consumer facing business with a strong digital component. The Committee insisted that diversity of the Board be emphasised in the search, and that diversity should be looked at in its widest sense.

2

Search

A number of external search consultancies were assessed, and Spencer Stuart was appointed to lead the search, drawing on expertise in financial recruitment. Spencer Stuart has no other connections to the company. Spencer Stuart provided a list of candidates meeting some or all of the criteria and a long list of strong candidates was generated from this.

3

Interviews

Seven candidates were interviewed initially by the Chairman and Chief People Officer. Four shortlisted candidates then went on to a second stage interview with the Chairman, CEO, CFO and Chair of the Audit Committee.

4

Offer and contract

Further to interviews the preferred candidate was confirmed, and the Committee approved initiation of the offer process.

Nomination Committee Report **continued**

Review of Board effectiveness

The Board operates a three year cycle of evaluations. Year one of the cycle comprises an externally facilitated evaluation, carried out by an independent consultant. The direct input of each Board member is kept confidential by the external consultant, allowing for honest and in-depth feedback.

Years two and three build on the outcomes of the year one evaluation utilising internally devised questionnaires, and the process is facilitated by the Company Secretary. In all years the evaluation separately assesses the effectiveness of the Board, each Committee and the Chairman. The results of the Chairman's evaluation are reviewed by the Senior Independent Director.

2020 evaluation

A year three evaluation was carried out in the autumn of 2020 by the Company Secretary, using questionnaires completed by all Directors. The evaluation covered areas including Board composition and expertise, the company's long-term business strategy, culture, risk management, COVID-19 response and succession planning.



Last year's review identified a number of priorities which were reflected in the setting of the Board agenda and consequent discussions as follows:

Board priority – 2020 review

Strategy implementation

Internal talent and succession

Culture, diversity and inclusion

Building wider stakeholder understanding

Sustainability strategy and ESG considerations

2021 actions

The Board engaged with the wider strategy, including the changing context and opportunities in a post-COVID world. The Board also reviewed individual business unit strategies (focusing on GB, Brazil and Britvic Teisseire International), and the four strategic pillars, including sessions on Beyond the Bottle and M&A opportunities to access new spaces.

Talent and succession were covered in depth at a half day workshop in March 2021. The talent agenda is also discussed regularly during the year, reflecting alignment with the group's strategic priorities.

The Board received frequent presentations and dedicated increased meeting time to discussing culture, diversity and inclusion with a focus on:

- Culture, incorporating results of employee pulse surveys
- Diversity, inclusion and belonging strategy, actions and results
- Dynamic/flexible working strategy and implementation

The Board held a brand/category review at each meeting, including Pepsi, Tango, Robinsons and London Essence, providing insights into evolving consumer and customer needs. Shareholder views are regularly considered through investor relations updates and in March, our brokers, Citi, were invited to provide their perspectives on the investor landscape and industry context.

The board reviewed the evolution of the company's sustainability strategy and strategic Healthier People, Healthier Planet pillar, endorsing the leading approach and stretching ambition. The board acknowledged the increasing focus on ESG by a wider range of stakeholders, and how the business effectively engages on this topic with investors, employees, customers, consumers and suppliers.

Nomination Committee Report **continued**

2021 evaluation

Appointment of consultants

The most recent externally facilitated review was carried out in 2018, so this year a tender process was carried out to appoint a new consultant. After a rigorous review of potential providers, the Chairman interviewed a shortlist of three candidates, ultimately appointing Bvalco to carry out the review. Bvalco has no other connection with Britvic.

Evaluation process

The process was divided into four stages:

Stage 1

Bvalco worked with the Chairman, CEO and Company Secretary, as well as the Committee Chairs, to agree the scope of the review, including areas of focus.

Stage 2

Bvalco carried out interviews with all Board members and members of senior management who have regular contact during Board and Committee meetings, as well as external participants such as the audit partner and remuneration consultants.

Stage 3

Bvalco was provided with recordings of Board and Committee meetings that took place via video conference in order to observe the proceedings and interactions.

Stage 4

Bvalco analysed the interview outputs and meeting observations to draw out key themes and created a report of findings and recommendations which they presented to the Board.

“Our one-to-one interviews were frank and engaging. We observed a Board who are open and committed to the evaluation process, and to continuing to evolve and find ways to increase the value they add.”

Alison Gill
Bvalco

Context

The Board recognised the value of the timing of this evaluation process, reflecting on the relevance of the strategy announced at the beginning of 2020 and the subsequent dislocation arising from the pandemic. Occasions to meet face-to-face with the Board, the Executives and management within the company were very limited during the pandemic and it was helpful to use this opportunity to reset the Board's ways of working and ability to add value, through the Board agenda to emerging priorities. Needless to say, the focus during the pandemic was supporting the management team and their ability to navigate through a difficult environment, with a collective approach to maintaining stability whilst doing all the right things for the business and its stakeholders. As a result, succession planning took a backseat and therefore emerges as a key focus for 2022.

Findings and outcomes

Following the presentation of Bvalco's report, the Board reflected on the findings and discussed the recommendations before agreeing a series of actions to be implemented.

Bvalco reported that the Board is valued for its commercial acumen, with Board members having good knowledge of and confidence in each other and the business. Directors were seen to ask good questions and to be collegiate and supportive. The mix of strategic change, marketing and commercial experiences from a broad range of industries was noted to be valued and leveraged to good effect. A good mix of formality and informality was observed in Board meetings.

Two key themes were identified for the Board to focus attention on in order to continue to steward the growth and success of the business. The first theme was succession planning, at both Board and Executive level, and the second was continuing to improve the value add of the Board, enabling the board to contribute to a wider range of strategic topics. These themes were subdivided into eight topics and a total of 15 detailed recommendations were suggested. The Board considered the recommendations and accepted the majority of them, with some specific actions already incorporated into the plans for the Board and others being implemented immediately.

The Board expects to continue to work with Bvalco to follow up the on the implementation plans within six months and to plan for a further review in 2022.

In addition to the Board and Committee reviews, Bvalco collected feedback from the Directors on the Chairman's performance which they shared with the Senior Independent Director. The Senior Independent Director took this feedback into consideration when leading the review of the Chairman's performance with the other Non-Executive Directors. The Chairman is considered to be a thoughtful, supportive and challenging leader of the Board, with strong relationships with both Executive and Non-Executive Directors. He encourages views from all Board members, to ensure that the focus remains on areas critical to the business and its stakeholders.

The Chairman met with the individual Directors, including the CEO and CFO, both virtually and face-to-face where possible during the year to get feedback on the business and the Board. Discussions covered each director's individual performance and the Chairman also asked for feedback to help improve his performance.

Nomination Committee Report **continued**

Recommendations and proposed actions

Key theme

Succession planning at Board level

Succession planning for the Executive team and senior management

Non-Executive Director engagement – facilitating more unstructured discussion and debate on broader topics

Non-Executive Director engagement – access to business

2022 actions

- The Nomination Committee will continue to actively review the Board composition and skills, and build on the recruitment processes to set up a diverse pipeline of potential Non-Executive Directors over the next two to five years.

There are already actions in progress with respect to succession for the Chair of Audit and Senior Independent Director roles.
- The Chairman, CEO and other Board members will continue to review talent and Executive succession and development with dedicated meeting time set aside for detailed discussions.

There have been early stage discussions regarding senior teams succession to ensure appropriate planning.
- The Chairman, CEO and Company Secretary will work to develop the forward agenda to better facilitate open discussion. All Directors have given input and engaged in setting the 2022 programme of business.

The Board will invite more external experts to extend and challenge their thinking.

More use will be made of time for informal and Non-Executive Director-only discussions.
- As further opportunities arise post pandemic, Board meetings will be held at different sites on a more regular basis to allow Directors to gain a richer perspective of the people and culture.

Opportunities will be created for the Non-Executive Directors to engage more fully with senior leaders in the business, both formally and informally.

Executives will be encouraged to approach the Board for assistance with strategic issues to draw on their experience and skills with key questions and specific dilemmas.

“The evaluation process has been valuable as part of our journey of continuous improvement. Following the dislocation from the pandemic, it is a good opportunity to reset the board’s ways of working and priorities to support our strategy and create value for our stakeholders.”

John Daly
Committee Chair

John Daly
Nomination Committee Chairman
23 November 2021

Audit Committee Report



Ian McHoul

Audit Committee Chair

On behalf of the Audit Committee (the Committee), I am pleased to present the report for the year ended 30 September 2021. This report describes how the Committee has carried out its responsibilities during the year.

Committee members

Ian McHoul (Chair)

Suniti Chauhan

Euan Sutherland

The Committee is composed solely of independent Non-Executive Directors. The Board is satisfied that Ian McHoul has recent and relevant financial experience as required by the 2018 Code and that the Audit Committee as a whole has competence relevant to the sector in which the company operates. There have been no changes to the Audit Committee during the year.

Role and responsibilities

The Committee's role is to provide oversight of the company's financial and narrative reporting statements; to monitor the effectiveness of systems of internal control and risk management; and to monitor the integrity of the Group's external and internal audit processes. Key responsibilities include:

- Reviewing the integrity of the financial and narrative statements, including results and company performance announcements, significant financial reporting issues and judgements which they may contain and recommending these for approval by the Board
- Providing advice to the Board on whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy
- Ensuring compliance with accounting standards and policies, and reviewing and challenging the application of such standards and policies and, if unsatisfied, reporting its views to the Board
- Establishing procedures to oversee the internal control framework and periodically reviewing the effectiveness of the company's internal audit team and the internal control and risk management systems

- Reviewing for approval by the Board the company's going concern and viability statements, providing advice to the Board on how the company's prospects have been assessed, taking into account the company's position and principal risks
- Overseeing the company's relationship with its external auditor, reviewing their activities, conducting the tender process when a new auditor is to be appointed, and making recommendations to the Board on their remuneration for both audit and non-audit services, terms of engagement, independence, objectivity and effectiveness of the external audit process
- Developing and implementing the company's formal policy on non-audit services, engagement of the external auditor to carry out non-audit services, and assessing whether non-audit services have a direct or material effect on the audited financial statements
- Reviewing the company's arrangements and procedures for individuals to raise concerns where a breach of conduct or compliance, including any financial reporting irregularity, is suspected, while ensuring appropriate safeguards are in place

To enable the Committee to discharge its responsibilities, discussions on a broad range of topics and reports were held with management, internal audit and the external auditors throughout the year. This provided the Committee with insight into the progress towards the company's strategic goals and the challenges and risks, and how they are being managed.

The Committee has an open dialogue throughout the year with the Director of Audit and Risk and the external auditors in order to raise challenges and questions to support understanding while sharing experience and an independent perspective.

Committee meetings

The Committee met three times as scheduled in the year: in November and May to review the Annual Report and Accounts and interim report respectively and to consider the external audit findings; and in September to review the activities of the previous year and the plan for the year ahead, and to consider any emerging issues. At each meeting, the performance and findings of the internal audit team were reviewed, including any outstanding audit actions.

Committee meetings usually take place prior to a Board meeting, and the activities of the Committee and any matters of particular relevance are reported to the subsequent Board meeting. There is time available at each meeting for the Committee to discuss matters with key individuals such as the external audit partner and the Director of Internal Audit and Risk, without others present.

All members of the Committee attended all three meetings (see page 70 for attendance report). Only Committee members have a right to attend meetings, but the Chairman, the Chief Executive Officer, the Chief Financial Officer, the Director of Financial Control and Governance, the Director of Internal Audit and Risk, and the external auditor, EY, are invited to attend as appropriate, as well as any other members of the senior management team that the Committee feels necessary for a full discussion of matters on the agenda. Meetings were held via video conference for most of the year, with the exception of the September meeting which we were able to hold in person.



The Committee's terms of reference, which are reviewed annually, are available on the company's website at britvic.com/committees.

Audit Committee Report **continued**

The Committee in 2021

Review of financial statements

For both the interim and full year results statements, the Committee reviewed:

- Any changes to accounting policies
- Key accounting judgements – details of significant areas considered are shown in the table below
- Compliance with relevant legal and financial reporting standards
- Valuation of goodwill and assets including recoverability of asset carrying values
- The external audit findings, including any accounting and audit adjustments

Financial statements and significant areas considered

Going concern basis for the financial statements and viability statement

The Committee reviewed and challenged management's assessment of going concern, longer-term prospects and the viability statement with consideration of forecast cash flows that took into account potential impacts of COVID-19 restrictions and other principal risks. The Committee also considered the Group's financing facilities including twice yearly covenant tests and future funding plans.

Based on this, the Committee confirmed that the application of the going concern basis for the preparation of the financial statements continued to be appropriate and recommended the approval of the viability statement.

Revenue recognition

Revenue recognition is a key area of focus. In particular, the Committee has reviewed management reporting and updates on specific areas including the recognition of certain indirect tax benefits in Brazil and a review of the control environment relating to rebates in EMEA.

Valuation of goodwill and assets

The review of goodwill and intangible assets is based on a calculation of value in use, using cash flow projections based on market measures and financial budgets prepared by senior management and approved by the Board of Directors.

The Committee has considered management reports on potential triggers of impairment and the outcome of sensitivity testing for all areas of the Group, including the potential impact of COVID-19 restrictions, and reviewed the financial statement disclosures.

Adjusting items

Adjusting items are not reported as part of the financial statements but are used in the Annual Report and Accounts to provide clarity on underlying performance for users of the accounts.

The classification of adjusting items is defined by a Group policy, as approved by the Committee, and includes items of significant income and expense which, due to their size, nature or frequency, merit separate presentation to allow shareholders to understand better the elements of financial performance during the year. The Committee reviewed and challenged items to be included throughout the year in order to confirm appropriateness.

Derivative and hedging activities

The Group has derivative instruments which hedge principal and interest flows of US private placement notes, and foreign exchange and commodities. The Committee reviewed reporting on comparisons of valuations to external confirmations and assessment of hedge effectiveness in order to be satisfied with the quality of financial statement disclosures.

Taxation

Uncertain tax positions and key activities within the Group such as restructuring were reviewed to ensure that the balance sheet provisions are complete, and that the Group effective tax rate is calculated appropriately.

Defined benefit pension scheme liabilities valuation

The Committee reviewed the assumptions that are provided by the Group's actuaries and used to value the pension liabilities for the four defined benefit schemes. The underlying assumptions based on market conditions and the characteristics of the schemes are reviewed by management and the conclusions reported to the Committee.

Acquisition accounting

The accounting for the acquisition of Plenish Cleanse Limited in GB was reported to the Committee, including the proposed resulting goodwill and brand asset. The acquisition accounting related to Aqua Libra Co Ltd (formerly The Boiling Tap Company) was revisited in the year to reflect updated information not known at the acquisition date, particularly with reference to ongoing COVID-19 restrictions and was reported to the Committee.

Audit Committee Report **continued**

Review of the 2021 Annual Report and Accounts

At the request of the Board, the Committee considered whether the 2021 Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy. To enable the Board to have confidence in making this statement, the Committee considered the elements in the table opposite.

To form its opinion, the Committee reflected on the information and reporting it received from management and the external auditor and the discussions that took place during the year. Reviews took place based on information provided by the CFO and her team at each Committee meeting as well as reports from the external auditor based on the outcomes of their half year review and annual audit. The Committee concluded that:

- The financial statements comply with all applicable financial reporting standards and any other required regulations
- Material areas of significant judgement have been given due consideration by management and reviewed with the external auditor
- The application of acceptable accounting policies and practices is consistent across the Group
- The disclosures provided are clear, and as required by financial reporting standards
- Reporting and commentary provides a fair and balanced view of company performance
- Any correspondence from regulators received in relation to our financial reporting is considered and disclosures are updated if required

The Committee subsequently made a recommendation to the Board, which in turn reviewed the report as a whole, confirmed the assessment and approved the report's publication. The Board statement is on page 68.

Internal audit

The internal audit function carries out work across the company, providing independent assurance and advice to help the company identify and mitigate any potential control weaknesses. Both the internal audit and risk management functions have a role in identifying emerging risks that may threaten achievement of the company's strategic priorities.

Prior to the start of the new financial year, the Committee reviewed and agreed the internal audit plan for the upcoming year. The ability to achieve this plan, in spite of possible further COVID-19 lockdowns and social distancing restrictions, was also considered. As a result, further changes to the audit plan were reviewed and agreed throughout the year in light of other appropriate factors. The internal audit plan is risk based and takes an independent view of what internal audit considers to be the most significant known and emerging risks facing the business in pursuit of the strategic priorities.

The planned audits will assess the adequacy and effectiveness of the internal control environment, identifying weaknesses and ensuring that these are addressed within appropriately agreed timelines.

Fair, balanced and understandable assessment

Fair	Balanced	Understandable
Is the whole story being presented?	Is there a good level of consistency between the narrative in the front section and the financial reporting in the back section of the report?	Is there a clear framework to the report?
Has any sensitive material been omitted that should have been included?	Is the Annual Report considered a document fit for shareholders?	Are the important messages highlighted appropriately throughout the document?
Are the key messages in the narrative reflected in the financial reporting?	Are statutory and adjusted measures explained clearly with appropriate prominence?	Is the layout clear with good linkage throughout in a manner which reflects the whole story?
Are the KPIs disclosed at an appropriate level based on the financial reporting?	Are the key judgements referred to in the narrative reporting and the significant issues reported in the Audit Committee Report consistent with the disclosures of key estimation uncertainties and critical judgements set out in the financial statements?	
	How do they compare with the risks that the external auditor plan to include with their report?	

The internal audit function provides internal audit reports detailing significant audit findings, progress of and any changes to the internal audit plan and updates on agreed management actions to rectify control weaknesses. Where appropriate, the Director of Internal Audit and Risk will provide a deep dive into an issue where either the Committee has requested more information, or the Director feels it is pertinent. In the 2021 financial year, the internal audit team worked together with the Group finance team to provide advice on the evolution and development of an enhanced financial control framework, incorporating feedback and input from recent audit findings and themes. Annually, the Director of Internal Audit and Risk will give an overview of maturity and development of the overall control environment.

The majority of the 2021 internal audits have been conducted remotely due to imposed national lockdowns and imposed working restrictions. However, this was anticipated and therefore did not hinder completion of the audit plan. Where appropriate, a blended approach of both physical and remote auditing has been utilised to deliver the most effective approach. The same approach has been adopted in the development of the financial year 2022 internal audit plan, to ensure that adequate assurance coverage is achieved.

Audit Committee Report **continued**

Internal control and risk management

As delegated by the Board, the Audit Committee is responsible for establishing procedures to oversee the internal control framework and review the effectiveness of the company's internal control and risk management systems.

A robust assessment of the emerging and principal risks facing the company is carried out by the Executive team each year. Details of the overall risk management process, including designation of emerging and principal risks, along with a summary of the principal risks and uncertainties, including those continuing to be affected by COVID-19, to which the company is exposed, can be found on pages 61 – 66.

The internal audit function provides information to the Committee at each of its meetings to enable it to review the risk management process to ensure that it is designed to deliver appropriate risk management and effective prioritisation across the Group. The Committee also reviews the adequacy and effectiveness of the Group's internal control procedures, covering financial, operational and compliance controls. Following detailed discussions, it was satisfied that procedures were in place during the year and up to the date of this Annual Report and Accounts, and that such procedures comply with the requirements of the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published by the FRC.

The Committee, with input and guidance from the internal audit function, monitored any identified areas of weakness or areas for improvement to ensure that they were addressed within agreed time frames. The Committee confirms that no significant failings or weaknesses were identified in the review for the 2021 financial year.

In March 2021, the UK Government department for Business, Energy and Industrial Strategy (BEIS) published its White Paper setting out proposals to enhance the quality of corporate governance, corporate reporting and audit, and to establish a strong, effective and independent regulator. The White Paper responded to the findings of three key reports surrounding the future of audit and corporate governance:

- Sir John Kingman – Independent Review of the Financial Reporting Council – December 2018
- Competition and Markets Authority (CMA) – Statutory Audit Market Services Study – April 2019
- Sir Donald Brydon – The Quality and Effectiveness of Audit – December 2019

The proposals fall into five main categories in relation to directors and their responsibilities, audit committees, auditors, regulation of audit, and shareholders and the investor community.

The Committee discussed the proposals and the potential implications for Britvic, and the company submitted a written response to BEIS in June 2021. The Committee will confirm its approach to implementation when BEIS publishes its response to the consultation.

Viability statement

The Committee reviewed management's work in conducting a robust assessment of those risks which could threaten the business model and the future viability of the company. This assessment included identifying severe but plausible risk events for each of the Group's principal risks as well as considering interdependencies and the overall impact from multiple risks. Additionally, stress testing was carried out, allowing the Committee to model circumstances that could render the business unable to pay its liabilities as they fall due. To support the final conclusion on viability, the assessment also took into account the mitigations available to the company to protect against these downside scenarios.

Based on this analysis, the Committee recommended to the Board that it could make the viability statement on page 67.

Whistleblowing

The Group's whistleblowing policy contains arrangements for an independent service provider to receive, in confidence, reports of breaches of any legal or company policy requirements, via the mySpeakup platform. The Committee reviews these arrangements on a regular basis and confirms that appropriate processes have been in place throughout the year. Any disclosures raised through these arrangements, and the actions taken to investigate and resolve them, are reported to the Board.

The mySpeakup platform allows employees to raise any concerns they may have in confidence and anonymously if they wish. The platform provides a clear audit trail of cases and enables detailed reports to be produced. The company's full mySpeakup guidelines were updated in 2021, to provide clearer guidance, setting out the legal protections in each jurisdiction, and to reinforce the company's policy on zero tolerance of retaliation. The guidelines were translated into French and Portuguese and relaunched, including desktop wallpaper and poster campaigns in local languages promoting the message 'Your Concern is Our Concern' in all manufacturing sites and offices globally.

There are plans for financial year 2022 to further promote mySpeakup internally and extend the communication campaign to key suppliers.

Audit Committee Report **continued**

External audit

The Committee considered a number of areas in relation to the external auditor, including their performance in discharging the audit and the interim review, their independence and objectivity, and their reappointment and remuneration. The Committee's Chairman had regular contact with the external audit partner outside of Committee meetings without the presence of management.

The external auditor, EY, following its reappointment at the company's AGM in January 2021, provided the Committee with their plan for undertaking the year end audit which highlighted the proposed approach and scope of the audit for the coming year and identified the key areas of audit risk, including the audit approach for these areas. The Committee reviewed and, where appropriate, robustly challenged the basis for the audit plan before agreeing the proposed approach and scope of the external audit.

EY undertook most of the audit remotely, building on processes and techniques developed the prior year which had proved efficient and effective, combined with returning to some on-site activities as permitted in local areas.

EY prepared a comprehensive report of their audit findings at the year end, which they took the Committee through at its meeting in November 2021. The findings were reviewed and discussed in detail by the Committee, particularly in relation to the key areas of audit risk previously identified. A similar review of the external auditor report of their findings at the half year was undertaken by the Committee.

The Committee considered the effectiveness of the audit in relation to its robustness, the quality of the audit delivery and the quality of the people and service. The Committee concluded that EY remain effective as external auditor.

Independence and reappointment of the external auditor

The Committee reviewed the independence and objectivity of the external auditor during the year and confirmed that it considers EY to remain independent. EY have been auditor to the company since flotation in 2005. The Committee confirmed compliance with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, having last carried out a competitive tender for audit services in 2016. The Committee agreed that it will tender its external audit services during 2022.

The external auditor is required to rotate the lead audit partner every five years. The current lead partner has been in place since the financial year 2018 audit. Based on the Committee's recommendation, the Board is proposing that EY be reappointed to office at the AGM in January 2022.

Non-audit services

The Committee considers that certain non-audit services should be provided by the external auditor and is responsible for developing and implementing the company's formal policy on the engagement of the external auditor to carry out non-audit services and assessing whether non-audit services have a direct or material effect on the audited financial statements. The company's policy is reviewed regularly by the Committee to safeguard the ongoing independence of the external auditor and ensure that the company complies with the FRC's Ethical Standard.

Control over total non-audit fees is exercised by reviewing spend on all activities proposed or provided by the external auditor and the Committee confirms that these are within scope and the maximum level of fees set out in the FRC's Ethical Standard. The policy states that any non-audit services provided must be pre-approved by the Committee's Chair unless the activity will have a total value of less than £5,000 and falls within the allowed services defined by FRC guidance.

The non-audit fees incurred were disclosed and approved in line with the company's policy and can be found in note 7 to the financial statements on page 145. The ratio for non-audit services to those for audit services for the year was 14%, within the 70% cap in the FRC's guidance.

The Committee considered the nature and level of non-audit services provided by the external auditor and was satisfied that the objectivity and independence of the external auditor was not compromised by the non-audit work undertaken during the year.

Committee evaluation

The Committee was evaluated as part of the external effectiveness review of the Board and its committees (details of which can be found on pages 86 – 87). Committee members were interviewed by the external reviewers, as were key contributors including the CFO, the EY lead partner, the Director of Financial Control and Governance and the Director of Internal Audit and Risk. The reviewers also observed the Committee meeting held in person in September 2021.

The conclusion of the evaluation was that the Committee continues to work effectively.

The COVID pandemic continues to present additional challenges in terms of internal control and certain accounting matters, and the review noted that these have been well worked through by the Committee during the year, with positive and constructive results.

Ian McHoul

Audit Committee Chair
23 November 2021

Directors' Remuneration Report



Sue Clark

Remuneration Committee Chair

Committee at a glance

On behalf of the Remuneration Committee, I am pleased to present the report for the year ended 30 September 2021.

This report describes how the Committee has carried out its responsibilities during the year.

Committee members

Sue Clark (Chair)

William Eccleshare

Ian McHoul

This was the second financial year in which the pandemic has had a very significant impact on our business. Despite the challenges the Leadership team has remained focused on delivering Britvic's People, Planet and Performance strategy and the Remuneration Committee has been impressed by the progress made across both key financial and non-financial indicators.

Financial performance recovered strongly with revenue, margin, and profit all growing. With continued disciplined cash management enabling debt pay down and an increase in the dividend by 12%.

Britvic's supply chain has been resilient and we have grown share in the channels that were open to us while strengthening our relationship with customers and consumers across our markets. Our trusted brands have underpinned our success and we have continued to drive down the average calories per serve.

Britvic's employees have contributed magnificently during the year, and employees across the business have responded with agility, resilience and dedication. It is pleasing to see that they have felt supported through our wellbeing programme, with engagement scores rising. A significant accomplishment in a difficult year. The conditions for making an employee share award have been met and therefore, in January 2022, c2,000 employees will receive an award of free shares. I am grateful that there has been no need to participate in the UK Government's Coronavirus Job Retention Scheme and there has been no receipt of UK state aid.

We renewed our PepsiCo contract to 2040 and the acquisition of Plenish and relaunch of Rockstar will open new opportunities for growth. The substantial investment in our production facilities is delivering the flexibility and productivity improvements envisioned, with further enhancements coming on line.

We have progressed our Healthier Planet agenda, highlights include achieving zero waste to landfill and ending the year with 30% rPET use in Great Britain and Ireland. These are critical milestones towards the achievement of Britvic's strategy.

A fuller review of our progress on People, Planet and Performance can be found on pages 2 – 3.

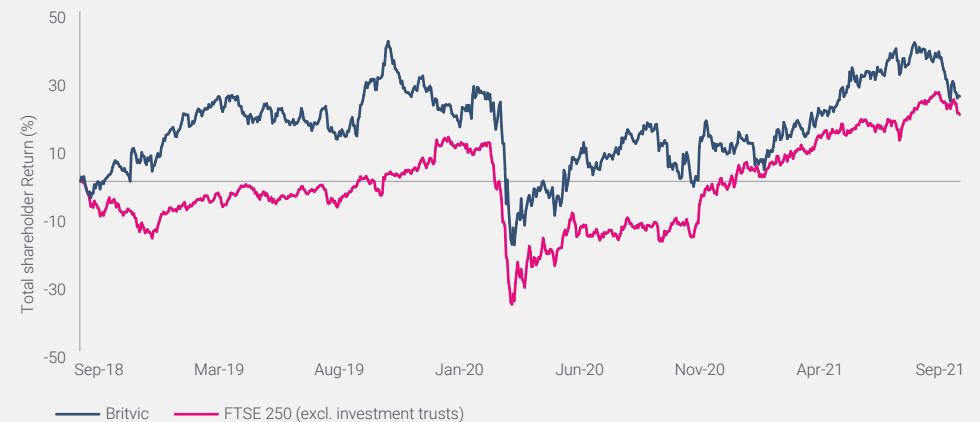
The Board wholeheartedly commends Simon Litherland, his senior leadership team and all our employees for delivering, in very tough times, such robust results.

Against this background the Committee has spent a considerable amount of time debating the appropriate level of reward for the Chief Executive and 100 of our senior leaders. Our aim has been to balance their extraordinary contribution with the experience of all our stakeholders throughout the pandemic. The Committee has decided to exercise its discretion with regard to the vesting of shares under the long-term incentive, given the strong financial and commercial performance in the first half of the period, which was in line with our original plan and to recognise the delivery against our people and planet objectives throughout the three year period.

The Committee is of the view that the business has not only delivered shareholder value over the last three years but is emerging from the pandemic with a strong platform for future growth.

Britvic's TSR has performed well over the year and over the three years to end of September 2021 and is ahead of the FTSE 250 (excluding investment trusts) as shown on the graph below. This is a testament to Britvic's leadership, teamwork, resilience, and adaptability. The Board's view is that the Chief Executive, Simon Litherland, has consistently exceeded expectations and his skill and knowledge of the business makes him uniquely placed at this time to lead the business in difficult trading conditions.

Britvic's 3 year TSR versus the FTSE 250 (excluding investment trusts)



Directors' Remuneration Report **continued**

Rewarding performance against the backdrop of the pandemic

In considering how to reward performance against the background of the pandemic the Remuneration Committee has sought to take into account the experience of all of our stakeholders and the results that have been delivered, against the very significant challenges presented by the closure of many of the company's most profitable sales channels.

Annual bonus payouts

Stretching targets for the 2021 annual bonus were set at the beginning of the year, with broader target ranges between threshold and maximum to reflect the uncertainty regarding future disruption of the "on trade" and the "on the go" channels as a consequence of the pandemic.

Given the robust performance of the business and the delivery against the company's people and planet targets the outturn for financial year 2021 was 84.9% of maximum resulting in a bonus of 118.8% and 101.8% of salary for the CEO and CFO respectively.

The Committee considered whether any discretion to the formulaic outcome of the short-term incentive was required and decided that the bonus payments reflect not only the achievement of stretching targets, against a very difficult external backdrop, but are also aligned with the experience of stakeholders. (Full details of the short-term bonus are to be found on page 111).

2018 long-term incentive awards

Before the outbreak of the pandemic in 2018, share options and PSP awards were granted in line with the remuneration policy, with share options subject to an EPS measure and PSP awards subject to EPS and relative TSR measures (75% and 25% respectively). It was clear to the Committee at the start of the year and two-thirds of the way through the performance period that the compound annual growth targets for adjusted diluted EPS of 3% p.a. to 8% p.a. could not be met.

The Committee has a history of disciplined assessment of performance against stretching targets and does not believe that the remuneration of executives or indeed of any employee should be protected from the effects of COVID-19. Indeed, in 2020 no short-term bonus was paid and there was no vesting of the share options and only 25% of the PSP shares vested.

The Committee decided early in the financial year not to make any changes to the targets but said in the Directors' Remuneration Report "We shall keep under review the 2018 and 2019 LTIP awards so that the formulaic outcomes are appropriate and in line with our remuneration objectives".

During the year, the Committee identified seven key areas against which to assess Britvic's performance. The framework below set the "gateway" conditions before the Committee would consider making any judgement on the vesting outcomes under the 2018 LTIP awards.

Gateway Condition	Basis of Assessment
1. Strategic and business progress	Strategic plans, significant contracts, M&A, disposal activity
2. Market share	Comparisons of externally validated, moving averages comparing pre pandemic to financial year 2021.
3. Management of crisis	Actions taken to ensure immediate operational effectiveness, supply chain stability and customer management
4. Cash preservation and conversion	Maximise cash flow to mitigate against any breach of debt covenants throughout the period
5. Shareholders' interests	Share price performance, maintain shareholder engagement on corporate performance, dividend policy and ratio
6. ESG	Progress against Healthier People, Healthier Planet
7. Employee wellbeing	Specific evidence on safeguarding of employees, and support for employee mental and physical wellbeing

The Remuneration Committee convened a special remuneration committee meeting to assess Britvic's holistic performance against the seven 'gateway' measures. The Committee reviewed the evidence of attainments against each of the conditions, and it was satisfied that performance was sufficiently impressive to merit a review of the vesting outcome.

Prior to exercising its judgement, the Committee recognised that over the three year performance period 2018 to 2021, the TSR measure, when compared to the comparator group, was in the upper quartile. As expected, the compound annual growth target for adjusted diluted EPS of 3%p.a. to 8%p.a., was not met. The share options would, therefore, have lapsed in full and 25% of the PSP awards would have vested as a result of Britvic's TSR measure being achieved in full.

In exercising its judgement, the Committee took into account its remuneration principles which are detailed on page 97 and the following factors:

- Britvic's absolute TSR of 25.0% over the three year performance period
- Upper quartile relative TSR against the peer group for the third consecutive cycle
- Strong EPS growth in the first year of the performance period (the year ending 30 September 2019) which would have resulted in 67% of the shares linked to EPS vesting and a strong start for the second year of the performance period until COVID-19 hit business performance
- Superior performance against the strategic objectives of the business plan – in respect of acquisitions; the renegotiation of the PepsiCo deal to 2040; the significant progress made in multiple aspects of the Tech Transformation programme; the progress made on Britvic's ESG and the experience of stakeholders including customers and employees
- Realised remuneration should be proportionate and aligned with the overall performance of the company and the experience of shareholders and other stakeholders over the period

Directors' Remuneration Report **continued**

The Committee was heavily influenced by the trajectory of EPS growth in the first half of the three year performance period which, had it been maintained, would have resulted in the vesting of 67% of the shares linked to EPS. It applied its judgement and determined that the shares linked to the EPS measure should vest at 33.3% of maximum reflecting that the strong EPS performance applied to 50% of the performance period prior to the start of the pandemic. As a consequence, one-third of the share options and half of the performance shares will vest given one quarter of the performance shares are linked to TSR and three quarters to EPS growth.

The Remuneration Committee was also acutely aware, in reaching its decision, that participation in the long-term incentives extends to the top c100 leaders in the business and that we need to retain employees given the fierce labour market pressures that we are experiencing across Europe. Unlike the most senior executives whose awards are partly linked to relative TSR, the vesting of the share awards held by key leaders is based on EPS performance only and this would therefore be the second successive year that their awards lapsed in full.

The Committee, as part of its decision making, also assessed the impact of applying discretion on the Chief Executive's realised total remuneration. The Committee's decision results in 74,653 options vesting in December 2021, valued at £106,045 based on a share price of 961.75p, being the three-month average share price up until 30 September 2021. A further 29,735 PSP shares vest, valued at £285,976. We took the view that his single total figure for financial year 2021 is both fair to him and proportionate in light of his contribution to the business and is similar in quantum to the 2018 financial year. (The CFO joined Britvic in 2019 and received no awards in 2018).

	Single total figure 000's
2021 (see page 110)	£2,290.1
2020 (see page 110)	£1,046.6
2019	£3,747.9
2018	£2,147.4

The Committee also assess ROIC performance at the end of the three year performance period. ROIC reduced between financial year 2019 and financial year 2020 as COVID impacted profit while invested capital reflected the investment of the business capability programme. On a like-for-like basis, underlying ROIC improved from 13.5% in financial year 2020 to 14.9% in financial year 2021 as profits have begun their recovery and net debt was reduced in financial year 2021 by £32m, even after allowing for the purchase of Plenish and increased levels of capital expenditure. However, this has been offset by the adjusted effective tax rate which includes the one-off non-cash deferred tax impact of the increase in UK Corporation Tax rate to 25% by 2023 (not treated as an adjusting item) delivering a final outturn of ROIC at 13.5%.

The new Directors' Remuneration Policy and shareholders' views

You may recall that the pressures on the company in 2020 delayed a thorough review of the Directors' Remuneration Policy and, in line with the IA guidance, only a limited set of changes were introduced for good governance. The principal changes introduced and approved at the 2021 AGM by shareholders were the alignment of the Chief Executive Officer's current pension allowance to that of the majority of the UK employees from 1 January 2023, the introduction of a post-employment share ownership policy, and the commitment to remove share options from the long-term incentive plan (LTIP) arrangements.

Over the summer of 2021 we consulted with our largest investors and the main voting guidance services on the further, more fundamental changes now proposed to the Policy. I am glad to say that the proposals were generally positively received, and Simon Litherland and Britvic's performance are well regarded.

The Remuneration Committee's objective in this review has been to develop an approach to pay for the Executive Directors which will retain talented employees, rewarding for the right behaviours and outcomes which can then be cascaded throughout Britvic. There are c100 participants in the long-term incentive arrangements and all employees participate in a bonus plan.

The main changes relate to Britvic's incentive arrangements. The approach to performance measures remains the same but we are proposing for shareholders' approval, some structural changes.

Annual bonus

In response to feedback from our investors, the new Policy introduces the requirement for one third of annual bonus (above a de minimis level) to be deferred into shares for two years. The annual bonus maximum for the role of CEO will increase from 140% of salary to 150% of salary. However, for Simon Litherland only, the maximum will be 175% of salary. The bonus maximum for the Chief Financial Officer will increase from 120% of salary to 150% of salary. Particularly tough performance standards will be required to earn maximum bonus.

Long-term incentive award

In response to feedback from our investors, market value options will no longer form part of the Policy. Instead, performance share awards will be increased on a broadly neutral exchange basis for the CEO.

The Chief Executive's annual grant under the Executive Share Option Plan (ESOP) was 300% of salary. Britvic has historically valued this award of share options as the equivalent of 90% of salary in performance shares. The more typical exchange of share options to performance shares implies nearer 110% in performance shares so, on a neutral basis, the maximum award under the new Policy should range from 240% to 260% of salary. The Committee has capped awards at 250% of salary for the CEO.

In the case of the CFO, the neutral exchange would convert her share option grant (at 200% of salary) to the equivalent of a PSP award of between 60% and c72% of salary. This would have increased her PSP award to 160% to 172% of salary. However, to align her total with the remuneration of CFOs in the larger FTSE 250 companies, the Committee has proposed her annual PSP award level is set at 175% of salary.

Directors' Remuneration Report **continued**

Other elements of pay

Clawback and malus provisions have been updated to align with current good practice and guidance, to include wording related to corporate failure. Car allowances have been increased to £13,000, in line with the market and consistent with small increases made to UK car allowances for all eligible employees. As we said last year, the new policy will reflect the decision made to reduce the CEO's cash alternative to a pension contribution from 24.6% of salary to 7.5% of salary from 1 January 2023.

Why the changes were necessary

The Remuneration Committee took time throughout the year to agree the approach and to think carefully about how the interests of stakeholders would be met most effectively. The changes to Simon Litherland's package have been tailored to reward him well for superior performance.

The higher bonus opportunity reflects Simon's importance to leading and delivering the strategy, a much more difficult and onerous task in the context of a global pandemic and its aftermath. The Committee is cognisant of the intensifying competition for CEO talent and Simon has unique experience. The feedback from shareholders supports the view that he has performed exceptionally and consistently exceeded expectations, and the Committee wish to ensure he is retained and motivated during the post-pandemic recovery.

Joanne's remuneration upon her appointment reflected her experience at that time. Since then she has established herself very effectively at Britvic in difficult circumstances and has proved to be an excellent addition to the leadership team. The changes to Joanne's pay bring her total remuneration to the market median. The Committee believes it is important that her contribution, performance and additional experience is reflected in her pay going forward.

The changes place more emphasis on performance-related pay which is aligned with the achievement of Britvic's ambitious recovery and growth plan.

The wide-spread labour market pressures and the demand for talent have intensified since the Remuneration Committee started engaging with investors on these changes and the Committee is more convinced now than ever before that bold decisions on pay are required to minimise talent risk at all levels of the business.

The application of policy in 2022

The key points to highlight are as follows:

The annual salary increase for all Britvic's employees is effective from 1 January. The general level of workforce increase will be 2.5%, and this will also apply to the Executive Directors and the basic fee for the Chairman and Non-Executive Directors. There will also be an increase of £1,000 for the Chair of committee and Senior Independent Director.

The annual bonus performance measures will be unchanged. The introduction for the first time in 2021 of ESG measures has been well received internally and has created additional momentum to the delivery of Britvic's People and Planet goals. For 2022, we will be refining the scheme to include quantifiable metrics with target ranges.

Awards of performance shares will be made after the AGM in January 2022, under the revised policy and subject to shareholders' approval. The Committee has decided that EPS and relative TSR remain the best measures for the long-term share plans, equally weighted. The relative TSR metric will continue to be measured against the FTSE 250 (excluding investment trusts). The Remuneration Committee also assesses ROIC at the end of the three year performance period.

We shall also keep under review the 2019 LTIP awards so that the formulaic outcomes are appropriate and in line with our remuneration objectives.

The remainder of the Directors' Remuneration Report comprises:

- A summary of the remuneration outcomes for 2020/21 and the application of the Remuneration Policy for 2021/22 on pages 97 – 100.
- The Directors' Remuneration Policy, which is subject to a binding vote at the January 2022 AGM, pages 101 – 108.
- The Annual Report on Remuneration, which is subject to an advisory shareholder vote at the January 2022 AGM and sets out the details of payments made to Directors in respect of the year ended 30 September 2021 on pages 109 – 116.

Conclusion

Just as the conditions for Britvic have been challenging, so have the decisions the Remuneration Committee has needed to make this year. An additional Remuneration Committee was held and a further discussion took place with the full Board (without the Executive Directors). The Committee has exercised judgement and in doing so has fulfilled its duties as Directors. We believe that the outcome is fair and reflects the experience of all stakeholders. I hope that you will support the decisions and vote in favour of both the new Directors' Remuneration Policy and the Annual Report on Remuneration. If you have any questions on executive remuneration, please feel free to contact me at investors@britvic.com.

Sue Clark

Remuneration Committee Chair
23 November 2021

Directors' Remuneration Report **continued**

Remuneration at a glance

Our remuneration principles

Our Directors' Remuneration Policy is designed to support our overall vision to become the most dynamic soft drinks company, creating a better tomorrow. Our people are at the heart of our business. Our aim is to attract, engage and retain the very best talent from across our global sector. To determine the shape, size and variability of each element of pay the Committee follows five key remuneration principles:

Competitive market positioning and opportunity	To attract, retain and engage the Executive talent we need to realise our vision and deliver our strategy and plans, our remuneration arrangements need to be sufficiently competitive but not excessive.
Pay aligned with sustainable long- term performance	The mix between both fixed and variable pay, as well as the balance between rewarding short versus long-term performance, are critical to ensure that we reward those behaviours that will lead to the realisation of our long-term vision without compromising short-term gain. All forms of variable pay are only fully delivered in return for performance materially above the standards required by Britvic and our shareholders – in other words, the superior pay opportunity available can only be realised in return for superior performance.
Incentive metrics aligned with our strategy and key performance indicators	The performance measures selected to determine both our annual bonus and long-term incentive plans have been carefully considered to focus on a simple and effective selection of those key drivers of our strategy and long-term value creation for our shareholders.
Alignment of executive and shareholder interests	To ensure the continued alignment of Executive and shareholder interests, the greatest potential pay opportunity for executives is via our long-term incentive plans. Share-based awards are dependent on a balance of absolute and relative growth in long-term value creation for shareholders and that Executives are only rewarded for superior market performance and the realisation of our vision. This is further reinforced by meaningful shareholding guidelines, coupled with bonus deferral for Executives so that their long-term wealth remains tied to Britvic's sustained long-term success.
Mindful of our wider stakeholder responsibilities	In support of our vision, our Executive Directors' pay arrangements are not only focused on financial returns but also mindful of performance against our wider long-term stakeholder goals. The Committee takes great care to set appropriate targets that do not compromise our wider stakeholder aspirations. Both malus and clawback provisions are in place to address potentially inappropriate actions or risk-taking when determining incentive plan payouts.

Single total figure of remuneration for Executive Directors 2020/21

Through the implementation of the Directors' Remuneration Policy and principles, the total remuneration received for 2020/21 by Executive Directors is as follows:

	Fixed pay			Performance related pay ¹			Total	
	Salary	Benefits	Pension	Total	Annual	LTIP	Total	
	£'000	£'000	£'000	fixed pay	bonus		performance	
Executive Directors	£'000	£'000	£'000	£'000	£'000	£'000	related pay	£'000
Simon Litherland	655.0	17.9	161.1	834.0	778.1	678.0	1,456.0	2,290.1
Joanne Wilson	402.4	15.4	26.9	444.7	409.6	0.0	409.6	854.3

Notes:

1 Variable pay outcomes are summarised in the tables on pages 110 – 112.

Summary of performance related pay for 2020/21

i) Annual bonus

Shown below are the performance outcomes versus the performance measures set for the annual bonus:

Measure	Weighting	Threshold	Target	Maximum	% maximum achieved	% maximum bonus achieved
Adjusted profit before tax & amortisation	30%	£136.1m	£161.6m	£166.1m	88.4%	26.52%
Net revenue	20%	£1,250.7m	£1,419.3m	£1,472m	79.2%	15.84%
Adjusted free cash flow	20%	£59.7m	£123.7m	£117.7m	100.0%	20.00%
Innovation	10%	Strategic objectives			75.0%	7.50%
Healthier People, Healthier Planet	20%	Strategic objectives			75.0%	15.00%
Total	100%	84.86%				84.86%

Notes:

1 Adjusted profit before tax and amortisation (PBTA) – profit before tax and adjusting items on a budgeted constant currency basis.

2 Net revenue – net revenue performance on a budgeted constant currency basis.

3 Adjusted free cash flow – cash flow excluding movements in borrowings, dividend payments and adjusting items.

These measures and definitions are consistently used throughout this Remuneration Report.

Directors' Remuneration Report **continued**

Innovation Scorecard Assessment (10% of bonus opportunity)

We moved away from Net Revenue as the measure for Innovation Bonus in financial year 2021, given the volatility and uncertainty at the time that budgets were set. Our Innovation portfolio grew by +8% vs financial year 2020, despite many of the channels being fully or partially closed for much of the year. For financial year 2021 we moved to project-based measures and objectives for innovation, to ensure that the pipeline was maintained even if the delivery to channel remained uncertain during the year. These encompassed nurturing those innovations that were already in market, bringing new products to market or preparing launches for financial year 2022. The business has shown high levels of agility and creativity in developing new product propositions, packs and liquids while operating remotely for much of the year. By their nature, many of the innovations remain commercially sensitive, although the Committee was taken through the progress that has been made against all the identified objectives.

Examples that can be disclosed are noted below, and indicate the assessments made by the Committee on these specific objectives. Overall, on the basis of these and the other objectives measured, which cannot be disclosed for commercial reasons, the Committee determined that 75% of the maximum bonus opportunity against Innovation objectives has been achieved:

- London Essence Company, penetration targets significantly exceeded, and distribution exceeded in a number of markets
- Mathieu Teisseire innovations and internationalisation objectives were achieved
- Tropicalia incremental distribution plan was achieved
- Purdey's relaunch exceeded target

Healthier People, Healthier Planet scorecard assessment (20% of bonus opportunity)

A number of elements were considered against seven key deliverables. In particular the Committee noted the progress made on the Healthier People agenda, and the execution required during the pandemic to achieve an exit rate of 30% rPET usage in Great Britain and Ireland. The table below highlights the activities and their achievement that have led the Committee to make their assessment that 75% of the maximum bonus opportunity against the Healthier People, Healthier Planet objectives have been achieved.

Deliverable	Supporting measures / activities	Achievement level
Develop roadmap in all business units to achieve: <i>Happier, Healthier People Thriving in a Dynamic Workplace</i>	– plc target: 78 Engagement in employee Heartbeat – plc target: 77 Belonging (diversity and inclusion agenda)	– plc Heartbeat 80 – Significantly exceeded – plc Heartbeat 77 – Achieved
Implementing global plan to help employees access the necessary programmes that support both their mental and physical wellbeing	– plc target: 75 in employee Heartbeat Great Britain and Ireland – Increase usage of Lifeworks	– plc Heartbeat 76 – Exceeded – Great Britain and Ireland increase from 33% unique log-ins in financial year 2020 to 53% YTD financial year 2021 – Significantly exceeded
Provide employees with the support to increase their involvement in the community, not only linked to the corporate charity partner Diabetes UK, but also local events in all markets that demonstrate Britvic's commitment to help build sustainable communities	– plc target: Community days – 15% increase from 2020 – Fundraising – Diabetes UK £500K 3-year total	– Community days increased by 57% in 2021 – Significantly exceeded – Diabetes UK fundraising of £500K – Achieved – In all markets, evidence provided of incremental community action and involvement – Significantly exceeded
Develop a clear plan to ensure Britvic continues to own and lead in providing healthier choices	– plc target: 27 calories per serve (vs 25.5 calories financial year 2020)	– Financial year 2021 outturn of 24.8 – Significantly exceeded
Develop a clear and financed roadmap to achieve 2025 science-based targets on carbon reduction	– plc reduction target: -2%	– Financial year 2021 outturn of -4.8% – It was noted though that some of the reduction relates to disposal of assets and therefore outcome assessed as Achieved
Clear and financed roadmap to deliver 30% rPET commitments in Great Britain and Ireland by end of 2022	– plc target: 30% rPET exit rate in Great Britain and Ireland (vs 0.02% financial year 2020)	– Exit rate of 30.0% – Achieved
Develop water stewardship roadmap to achieve our 2025 target	– plc target: -3% YOY plc (1.95 vs 2.01 financial year 2020)	– 2.04 – Below target – The Committee also noted though that some water saving solutions activity was hampered in financial year 2021 by COVID-19 restrictions and access, with investment moved to financial year 2022

Directors' Remuneration Report **continued**

ii) Long-term incentives

Shown below are the outcomes for the 2018 PSP and 2018 ESOP:

ESOP

Measure	Weighting	Threshold	Target	Maximum	% maximum achieved
EPS	100%	33.3% 3.0% CAGR		8%	33.3%

PSP

Measure	Weighting	Threshold	Target	Maximum	% maximum achieved
EPS	75%	33.3% 3.0% CAGR		8%	25.0%
TSR	25%	Median		Upper quartile	25.0%
Total	100%	0%	50%	100%	50.0%

Notes:

- 1 Although the formulaic outcome as measured against actual EPS achievement would result in 0% vesting, the Committee has exercised its judgement in allowing EPS measure to be met. This results in one third of the ESOP awards and one half of the PSP awards to vest. The explanation for this adjustment is detailed in the Chair of the Committee's letter on page 94.

Directors' Remuneration Report **continued**

Summary of implementation of the 2022 Directors' Remuneration Policy

The table below shows how the Directors' Remuneration Policy, subject to shareholders' approval, will be implemented for the two Executive Directors for 2022:

Policy element	Simon Litherland (CEO)	Joanne Wilson (CFO)	Key changes from previous Directors' Remuneration Policy
Base salary	£675,533 2.5% increase	£414,997 2.5% increase	n/a
Pension	24.6% of base salary paid as a cash allowance.	Employer contribution of 7.5% of salary per annum in line with pension provision for the wider UK employee workforce. Paid as £3,000 employer contribution to pension with £23,396 paid as cash in lieu.	The policy commits that incumbent Executive Directors' pension contributions will all be aligned to the employee rate by the latest at the end of December 2022.
Annual bonus	Target 87.5% of salary to maximum 175% of salary.	Target 75% of salary to maximum 150% of salary.	Increase in bonus opportunity
Annual bonus measures	For 2021/22, the following performance metrics and weightings apply to the bonus: 30% adjusted PBTA, 20% total net revenue, 20% adjusted free cash flow and 30% from strategic and non-financial measures.		No change
Annual bonus deferral	One third of any bonus earned (subject to a de minimis level) will be deferred for two years. These shares will count towards Britvic's shareholding policy.		Introduction of bonus deferral
Benefits	Car Allowance £13,000	Car Allowance £13,000	Increase following market review of UK car allowances

Policy element	Simon Litherland (CEO)	Joanne Wilson (CFO)	Key changes from previous Directors' Remuneration Policy
ESOP measures	No ESOP to be awarded	No ESOP to be awarded	Share options have been removed from incentive arrangements
PSP	Maximum 250% of salary with a two year post vest holding period.	Maximum 175% of salary with a two year post vest holding period.	Increase in PSP award levels in lieu of ESOP, to replace the value of the share options
PSP measures	50% based on EPS. 50% based on relative TSR with threshold performance requiring median ranking against the FTSE 250 (excluding investment trusts) comparator group, increasing on a straight-line basis to 100% vesting for upper quartile performance or better. The Committee will also consider underlying return on invested capital (ROIC) over the performance period to ensure that it remains appropriate relative to the EPS delivered.		Three years will remain the performance period.
Payment for threshold performance	For the annual bonus, 0% of maximum will be awarded. For the PSP, 20% of maximum will be awarded.		No change
Malus and clawback	Malus and clawback may be applied to annual bonus and LTIP awards in certain conditions where the payment of the bonus resulted from a material misstatement in the company's accounts, an error in the assessment of the satisfaction of a performance condition or in cases of material corporate failure.		Introduction of additional clause for malus to apply in cases of material corporate failure.
Shareholding requirement	200% of basic salary	200% of basic salary	No change
Post cessation shareholding requirement	The lower of an Executive Director's shareholding and 200% of basic salary at cessation of employment for the first year after ceasing to be a Director and 100% of basic salary for the second year. Vested share awards from future incentive grants and future purchases will count towards the post cessation guideline.		No change

Corporate Governance Directors' Remuneration Policy

2021/22 Directors' Remuneration Policy

The table below sets out the company's Directors' Remuneration Policy that will be presented to shareholders at the 2022 AGM for approval and will take effect for the 2021/22 financial year.

The principal objective of our Directors' Remuneration Policy is to support a performance-based culture that will help drive the successful execution of our business strategy. We aim to provide competitive levels of remuneration opportunity for our senior Executives and leadership team, a significant portion of which is in the form of variable pay.

The Remuneration Policy presented here builds on the one approved by shareholders in 2021 although it has been updated to reflect the wishes of shareholders to move to a single LTIP with balanced performance measures. It maintains the alignment to corporate governance developments, good practice and the company's environmental and social responsibilities.

The Remuneration Committee worked with its advisors to develop the new policy. At the appropriate points, sought the view of the CEO and considered the six adjacent factors, being mindful of the importance of his contribution to the formulation of the policy and the need to minimise and indeed avoid any conflicts of interest.

The key changes to the Directors' Remuneration Policy from the policy approved by shareholders at the 2021 AGM are to align the remuneration structure with best practice expected by shareholders and wider stakeholders. The major changes are summarised as follows:

- Share Options are no longer granted resulting in an increase in the annual value of awards under the PSP, the sole long term incentive plan in operation
- Introduction of deferral of one third of annual bonus
- An increase in maximum bonus opportunity
- Introduction of an additional clause regarding malus/clawback

Clarity – The new Policy has been summarised clearly and simply throughout the engagement with shareholders and in the Directors' Remuneration Report. The Remuneration Committee has been transparent and clear on its decision to exercise its discretion in respect of vesting of the 2018 awards of performance shares and share options.

Simplicity – we have simplified the Policy by removing share options and going forward, annual long term incentive awards will solely comprise performance shares from 2022. Our choice of performance measures strives for focus and a balance of financial and strategic KPIs without complexity.

Risk – the Committee has considered talent and behavioural risks when designing the Policy and setting performance targets. The pay decisions made in the year took into account the exposure to operational and strategic risks if the Policy and its implementation fail to reward performance and to retain.

Predictability – the charts on page 105 illustrate different pay outcomes under the new Policy. Incentive awards are capped as a percentage of salary which limits the scope for unanticipated pay outcomes.

Proportionality – the new Policy has been benchmarked against market practice and takes into account the performance of the Executive Directors and this has been summarised in the Directors' Remuneration Report. The decision to apply discretion in respect of the vesting of the 2018 LTIP awards took into account the resulting single total figure for the CEO.

Cultural alignment – the incentive arrangements for the Executive Directors and the measures and targets are cascaded throughout the business. The design of incentives is intended to reinforce a strong performance culture, to reward value-creating outcomes which are also achieved in accordance with our People, Performance and Planet Strategy. The use of the ESG scorecard aligned to our Healthier People, Healthier Planet agenda is a good example of this.

Element and link to strategy	Operation	Maximum opportunity and payment at threshold	Performance measures
Base salary Element of fixed pay that reflects the individual's role, position, experience and contribution to the Group.	Base salaries are paid in cash and typically reviewed annually, with any changes normally taking effect from 1 January. Out of cycle reviews may be conducted if considered appropriate by the Committee. Base salaries are set with reference to comparator groups made up of similar sized UK listed companies (both pan-sector and from the food and drink sector). The Committee also has reference to international food and drink companies. Alternative peer groups may be considered depending on the location and domicile of Directors based outside of the UK.	There is no prescribed formulaic maximum, annual increases will normally be in the context of overall business performance and the level awarded to the general Great Britain based workforce. Higher increases may be made, for example, where there have been significant changes in the responsibility and accountability in a role, to recognise experience, where there are large variances to the market, in the case of a new Executive Director appointed on a salary below the market median, or where there is a significant change in the relationship of the company relative to the peer group. Any significant increases will be fully explained.	n/a

Corporate Governance Directors' Remuneration Policy **continued**

Element and link to strategy	Operation	Maximum opportunity and payment at threshold	Performance measures
Benefits To provide market typical benefits which are valued by recipients and allow Executives to carry out their duties efficiently.	Benefits and allowances include but are not limited to: annual car benefit (or allowance), membership of the company's private medical healthcare plan, the ability to 'buy' or 'sell' holiday under the company's flexible benefits plan, payment of up to two subscriptions to recognised professional bodies, and life assurance. There is also a relocation policy which provides for reasonable expenses to be paid subject to the Committee's approval. Other benefits may be provided from time to time if considered reasonable and appropriate by the Committee and will be explained in the Annual Report on Remuneration for the relevant year.	The maximum levels of benefit provision are: – Provision of a company car cash allowance not to exceed £13,000 p.a. – Private medical insurance – The value of any professional subscriptions paid by the company may vary but would not be excessive – Life assurance cover of four times base salary The value of any relocation allowance provided is dependent on the relevant circumstances when the need arises. However, the Committee would not pay more than necessary in such situations. Up to five days' holiday may be sold at a pro rated value of the individual's salary.	n/a
Pension Supports a workforce aligned compensation package and assists participants' plans for retirement.	Pension provision is provided in the form of a defined contribution (DC) pension or a cash allowance where the individual opts out of the pension scheme as a result of exceeding the tax efficient pension savings limits set by HMRC.	The maximum annual contribution is: – 24.6% of base salary in cash for the CEO, reducing to the general Great Britain workforce contribution rate, by no later than the end of December 2022 – The CFO's contribution rate (as well as any other Executive Directors appointed to the Board) is equal to the Great Britain workforce contribution rate, which is currently 7.5% of salary. – Payment can be made as a contribution to the DC section of the Britvic pension scheme or as a cash payment in lieu (or a mix of both).	n/a
Annual bonus To motivate employees and incentivise delivery of annual performance targets.	Annual bonuses are paid two thirds in cash after the end of the financial year to which they relate, with one third deferred into shares which vest after two years. Targets are normally set at the beginning of the performance period and are assessed at the end of the financial period. The Committee has the discretion to adjust the bonus outcome if the pure application of a formula is not felt to produce an appropriate result in light of overall underlying performance. Any adjustment made using this discretion will be explained. Malus and clawback may be applied in respect of the bonus in certain situations where the payment of the bonus resulted from a material misstatement in the company's accounts, an error in the assessment of the satisfaction of a performance condition or there is a material corporate failure in any Group Company or a relevant business unit.	Target and maximum opportunities are: – 87.5% and 175% of base salary for the CEO, Simon Litherland. – 75% and 150% of base salary for the CFO The level of payment at threshold is set on an annual basis but will not exceed 25% of the maximum award value. The CEO bonus will reduce to 75% of basic salary at target and 150% of basic salary at maximum for any incoming CEO.	The specific measures, targets and weighting may vary from year to year in order to align with the Group's strategy, but always with a substantial proportion based on key financial metrics. The performance conditions are set based on the metrics the Committee feels are most appropriate for the business and create value for shareholders. These may include, but are not limited to, profit, revenue and cash flow metrics. Strategic KPIs may be chosen to support particular objectives for the year. Bonus targets are typically set with reference to internal budget, analyst consensus forecasts and business judgement, with maximum payout requiring performance well ahead of budget.

Corporate Governance Directors' Remuneration Policy **continued**

Element and link to strategy	Operation	Maximum opportunity and payment at threshold	Performance measures
LTIP – PSP To motivate and incentivise delivery of sustained, long-term performance and encourage share price and dividend growth over the performance period of the awards. The Committee believes that LTIP measures should be simple, aligned to sustainable long-term shareholder value creation and provide line of sight to management so that they are meaningful and incentivising.	Allows for grants of performance share awards. Awards normally vest after three years, subject to performance conditions. A two year holding period applies following the vesting period to provide further alignment with shareholders. Under the PSP participants are entitled to dividend equivalents between award and vesting in respect of awards that vest. Malus and clawback may be applied in respect of LTIP awards in certain situations where the vesting of an LTIP award resulted from a material misstatement in the company's accounts or an error in the assessment of the satisfaction of a performance condition, or in the case of corporate failure.	The maximum opportunities are: – 250% of base salary for the CEO – 175% of base salary for the CFO Under the PSP 20% of the maximum award vests for achieving threshold performance, increasing on a graduated scale to 100% of the maximum opportunity vesting for achieving maximum performance.	The Committee chooses performance metrics that support the company's long-term strategic priorities, provide a direct link with shareholder value and ensure a clear line of sight for participants between performance and reward. For PSP grants made in 2021/22, 50% of performance will be measured using EPS with the remaining 50% of performance measured using relative TSR. ROIC over the performance period will also be considered by the Committee in determining the level of vesting at the end of the period. EPS is a key measure of our success in delivering value for shareholders over time. The setting of the EPS targets takes into account the business plan, analyst consensus forecasts and the levels of performance required over the long-term to deliver absolute value for shareholders. Relative TSR strongly links share price and dividends to the rewards Executives receive. The relative nature of the measure ensures that participants only receive awards if outperformance is achieved against a basket of investment comparables. ROIC is an important financial discipline to ensure that growth in the business continues to be value enhancing over the long-term. The Committee may change the performance measures for future awards and the weighting of these measures if it feels this will create greater alignment with business and strategic priorities. A significant change to the measures used would normally only be adopted following consultation with major shareholders.
Shareholding guidelines To encourage long-term share ownership by the Executive Directors so that interests are aligned with other long-term investors.	Executive Directors are to acquire and then hold a certain shareholding from the date of their appointment to the Board. Until this holding is acquired, the Executive Directors may not sell any shares received through the long-term incentives operated by the company unless approved by the Committee. Executive Directors are also normally required to retain a holding of shares post cessation.	Shareholding guidelines are set at 200% of base salary for the CEO and CFO. The Committee will monitor progress on this requirement on an annual basis. Executive Directors must retain a holding to the lower of shares held at cessation of being a Director and 200% of basic salary for the first year post cessation and 100% for the second year. Only vested share awards from incentive grants made after the approval of the 2021 policy will count towards the post cessation guideline and the Committee reserves the right to waive compliance with the guideline, for example in compassionate circumstances.	n/a

Corporate Governance Directors' Remuneration Policy **continued**

Element and link to strategy	Operation	Maximum opportunity and payment at threshold	Performance measures
All-employee share plans To allow Executives to participate in share plans on the same terms as other employees.	Executive Directors may participate in the Britvic Share Incentive Plan, which is an all-employee HMRC approved share plan open to employees based in Great Britain. The plan has three parts, all of which the Directors participate in: – Free share awards, which are made annually subject to the company's performance and at the discretion of the Committee. – Partnership shares, which are purchased by employees through payroll deductions. – Matching shares, which are provided by the employer to individuals purchasing partnership shares. The Committee reserves the right to use its discretion to amend the operation of the all-employee share plan from time to time. An Executive Director based in another jurisdiction may participate in an equivalent plan.	– Free share awards, up to a maximum of 4% of earnings, capped at £3,600 p.a. – Partnership shares, up to £1,800 p.a. – Matching shares, on a one for one basis up to a maximum of £650 p.a. The Committee has the discretion to limit the free share awards in light of performance against internal profit targets aligned to the annual bonus.	n/a
Chairman and Non-Executive Director fees To attract and retain experienced and skilled Non-Executive Directors.	The fees paid to the Chairman are determined by the Committee, while the fees of the Non-Executive Directors are determined by the Board with affected persons absenting themselves from the discussions as appropriate. Annual fees are paid to the Chairman and other Non-Executive Directors on a periodic basis. Additional fees are paid to Non-Executive Directors who chair a Committee and to the Senior Independent Director. Non-Executive Director fee levels are periodically reviewed by the Board and the Committee (for the Chairman only). Any increases to fees are normally effective from 1 January. Non-Executive Directors do not participate in company incentive arrangements, and do not receive any form of pension provision. Non-Executive Directors will be reimbursed by the company for all reasonable expenses incurred in performing their duties of office and may have any tax thereon paid by the company.	The maximum fee level for each Non-Executive Director is set by reference to fees paid in UK listed companies of a similar size and scope to Britvic. Any planned increases in fees will take into account general increases across the wider employee population.	n/a

Corporate Governance Directors' Remuneration Policy **continued**

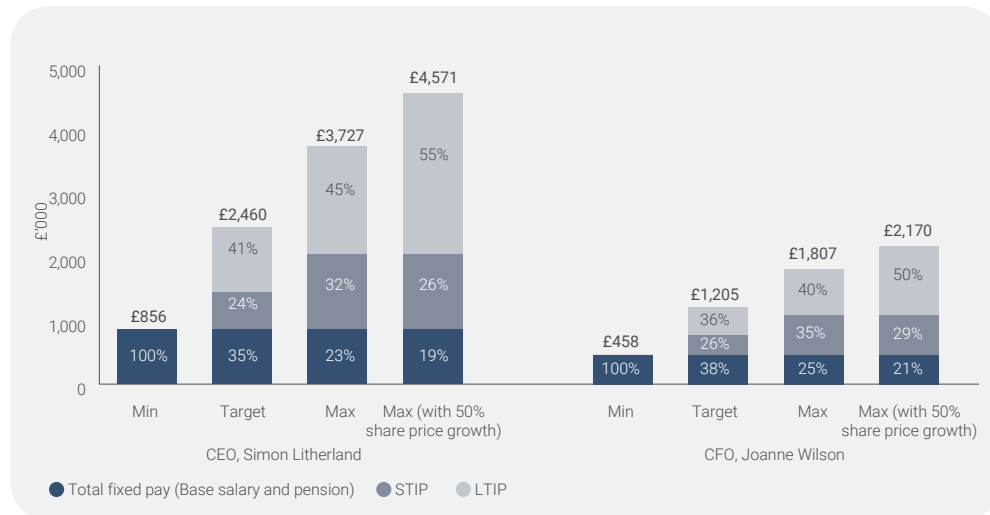
Illustration of the application of the Directors' Remuneration Policy for 2021/22

As described in the remuneration principles section on page 97, the Committee believes that our Executive remuneration packages should provide a significant part of potential reward through performance-based incentive plans. Set out below are the potential total pay outcomes for Simon Litherland and Joanne Wilson across four performance scenarios under the current Remuneration Policy. The four scenarios are minimum, on target, maximum and maximum together with an assumed 50% increase in share price. For simplicity, the illustrations below are calculated before roll-up of dividends or participation in all employee share schemes.

Illustration of the application of Directors' Remuneration Policy

The chart has been prepared using the following assumptions:

- Base salary as of 1 October 2021
- Benefits reflect the value of those estimated to be paid in 2021/22
- Target bonus is calculated at 50% of maximum opportunity being 175% and 150% of salary for the CEO and CFO respectively
- Target vesting for the PSP is 60%, being the mid-point between threshold and maximum vesting level. The maximum grant levels are 250% and 175% for the CEO and CFO respectively
- LTIP at 50% share price growth is calculated as 150% of maximum PSP award



Implementation of the Directors' Remuneration Policy for other employees

The implementation of the Directors' Remuneration Policy described above applies specifically to Executive Directors. Where possible, principles set out in the policy have been applied to all employees to achieve alignment as per the below table:

Element	Application of policy for other employees
Base salary	Paid in cash and reviewed annually, normally taking effect 1 January. Salaries are set with reference to internal pay levels, as well as local market competitiveness compared with roles of a similar nature and size of responsibility.
Benefits	Britvic provides local market typical benefits focused on employee health and wellbeing. The majority of UK employees participate in the company's flexible benefits plan.
Pension	Subject to local market practice and regulations. Great Britain employees have rights under the Great Britain legacy defined benefit pension arrangement, which is now closed to future accrual (the plan was closed to executives at the same time). A defined contribution pension scheme was introduced following the closure of the defined benefit pension scheme in which UK employees are entitled to participate, with the wider workforce having a maximum employer contribution of 7.5%.
Annual bonus	Approximately 250 leaders and senior managers participate in bonus arrangements with measures aligned to those of the Executive Directors. Typically, employees are eligible to receive a bonus linked to profit and revenue, as well as their individual performance.
Long-term incentives	The PSP is awarded to approximately 100 leaders globally each year. Performance conditions for the awards are linked to those of the Executive Directors.
All-employee share plans	Where possible, we offer employees annual free share awards linked to company performance as well as the opportunity to purchase Britvic shares. In some locations, alternative local profit-sharing arrangements are available, depending on local market practices and legislation.

The value of each element that the employee may receive will vary according to the employee's seniority and level of responsibility.

Corporate Governance Directors' Remuneration Policy **continued**

Remuneration Policy notes

Differences in the Directors' Remuneration Policy and the remuneration policy for all employees

All employees are entitled to base salary and benefits and may also receive bonus, pension and share awards, the values of which vary according to the individual's seniority and level of responsibility. Local market practice and the scope of the role are key determinants of any differentials. Details on implementation of the Remuneration Policy for all employees can be found on page 105.

Share awards made prior to the implementation of the approved Remuneration Policy

Unvested ESOP and PSP awards will pay out in accordance with the relevant plan rules and the previously approved Directors' Remuneration Policy in effect at the time of award, save where the terms of such awards are varied in accordance with any subsequent Directors' Remuneration Policy. Any payments under these plans will be disclosed in the Annual Report on Remuneration as required by the regulations.

Committee discretion

In addition to the discretion set out in this Directors' Remuneration Policy report, the Committee may apply discretion in operating the Remuneration Policy in certain matters including the following:

- The timing of any payments
- The impact of a change of control or restructuring
- Any adjustments to performance conditions or awards required as a result of a corporate event (for example a transaction, corporate restructuring event, special dividend or rights issue)
- The operation of malus and clawback provisions
- Minor administrative matters to improve the efficiency of operation of the plans or to comply with local tax law or regulation

Discretion regarding the treatment of leavers is set out in the 'Service contracts and the policy on the payment for loss of office' section.

The Committee also reserves the right to make a remuneration payment that originated from before the individual became an Executive Director.

In relation to the annual bonus and LTIP plans, the Committee retains the ability to amend the performance conditions and/or measures and targets in respect of any award or payment if one or more events have occurred which would lead the Committee to consider that it would be appropriate to do so, provided that such an amendment would not be materially less difficult to meet. Recognising the dynamic nature of the Group's business and in order to provide flexibility in the near term, the Committee retains discretion to vary the targets for the performance measures as the business may require over the next three years. The Committee may also make adjustments to the formulaic outcomes of incentives where, in the opinion of the Committee, they do not reflect the underlying performance of the business or the individual, or they would not deliver the intention of the Directors' Remuneration Policy.

If the Committee used any of the discretions set out above these would, where relevant, be disclosed in the next Annual Remuneration Report and the views of major shareholders may also be sought.

Statement of consideration of employment conditions elsewhere in the Group

The Remuneration Committee has had the opportunity to understand the remuneration of the wider workforce and has been provided with an overview of workforce remuneration and related policies, as well as the alignment of incentives and rewards with culture. Information provided to the Remuneration Committee includes bonus design and targets, the long-term incentive plan, share ownership and Britvic's all-employee Share Plans to ensure all the decisions on Executive Directors' pay take account of decisions across the Group.

The Chairman of the Board and the Chair of the Remuneration Committee have engaged in conversation with the Employee Involvement Forum on both employee and executive remuneration. The Committee is satisfied that the Company's remuneration policies are aligned with those of the Executive Directors, with an appropriate cascade throughout the organisation.

Statement of consideration of shareholder views

The Committee is committed to ongoing dialogue with the company's shareholder base. This can take a variety of forms, such as:

- Meetings with major shareholders to consider significant potential changes to policy or specific issues of interest to particular shareholder groups
- Other dialogue to update shareholders and take their feedback on planned refinements to arrangements

In drawing up the proposed Director's Remuneration Policy, the Chair of the Committee engaged with Britvic's major shareholders and key institutional representative bodies. The views expressed by our shareholders during this process have been considered in the development of the Director's Remuneration Policy.

Corporate Governance Directors' Remuneration Policy **continued**

Approach to remuneration on recruitment

When hiring a new Executive Director, or making internal promotions to the Board, the Committee will in principle apply the same policy as for existing Executive Directors, as detailed in the Directors' Remuneration Policy. The rationale for the package offered will be explained in the next Annual Remuneration Report. For internal promotions, any commitments made prior to appointment may continue to be honoured as the executive is transitioned to the new remuneration arrangements. Our recruitment Remuneration Policy aims to give the Committee sufficient flexibility to secure the appointment and promotion of high-calibre executives to strengthen the management team and secure the skill sets to deliver our strategic objectives. The details are set out in the table below:

Area	Policy and operation
Base salary	Base salary would be set at an appropriate level to recruit the best candidate based on their skills, experience and current remuneration. In some instances, it may be appropriate to recruit on a salary at the lower end of the typical market range and progress salary increases above the typical rate of increases provided to the wider employee workforce to align with performance and policy over time
Benefits and pension	Benefits and pension would be in line with normal policy and may include, where appropriate, relocation benefits or other benefits reflective of normal market practice in the territory in which the Executive Director is employed
Annual bonus	- Awards would be made under the annual bonus plan in line with the Directors' Remuneration Policy - Maximum opportunity would not exceed 150% of base salary
Normal PSP awards	- Awards would be made under the PSP plan in line with the Directors' Remuneration Policy - Under the PSP, maximum opportunity would not exceed 250% of base salary
Replacement awards	The Committee will normally seek to avoid using replacement awards. However where replacement awards are considered by the Committee to be necessary, they are not subject to a formal maximum, although would be designed to reflect only the value of remuneration forgone by the recruited executive or less. In making any buy-out awards the Committee would take into account the form of the award (cash or shares), the timing of delivery and any performance criteria attached
Service contracts	- The Committee may agree a contractual notice period with the executive which initially exceeds 12 months, as applies to other executives, particularly if it is necessary to attract executives who will be required to relocate their family - This will reduce to a 12 month rolling notice period once the individual is 12 months from the end of their initial notice period

Service contracts and the policy on the payment for loss of office

The table below sets out items that are contained within the service contracts for the Executive Directors.

Item	Policy
Notice period	12 months if given by the company 6 months if given by the executive
Remuneration	- Base salary and pension - Eligibility to participate in the annual bonus and LTIP and other share incentive plans
Benefits	- Provision of company car or cash alternative - Payment of professional subscriptions for up to two recognised professional bodies. - Eligibility for private medical insurance
Contractual termination payment	- The company may terminate the Executive's employment at any time and with immediate effect and will pay the Executive an after tax sum in lieu of notice equal to the basic salary which the executive would have been entitled to receive during their notice period. A payment may also be made in respect of outstanding untaken holiday entitlement accrued up to and including the date of termination - Payments in lieu of notice would be paid monthly and are subject to mitigation if the executive obtains alternative income during the period - If the executive is terminated for reasons such as gross misconduct no payment in lieu of notice will be due - The Committee may at its discretion put the executive on garden leave for any period provided that base salary and contractual benefits are paid during this period. The Committee would only use this discretion when appropriate and would seek to minimise the cost to the company if such discretion was required
Non-Executive Directors	- The Non-Executive Directors do not have service contracts but instead have letters of appointment for a three year term - On termination Non-Executive Directors shall only be entitled to accrued fees as at the date of termination

In the event of a settlement agreement, the Committee may agree payments it considers reasonable in settlement of legal claims. This may include reasonable reimbursement of professional fees in connection with such agreements. The table below sets out details of how an Executive Director's incentives and pension would be treated on termination. Items of fixed pay are detailed in the previous table.

Corporate Governance Directors' Remuneration Policy **continued**

Incentives treatment

Incentives	Treatment
Annual bonus	– In the case of retirement with the agreement of the Committee, redundancy, death in service, or such other reason as the Committee may in its discretion approve, the bonus will be pro-rated to the date of termination and paid on the normal payment date – Executives leaving for any other reason will normally forfeit their awards
LTIP	– Awards for executives who are treated as a 'good leaver' under the rules of the LTIPs (reasons include ill health, injury, disability, redundancy, change of control, retirement with the consent of the company, and any other reason at the Committee's discretion) will vest at the normal vesting date unless the Committee determines the awards should vest at an alternative date taking into consideration the extent to which any performance conditions have been satisfied and time served over the performance period – If the executive is not a 'good leaver', the awards will lapse immediately on termination – If the executive ceases to be a Director as a result of death, awards will vest as soon as practicable taking into consideration the extent to which any performance conditions have been satisfied and time served over the performance period

Other appointments

The Executive Directors are not permitted to have any engagement with any other company during the term of their appointment without the prior written consent of the Board.

Annual Report on Remuneration

Remuneration Committee focus areas in 2020/21

- Approval of 2020/21 bonus and LTIP measures and targets
- Review and consult with shareholders on the revised Directors' Remuneration Policy, consideration of their feedback and recommendation of a revised policy
- Consideration of the 2020/21 annual bonus outturn, and the use of discretion for the ESOP and PSP schemes vesting in December 2021

Remuneration Committee membership

The Remuneration Committee is composed of three independent Non-Executive Directors, plus the Chairman of the board who was independent on appointment. The company Chairman is not present when his own remuneration is discussed. Attendees at each meeting comprised Committee members and, by invitation, as appropriate, the CEO, the CFO, Chief People Officer and Director of Reward.

External advisors are also invited to attend as and when appropriate. There have been no changes to the Remuneration Committee during the year.

Role and responsibilities

The Committee's terms of reference are in line with the 2018 UK Corporate Governance Code and can be found at britvic.com/committees. The revised Code came into effect from January 2019.

The Committee has responsibility for the following:

- Reviewing Executives' remuneration in terms of the pay policy of the company as a whole, pay and conditions elsewhere in the Group, and the overall cost on behalf of shareholders
- Determining, within agreed terms of reference, and taking into account corporate performance on environmental, social and governance issues, the remuneration of the Chairman and specific remuneration packages for each of the Executive Directors and other members of the Executive team, including pension rights, any compensation payments and benefits
- Reviewing workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Director remuneration
- Engaging as required with the wider workforce and shareholders on Executive pay structures, and how Executive remuneration aligns with wider company pay policy
- Approving the design and operation of the company's incentive arrangements, both short and long-term. This includes agreeing the targets that are applied to awards made to senior Executives
- Responsibility for all of the company's employee share plans and the share dilution position
- Ensuring, via regular reviews, that the company's pay policies remain appropriate and relevant

Committee meetings

The Committee meets no fewer than three times a year. At the invitation of the Chair of the Committee, the CEO, CFO, Chief People Officer, Director of Reward and the Company Secretary may attend the meetings of the Committee to provide input to assist with the consideration of particular items, except when their own remuneration is under consideration. The attendance of the Committee for each meeting during the year can be found on page 70. The key agenda items the Committee discussed during the year included:

- Review and approval of the 2019/20 Directors' Remuneration Report
- Reviewed outcomes of the 2019/20 annual bonus, including acceptance of the Executive Directors' waiver of bonus due to them, and approved payment of a discretionary award to employees in the supply chain

- Approving the terms of the 2020/21 annual bonus scheme including the choice of measures and setting of targets which included ESG for the first time
- Received an update on Executive Directors' and Executive Committee members shareholding requirement in line with policy
- Approved the 2021 salary reviews for the Executive Directors and Executive Committee members
- Considered the impact of the pandemic on LTIP targets and outcomes and approved the use of the Committee's judgement to overlay the formulaic result
- Reviewed and made changes to the Directors' Remuneration Policy including the change to the structure and consideration of feedback from shareholders on the proposal, recommending a new policy for shareholder approval
- Received an update from the Committee's advisers on the market as it endures and emerges from the pandemic
- Approved the measures for the 2021/22 annual bonus scheme and the 2021/22 PSP awards

Advisors

FIT Remuneration Consultants LLP (FIT) were appointed as the independent advisor to the Committee in December 2019 following a competitive tender process. No other advice from FIT is received. FIT are members of the Remuneration Consultants Group (the professional body for executive remuneration consultants). The advisors charged their fees partly on a fixed fee basis and partly on a time and expenses basis. FIT's fees in respect of advice to the Committee in the year under review were £114,633.

During the year, Addleshaw Goddard LLP was also engaged by the Committee to provide legal advice on contractual arrangements and share schemes.

Unless otherwise stated, these advisors have no other connection with the company. The Committee, based on its experience, is satisfied that the advice it received from these organisations was objective and independent.

Statement of implementation of the Director's Remuneration Policy in 2022

The Remuneration Policy outlined on pages 101 – 108 will be effective subject to shareholder approval at the AGM in January 2022, and will be implemented as follows:

Base salary

Implemented in line with Policy.

The CEO and CFO will both receive a salary increase of 2.5%, effective 1 January 2022, in line with the wider UK employee population.

	2021 base salary £'000	2022 base salary £'000	Increase
Simon Litherland	659.1	675.5	2.5%
Joanne Wilson	404.9	415.0	2.5%

Annual Report on Remuneration **continued**

Benefits and pension

Implemented in line with Policy.

Annual bonus

Implemented in line with Policy.

The target award amounts for Simon Litherland and Joanne Wilson are 87.5% and 75% of base salary respectively, with corresponding maximum award values of 175% and 150% of base salary.

The Committee reviewed the annual bonus measures in the context of the company's short-term aims and the global pandemic and consulted shareholders on potential changes. Taking on board the feedback received, the 2021/22 annual bonus will continue to include a strategic/non-financial element to incorporate objectives relating to our Healthier People, Healthier Planet strategy.

Accordingly, the bonus measures¹ and weightings for 2021/22 are:

- Adjusted PBTA (30%)
- Total net revenue (20%)
- Adjusted free cash flow (20%)
- Non-financial and strategic measures (30%)

The Committee is of the view that the performance targets under the bonus plan are commercially sensitive and that it would be detrimental to the interests of the company to disclose them before the start of the financial year. Disclosure of targets in advance could lead the company to be at a disadvantage, as many competitors are not subject to the same levels of disclosure. The threshold, target and stretching maximum for each measure, together with the performance against them will be disclosed in the Directors' Remuneration Report following the end of the financial year.

Note:

1 Performance measures defined as follows:

- Adjusted profit before tax and amortisation (PBTA) – measured before adjusting items on a constant budgeted currency basis.
- Total net revenue – measured on a constant budgeted currency basis.
- Adjusted free cash flow – measured excluding movements in borrowings, dividend payments and adjusting items.
- Non-financial and strategic measures will be a combination of net revenue from innovation on a constant budgeted currency basis plus ESG measures aligned to our Healthier People, Healthier Planet strategy

Long-term incentive plans (PSP)

The PSP awards to be made in 2022 in respect of 2021/22 will be made under the proposed policy, subject to shareholder approval. It is expected that the CEO's awards will comprise an award of 250% and the CFO's award will be 175% of salary under the PSP. Before finalising the awards, the Committee will consider the share price at the time of the award. The Remuneration Committee will ensure that any gains at the end of the performance period are proportionate and aligned to shareholder value creation.

Half the PSP awards will be subject to an EPS measure and the other half of the PSP will be subject to a relative TSR condition (measured against the constituents of the FTSE 250 excluding investment trusts). The Committee delayed its decision on setting target ranges for EPS in the light of the continuing uncertainty as a result of the pandemic.

Awards vesting under the PSP will be subject to a two year post vest holding period.

Single total figure of Directors' remuneration (subject to audit)

Chairman and Non-Executive Directors

Details of the total fees paid to Non-Executive Directors and the Chairman for the year ended 30 September 2020 and 30 September 2021 are set out in the table below. The Non-Executive Directors received no increase to their fees during the financial year.

	Basic fee £'000		Remuneration Committee Chair fee £'000		Audit Committee Chair fee £'000		Senior Independent Director fee £'000		Total fees paid £'000	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
John Daly	246.0	244.5	–	–	–	–	–	–	246.0	244.5
Suniti Chauhan	58.4	58.1	–	–	–	–	–	–	58.4	58.1
Sue Clark	58.4	58.1	11.0	10.5	–	–	–	–	69.4	68.6
William Eccleshare	58.4	58.1	–	–	–	–	–	–	58.4	58.1
Ian McHoul	58.4	58.1	–	–	11.0	10.5	10.0	9.8	79.4	78.4
Euan Sutherland	58.4	58.1	–	–	–	–	–	–	58.4	58.1

Executive Directors

The table below sets out the total and a breakdown of the remuneration received by each Executive Director during the year under review. Additional details of each component are set out below the table.

	Simon Litherland (CEO)		Joanne Wilson (CFO) ¹	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Salary	655.0	639.1	402.4	395.0
Benefits	17.9	14.2	15.4	11.8
Pension	161.1	157.2	26.9	26.7
Total fixed pay	834.0	810.5	444.7	433.5
Annual bonus	778.1	0.0	409.6	0.0
LTIP ^{2,3}	678.0	236.4	0.0	0.0
Total performance related pay	1,456.1	236.4	409.6	0.0
Grand total	2,290.1	1,046.9	854.3	433.5

Notes:

- 1 The details of Joanne Wilson's replacement awards are disclosed in the Directors' shareholding table on page 113.
- 2 2020 LTIP values restated based on the share price at vesting of 778.00p on 21 December 2020.
- 3 2021 LTIP values based on the average share price over the last quarter of 2021 of 961.75p.

Annual Report on Remuneration continued

i) Base salary – corresponds to the amounts earned during the year

During the year under review, both Simon Litherland and Joanne Wilson received a salary increase of 2.5% in line with the wider employee population.

ii) Benefits – corresponds to the taxable value of all benefits paid in respect of the year

Benefits comprise car allowance, private medical assurance, life assurance and free and matching shares under the Share Incentive Plan.

iii) Pension

The table below sets out the value of the defined contribution (DC) pension contributions and the cash allowances earned by Directors for the year under review.

	Value of cash allowance paid £'000	Value of defined contribution pension contributions £'000	Total value of pension shown in Total Single Figure table £'000
Simon Litherland	161.1	0.0	161.1
Joanne Wilson	23.9	3.0	26.9

Joanne Wilson contributed to the DC section of the Britvic Pension Plan up to the HMRC annual pension allowance per scheme. The balance of their entitlement is paid as a cash allowance.

- Simon Litherland receives a cash allowance of 24.6% of pensionable pay (base salary only).
- Joanne Wilson is entitled to a pension contribution of 7.5% of salary in line with the wider workforce. Joanne receives part of the contribution through company contributions into the DC arrangement and the remainder as a cash payment.

iv) Annual bonus – corresponds to the total bonus earned under the bonus plan in respect of 2021 performance

The table below sets out the bonus outcomes that apply to both for the CEO and the CFO, and the respective performance targets and actual achieved performance. Bonuses are normally paid wholly in cash.

Performance measure	Weighting % of bonus maximum	Performance required for threshold payout (0%) £'m	Performance required for target payout (50%) £'m	Performance required for maximum payout £'m	Actual performance £'m
Adjusted PBTA	30%	136.1	146.9	166.1	161.6
Net revenue	20%	1,250.7	1,344.9	1,472.3	1,419.3
Adjusted free cash flow ¹	20%	59.7	80.7	117.7	123.7
Innovation objectives	10%	Strategic objectives			See page 98
Healthier People, Healthier Planet objectives	20%	Strategic objectives			See page 98

¹ Adjusted free cash flow is calculated as free cash flow as defined on page 197, adjusted downwards for the benefits of deferred VAT benefits.

Performance measure	2021 maximum bonus opportunity % of salary		2021 bonus earned % of salary		2021 bonus earned £'000	
	CEO	CFO	CEO	CFO	CEO	CFO
Adjusted PBTA	42.0%	36.0%	37.1%	31.8%	243.0	128.0
Net revenue	28.0%	24.0%	22.2%	19.0%	145.4	76.5
Free cash flow	28.0%	24.0%	28.0%	24.0%	183.4	96.6
Innovation objectives	14.0%	12.0%	10.5%	9.0%	68.8	36.2
Healthier People, Healthier Planet objectives	28.0%	24.0%	21.0%	18.0%	137.6	72.4
Total	140.0%	120.0%	118.8%	101.8%	778.1	409.6

Annual Report on Remuneration continued

v) Long-term incentives – corresponds to the vesting outcome of the 2018 ESOP and PSP with three-year performance periods ended 30 September 2021

2018 ESOP	Performance conditions and targets set ^{1,2}	Maximum potential value £'000 ³	Performance outcome	Level of award vesting % of maximum ⁴	Total value of vesting £'000 ³	Number of shares
Simon Litherland	Threshold vesting for EPS growth of 3% p.a. Maximum vesting for EPS growth of 8% p.a. Vesting is on a straight line basis between threshold and maximum. Exercise price for the options is 792.00p.	318.2	(4.7)%	33.33	106.0	74,653

2018 PSP	Performance conditions and targets set ^{1,2}	Maximum potential value £'000 ³	Performance outcome	Level of award vesting % of maximum ⁴	Total value of vesting £'000 ³	Number of shares
Simon Litherland	EPS (75% weighting): Threshold vesting for EPS growth of 3% p.a. Maximum vesting for EPS growth of 8% p.a. Vesting is on a straight line basis between threshold and maximum.	857.9	(4.7)%	33.33	286.0	29,735
	Relative TSR (25% weighting): Threshold payout for ranking at median vs the comparator group of 15 companies and maximum payout for ranking at or above the upper quartile.	286.0	Upper quartile	100	286.0	29,736

Notes:

- The relative TSR comparator group was made up of the following 15 companies; AG Barr plc, Associated British Foods, C&C Group, Diageo, Fuller, Smith & Turner, Glanbia, Greencore, Marston's, Nichols, Origin Enterprises, Premier Foods, Reckitt Benckiser, Smith & Nephew, Tate and Lyle, Wetherspoon.
- Threshold vesting for this award is set at 20% of maximum for both PSP and ESOP.
- A share price estimate of 961.75p was used to calculate the value of the above awards which is based on the average closing share price over the last quarter of the financial year.
- The vesting % indicated reflects the application of judgement by the Remuneration Committee described in the Remuneration Committee Chair's letter on page 94.

Scheme interests awarded during the year

The following tables set out the ESOP and PSP awards granted to the CEO and CFO under the LTIP during the year under review (2020/21). All awards are subject to performance conditions and were granted on 28 January 2021. ESOP awards are granted as market price options and PSP awards are granted as conditional share awards.

ESOP	Performance conditions and targets set	Award at threshold vesting (20% of maximum) % of salary	Maximum potential value	Face value of awards £'000	Performance period
Simon Litherland	Threshold vesting for EPS of 52.8p Maximum vesting for EPS of 61.5p	60%	300% of salary	1,997.2	3 years ending 30 September 2023
Joanne Wilson	Vesting is on a straight line basis between threshold and maximum for financial year 2023.	40%	200% of salary	809.8	

PSP	Performance conditions and targets set	Award at threshold vesting (20% of maximum) % of salary	Maximum potential value	Face value of awards £'000	Performance period
Simon Litherland	EPS growth (50% weighting): Threshold vesting for EPS of 52.8p Maximum vesting for EPS of 61.5p	30%	150% of salary	988.6	3 years ending 30 September 2023
Joanne Wilson	Vesting is on a straight line basis between threshold and maximum for financial year 2023. Relative TSR (50% weighting): Threshold payout for ranking at median vs the comparator group of the FTSE 250 (excluding investment trusts) and 100% of maximum payout for ranking at or above the upper quartile.	20%	100% of salary	404.9	

Notes:

- The share price used to determine the award levels for the PSP and ESOP was 763.0p as at the date of grant, based on the average of the preceding three days.
- The Committee will also consider underlying ROIC over the performance period when assessing the vesting of the PSP to ensure that it remains satisfactory.

Annual Report on Remuneration **continued**

Directors' shareholding requirements and interests in shares

The table below sets out the shareholding of Directors and connected persons and requirements as at 30 September 2021. A shareholding requirement of 200% of salary for the CEO and 200% for the CFO applies. The CEO was appointed in February 2013 and currently has a shareholding of 438% of salary. The CFO was appointed on 9 September 2019 and currently has a shareholding of 51% of salary.

Under the shareholding requirement arrangement both Executive Directors may not sell any vested shares from the company LTIPs (except to settle taxes and the payment of exercise prices or following approval by the Committee) until their shareholding requirement has been satisfied.

Interest in shares in the company as of 30 September 2021

	Ordinary shares	% of salary	Performance shares	Subject to performance conditions	Subject to performance conditions	Vested but unexercised	Exercised in the period	Shares without performance conditions
	Total shares							Subject to service conditions
John Daly	20,000	–	–	–	–	–	–	–
Simon Litherland ^{1,2}	331,977	438	351,313	678,535	486,059	1,063	–	–
Joanne Wilson ^{1,3}	23,678	51	96,219	188,162	–	–	–	10,077
Suniti Chauhan	–	–	–	–	–	–	–	–
Sue Clark	17,194	–	–	–	–	–	–	–
William Eccleshare	–	–	–	–	–	–	–	–
Ian McHoul	10,000	–	–	–	–	–	–	–
Euan Sutherland	–	–	–	–	–	–	–	–

Note:

- Based on 12 month average share price of 842.4p and salaries as at 30 September 2021 of £659,057 for the CEO and £404,875 for the CFO.
- On 14 September 2021 Simon Litherland exercised 1,063 nil cost options under the Performance Share plan. The share price on the date of exercise was 937p. The total gain realised on the exercise was £9,960.30.
- On 11 May 2021 Joanne Wilson received the second tranche of 19,565 shares pursuant to her buy-out award agreement of which 9,228 shares were sold at 916.26p to cover tax and National Insurance, retaining 10,337 shares.

As at the date of this report, Simon Litherland had acquired a further 41 shares and Joanne Wilson had acquired a further 40 shares, both through the Share Incentive Plan since the year end.

Outside appointments

Executive Directors are allowed external appointments with the permission of the Board.

Simon Litherland is a Non-Executive Director of Persimmon plc, for which he received £60,000 in fees in the year to 30 September 2021.

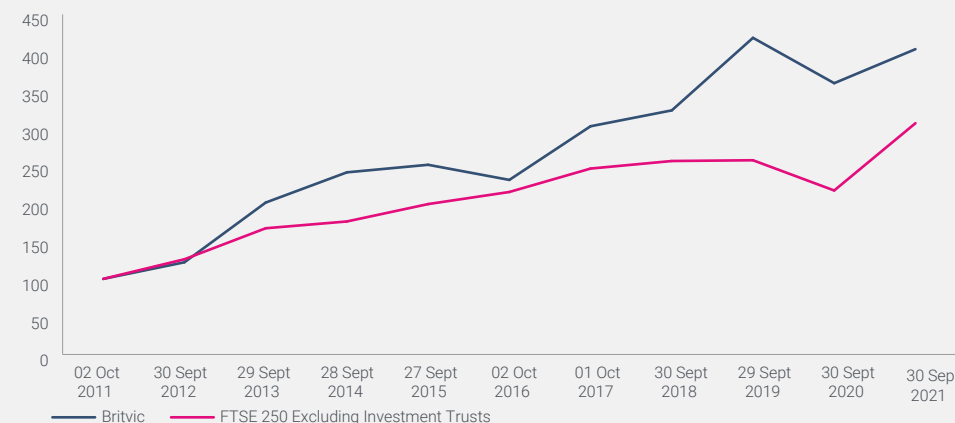
Performance graph and table

The graph below shows the TSR for Britvic plc and the FTSE 250 excluding investment trusts over the 10 year period ended 30 September 2021. The table on the following page shows total remuneration for the CEO over the same period.

Britvic's historical TSR performance growth in the value of a hypothetical £100

The Committee considers the FTSE 250 (excluding investment trusts) is a relevant index for total shareholder return as it represents a broad equity index in which the company is a constituent member.

Britvic's historical TSR performance growth in the value of a hypothetical £100



Annual Report on Remuneration continued

Remuneration history for CEO from 2012 to 2021

£'000	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Simon Litherland total single figure of remuneration	n/a	1,114.6	1,964.3	3,075.2	1,734.5	2,086.3	2,147.4	3,747.9	1,059.6	2,290.1
Paul Moody total single figure of remuneration	670.1	1,412.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Bonus (% of maximum)	0.0%	98.6% for Simon Litherland, 0.0% for Paul Moody	72.2%	53.3%	80.6%	82.1%	88.9%	46.9%	0.0%	84.9%
LTIP (% of maximum)	0.0% (ESOP 0.0%, PSP 0.0%)	n/a for Simon Litherland, 0.0% for Paul Moody (ESOP 0.0%, PSP 0.0%)	63.6% (ESOP 69.0%, PSP 50%)	100% (ESOP 100%, PSP 100%)	91.0% (ESOP 100%, PSP 65.8%)	59.4% (ESOP 61.1%, PSP 56.2%)	37.5% (ESOP 33.3%, PSP 50.0%)	78.0% (ESOP 76.0%, PSP 82.0%)	8.3% (ESOP 0.0%, PSP 25.0%)	38.9% (ESOP 33.33%, PSP 50.0%)

Percentage change in remuneration of the Directors

The table below shows how the percentage change in the directors' salaries, benefits and bonuses between 2020 and 2021 compared with the percentage change in the weighted average of each of those components for all full-time equivalent employees based in Great Britain. The Great Britain employee workforce was chosen as a suitable comparator group as the directors are based in Great Britain (albeit with a global role and responsibilities) and pay changes across the Group vary widely depending on local market conditions.

Element financial year 2021	Simon Litherland, CEO %	Joanne Wilson, CFO %	John Daly %	Suniti Chauhan %	Sue Clark %	William Eccleshare %	Ian McHoul %	Euan Sutherland %	GB employees increase %
Base salary/fees	2.5	1.9	0.6	0.5	1.2	0.5	1.3	0.5	2.8
Taxable benefits ¹	1.1	0.3	n/a	n/a	n/a	n/a	n/a	n/a	1.6
Bonus ²	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,385

Notes:

- The increase in taxable benefits for the CEO relate to an increase in life insurance premium and for both the CEO and CFO a small increment in the cost of private healthcare. The increment in healthcare costs has a proportionally greater increase on employee benefit.
- The Executive Directors waived their 2020 bonus and received £0 bonus, consequently the increase % is not calculable. The increase in employee bonus is due to the discretionary bonus awarded in financial year 2020 creating a low base from which the increased bonus in financial year 2021 is measured.

Element financial year 2020	Simon Litherland, CEO %	Joanne Wilson, CFO ¹ %	John Daly %	Suniti Chauhan %	Sue Clark %	William Eccleshare %	Ian McHoul %	Euan Sutherland %	GB employees increase %
Base salary	2.5	n/a	1.9	1.6	3.6	1.6	4.3	1.6	2.5
Taxable benefits ²	(21.1)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(55.9)
Bonus ³	(100.0)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	(62.4)

Notes:

- Joanne Wilson was employed for less than a month in financial year 2019 and so no comparator was provided.
- The decrease in taxable benefits reflected the provision of free private healthcare to employees (lowering the taxable benefit), proportionally impacted the CEO less than the general workforce.
- Bonuses for Great Britain based employees for 2019/20 were driven by the discretionary arrangements in supply chain where some bonuses were paid, and so have reduced employee bonuses by less than the CEO's was reduced.

Annual Report on Remuneration **continued**

CEO pay ratio

The table below sets out the comparisons between the 25th, median and 75th percentile employees in the UK with reference to 30 September 2021 and the CEO's single figure total of remuneration. The Company has decided to use the prescribed Option B methodology when calculating the pay ratios. It is envisaged that the ratio will fluctuate year on year and may not always coincide with the underlying performance of the business in a single year.

Year	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021 total remuneration	67:1	56:1	35:1
2020 total remuneration	31:1	28:1	20:1
2021 salary	22:1	18:1	13:1
2020 salary	20:1	18:1	13:1

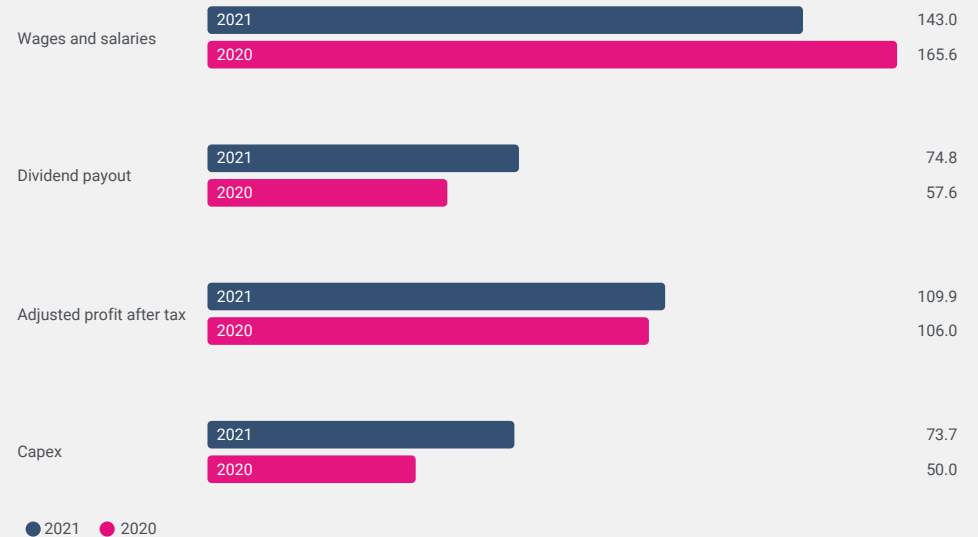
	Salary	Total remuneration
25th percentile employee	£29,502	£34,132
Median employee	£36,858	£41,227
75th percentile employee	£52,127	£65,746

The increase in the ratio in financial year 2021 compared to financial year 2020 is driven by the greater increase in the CEO's variable pay. The Company believes the ratio is consistent with pay and progression for employees and reflects the principle of the CEO having a much greater proportion of his pay at risk.

Relative importance of spend on pay

The following chart sets out this information as it applies to the company, comparing figures for the year under review and the previous year. Profit after tax and capital expenditure are also shown below for context:

Distribution statement (£m)



Notes:

- 1 Capital expenditure is defined as net cash flow from the purchase and sale of both tangible and intangible assets.
- 2 Profit after tax is before the deduction of adjusting items.

Annual Report on Remuneration **continued**

Payments made to past Directors (subject to audit)

No payments were made to past Directors during the year.

Payments made for loss of office (subject to audit)

No payments for loss of office were made during the year.

Directors' contracts

Details of the Executive Directors' service contracts and the Non-Executive Directors' letters of appointment are set out below. All Directors' service contracts and letters of appointment are available for inspection at the company's registered office and at the AGM up until the start of the meeting.

Director	Date of appointment	Unexpired term (approx. months) as at date of this report
John Daly	27 January 2015	21
Simon Litherland	14 February 2013	12
Joanne Wilson	9 September 2019	12
Suniti Chauhan	29 November 2017	23
Sue Clark	29 February 2016	3
William Eccleshare	29 November 2017	23
Ian McHoul	10 March 2014	15
Euan Sutherland	29 February 2016	3

Executive Directors' contracts operate on a 12 month rolling notice basis.

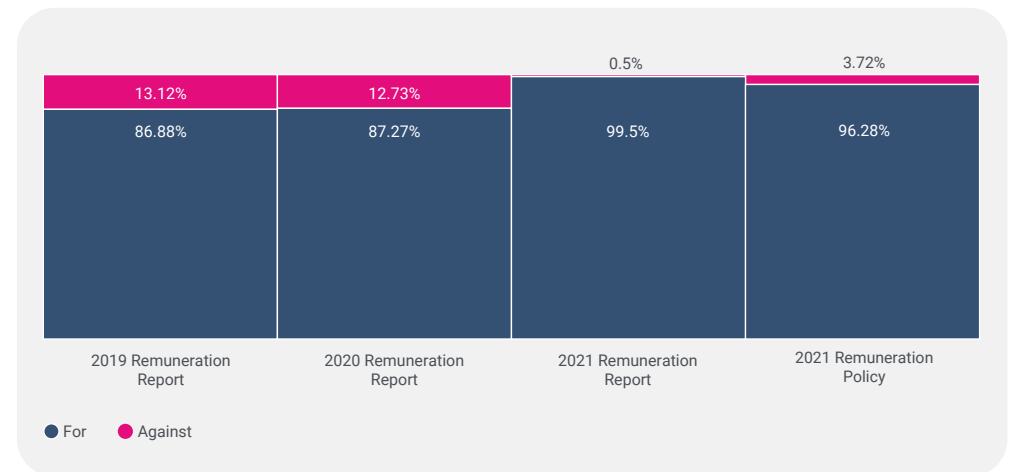
Note: It is expected that Sue Clark and Euan Sutherland will renew their terms on expiry of the current terms.

Statement of voting outcomes at the Annual General Meeting

The following chart sets out the result from the advisory vote on the Annual Statement and Annual Report on Remuneration for the past three years at the relevant AGMs and the binding vote on the Directors' Remuneration Policy at the 2021 AGM. As evidenced by the voting outcomes below, Britvic has consistently received support for its remuneration arrangements:

Report/Policy	Votes for	Votes against	Votes withheld
2021 Remuneration Policy	210,107,534	8,119,609	639,017
2021 Remuneration Report	217,735,800	1,089,556	40,805
2020 Remuneration Report	172,582,297	25,171,913	7,172,538
2019 Remuneration Report	174,473,526	26,341,914	1,081,841

Shareholder Voting Outcome



Directors' Report

The Directors present their report and the audited consolidated financial statements of the company and the Group for the year ended 30 September 2021.

Additional disclosures

Other information that is relevant to this report is incorporated by reference, including information required in accordance with the UK Companies Act 2006 and associated regulations, Listing Rules and Disclosure Guidance and Transparency Rules (DTRs). For the purpose of DTR 4.1.8 R the management report comprises the Strategic Report and the relevant parts of this Directors' Report. The corporate governance statement required under DTR 7.2.1 comprises the content on pages 68 – 116.

The following sets out where items required to be included in this report under Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, that are not located in the Directors' Report, can be found:

Indication of future developments	Strategic report	Pages 2 – 67
Financial risk management	CFO's review Note 25 to the accounts	Pages 57 – 60 Pages 165 – 168
Employment of disabled persons	Sustainable business	Page 38
Employee engagement	Sustainable business Governance statement s.172 statement	Pages 37 – 40 Page 81 Pages 32 – 33
Engagement with suppliers and customers	Stakeholder engagement Sustainable business	Pages 30 – 31 Pages 45 – 48
Greenhouse gas emissions	Sustainable business	Page 50
Energy consumption	Sustainable business	Page 50

The following sets out where items required under Listing Rule 9.8.4, that are not located in the Directors' Report, can be found:

Directors' interests	Remuneration Report	Page 113
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Operations and performance

Dividends and dividend waiver

The Group's profit before taxation attributable to the equity shareholders amounted to £142.9m (2020: £111.2m) and the profit after taxation amounted to £103.2m (2020: £94.6m). An interim dividend of 6.5p (2020: nil) per ordinary share was paid on 7 July 2021.

Subject to shareholder approval, the Directors have proposed a final dividend of 17.7p (2020: 21.6p) per ordinary share payable on 2 February 2022 to shareholders on the register at the close of business on 17 December 2021, giving a total dividend in respect of 2021 of 24.2p (2020: 21.6p), an increase of 12% per cent on the previous year.

The trustees of the Britvic Share Incentive Plan have elected to waive dividends on shares held under trust relating to dividends payable during the year.

Research and development

The Group carries out research and development necessary to support its principal activities as a manufacturer and distributor of soft drinks.

Events since the balance sheet date

No important events affecting the company have occurred since year end.

Environmental reporting

The Directors have a responsibility to consider the impact on the environment and the likely consequences of any business decisions in the long term. Disclosures in respect of this are included with the Strategic Report on pages 42 – 56 and in our Section 172 statement, which can be found on pages 32 – 33.

Shares and shareholders

Share capital

The company's issued share capital comprised a single class of shares divided into ordinary shares of 20p each (ordinary shares). As at 30 September 2021, the company's issued share capital comprised 267,314,637 ordinary shares.

Rights and restrictions attaching to shares

On a show of hands at a general meeting of the company, every holder of ordinary shares present in person and entitled to vote shall have one vote, and on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. Any notice of general meeting issued by the company will specify deadlines for exercising voting rights and in appointing a proxy or proxies in relation to resolutions to be proposed at the general meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the general meeting and published on the company's website after the meeting.

There are no restrictions on the transfer of ordinary shares in the company other than:

- Certain restrictions which may from time to time be imposed by laws and regulations (for example, insider trading laws); and
- Pursuant to the Listing Rules of the Financial Conduct Authority and Britvic's share dealing code whereby certain employees of the Group require the approval of the company to deal in its ordinary shares.

The company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.

Shares held in employee benefit trusts

Under the rules of the Britvic Share Incentive Plan (the Plan) eligible employees are entitled to acquire shares in the company. Plan shares are held in trust for participants by Equiniti Share Plan Trustees Limited (the Trustees). Voting rights are exercised by the Trustees on receipt of participants' instructions. If a participant does not submit an instruction to the Trustees no vote is registered. In addition, the Trustees do not vote on any unawarded shares held under the Plan as surplus assets. As at 30 September 2021, the Trustees held 1.01% (2020: 1.08%) of the issued share capital of the company.

Directors' Report **continued**

Similarly, if IQ EQ (Jersey) Limited, as Trustee of the Britvic Employee Benefit Trust (the Trustee), holds ordinary shares on trust for the benefit of the Executive Directors, senior executives and managers of the Group, a dividend waiver is in place. The Trustee is not permitted to vote on any unvested shares held in the trust unless expressly directed to do so by the company. The Trustees held 0.06% (2020: 0.14%) of the issued share capital as at 30 September 2021.

Major shareholders

At 30 September 2021, the company had been notified, in accordance with the Disclosure and Transparency Rules, of the following interests amounting to 3% or more of the voting rights in the issued ordinary share capital of the company. No further disclosures were received in the period to 10 November 2021.

	Number of ordinary shares	Percentage of voting rights
APG Asset Management	17,841,191	6.67%
FMR LLC	16,937,163	6.34%
M&G Plc	Below 5%	Below 5%
Incentive AS	13,781,830	5.16%
NN Group N.V.	13,383,912	5.01%
Invesco Ltd	13,336,906	4.99%
Norges Bank	7,783,324	2.91%
BNP Paribas	7,952,461	2.97%
Standard Life	Below 5%	Below 5%
BlackRock	Below 5%	Below 5%

Governance

Articles of association

The company's articles may only be amended by a special resolution at a general meeting of shareholders. The articles were last updated in January 2019 to incorporate best practice and current legal and governance standards.

Compliance

Britvic has a global compliance function responsible for overseeing the compliance agenda, including working with policy owners to ensure that individual policies form a coherent framework across the business. Objectives of this function are to ensure that policies remain relevant, identifying and addressing new policy areas and advising on implementation and monitoring. New employees are required to read and complete training on key policies, and the compliance function runs a rolling programme of updates in order that the workforce, including contractors, review relevant policies at regular intervals.

Anti-bribery and corruption

Britvic has an anti-bribery and corruption policy that applies across the Group. Training is provided to employees through an e-learning platform.

Face to face training is also deployed to relevant areas of the business, including to the Executive team and the Board. Training includes details of the rules and limits around giving and receiving gifts and hospitality and how to record these. Central records are kept by the Company Secretary and reviewed annually. Bribery and corruption risks are addressed within the Group risk management framework under the legal and regulatory principal risk (see page 65).

In addition, during the course of the financial year 2021, Britvic conducted an internal review of its anti-bribery and corruption procedures across the Group and has formulated a detailed roadmap to increase the robustness of those procedures even further.

Britvic also provides a confidential 'Speak-Up' whistleblowing hotline, operated by an independent third party, enabling employees, contractors, suppliers and anyone associated with Britvic to report suspected wrongdoing. The Audit Committee reviews the process in place for reporting to ensure it is fit for purpose, and all reports received, and follow up actions, are reported to the Board.

No Speak-Up reports related to anti-bribery and corruption have been received in the financial year 2021.

Going concern and viability

The Directors consider that the Group and the company have adequate resources to remain in operation for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements. The UK Corporate Governance Code 2018 requires the Directors to assess and report on the prospects of the Group over a longer period. This longer-term viability statement is set out on page 67. Please refer to note 3 for our basis of preparation accounting policy.

Branches

As a global Group, our interests and activities are held or operated through subsidiaries and branches which are established in, and subject to the laws and regulations of, various different jurisdictions.

Political donations

No political donations were made by the Group and its subsidiaries during the financial year (2020: nil).

Annual General Meeting

The 2022 AGM will be held on Thursday 27 January 2022 at 11.00am at the offices of Linklaters LLP, 1 Silk Street, London EC2Y 8HQ. Details of the resolutions to be proposed at the AGM are set out in the separate circular which has been sent to all shareholders and is available on the Britvic website at britvic.com/agm.

Directors' Report **continued**

Directors

The following were Directors of the company during the year: John Daly, Simon Litherland, Joanne Wilson, Suniti Chauhan, Sue Clark, William Eccleshare, Ian McHoul and Euan Sutherland. The biographical details of the Directors are set out on pages 70 – 71 of this report. The service contracts of the Executive Directors and letters of appointment of the Non-Executive Directors are available for inspection at the company's registered office.

Directors' powers

Subject to company law and the company's articles, the Directors may exercise all of the powers of the company and may delegate their power and discretion to committees. The Executive team is responsible for the day-to-day management of the Group. The articles give the Directors power to appoint and replace Directors. Under the terms of reference of the Nomination Committee, any appointment must be recommended by the Nomination Committee for approval by the Board. The company's articles require that each Director retires at the end of each AGM of the company unless elected or re-elected at the meeting, and that a Director who has been appointed by the Board during the year, retires at the next AGM following their appointment.

Contracts of significance

No Director has any other interest in any shares or loan stock of any Group company other than those disclosed in the Remuneration Committee Report on page 113. No Director was or is materially interested in any contract, other than under their service contract or letter of appointment, which was subsisting during or existing at the end of year and which was significant in relation to the Group's business. There are procedures in place to deal with any conflicts of interest and these have operated effectively during the year.

Directors' liabilities

As at the date of this report, customary indemnities are in place under which the company has agreed, to the extent permitted by law and the company's articles, to indemnify:

- The Directors, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors of the company or any of its subsidiaries; and
- Directors of companies which are corporate trustees of the Group's pension schemes against liability incurred in connection with those companies' activities as trustees of such schemes.

Change of control provisions

There are no agreements between the company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid. The company's banking arrangements are terminable upon a change of control of the company. Certain other indebtedness becomes repayable if a change of control leads to a downgrade in the credit rating of the company. The company's agreements with PepsiCo are terminable upon a change of control.

Disclaimer

The purpose of this Annual Report and Accounts is to provide information to the members of the company, and it has been prepared for, and only for, the members of the company as a body, and no other persons. The company, its Directors and employees, agents and advisors do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed. A cautionary statement in respect of forward-looking statements contained in this Annual Report appears on the inside front cover of this document.

The Directors' Report was approved by the Board on 23 November 2021.

By Order of the Board

Clare Thomas

Company Secretary
Britvic plc

Company No. 5604923

Statement of Directors' responsibilities

Statement of Directors' responsibilities in respect of the annual report and the financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and company and of the profit or loss of the Group and the company for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRSs (and in respect of the parent company financial statements, FRS 101) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and company financial position and financial performance
- In respect of the Group financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs adopted pursuant to Regulation(EC) No 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the financial statements
- In respect of the parent company financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and/or the Group will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and enable them to ensure that the company and the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the parent company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' remuneration report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Directors' declaration in relation to relevant audit information

The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 70 – 71. Having made enquiries of fellow Directors and of the company's auditor, each of these Directors confirms that:

- To the best of each Directors' knowledge and belief, there is no information relevant of which the company's auditor is unaware
- Each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information

Directors' responsibility statement (DTR 4.1)

The Directors confirm that to the best of their knowledge:

- The consolidated financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (and IFRSs adopted pursuant to Regulation(EC) No 1606/2002 as it applies in the European Union), give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole
- The annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- The annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

On behalf of the Board

Simon Litherland
Chief Executive Officer
23 November 2021

Joanne Wilson
Chief Financial Officer
23 November 2021

Independent Auditor's Report to the members of Britvic plc

Opinion

In our opinion:

- Britvic plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Britvic plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2021 which comprise:

Group	Parent company
Consolidated balance sheet as at 30 September 2021	Balance sheet as at 30 September 2021
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Related notes 1 to 15 to the financial statements including a summary of significant accounting policies
Consolidated statement of changes in equity for the year then ended	
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 35 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's going concern assessment and understood the process undertaken by management to evaluate the operational and economic impacts of the ongoing COVID-19 pandemic and other downside scenarios on the group and to reflect these in the group's forecasts.
- We tested the clerical accuracy of the model used to prepare the group's going concern assessment.
- We have assessed whether the going concern period identified by management as the 16 months to March 2023 is appropriate and whether there are any relevant significant events outside of the period that should be included within the going concern assessment.
- We obtained evidence to support the changes in the group's financing arrangements in the period, including the refinancing of £367m of the group's revolving credit facility to February 2026 and £33m to February 2025. We confirmed that £74m of private placement notes due in the year had been repaid. We confirmed that the repayment of private placement notes due in the going concern period had been appropriately considered by management within their forecasts and that there are no conditions that would prevent the group drawing on its committed facilities if required.
- We challenged the detailed assumptions underpinning the group's forecasts, in particular around sales in the GB Out of Home channel, given the continuing uncertainties arising from COVID-19 and the potential for further restrictions if cases increase during the going concern period. We corroborated the assumptions in management's forecasts to that actually experienced through the COVID-19 pandemic to date. We also confirmed that the group's forecasts in the going concern assessment were consistent with those approved by the Board in September 2021 and with other forecasts used by the group in its accounting estimates, including impairment.
- We evaluated the assumptions relating to mitigating actions that the group could take, including an assessment of the quantum and timing of the assumed saving, and validated that these actions were within the control of management.
- We considered, based on our own independent analysis, what reverse stress testing scenarios could lead either to a loss of liquidity or a covenant breach and whether these scenarios were plausible. Our reverse stress testing showed that should the impact on trading that the group experienced in April 2020 – March 2021, be present for a further 16 months, including consideration of reduced costs from controllable mitigating actions and further downside from possible supply chain

Independent Auditor's Report to the members of Britvic plc continued

disruptions, the group would not breach its covenant requirements or exhaust its liquidity needs in the going concern period.

- We assessed the appropriateness of the group's disclosure concerning the going concern basis of preparation in accordance with relevant standards.
- The audit procedures performed to address this risk were performed by the group audit team.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of 16 months from when the financial statements are authorised for issue to 31 March 2023.

In relation to the group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	– Inappropriate revenue recognition through manual journal entries. – Management override of internal controls over customer discounts. – The assessment of the carrying value of goodwill and indefinite lived assets.
Audit scope	– We performed full audit procedures over 2 group level functions in addition to the financial information of 4 trading components in GB, France and Brazil. We performed specified audit procedures over specific accounts for 4 further trading components in Ireland, EMEA and Counterpoint. – The components where we performed full audit procedures accounted for 97% of the group's profit before tax and adjusting items, 88% of revenue and 87% of total assets. The specific accounts for components where we performed specified audit procedures accounted for a further 12% of total assets.
Materiality	– Overall group materiality of £7.95m which represents approximately 5% of profit before tax and adjusting items, as defined on page 194.

An overview of the scope of the parent company and group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we performed full scope audit procedures on the two group level functions, and we selected four trading components covering operations in GB, France and Brazil business units within the group ("full scope components"). The full scope components were selected based on their size or risk characteristics. At four further components, Ireland, Northern Ireland, EMEA and Counterpoint Ireland businesses ("specified procedures components"), we performed specified audit procedures over specific accounts within each component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

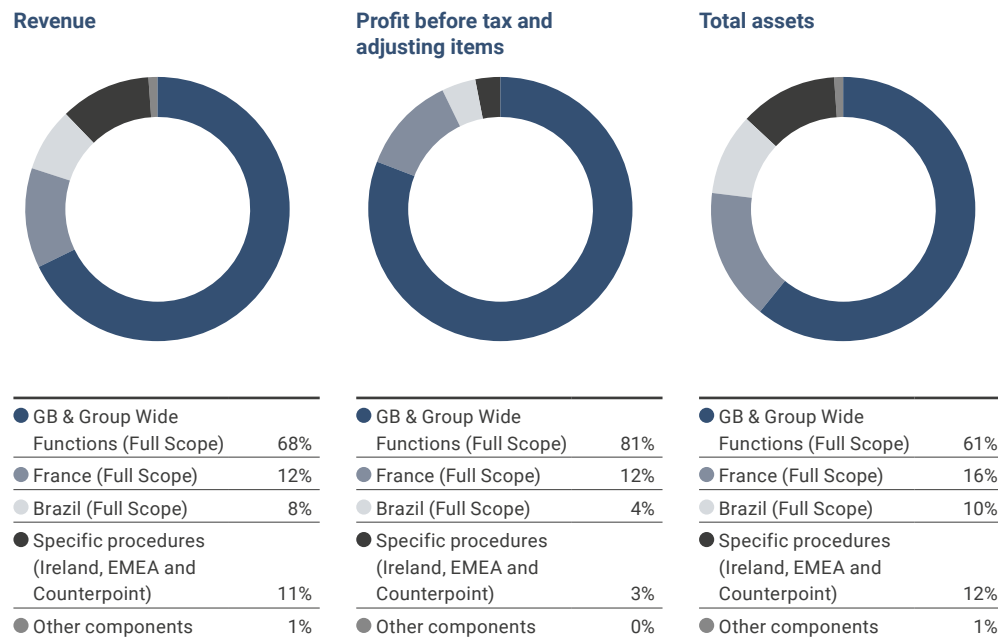
The reporting components where we performed full scope audit procedures accounted for 97% (2020: 105%) of the group's profit before tax and adjusting items, 88% (2020: 87%) of the group's revenue and 87% (2020: 87%) of the group's total assets. The specific accounts for components where we performed specified procedures accounted for 12% (2020: 12%) of the group's total assets. The scoping of the audit compared to the prior year is summarised as follows;

	2021			2020		
	Revenue	Profit before tax before adjusting items	Total Assets	Revenue	Profit before tax before adjusting items	Total Assets
Full scope audit	88%	97%	87%	87%	105%	87%
Specific scope audit	–	–	–	–	–	–
Specified audit procedures	11%	3%	12%	–	–	12%
Other components	1%	0%	1%	13%	(5%)	1%
Total group	100%	100%	100%	100%	100%	100%

Of the remaining components that together represent 0% of the group's profit before tax before adjusting items, none are individually greater than +/-5% of the group's profit before tax before adjusting items. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the group financial statements, in addition to the specified procedures for applicable components as detailed above.

Independent Auditor's Report to the members of Britvic plc continued

The charts below illustrate the coverage obtained from the work performed by our audit teams.



Changes from the prior year

Our scoping has not changed from the prior year, however the procedures performed at the specified procedures components have been updated to respond to the identified risks within these components in the period.

Involvement with component teams

In establishing our overall approach to the group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. For the three components where the work was performed by component auditors, in France and two components in Brazil, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the group as a whole.

The primary team interacted regularly with component teams where appropriate during various stages of the audit process and through the review of planning and conclusion deliverables and other key working papers.

The Senior Statutory Auditor leads the audit of the full scope component in the GB business, all specified procedures components within the Ireland, Northern Ireland, EMEA and Counterpoint businesses, in addition to the audit of the group functions. These full scope components and the

components covered by specified audit procedures represent 84% of the group's profit before tax and adjusting items, 79% of the group's revenue and 69% of the group's total assets.

As the COVID-19 pandemic and lockdown restrictions have been present through the group's financial year, site visits by the Senior Statutory Auditor to France and Brazil were not possible. Instead, we increased our interactions with the component teams which were held virtually through the use of video or teleconferencing facilities, including virtual meetings with local France and Brazil management. We held virtual planning meetings before the year end and weekly video conference calls were held with each of our France and Brazil teams from the beginning of October through to the full year results announcement in November 2021.

The audit closing calls for each component were held via video conferencing and were attended by the Senior Statutory Auditor enabling direct interaction with local management teams as well as local audit teams.

For France and Brazil, the review of relevant audit workpapers was facilitated by the EY electronic audit platform and screen sharing of work. This allowed appropriate discussions with the component teams on audit strategy, risk identification and the results of audit procedures performed.

Based upon the above approach we are satisfied that we have been able to perform sufficient and appropriate oversight of our component teams.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk – Inappropriate revenue recognition through manual journal entries

Refer to the Audit Committee Report (page 89) and note 4 of the group financial statements

Description of risk

The group has reported revenue of £1,405m (2020: £1,412m). Given the market focus on the group's revenue performance we consider there to be a risk in relation to the potential overstatement of revenue. In addition, management reward and incentive schemes, which are in part based on achieving revenue and profit targets, may also incentivise management to manipulate revenue recognition in order to help achieve targets of profitability.

Therefore, there is a risk that management may override controls to intentionally misstate revenue by recording fictitious revenue transactions through inappropriate manual journal entries.

Independent Auditor's Report to the members of Britvic plc continued

Our response to this risk

- We understood the group's revenue recognition policies (refer to pages 134 – 135) and assessed the design effectiveness of key controls and how they are applied.
- At all full scope locations and specified audit procedure locations in Ireland, Northern Ireland and EMEA, we tested journal entries posted to revenue accounts, applying a number of parameters designed to identify entries that were not in accordance with our expectations. This included analysing and selecting journals for testing which appeared unusual in nature either due to size, preparer or were manually posted and therefore outside the normal course of business. We verified any such journals to source documentation to confirm that the entries supported the revenue recognised.
- For the GB, France, Brazil, Ireland, and Northern Ireland components, together contributing 96% of the Group's revenue, we performed data analysis over the entire revenue process from revenue recognition through to invoice settlement. Where the postings did not follow our expectation, we investigated anomalies and tested a sample of these entries above a certain threshold to ensure their validity by agreeing back to source documentation.
- At all full scope locations and specified procedure locations in Ireland, Northern Ireland and EMEA, we selected a sample of post period end credit notes and obtained corroborating evidence to demonstrate that any credit note related to the audit period had been appropriately recorded.

Key observations communicated to the audit committee

Based on our procedures we have not identified evidence of inappropriate management override in respect of the amount of revenue recorded.

Risk – Management override of internal controls over customer discounts

Description of risk

The risk of material misstatement due to management override of controls is considered a risk in every audit. Management has the primary responsibility to prevent and detect fraud. We are required by professional auditing standards to consider how this risk may manifest itself and design appropriate procedures.

Consistent with industry practice, the group provides material discounts to customers. These include promotional discounts, long term discounts and account development funds which are deducted from revenue. The accounting for these discounts can be complex and judgemental.

Management could manipulate results through incomplete recording of discounts and related liabilities. We have associated this risk to the promotional discounts, long term discounts and account development funds of £122.3m that remain open as at 30 September 2021.

Our response to this risk

For all full scope components:

- We obtained an understanding of the group's processes for the recognition and management of discounts provided to customers and assessed the design effectiveness of key controls and how they are applied.
- We performed analytical procedures including the correlation of revenue to discounts to assess completeness of discounts.

- We performed hindsight analysis to determine the historical accuracy of management's estimation and any required adjustments to accruals.
- We performed targeted journal entry testing at the general ledger level. Our testing was focused on manual journal entries posted, both to the period end accruals and to the rebate income statement accounts, with a particular focus on journal entries posted close to the period end.

For all full scope and specified audit procedures components:

- We performed testing on a sample of post year end discounts, both settled and updated, as evidence of the appropriateness of discount accruals recognised at the year end.
- We selected a sample of post year end credit notes and ensured that, where audit evidence demonstrated that the credit note related to the audit period, that these credit notes were appropriately provided for in the financial statements.
- We tested a sample of long term and promotional discount expenses and account development fund expenses throughout the period and a sample of period end accruals by agreeing balances through to supporting documentation including contractual agreements and ensured that the revenue recognition policies adopted complied with IFRS.
- We performed data analysis over the entire discount process from cost recognition in the income statement through to settlement. Where the postings did not follow our expectation, we investigated anomalies and tested a sample of these entries above a certain threshold to ensure their validity by agreeing back to source documentation.

Specific procedures for the local components tailored on our risk assessment:

- In GB, the largest component;
 - We held bi-annual meetings with the customer account teams to update our knowledge of the status of customer negotiations and the process by which discounts have been recorded.
 - We assessed the assumptions used in determining the customer claims provision in GB were appropriate by corroborating to supporting evidence.
 - We used bespoke data analysis procedures to identify transactions that appeared unusual based on our understanding of the process within the GB business. For those transactions identified, we obtained explanations from management and corroborated this to supporting documentation.
- In GB and EMEA, we obtained direct confirmation of the terms of specific rebate agreements from a sample of customers.
- In France, we tested the operating effectiveness of the controls in respect of long term discounts.

Key observations communicated to the audit committee

Based on our procedures, we identified no material instances of inappropriate management override of the discounts in the financial statements.

Risk – The assessment of the carrying value of goodwill and indefinite lived assets

Refer to the Audit Committee Report (page 89); and note 15 of the group financial statements

Description of risk

The group has significant goodwill and other intangible assets including indefinite lived trademarks. There is a risk that the underlying results of the separately identified cash generating units (CGUs) do not support the carrying value of indefinite life intangible assets and goodwill.

Given the continuing uncertainty that the current macroeconomic environment presents to forecasting on which the impairment assessment relies, our risk was focused on the most sensitive CGUs being Britvic Brands Ireland and the goodwill allocated to Britvic Brazil.

Our response to this risk

- We understood the group’s process for preparing impairment review calculations and assessed the design effectiveness of key controls and how they are applied.
- We assessed whether management’s identification of cash generating units was in accordance with IAS 36 by comparing the identified CGUs to internal management reporting demonstrating how the cash flows are monitored.
- We agreed 2021 financial performance data used in the models for each CGU to the audited consolidation system.
- We reconciled the forecasts used in the CGU impairment models for 2022 and beyond to the scenario analysis prepared for use elsewhere in the group – e.g., the going concern review and viability assessment. We ensured these forecasts were aligned to the board approved forecasts.
- We have assessed the key assumptions in the impairment analysis – identified as the discount rates and long term growth rates – with the support of valuation specialists to conclude on our independent range of values for these assumptions. Where specific assumptions were used for a CGU, different to the group wide assumptions of future growth, we obtained additional support for these specific assumptions such as comparison to prior period results and evidence of significant planned marketing activity and investment to support the assumptions.
- We have performed sensitivity analysis over key assumptions to understand the impact of reasonable changes in assumptions on the impairment models and conclusions.
- We have assessed how the impact of climate change has been included within management’s forecast.
- We reviewed the disclosures in the financial statements (note 15) for compliance with IAS 36 requirements.

Key observations communicated to the Audit Committee

Based on our procedures, we concur with management’s assessment of the carrying value of the goodwill and indefinite lived assets. The disclosures prepared by management comply with IAS 36 and appropriately reflect the CGUs where a reasonable change in assumption could result in an impairment charge.

In the prior year we identified a key audit matter in relation to Incorrect accounting for significant and complex non-routine transactions resulting from the sale of the French juices business and the acquisition of The Boiling Tap Company. This is not considered a key audit matter in the current year as there have been fewer significant and complex non-routine transactions in the year reducing the risk of material misstatement. Our experience in the prior year showed that management have an appropriate process in place which was followed for the acquisition of Plenish Cleanse Ltd. There were no other transactions that we considered significant, complex or non-routine transactions in the current year.

In the prior year we also identified a key audit matter in relation to Distributions made other than in compliance with the Companies Act. Management took appropriate action in relation to this finding in the prior year and has implemented a new policy for distributions such that this was not considered a key audit matter in the current year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £7.95 million (2020: £7.10 million), which is approximately 5% (2020: 5%) of profit before tax and adjusting items. We believe that profit before tax and adjusting items is the most relevant measure of the underlying financial performance of the group, as the primary metric used by stakeholders.

Starting basis	Profit before tax of £142.9m as per the Annual Report
Adjustments	Add adjusting items before tax of £15.9m per the Annual Report
Materiality	Materiality set at £7.95m represents approximately 5% of profit before tax and adjusting items of £158.8m per the Annual Report

Independent Auditor's Report to the members of Britvic plc continued

We determined materiality for the Parent Company to be £9.9 million (2020: £9.8 million), which is 1.5% (2020: 1.5%) of equity. Equity is the most appropriate measure given the parent company is an investment holding company with no revenue. Where procedures were performed as part of the group audit, we performed our procedures to the group materiality level which was lower than the Parent Company materiality.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality be retained at approximately 50% (2020: 50%) of our planning materiality, being £3.9m (2020: £3.6m). We have set performance materiality at this percentage based on our assessment of the risk of material misstatement in the current year.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.8m to £3.3m (2020: £0.7m to £3.1m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the audit committee that we would report to them all uncorrected audit differences in excess of £0.4m (2020: £0.35m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 – 120 and 192 – 198, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 118;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 67;
- Directors' statement on fair, balanced and understandable set out on page 68;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 61 – 66;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 91; and
- The section describing the work of the audit committee set out on pages 88 – 92.

Independent Auditor's Report to the members of Britvic plc continued

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 120, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (IFRS, FRS 101, the Companies Act 2006 and UK Corporate Governance Code) and the relevant tax compliance regulations in the jurisdictions in which the group operates. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Listing Rules of the UK Listing Authority, and those laws and regulations relating to food safety, environmental, occupational health and safety and data protection.
- We understood how the group is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, papers provided to the audit committee and any correspondence received from regulatory bodies.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts. We considered the programmes and controls that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraphs above. Our procedures involved: journal entry testing, with a focus on manual consolidation journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of legal counsel, group management, internal audit, divisional management and all full and specified procedures scope management; and focused testing, in relation to the revenue and management override key audit matters.
- Within our group instructions to full scope audit components, we requested that any information that indicates suspected or identified non-compliance with laws and regulations, including fraud or questionable or illegal acts, including questionable payments be communicated to the group audit team as soon as the component team became aware of the information. No such information was communicated to or identified by the group audit team.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the members of Britvic plc continued

Other matters we are required to address

- Following the recommendation from the audit committee we were appointed by the company on 31 January 2020 to audit the financial statements for the year ending 30 September 2021 and subsequent financial periods. The period of total uninterrupted engagements including previous renewals and reappointments since Britvic became a standalone entity upon its flotation is 16 years, covering the 52 week period ended 1 October 2006 to the year ended 30 September 2021.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Christabel Cowling (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Leeds

23 November 2021

Consolidated income statement

	Note	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m
Revenue	5	1,405.1	1,412.4
Cost of sales		(822.1)	(851.6)
Gross profit		583.0	560.8
Selling and distribution expenses		(222.1)	(229.0)
Administration expenses		(200.2)	(201.1)
Assets held for sale – impairment charge	33	–	(0.4)
Operating profit	6	160.7	130.3
Finance income	9	0.9	2.4
Finance costs	9	(18.7)	(21.5)
Profit before tax		142.9	111.2
Taxation	10	(39.7)	(16.6)
Profit for the year attributable to the equity shareholders		103.2	94.6
Earnings per share			
Basic earnings per share	11	38.7p	35.6p
Diluted earnings per share	11	38.6p	35.4p

All activities relate to continuing operations.

Consolidated statement of comprehensive income

	Note	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m
Profit for the year attributable to the equity shareholders		103.2	94.6
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Remeasurement gains/(losses) on defined benefit pension plans	22	34.1	(43.3)
Deferred tax on defined benefit pension plans	10a	(12.0)	6.4
Deferred tax on other temporary differences	10a	–	(0.1)
		22.1	(37.0)
Items that may be subsequently reclassified to profit or loss			
Gains/(losses) in respect of cash flow hedges	26	0.1	(4.9)
Amounts reclassified to the income statement in respect of cash flow hedges	26	6.3	6.6
Current tax in respect of cash flow hedges accounted for in the hedging reserve	10a	0.2	–
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve	10a	(1.1)	(0.2)
Exchange differences reclassified to profit or loss on disposal of foreign operations	20	–	(2.3)
Exchange differences on translation of foreign operations	20	(9.7)	(38.2)
Tax on exchange differences accounted for in the translation reserve	10a	(0.6)	(0.6)
		(4.8)	(39.6)
Other comprehensive income/(expense) for the year, net of tax		17.3	(76.6)
Total comprehensive income for the year attributable to the equity shareholders		120.5	18.0

Consolidated balance sheet

	Note	30 September 2021 £m	Restated* 30 September 2020 £m
Non-current assets			
Property, plant and equipment	13	472.4	462.7
Right-of-use assets	24	71.7	78.1
Intangible assets	14	418.3	403.5
Other receivables		5.8	6.0
Derivative financial instruments	26	22.2	25.2
Deferred tax assets	10f	4.0	4.8
Pension assets	22	141.2	101.8
		1,135.6	1,082.1
Current assets			
Inventories	16	135.0	118.5
Trade and other receivables	17	376.1	335.5
Current income tax receivables	10c	7.2	13.1
Derivative financial instruments	26	4.0	12.1
Cash and cash equivalents	18	71.1	109.2
Other current assets	22	–	10.0
		593.4	598.4
Assets held for sale	33	16.8	20.3
		610.2	618.7
Total assets		1,745.8	1,700.8

	Note	30 September 2021 £m	Restated* 30 September 2020 £m
Current liabilities			
Trade and other payables	23a	(417.8)	(358.8)
Commercial rebate liabilities	23b	(122.3)	(107.3)
Lease liabilities	24	(8.9)	(9.6)
Interest-bearing loans and borrowings	21	(2.2)	(78.7)
Derivative financial instruments	26	(1.4)	(2.2)
Current income tax payables	10c	(1.4)	(2.4)
Provisions	27	(5.3)	(13.6)
Other current liabilities	28	(5.5)	(10.2)
		(564.8)	(582.8)
Liabilities held for sale	33	–	(0.1)
		(564.8)	(582.9)
Non-current liabilities			
Interest-bearing loans and borrowings	21	(576.9)	(586.0)
Lease liabilities	24	(66.2)	(70.2)
Deferred tax liabilities	10f	(100.7)	(68.7)
Pension liability	22	(9.6)	(10.7)
Derivative financial instruments	26	(0.6)	(3.3)
Provisions	27	(0.5)	(1.1)
Other non-current liabilities	28	(6.2)	(2.4)
		(760.7)	(742.4)
Total liabilities		(1,325.5)	(1,325.3)
Net assets		420.3	375.5
Capital and reserves			
Issued share capital	19	53.5	53.4
Share premium account		156.2	154.1
Own shares reserve		(1.5)	(3.7)
Other reserves	20	53.7	59.8
Retained earnings		158.4	111.9
Total equity		420.3	375.5

* Comparative information for the prior period has been restated in accordance with IFRS 3 to reflect the finalisation of acquisition date fair values related to Aqua Libra Co, acquired on 6 June 2020 (see note 34(b)).

The financial statements were approved by the Board of Directors and authorised for issue on 23 November 2021. They were signed on its behalf by:

Simon Litherland Joanne Wilson

Consolidated statement of cash flows

	Note	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m
Cash flows from operating activities			
Profit before tax		142.9	111.2
Net finance costs	9	17.8	19.1
Other financial instruments		0.6	(0.2)
Net reversal of impairment of property, plant and equipment	13	–	(0.7)
Impairment of right-of-use assets	24	–	0.2
Impairment of assets held for sale	33	–	0.4
Impairment of intangible assets	14	–	8.1
Depreciation of property, plant and equipment	13	42.7	43.0
Depreciation of right-of-use assets	24	10.5	11.0
Loss on disposal of property, plant and equipment and intangible assets		2.8	4.3
Amortisation	14	14.8	15.9
Share-based payments charge, net of cash settlements	29	3.8	0.1
Net pension charge less contributions	22	(5.4)	(6.9)
Net foreign exchange differences		0.7	(2.9)
Non-cash loss on disposal of assets held for sale	34	–	0.9
(Increase)/decrease in inventories		(15.4)	11.9
(Increase)/decrease in trade and other receivables		(44.2)	22.4
Decrease/(increase) in other current assets	22	10.0	(10.0)
Increase/(decrease) in trade, other payables and commercial rebate liabilities		74.2	(45.3)
(Decrease)/increase in provisions		(8.5)	8.0
Other adjustments for which cash effects are investing cash flows		0.4	–
Income tax paid		(15.4)	(21.7)
Net cash flows from operating activities		232.3	168.8

	Note	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		0.1	–
Purchases of property, plant and equipment		(56.4)	(43.7)
Purchases of intangible assets		(17.3)	(6.3)
Interest received		0.6	0.7
Divestment of subsidiary	34	–	13.2
Acquisition of subsidiaries, net of cash acquired	34	(31.2)	(2.2)
Net cash flows used in investing activities		(104.2)	(38.3)
Cash flows from financing activities			
Interest paid, net of derivative financial instruments		(15.4)	(16.5)
Net movement on revolving credit facility	21	–	(64.9)
Other loans repaid	21	(0.1)	(0.1)
Payment of principal portion of lease liabilities	24	(8.7)	(10.2)
Payment of interest element of lease liabilities	24	(1.9)	(2.1)
Repayment of private placement notes, net of derivative financial instruments	21	(65.4)	(68.4)
Drawdown of private placement notes	21	–	152.2
Other derivative cash receipts/(payments)		1.3	(2.5)
Issue costs paid	21	(0.3)	(2.6)
Issue of shares relating to incentive schemes for employees		2.2	6.7
Purchase of own shares		–	(2.8)
Dividends paid to equity shareholders	12	(74.8)	(57.6)
Net cash flows used in financing activities		(163.1)	(68.8)
Net (decrease)/increase in cash and cash equivalents		(35.0)	61.7
Cash and cash equivalents at the beginning of the year		109.2	49.0
Net foreign exchange differences on cash and cash equivalents		(3.1)	(1.5)
Cash and cash equivalents at the end of the year	18	71.1	109.2

Consolidated statement of changes in equity

		Issued share capital £m	Share premium account £m	Own shares reserve £m	Other reserves			Retained earnings £m	Total £m
	Note				Hedging reserve £m	Translation reserve £m	Merger reserve £m		
At 29 September 2019		53.1	145.5	(10.3)	(1.2)	13.3	87.3	127.7	415.4
Profit for the year		–	–	–	–	–	–	94.6	94.6
Other comprehensive income/(expense)		–	–	–	1.5	(41.1)	–	(37.0)	(76.6)
Total comprehensive income/(expense)		–	–	–	1.5	(41.1)	–	57.6	18.0
Issue of shares		0.3	8.6	(3.7)	–	–	–	–	5.2
Own shares purchased for share schemes		–	–	(2.8)	–	–	–	–	(2.8)
Own shares utilised for share schemes		–	–	13.1	–	–	–	(17.1)	(4.0)
Movement in share-based schemes		–	–	–	–	–	–	1.3	1.3
Current tax on share options exercised	10a	–	–	–	–	–	–	1.4	1.4
Deferred tax on share options granted to employees	10a	–	–	–	–	–	–	(1.4)	(1.4)
Payment of dividend	12	–	–	–	–	–	–	(57.6)	(57.6)
At 30 September 2020		53.4	154.1	(3.7)	0.3	(27.8)	87.3	111.9	375.5
Profit for the year		–	–	–	–	–	–	103.2	103.2
Other comprehensive income/(expense)		–	–	–	5.5	(10.3)	–	22.1	17.3
Total comprehensive income/(expense)		–	–	–	5.5	(10.3)	–	125.3	120.5
Issue of shares		0.1	2.1	(1.5)	–	–	–	–	0.7
Own shares utilised for share schemes		–	–	3.7	–	–	–	(7.6)	(3.9)
Movement in share-based schemes		–	–	–	–	–	–	3.1	3.1
Current tax on share options exercised	10a	–	–	–	–	–	–	0.3	0.3
Deferred tax on share options granted to employees	10a	–	–	–	–	–	–	0.2	0.2
Transfer of cash flow hedge reserve to inventories		–	–	–	(1.3)	–	–	–	(1.3)
Payment of dividend	12	–	–	–	–	–	–	(74.8)	(74.8)
At 30 September 2021		53.5	156.2	(1.5)	4.5	(38.1)	87.3	158.4	420.3

Notes to the consolidated financial statements

1. General information

Britvic plc (the company) is a company incorporated in the United Kingdom under the Companies Act 2006. It is a public limited company domiciled in England & Wales and its ordinary shares are traded on the London Stock Exchange. The address of the registered office is Britvic plc, Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4TZ. Britvic plc and its subsidiaries (together the Group) operate in the soft drinks manufacturing and distribution industry, principally in the United Kingdom, Republic of Ireland, France and Brazil. The financial year represents the 12 months ended 30 September 2021 (the prior financial year comprised the 12 months ended 30 September 2020).

The financial statements were authorised for issue by the Board of Directors on 23 November 2021.

2. Statement of compliance

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared on a historical cost basis except where measurement of balances at fair value is required as explained below. The consolidated financial statements of the Group are presented in pounds sterling, which is also the functional currency of the company, and all values are rounded to the nearest 0.1 million except where otherwise indicated.

Going concern

As part of the Directors' consideration of the appropriateness of adopting the going concern basis in preparing the Annual Report and Accounts, a range of scenarios including a view of severe but plausible levels of additional COVID-19 restrictions across our markets have been reviewed. The assumptions modelled are based on the estimated potential impact of further COVID-19 restrictions to March 2023, along with an assessment of the impact of key risks defined in the viability statement, that could reasonably arise in the period, and our proposed responses.

Previous sensitivity analysis that quantified the expected impact on our business of a full lockdown in all our markets proved to be reasonable during the period of the most widespread restrictions in 2020. In assessing the impact of any future restrictions, we now have a greater level of clarity on the trends we would expect to see in each of our markets and the mitigating actions we can take.

Considering all learnings to date we have continued to analyse a range of possible scenarios to model different levels of impact on revenue, profit and cash, and the offsetting effect of the controllable mitigating actions over the course of the next 16 months.

In particular, we have tested the possibility of the debt covenants being breached at the six monthly measurement dates, which are aligned to our reporting dates, to March 2023. March 2023 is the most sensitive test point as the EBITDA modelling assumes a full 12 months of reduced trading due to the impact of restrictions and a working capital peak ahead of summer trading. Under all the scenarios modelled, and before any mitigating actions, our forecasts indicate a high level of covenant headroom.

The estimated impacts of COVID-19 restrictions are primarily based on the length of time various levels of restrictions are in place, and the severity of the consequent impact of those restrictions on our At-Home and Out-of-Home channels in each market. The assumptions used reflect the trends we have seen in 2020 and 2021. The scenarios are most sensitive to the assumptions made for GB and Ireland, where we have more significant exposure to Out-of-Home channels. France and Brazil are predominantly At-Home markets and therefore drive less sensitivity.

The most severe scenario includes an assumption that a level of restrictions will remain in place until October 2022 with Out-of-Home outlets only gradually returning towards pre-COVID-19 levels at the beginning of FY23.

Under each scenario, mitigating actions are all within management control and can be initiated as they relate to discretionary spend, and do not impact the ability to meet demand. These actions include the rephasing of A&P and non-essential capex.

As part of the going concern assessment COVID-19 scenarios have been combined with the potential impact of key risks that could reasonably arise in the period, to assess the extent to which further mitigating actions would be required and confirm that they remain within management control.

As at 30 September 2021, the consolidated balance sheet reflects a net asset position of £420.3m. During the year, the Group successfully secured a one-year extension of its £400.0m revolving credit facility (RCF) with 6 of the 7 participating banks. As a result of this, £366.7m of this facility now matures in February 2026, with £33.3m maturing in February 2025. In addition, we have issued private placement notes totalling approximately £559.7m, with maturities out to 2035. Undrawn facilities as at 30 September were £400.0m and the RCF also offers an accordion facility of £200.0m, with lender consent. In all scenarios modelled, our liquidity requirements are well within the £400.0m RCF.

Debt covenant limits are set at a ratio of 3.5x (rolling 12 month EBITDA/adjusted net debt) and 3.0x (rolling 12 month EBITDA/net interest expense) in all of our lending agreements. At 30 September 2021, the net debt position was £488.5m, our covenant net debt/EBITDA ratio was 2.1x and our covenant EBITDA/net interest ratio was 15.3x.

On the basis of these reviews, the Directors consider it is appropriate for the going concern basis to be adopted in preparing the Annual Report and Accounts.

Impact of COVID-19 on financial statements at 30 September 2021

Management has considered the impact on accounting policies, judgements and estimates in light of the impact of COVID-19 restrictions. In particular, we have considered expected credit loss for the Group's trade debtors where customers have been assessed for potential risk, and a provision made for potential future debt which is not considered material to the Group's receivables. The net realisable value of inventory for the Out-of-Home channel has also been assessed and a provision made which is not considered material to the inventory balance at 30 September 2021.

Impairment reviews of goodwill and intangible assets have been performed for each cash-generating unit (CGU) using cash flow projections and sensitised for reasonably possible changes in assumptions. Please refer to note 15 for the outcome of these considerations.

Notes to the consolidated financial statements continued

3. Accounting policies continued

Basis of consolidation

The consolidated financial statements of the Group incorporate the financial information of the company and the entities controlled by the company (its subsidiaries) in accordance with IFRS 10 'Consolidated financial statements'. Control is achieved when the company:

- Has the power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns

The financial statements of subsidiaries are prepared using consistent accounting policies. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The results of subsidiary undertakings acquired in the year are included in the consolidated income statement from the date the Group gains control or up to the date control ceases respectively.

New standards, amendments and interpretations adopted in the current year

With effect from 1 October 2020, the Group applied for the first time the standards and amendments as set out below. These amended standards and interpretations have not had a significant impact on the Group's financial statements.

Amendment to IFRS 16 'Leases'	COVID-19-Related Rent Concessions
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 17	Interest Rate Benchmark Reform
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to References to the Conceptual Framework in IFRS Standards	

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 9 hedge accounting

The Group previously adopted IFRS 9 'Financial Instruments' during the year ended 29 September 2019. On initial application, the Group elected to continue applying the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9. With effect from 1 October 2020, the Group has adopted the hedge accounting requirements of IFRS 9 and applied them prospectively.

All of the Group's existing hedging relationships under IAS 39 were eligible to be treated as continuing hedging relationships under IFRS 9 and there was no impact of this change in policy on the Group's balance sheet at 1 October 2020.

When measuring hedge ineffectiveness in cash flow and net investment hedges, the Group uses a hypothetical derivative with terms that match the critical terms of the hedged item to calculate the change in value of the hedged item. IFRS 9 has clarified that currency basis is present in the valuation of certain derivatives (for example, cross-currency interest rate swaps) but is not present in the hedged item and therefore should not be included in the valuation of the hypothetical derivative. The Group did not previously exclude currency basis from the valuation of hypothetical derivatives when measuring ineffectiveness under IAS 39. Under IFRS 9, the exclusion of currency basis from the hypothetical

derivative may result in more ineffectiveness in the hedge relationship and future volatility in the income statement. When entering into future derivatives, the Group may elect to exclude currency basis from hedge relationships and account for this as cost of hedging.

IFRS 9 has also widened the range of eligible hedged items for hedge accounting. IAS 39 precluded the designation of any risk components in non-financial items, other than foreign currency risk. Since 1 October 2020, the Group has entered into aluminium swaps and designated them as a hedge of the aluminium component of the purchase of cans.

Revenue recognition

The Group principally recognises revenue from the sale of soft drinks to the wholesale market. Other revenue streams are not currently material. Revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customer. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on-selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue is the value of sales, excluding transactions with or between subsidiaries, after the deduction of sales related discounts and rebates, value added tax and other sales related taxes. Rebates to customers are deducted from revenue where the amounts paid are sales related or in relation to a good or service which results in an increase in sales in the customer's outlet and therefore is not distinct from the sale of soft drinks to the customer and comprise:

Long-term discounts and rebates

These discounts are typically for months rather than weeks and are usually part of the trading terms agreed with the customer. Long-term discounts fall into three main categories:

- Fixed – a defined amount over a period of time
- Pence per litre/case – a pence per litre/case rebate, based upon volumes sold
- % of net revenue – a percentage of net revenue, which may have associated hurdle rates

Short-term promotional discounts

Promotional discounts consist of many individual rebates across numerous customers and represent the cost to the Group of short-term deal mechanics. The common deals typically include Buy One Get One Free (BOGOF), 3 for 2, and half price deals.

Account development fund

The account development fund represents customer promotional activity which promotes Britvic's products in the customer's outlets. The Group agrees to pay the customer various amounts as part of the trading investment. Where these amounts are payable in relation to a good or service which results in an increase in sales in the customer's store only, e.g. in-store promotional activity, management has concluded that this is not distinct, and it is accounted for as a reduction in revenue. Where these amounts are payable in relation to a good or service which results in an increase in Group sales more broadly, e.g. participation in trade shows or market research, management has concluded that the payment is for a distinct good or service. Where amounts paid to customers are deemed to be for a distinct service, these are included as selling and distribution costs in the income statement.

Notes to the consolidated financial statements continued

3. Accounting policies continued

Variable consideration

The Group agrees to pay customers various amounts either in the form of sales related rebates and discounts earned or as part of the trading investment (e.g. sales driving investment, growth override investment, incentives for purchasing full loads, payment for new store openings, and payment for listing new products).

Where the consideration the Group is entitled to will vary because of a rebate, refund incentive or price concession or similar item, or is contingent on the occurrence or non-occurrence of a future event, e.g. the customer meeting certain agreed criteria, the amount payable is deemed to be variable consideration.

The Group uses the most likely method to reflect the consideration that the Group is entitled to. Variable consideration is then only included to the extent that it is highly probable that the inclusion will not result in a significant revenue reversal in the future. Accruals are made for each individual promotion or rebate based on the specific terms and conditions of the customer agreement. Management makes estimates on an ongoing basis to assess customer performance and sales volume to calculate total amounts earned to be recorded as deductions from revenue.

Commercial rebate liabilities

Commercial rebate liabilities are recognised where, as part of a contract with a customer, the Group has received consideration and expects to return part of that consideration in the form of a rebate against current or future sales invoices.

Government grants

Government grants are recognised where there is reasonable certainty that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. The income from such grants is presented in the financial statements as a deduction from the expense to which it relates.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Assets under construction are carried at cost. Depreciation of these assets commences when they are ready for use.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, on a straight-line basis, over the useful economic life of that asset as follows:

Plant and machinery	3 – 20 years
Vehicles (included in plant and machinery)	5 – 7 years
Equipment in retail outlets (included in fixtures, fittings, tools and equipment)	5 – 15 years
Other fixtures and fittings (included in fixtures, fittings, tools and equipment)	5 – 15 years

Land is not depreciated.

Freehold properties are depreciated over 50 years.

Leasehold properties are depreciated over 50 years, or over the unexpired lease term when this is less than 50 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing proceeds with carrying amount, and are included in the consolidated income statement in the period of derecognition.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual amounts are reviewed annually and where adjustments are required these are made prospectively.

Business combinations and goodwill

While the original acquisition of Britannia Soft Drinks Limited was accounted for under the merger method, business combinations on or after 4 October 2004 have been accounted for under IFRS 3 'Business Combinations' using the acquisition method. The consideration transferred in a business combination is measured at fair value which includes recording deferred consideration at discounted values where the impact of discounting is material.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (discount on acquisition) is credited to the consolidated income statement in the period of acquisition.

Deferred and contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value of deferred and contingent consideration is based on discounted cash flows and is classified as other liabilities in the balance sheet (see note 28).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGU that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Notes to the consolidated financial statements continued

3. Accounting policies continued

Intangible assets

Software costs

Software expenditure is recognised as an intangible asset only after its technical feasibility and commercial viability can be demonstrated. Acquired computer software licences and software developed in-house are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs include resources focused on delivery of capital projects where the choice has been made to use internal resources rather than external resources. These costs are amortised over their estimated useful lives of three to seven years on a straight line basis.

Trademarks, franchise rights, technology and customer lists

Intangible assets acquired separately are measured on initial recognition at the fair value of consideration paid. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation or impairment losses. An intangible asset acquired as part of a business combination is recognised outside goodwill, at fair value at the date of acquisition, if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

The useful lives of intangible assets are assessed to be either finite or indefinite. Amortisation is charged on assets with finite lives on a straight-line basis over a period appropriate to the asset's useful life.

The carrying values of intangible assets with finite and indefinite lives are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets with indefinite useful lives are also tested for impairment annually, either individually or, if the intangible asset does not generate cash flows that are largely independent of those from other assets or groups of assets, as part of the CGU to which it belongs.

Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether an indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Research and development

Research costs are expensed as incurred. Development expenditure is recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use
- Its intention to complete and its ability to use the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Impairment of goodwill and intangible assets

Goodwill and indefinite life intangible assets are reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired. For all remaining intangible assets the Group assesses at each reporting date whether there is an indication that an asset may be impaired. Where impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount or the recoverable amount of the CGU to which the asset belongs if it does not generate largely independent cash flows.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects senior management's estimate of the cost of capital. Impairment losses of continuing operations are recognised in the consolidated income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior years. Goodwill impairment losses cannot subsequently be reversed.

Inventories and work in progress

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing inventories to their present location and condition. Cost is determined using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial assets

Classification

The Group classifies its financial assets at amortised cost only if both the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows
- The contractual terms give rise to cash flows that are solely payments of principal and interest

Recognition and derecognition

Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Notes to the consolidated financial statements continued

3. Accounting policies continued

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. A trade receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Trade receivables are generally due for settlement within 30 – 90 days and are therefore all classified as current. Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided below.

Transferred receivables

The Group has certain trade receivables which are subject to a discount factoring arrangement. Under this arrangement, the Group receives a cash advance from the factoring bank for a proportion of the invoice value less a factoring discount. The Group continues to service the trade receivables including collecting the amounts due from the debtor. Subsequent to the invoice due date, the Group transfers all proceeds collected from the debtor to the factoring bank. The factoring bank has no recourse to the Group in the event of non-payment by the debtor and therefore the Group considers it has transferred substantially all of the risks and rewards associated with the receivable to the factoring bank. Accordingly, the Group derecognises trade receivables in the programme to the extent it has received proceeds from the factoring bank. The factoring discount is recognised as interest expense in the income statement. Amounts collected from customers in respect of receivables that have been derecognised are recognised as a payable to the factoring bank until settled.

Fair value of transferred receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Financial liabilities

The Group classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

At amortised cost

Financial liabilities at amortised cost, including interest-bearing loans and borrowings, are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the balance sheet.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Details about the Group's hedging policies are provided below in the policy for derivative financial instruments and hedging.

The Group has not currently designated any financial liability as at fair value through profit or loss on initial recognition.

Gains or losses on liabilities held for trading are recognised in the income statement.

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Supply chain financing (reverse factoring) arrangements

The Group participates in a Supply Chain Financing (SCF) programme under which certain of the Group's suppliers can elect, on an invoice-by-invoice basis, to receive a discounted early payment from the SCF agent bank or to be paid by the SCF agent bank in line with the invoice's original terms. For those suppliers in the programme, the Group pays the SCF agent bank the full value of the invoices on the original payment terms regardless of whether the supplier has chosen to factor its invoices.

Balances outstanding under the SCF programme are classified as trade payables, and cash flows are included in operating cash flows, since the financing arrangements are agreed between the supplier and the SCF agent bank, and the Group does not provide additional credit enhancement nor obtain any working capital benefit from the arrangement.

Further details of the amounts outstanding under the programme are provided in note 23a.

Notes to the consolidated financial statements continued

3. Accounting policies continued

Fair value

The Group measures financial instruments, such as derivatives, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate to the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1:	quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2:	other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3:	techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. All derivative financial instruments are initially recognised and subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For those derivatives designated as hedges and for which hedge accounting is appropriate, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the consolidated income statement. The treatment of gains and losses arising from revaluing derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

Cash flow hedges

Hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction. For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income/(expense), while the ineffective portion is recognised in the consolidated income statement. Amounts previously recognised in other comprehensive income/(expense) are transferred to the consolidated income statement in the period in which the hedged item affects profit or loss, such as when a forecast sale occurs. However, when the forecast transaction results in the recognition of a non-financial asset or liability, the amounts previously recognised in other comprehensive income/(expense) are included in the initial carrying amount of the asset or liability.

If a forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income/(expense) are transferred to the consolidated income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income/(expense) remain in equity until the forecast transaction occurs and are then transferred to the consolidated income statement or included in the initial carrying amount of a non-financial asset or liability as above.

Net investment hedges

Financial instruments are classified as net investment hedges when they hedge the Group's net investment in foreign operations. Some of the Group's foreign currency borrowings qualify as hedging instruments that hedge foreign currency net investment balances. The effective portion of gains or losses on translation of borrowings designated as net investment hedges is recognised in other comprehensive income/(expense). Any ineffective portion is recognised immediately in the consolidated income statement. Upon disposal of the associated investment in foreign operations any cumulative gain or loss previously recognised in other comprehensive income/(expense) is recycled through the consolidated income statement.

Notes to the consolidated financial statements continued

3. Accounting policies continued

Fair value hedges

Hedges of the change in fair value of recognised assets or liabilities are classified as fair value hedges. For fair value hedges, the gain or loss on the fair value of the hedging instrument is recognised in the consolidated income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognised in the consolidated income statement. If the hedge relationship no longer meets the criteria for hedge accounting, the hedged item would no longer be adjusted and the cumulative adjustment to its carrying amount would be amortised to the consolidated income statement based on a recalculated effective interest rate. The fair value gain or loss on the hedging instrument would continue to be recorded in the consolidated income statement.

Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares (market conditions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of equity instruments that, in the opinion of the Directors and based on the best available estimate at that date, will ultimately vest (or in the case of an instrument subject to a market condition, be treated as vesting as described below). The consolidated income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Taxation

The current income tax expense is based on taxable profits for the period, after any adjustments in respect of prior periods. It is calculated using taxation rates enacted or substantively enacted by the balance sheet date and is measured at the amount expected to be recovered from or paid to the taxation authorities.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, on all material temporary differences between the tax base of assets and liabilities and their carrying values in the consolidated financial statements.

The principal temporary differences arise from accelerated capital allowances, intangible assets, provisions for pensions and other post-retirement benefits, provisions for share-based payments and unutilised losses incurred in overseas jurisdictions.

Deferred tax assets are recognised to the extent that it is regarded as probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the periods in which the asset or liability will be settled based on the tax rates enacted or substantively enacted by the balance sheet date.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Pensions and post-retirement benefits

The Group operates a number of pension schemes. These include both defined benefit and defined contribution plans.

Defined benefit plans

The defined benefit pension liability or asset in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in the consolidated income statement in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, and gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

The retirement benefit obligation recognised in the consolidated balance sheet represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Defined contribution plans

Under defined contribution plans, contributions payable for the period are charged to the consolidated income statement as an operating expense.

Notes to the consolidated financial statements continued

3. Accounting policies continued

Employee benefits

Wages, salaries, bonuses and paid annual leave are accrued in the period in which the associated services are rendered by the employees of the Group.

Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment reviews.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight line basis over the lease term.

Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, on demand deposits with banks and other short-term, highly liquid investments with original maturities of three months or less, which are readily convertible into known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the statement of cash flows, bank overdrafts repayable on demand are a component of cash and cash equivalents.

The Group evaluates the nature of any restrictions on cash held in deposit accounts to determine whether the restriction results in the balance ceasing to be available on demand, highly liquid or readily convertible. Where this is the case, the deposit is classified within other assets in the consolidated balance sheet (see note 22).

Foreign currencies

Functional and presentation currency

The consolidated financial statements of the Group are presented in pounds sterling. The presentation currency of the consolidated financial statements is the same as the functional currency of the company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated income statement, except when hedge accounting is applied and for differences in monetary assets and liabilities that form part of the Group's net investment in a foreign operation. These are taken in other comprehensive income until the disposal of the net investment, at which time they are recognised in the consolidated income statement.

Notes to the consolidated financial statements continued

3. Accounting policies continued

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Foreign operations

The consolidated income statement and statement of cash flows of foreign operations are translated at the average rate of exchange during the period. The balance sheet is translated at the rate ruling at the reporting date. Exchange differences arising on opening net assets and arising on the translation of results at an average rate compared to a closing rate are both recognised in other comprehensive income. On disposal of a foreign operation, the accumulated exchange differences previously recognised in other comprehensive income are included in the consolidated income statement.

Certain of the Group's financial instruments are classified as net investment hedges when they hedge the Group's net investment in foreign operations (see note 26). See derivative financial instruments and hedging policy for further detail.

Issued share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Own shares

The cost of own shares held in employee share trusts and in treasury is deducted from shareholders' equity until the shares are cancelled, reissued or disposed. Where such shares are subsequently sold or reissued, the fair value of any consideration received is also included in shareholders' equity.

Assets and liabilities held for sale

The Group classifies assets and liabilities as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification are regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Where there are events or circumstances that extend the period to complete the sale beyond one year and those events or circumstances are beyond the Group's control, the Group will continue to classify an asset (or disposal group) as held for sale where there is sufficient evidence that the Group remains committed to its plan to sell the asset (or disposal group).

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Additional disclosures are provided in note 33.

New standards, amendments and interpretations not yet applied

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below:

International Financial Reporting Standards (IFRS)		Effective date – periods commencing on or after
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 37	Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Annual Improvements 2018-2020		1 January 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021

The above standards and amendments are not expected to have a material impact on the Group's financial statements.

4. Key judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. In the process of applying the Group's accounting policies, management has made the following judgements and estimates which have the most significant effect on the amounts recognised in the financial statements.

Judgements

Franchise rights

Franchise rights represent franchise agreements acquired as part of the Britvic Ireland business combination which provides long-term rights to distribute certain soft drinks. These agreements were allocated a 35 year useful economic life at the time of acquisition based on a third party assessment. As at 30 September 2021, these intangible assets have a remaining useful life of 21 years.

Notes to the consolidated financial statements continued

4. Key judgements and estimates continued

As at 30 September 2021, the franchise agreement itself had a remaining contract life of 4 years, which is less than the useful economic life. The useful economic life has been determined on the basis that the renewal of the franchise agreements, without significant cost, is highly probable. Evidence to support this conclusion is:

- significant emphasis on maintaining a strong relationship with Pepsi, strengthened through the addition of PepsiCo products to Britvic's portfolio in recent years;
- lack of alternative suppliers; and
- high barriers of entry to the Irish soft drinks bottling market.

This is further supportable by Britvic having signed a new and exclusive 20 year franchise bottling agreement with Pepsi for the production, distribution, marketing and sales of its soft drink brands in GB, which provides access to a portfolio of global brands, including Pepsi MAX, 7UP and now Rockstar. The GB agreement runs to December 2040.

Intangible assets with indefinite lives

Management has made a judgement that certain intangible assets relating to brands have indefinite lives.

It is expected that the trademarks with indefinite lives will be held and supported for an indefinite period of time and are expected to generate economic benefits. The Group is committed to supporting its trademarks and invests in significant consumer marketing promotional spend.

Assets held for sale

During the year ended 30 September 2020, assets relating to our Norwich manufacturing site were reclassified into assets held for sale.

The Board considers the criteria required to be classified as held for sale has been met at the balance sheet date for the following reasons:

- a contract for the sale of the assets has been signed with the buyer;
- the assets are available for immediate sale and can be sold to the buyer in their current condition; and
- although the sale is not expected to complete within one year, the delay is caused by circumstances beyond the Group's control (such as the time taken for the buyer to obtain certain planning consents) and there is sufficient evidence the Group remains committed to its plan to sell the asset.

For more details on the Norwich asset held for sale, refer to note 33.

Aqua Libra Co acquisition accounting restatement

The initial accounting for the acquisition of Aqua Libra Co was provisional at 30 September 2020 due to the significant uncertainties posed by COVID-19 on the valuation of intangible assets and contingent consideration.

During the 12 months following acquisition, the Group has identified that COVID-19 has had a much more significant impact on Aqua Libra Co than was previously anticipated at the acquisition date. In accordance with the requirements of IFRS 3, the Group has retrospectively adjusted the provisional amounts recognised at the acquisition date to reflect more information about the impact of COVID-19 on the business. This has resulted in a decrease in the fair values of intangible assets acquired, a decrease in the deferred tax liability associated with the intangible assets and a decrease in the fair value of contingent consideration payable. The key judgement is that the information obtained after the acquisition date reflects facts and circumstances that existed at the acquisition date and therefore results in an adjustment to the provisional amounts.

The adjustments to the provisional accounting are set out in note 34(b) and the comparative balance sheet at 30 September 2020 has been revised as if the adjustments had been made at the acquisition date. The restatement to the balance sheet at 30 September 2020 is set out in note 34(b). The finalisation of the acquisition accounting has had no impact on the income statement for the year ended 30 September 2020.

Estimates

Post-retirement benefits

The determination of the pension and other post-retirement benefits cost and obligation is based on assumptions determined with independent actuarial advice. The assumptions include discount rate, inflation, pension and salary increases, expected return on scheme assets, mortality and other demographic assumptions. These key assumptions are disclosed in note 22.

Impairment of goodwill and intangible assets with indefinite lives

Determining whether goodwill and intangible assets with indefinite lives are impaired requires an estimation of the value in use of the CGU to which the goodwill or intangible assets have been allocated. The value in use calculation requires an estimate of the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. Further details are given in note 15.

Long-term discounts and rebates

Amounts provided for discounts at the end of a period require estimation; historical data and accumulated experience is used to estimate the related provision using the most likely amount method and in most instances the discount can be estimated using known facts with a high level of accuracy. See note 3 for further details.

5. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the plc Executive team and Board of Directors of the company.

Notes to the consolidated financial statements continued

5. Segmental reporting continued

For management purposes, the Group is organised into business units and has five reportable segments:

- GB (United Kingdom excluding Northern Ireland)
- Brazil
- Ireland (Republic of Ireland and Northern Ireland)
- France
- International

These business units sell soft drinks into their respective markets. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on brand contribution. This is defined as revenue less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product. Such costs include brand specific advertising and promotion costs, raw materials and marginal production and distribution costs. All other costs, including net finance costs and income taxes, are managed on a centralised basis and are not allocated to reportable segments.

The 'Other International' subtotal comprising the Ireland, France and International reportable segments has been presented to provide linkage to the Chief Financial Officer's Review section of this Annual Report and Accounts.

Year ended 30 September 2021	Other International						Total £m
	GB £m	Brazil £m	Ireland £m	France £m	International £m	Subtotal £m	
Revenue from external customers	956.1	114.1	128.3	164.9	41.7	334.9	1,405.1
Brand contribution	381.0	21.1	46.2	49.7	10.5	106.4	508.5
Non-brand advertising and promotion*							(8.3)
Fixed supply chain**							(122.1)
Selling costs**							(75.1)
Overheads and other costs*							(126.5)
Adjusted operating profit***							176.5
Net finance costs pre-adjusting items							(17.7)
Adjusting items***							(15.9)
Profit before tax							142.9

Year ended 30 September 2020	GB £m	Brazil £m	Other International			Subtotal £m	Total £m
			Ireland £m	France £m	International £m		
Revenue from external customers	884.9	113.1	146.6	228.3	39.5	414.4	1,412.4
Brand contribution	351.0	24.6	46.4	76.5	6.7	129.6	505.2
Non-brand advertising and promotion*							(10.2)
Fixed supply chain**							(131.8)
Selling costs**							(77.4)
Overheads and other costs*							(120.0)
Adjusted operating profit***							165.8
Net finance costs pre-adjusting items							(18.9)
Adjusting items***							(35.7)
Profit before tax							111.2

* Included within 'administration expenses' in the consolidated income statement. 'Overheads and other costs' relate to central expenses including salaries, IT maintenance, depreciation and amortisation, and have been restated to exclude acquisition related amortisation.

** Included within 'selling and distribution costs' in the consolidated income statement.

*** See non-GAAP reconciliations on pages 194 – 196 for further details on adjusting items.

Geographic information

Revenues from external customers

The analysis below is based on the location where the sale originated.

	2021 £m	2020 £m
United Kingdom	1,000.0	929.8
Republic of Ireland	103.1	121.6
France	173.5	234.1
Brazil	114.1	113.1
Other	14.4	13.8
Total revenue	1,405.1	1,412.4

Notes to the consolidated financial statements continued

5. Segmental reporting continued

Non-current operating assets

	2021 £m	Restated* 2020 £m	Previously reported* 2020 £m
United Kingdom	602.1	559.0	490.5
Republic of Ireland	119.9	127.4	126.9
France	176.5	190.9	190.2
Brazil	63.6	66.6	70.7
Other	0.3	1.0	0.4
Total	962.4	944.9	878.7

Non-current operating assets for this purpose consist of property, plant and equipment, right-of-use assets and intangible assets.

* Comparative information for the prior period has been restated as follows:

- (1) intangible assets have been restated in accordance with IFRS 3 to reflect the finalisation of acquisition date fair values related to Aqua Libra Co, acquired on 6 June 2020 (see note 34(b)); and
- (2) previously reported information has been restated to include right-of-use assets of £78.1m (leases accounted for in accordance with IFRS 16) and exclude financial assets (other receivables) of £6.0m.

6. Operating profit

This is stated after charging/(crediting):

	2021 £m	2020 £m
Cost of inventories recognised as an expense	759.4	747.6
Including write-down of inventories to net realisable value	0.8	1.2
Research and development expense	7.2	7.9
Net foreign currency exchange differences	2.8	(2.5)
Depreciation of property, plant and equipment	42.7	43.0
Depreciation of leased assets	10.5	11.0
Amortisation of intangible assets	14.8	15.9
Impairment of leased assets (note 24)	–	0.2
Impairment of intangibles* (note 14)	–	8.1
Net reversal of impairment of property, plant and equipment (note 13)	–	(0.7)
Loss on disposal of property, plant and equipment and intangible assets	2.8	4.3
Government grants**	(4.4)	(4.6)
Loss on divestment of subsidiary*** (note 34)	–	5.3
Assets held for sale impairment charge**** (note 33)	–	0.4

* Disclosed in the income statement within administration expenses.

** Disclosed in the income statement within cost of sales.

*** Relates to the sale of part of the French business which was disposed of on 30 September 2020.

****In the year ended 30 September 2020, the impairment charge related to part of the Counterpoint business designated as held for sale.

Notes to the consolidated financial statements continued

7. Auditor's remuneration

	2021 £m	2020 £m
Audit of the consolidated and parent company financial statements	0.2	0.2
Audit of the company's subsidiaries	1.0	1.1
Total audit services	1.2	1.3
Audit-related assurance services	0.2	0.2
Total non-audit services	0.2	0.2
Total fees	1.4	1.5

8. Staff costs

	2021 £m	2020 £m
Wages and salaries	143.0	165.6
Social security costs	21.0	24.3
Net defined benefit pension expense/(income) (note 22)	0.4	(1.0)
Defined contribution pension expense	12.1	12.0
Expense of share-based compensation (note 29)	4.5	0.5
	181.0	201.4

	2021 £m	2020 £m
Directors' emoluments	3.0	1.8
Aggregate gains made by Directors on exercise of options	0.1	0.2

	2021	2020
Number of Directors accruing benefits under defined benefit schemes	–	–

Further information relating to Directors' remuneration for the year ended 30 September 2021 is shown in the Directors' Remuneration Report on pages 93 – 116.

The average monthly number of employees during the year was made up as follows:

	2021 No.	2020 No.
Distribution	380	334
Production	1,985	2,154
Sales and marketing	1,176	1,316
Administration	572	656
	4,113	4,460

The decrease in average monthly number of employees is primarily as a result of the sale of the French private label juice business on 30 September 2020 (see note 34(c)), the group wide strategic restructure announced during year ended 30 September 2020, and the closure of the Counterpoint business during the current year.

Notes to the consolidated financial statements continued

9. Finance income and costs

	2021 £m	2020 £m
Finance income		
Bank deposits	0.9	1.5
Hedge ineffectiveness	–	0.9
Total finance income	0.9	2.4
Finance costs		
Bank loans, overdrafts and loan notes	(15.6)	(18.5)
Interest on lease liabilities*	(1.9)	(2.1)
Total interest expense	(17.5)	(20.6)
Other finance costs	(0.1)	(0.6)
Hedge ineffectiveness	(1.0)	(0.1)
Unwind of discount on deferred consideration (note 28)	(0.1)	(0.2)
Total finance costs	(18.7)	(21.5)
Net finance costs	(17.8)	(19.1)

* In the year ended 30 September 2020, interest on lease liabilities included interest per note 24 as well as interest on lease liabilities classified within liabilities held for sale during that year.

10. Taxation

a) Tax on profit

	2021 £m	2020 £m
Income statement		
Current income tax		
Current income tax charge	(22.6)	(17.7)
Amounts over provided in previous years	2.3	2.2
Total current income tax charge	(20.3)	(15.5)
Deferred income tax		
Origination and reversal of temporary differences	(7.6)	(2.6)
Impact of change in tax rates	(11.2)	–
Amounts (under)/over provided in previous years	(0.6)	1.5
Total deferred tax charge	(19.4)	(1.1)
Total tax charge in the income statement	(39.7)	(16.6)
	2021 £m	2020 £m
Statement of comprehensive income		
Deferred tax on defined benefit pension plans	(12.0)	6.4
Deferred tax on cash flow hedges accounted for in the hedging reserve	(1.1)	(0.2)
Current tax on cash flow hedges accounted for in the hedging reserve	0.2	–
Tax on exchange differences accounted for in the translation reserve	(0.6)	(0.6)
Deferred tax on other temporary differences	–	(0.1)
Total tax (charge)/credit in the statement of comprehensive income	(13.5)	5.5
Statement of changes in equity		
Current tax on share options exercised	0.3	1.4
Deferred tax on share options granted to employees	0.2	(1.4)
Total tax (charge)/credit in the statement of changes in equity	0.5	–

Notes to the consolidated financial statements continued

10. Taxation continued

b) Reconciliation of the total tax charge

The tax expense in the consolidated income statement is higher (2020: lower) than the standard rate of UK corporation tax of 19% (2020: 19.0%). The differences are reconciled below:

	2021 £m	2020 £m
Profit before tax	142.9	111.2
Profit multiplied by the UK average rate of corporation tax of 19.0% (2020: 19.0%)	(27.2)	(21.1)
Non-deductible expenses	(2.9)	(3.0)
Non-taxable income and other beneficial items	2.1	11.0
Impact of change in tax rates on deferred tax liability	(11.2)	(3.2)
Current tax/deferred tax rate differential	–	0.3
Tax over provided in previous years	1.7	3.7
Overseas tax rate differences	(1.7)	(2.7)
Movement in deferred tax not recognised	(0.5)	(1.6)
	(39.7)	(16.6)
Effective income tax rate	27.8%	14.9%

During the year the UK Government announced that the corporation tax rate would increase to 25%, effective from 1 April 2023. As a consequence, deferred tax balances have been remeasured at the rate at which they are now expected to unwind in the future, resulting in an increased tax charge for the year of £11.2m and increasing the effective tax rate by 7.4%.

Non-taxable income and other beneficial items are lower in 2021. The prior period included a 10% reduction in the effective tax rate arising from deferred tax adjustments on disposal of business and assets in France plus the net impact of changes in deferred tax balances arising from the downstream merger of the Brazilian holding company into the operating companies.

Tax over provided in previous years mainly relates to the release of uncertain tax positions from the remeasurement of probable outcomes or where the relevant statute of limitation has passed. The level of provisions releases in 2021 is lower than 2020.

A reduction in the overall overseas tax rate difference reflects the changing profit mix in overseas jurisdictions.

Movements in deferred tax not recognised are in respect of changes in unrecognised trading losses in both Ireland and Brazil.

c) Income tax recoverable and payable

	2021 £m	2020 £m
Income tax recoverable	7.2	13.1
Income tax payable	(1.4)	(2.4)
	5.8	10.7

The net income tax receivable has decreased mainly due to a repayment of tax in France as a result of taxable losses arising on the 2020 business disposal reducing the current year liabilities.

d) Uncertain tax positions

Where the outcome of jurisdictional tax laws are subject to interpretation, management relies on its best judgement and estimates the likely outcomes to ensure that all uncertain tax positions are adequately provided for in the Group financial statements. Settlement of tax provisions could potentially result in future cash tax payments; however, these are not expected to result in an increased tax charge as they have been provided for in accordance with management's best estimates of the most likely outcomes.

e) Unrecognised tax items

	2021 £m	2020 £m
No deferred tax asset has been recognised in respect of unused tax losses and other temporary differences of:	21.4	23.4

No deferred tax asset has been recognised in respect of losses from current and prior periods and other temporary differences in overseas jurisdictions, which at current exchange rates amount to £21.4m (2020: £23.4m). The increase in unrecognised trading losses in Brazil and Ireland are offset by losses no longer recognised in relation to investments that were previously held for sale in 2020.

All existing tax losses may be carried forward indefinitely. However, in Brazil, losses may only be utilised to the extent of 30% of taxable profit in each year and there is no consolidated tax grouping available. In Brazil, losses are only recognised to the extent that it is probable that there will be sufficient future taxable profits in the short term which are in excess of those arising from the reversal of existing taxable temporary differences.

The Group considers that there will be no direct or withholding tax consequences of future remittances of distributable earnings from overseas subsidiaries and therefore no temporary differences arise in respect of its overseas investments. Accordingly, there is no amount of deferred tax provided or unprovided in respect of investments in subsidiaries.

Notes to the consolidated financial statements continued

10. Taxation continued

f) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2021 £m	Restated* 2020 £m
Deferred tax liability		
Accelerated capital allowances	(28.7)	(18.9)
Intangible assets	(27.6)	(26.1)
Post-employment benefits	(46.0)	(28.3)
Other temporary differences	(2.3)	(1.0)
Deferred tax liability	(104.6)	(74.3)
Deferred tax asset		
Employee incentive plan	4.3	3.1
Unutilised losses incurred	3.6	7.3
Deferred tax asset	7.9	10.4
Net deferred tax liability	(96.7)	(63.9)

* Comparative information for the prior year has been restated in accordance with IFRS 3 to reflect the finalisation of acquisition date fair values related to Aqua Libra Co, acquired on 6 June 2020 (see note 34).

In accordance with IAS 12 all balances giving rise to deferred tax liabilities are recognised in full, whereas deferred tax assets are only recognised to the extent at which they are recoverable. The increase in 2021 balances for accelerated capital allowances and post employment benefits arises predominantly from the revaluation due to the change in UK tax rates. The employee incentive plan is deductible when paid and all losses recognised are expected to be utilised against profits in the future.

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021 £m	Restated* 2020 £m
Net deferred tax assets	4.0	4.8
Net deferred tax liabilities	(100.7)	(68.7)
	(96.7)	(63.9)

* Comparative information for the prior year has been restated in accordance with IFRS 3 to reflect the finalisation of acquisition date fair values related to Aqua Libra Co, acquired on 6 June 2020 (see note 34).

The deferred tax included in the consolidated income statement is as follows:

	2021 £m	2020 £m
Employee incentive plan	0.7	(1.9)
Accelerated capital allowances	(9.3)	(1.8)
Post-employment benefits	(5.7)	(2.4)
Intangible assets	(0.5)	7.7
Movement in losses	(4.7)	0.1
Other temporary differences	0.1	(2.8)
Deferred tax charge	(19.4)	(1.1)

The increase in deferred tax movement on accelerated capital allowances and post employment benefits arises predominantly from the revaluation of deferred tax balances following the UK Government announcement of the increase in the UK tax rate to 25% from April 2023.

Deferred tax movement on intangible assets in 2020 mainly related to the recognition of the tax base on intangible assets as a result of the downstream merger in Brazil.

The movements in unutilised losses is due to the offset of brought forward losses in France and Ireland.

Other temporary differences in the prior year related to the release of acquisition contingencies in Brazil.

Notes to the consolidated financial statements continued

11. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to the equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to the ordinary equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted earnings per share computations:

	2021	2020
Basic earnings per share		
Profit for the year attributable to equity shareholders (£m)	103.2	94.6
Weighted average number of ordinary shares in issue for basic earnings per share	266.8	265.9
Basic earnings per share (pence)	38.7p	35.6p
Diluted earnings per share		
Profit for the year attributable to equity shareholders (£m)	103.2	94.6
Effect of dilutive potential ordinary shares – share schemes	0.6	1.3
Weighted average number of ordinary shares in issue for diluted earnings per share	267.4	267.2
Diluted earnings per share (pence)	38.6p	35.4p

The Group has granted share options to employees which have the potential to dilute basic earnings per share in the future which have not been included in the calculation of diluted earnings per share as they are antidilutive for the year presented (see note 29).

12. Dividends paid and proposed

	2021 £m	2020 £m
Declared and paid during the year		
Equity dividends on ordinary shares		
Final dividend for 2020: 21.6p per share (2019: 21.7p per share)	57.5	57.6
Interim dividend for 2021: 6.5p per share (2020: nil per share)	17.3	–
Dividends paid	74.8	57.6
Proposed		
Final dividend for 2021: 17.7p per share (2020: 21.6p per share)	47.3	57.7

Notes to the consolidated financial statements continued

13. Property, plant and equipment

	Freehold land and buildings £m	Leasehold land and buildings £m	Plant and machinery £m	Fixtures, fittings, tools and equipment £m	Assets under construction £m	Total £m
At 30 September 2020 net of accumulated depreciation and impairment	122.0	32.4	235.1	60.7	12.5	462.7
Exchange differences	(0.8)	(0.3)	(1.0)	(0.3)	(0.1)	(2.5)
Additions	0.3	0.2	8.7	12.5	35.8	57.5
Reclassification	2.7	–	7.8	4.2	(14.7)	–
Disposals at cost	(0.1)	(0.1)	(5.4)	(10.2)	–	(15.8)
Depreciation eliminated on disposals	0.1	–	4.6	8.5	–	13.2
Depreciation charge	(3.6)	(1.3)	(22.5)	(15.3)	–	(42.7)
At 30 September 2021 net of accumulated depreciation and impairment	120.6	30.9	227.3	60.1	33.5	472.4
At 30 September 2021						
Cost (gross carrying amount)	162.3	50.9	470.3	221.0	33.5	938.0
Accumulated depreciation and impairment	(41.7)	(20.0)	(243.0)	(160.9)	–	(465.6)
Net carrying amount	120.6	30.9	227.3	60.1	33.5	472.4

	Freehold land and buildings £m	Leasehold land and buildings £m	Plant and machinery £m	Fixtures, fittings, tools and equipment £m	Assets under construction £m	Total £m
At 29 September 2019 net of accumulated depreciation and impairment	131.9	30.7	229.1	69.6	32.7	494.0
Reclassification to right-of-use assets on adoption of IFRS 16	–	–	(0.8)	–	–	(0.8)
At 30 September 2019 net of accumulated depreciation and impairment	131.9	30.7	228.3	69.6	32.7	493.2
Exchange differences	(4.6)	(0.1)	(3.6)	(0.5)	(1.2)	(10.0)
Additions*	2.4	–	20.8	3.7	15.9	42.8
Reclassification	11.1	2.9	17.3	3.6	(34.9)	–
Disposals at cost	(0.3)	–	(5.1)	(5.5)	–	(10.9)
Transfer to assets held for sale (note 33)	(16.8)	–	–	–	–	(16.8)
Depreciation eliminated on disposals	0.2	–	1.8	4.7	–	6.7
Depreciation charge	(2.9)	(1.1)	(24.4)	(14.6)	–	(43.0)
Impairment reversal/ (impairment)	1.0	–	–	(0.3)	–	0.7
At 30 September 2020 net of accumulated depreciation and impairment	122.0	32.4	235.1	60.7	12.5	462.7
At 30 September 2020						
Cost (gross carrying amount)	161.4	51.5	463.5	216.0	12.5	904.9
Accumulated depreciation and impairment	(39.4)	(19.1)	(228.4)	(155.3)	–	(442.2)
Net carrying amount	122.0	32.4	235.1	60.7	12.5	462.7

* Additions for the year ended 30 September 2020 include £0.1m of property, plant and equipment resulting from the acquisition of Aqua Libra Co (note 34(b)).

Notes to the consolidated financial statements continued

14. Intangible assets

	Trademarks £m	Franchise rights £m	Customer lists £m	Software costs £m	Goodwill £m	Other £m	Restated* Total £m
At 30 September 2020	138.5	16.9	28.1	24.6	192.7	2.7	403.5
Exchange differences	(6.5)	(0.9)	(1.0)	(0.2)	(5.8)	–	(14.4)
Acquisitions (note 34)	15.7	–	–	–	10.6	–	26.3
Additions	–	–	–	17.8	–	–	17.8
Disposals at cost	–	–	–	(0.4)	–	–	(0.4)
Amortisation eliminated on disposals	–	–	–	0.3	–	–	0.3
Amortisation charge	(2.4)	(0.7)	(4.8)	(6.6)	–	(0.3)	(14.8)
At 30 September 2021	145.3	15.3	22.3	35.5	197.5	2.4	418.3
At 30 September 2021							
Cost (gross carrying amount)	183.5	25.5	76.4	120.3	259.2	4.0	668.9
Accumulated amortisation and impairment	(38.2)	(10.2)	(54.1)	(84.8)	(61.7)	(1.6)	(250.6)
Net carrying amount	145.3	15.3	22.3	35.5	197.5	2.4	418.3

	Trademarks £m	Franchise rights £m	Customer lists £m	Software costs £m	Goodwill £m	Other £m	Restated* Total £m
At 29 September 2019	145.5	17.4	39.1	25.8	199.6	0.4	427.8
Exchange differences	(5.6)	0.2	(2.7)	(0.2)	(7.4)	–	(15.7)
Acquisitions (note 34)	–	–	2.0	–	4.7	2.6	9.3
Additions	–	–	–	6.2	–	–	6.2
Disposals at cost	–	–	–	(0.2)	–	–	(0.2)
Amortisation eliminated on disposals	–	–	–	0.1	–	–	0.1
Amortisation charge	(1.4)	(0.7)	(6.4)	(7.1)	–	(0.3)	(15.9)
Impairment (note 15)	–	–	(3.9)	–	(4.2)	–	(8.1)
At 30 September 2020	138.5	16.9	28.1	24.6	192.7	2.7	403.5
At 30 September 2020							
Cost (gross carrying amount)	176.2	26.9	79.7	103.8	257.7	3.9	648.2
Accumulated amortisation and impairment	(37.7)	(10.0)	(51.6)	(79.2)	(65.0)	(1.2)	(244.7)
Net carrying amount	138.5	16.9	28.1	24.6	192.7	2.7	403.5

* Comparative information for the prior year has been restated in accordance with IFRS 3 to reflect the finalisation of acquisition date fair values related to Aqua Libra Co, acquired on 6 June 2020 (see note 34(b)).

Notes to the consolidated financial statements continued

14. Intangible assets continued

Trademarks

Britvic Ireland and Britvic France

Trademarks in Ireland and France have been allocated an indefinite life by management. A list of the trademarks held in respect of the Britvic Ireland and Britvic France segments is shown in note 15.

Britvic Brazil

Trademarks in Brazil have been allocated useful economic lives of 14.3 – 14.8 years. As at 30 September 2021 these intangible assets have an average remaining useful life of 9 years.

Plenish

The Plenish trademark was acquired on 1 May 2021 and has been allocated a useful economic life of 10 years.

Franchise rights

Franchise rights represent franchise agreements acquired as part of the Britvic Ireland business combination, which provides long-term rights to distribute certain soft drinks. These agreements were allocated a 35 year useful economic life at the time of acquisition based on a third party assessment.

As at 30 September 2021 these intangible assets have a remaining useful life of 21 years. As at 30 September 2021 the franchise agreement itself had a remaining contract life of 4 years, which is less than the useful economic life. The useful economic life has been determined on the basis that the renewal of the franchise agreements, without significant cost, is highly probable. Evidence to support this conclusion is:

- Significant emphasis on maintaining a strong relationship with Pepsi, strengthened through the addition of PepsiCo products to Britvic's portfolio in recent years;
- Lack of alternative suppliers; and
- High barriers of entry to the Irish soft drinks bottling market.

This is further supportable by Britvic having signed a new and exclusive 20 year franchise bottling agreement with Pepsi for the production, distribution, marketing and sales of its soft drink brands in GB, which provides access to a portfolio of global brands, including Pepsi MAX, 7UP and now Rockstar. The GB agreement runs to December 2040.

Customer lists

Britvic France: £15.1m (2020: £17.7m)

Customer lists recognised on the acquisition of Britvic France relate to those customer relationships acquired. These intangible assets have been allocated useful economic lives of 20 years. At 30 September 2021 these intangible assets have a remaining useful life of 9 years.

Britvic Ireland: £2.1m (2020: £2.8m)

Customer lists represent those customer relationships acquired which are valued in respect of the grocery and wholesale businesses. These customer lists have been allocated useful economic lives of between 10 and 20 years. At 30 September 2021 these intangible assets have a remaining useful life of between 1 and 6 years.

Britvic Brazil: £3.3m (2020: £5.7m)

Customer lists recognised on acquisitions in Britvic Brazil relate to those customer relationships acquired. These intangible assets have been allocated useful economic lives of between 4 and 9 years. At 30 September 2021 these intangible assets have a remaining useful life of between 1 and 4 years.

Aqua Libra Co: £1.7m (2020: £1.8m*)

Customer lists recognised on acquisition of Aqua Libra Co (note 34) relate to those customer relationships acquired. These intangible assets have been allocated useful economic lives of 14 years. At 30 September 2021 these intangible assets have a remaining useful life of 13 years.

* Comparative information for the prior year has been restated in accordance with IFRS 3 to reflect the finalisation of acquisition date fair values related to Aqua Libra Co, acquired on 6 June 2020 (see note 34(b)).

Software costs

Software is capitalised at cost. As at 30 September 2021 these intangible assets have a remaining useful life of up to 5 years.

Other

The 'Other' category of intangibles mainly comprises 'Technology' recognised on the acquisition of Aqua Libra Co (note 34) and has an estimated total useful economic life of 14 years. As at 30 September 2021, the technology asset has a carrying value of £2.4m (2020: £3.7m) and a remaining useful economic life of 13 years.

Goodwill

Goodwill is subject to an impairment review at each reporting date in accordance with IAS 36 'Impairment of Assets'. Further detail is provided in note 15.

Intangible assets recognised on the acquisition of Britvic Ireland, Britvic France and Britvic Brazil are valued in local currency and translated to sterling at the reporting date.

Notes to the consolidated financial statements continued

15. Impairment testing of intangible assets

Carrying amount of goodwill and trademarks with indefinite lives

The carrying amount of goodwill acquired through business combinations, and trademarks with indefinite lives recognised as part of fair value exercises on acquisitions, are attributable to the following CGUs:

	2021 £m	Restated* 2020 £m
Goodwill CGUs		
Britvic GB		
Orchid	6.0	6.0
Tango	8.9	8.9
Robinsons	38.6	38.6
Britvic Soft Drinks	7.8	7.8
Aqua Libra Co (note 34)	4.7	4.7
Plenish (note 34)	10.6	–
Britvic Ireland	17.0	18.0
Britvic France	82.1	86.7
Britvic Brazil	21.8	22.0
	197.5	192.7

* Comparative information for the prior year has been restated in accordance with IFRS 3 to reflect the finalisation of acquisition date fair values related to Aqua Libra Co, acquired on 6 June 2020 (see note 34(b)).

	2021 £m	2020 £m
Trademarks with indefinite lives		
Britvic Ireland CGUs		
Britvic	4.3	4.5
Cidona	5.7	6.0
MiWadi	8.8	9.3
Ballygowan	22.6	23.9
Club	14.6	15.4
Total Ireland	56.0	59.1
Britvic France CGUs		
Teisseire	49.1	51.8
Moulin de Valdonne	4.0	4.3
Pressade	4.6	4.9
Total France	57.7	61.0
Total trademarks with indefinite lives	113.7	120.1

Goodwill amounts for Britvic GB were recognised on acquisitions made within Britvic GB. Trademarks with indefinite lives were recognised as part of the fair value exercises relating to the 2007 acquisition of Britvic Ireland and the 2010 acquisition of Britvic France. They were allocated by management to the individual CGUs for impairment testing as shown in the table above.

Goodwill in Brazil comprises goodwill relating to the acquisition of Bela Ischia Alimentos Ltda (Bela Ischia) and Empresa Brasileira de Bebidas e Alimentos SA (Ebba). Management considers this to be a single CGU based on the integration of Bela Ischia into the overall Britvic Brazil business.

Method of impairment testing

Goodwill and intangible assets with indefinite lives

Impairment reviews of goodwill and intangible assets are undertaken by management annually. Value in use calculations are performed for each CGU using cash flow projections and are based on the latest annual financial budgets prepared by management and approved by the Board of Directors. Management expectations are formed in line with performance to date and experience, as well as available external market data and reflect the best estimate of future performance after considering the impact of risks, including those of climate change, on the business.

Discount rates reflect management's estimate of the pre-tax cost of capital adjusted where necessary to reflect the different risks of different countries in which the Group operates. The estimated pre-tax cost of capital is the benchmark used by management to assess operating performance and to evaluate future capital investment proposals. The Group has considered the impact of the current economic climate in determining the appropriate discount rate to use in impairment testing, including the potential impacts of further COVID-19 restrictions.

Notes to the consolidated financial statements continued

15. Impairment testing of intangible assets continued

The applicable pre-tax discount rate for cash flow projections is:

	At 30 September 2021	At 30 September 2020
Britvic GB	7.9%	7.4%
Britvic Ireland	7.4%	7.0%
Britvic France	7.9%	7.5%
Britvic Brazil	14.4%	12.0%

Key assumptions used in value in use calculations

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Volume growth rates – reflect management expectations of volume growth based on growth achieved to date, current strategy and expected market trends, and will vary according to each CGU.

Marginal contribution – being revenue less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product. Key assumptions are made within these budgets about pricing, discounts and costs based on historical data, current strategy and expected market trends.

Advertising and promotional spend – financial budgets are used to determine the value assigned to advertising and promotional spend. This is based on the planned spend for year one and strategic intent thereafter.

Raw materials price, production and distribution costs, selling costs and other overhead inflation – the basis used to determine the value assigned to inflation is the forecast increase in consumer price indices in the relevant market. This has been used in all value in use calculations performed.

Cash flows are based on the latest approved budgets for the following year and forecasts for up to a further four years. The applicable long-term growth rates are:

	At 30 September 2021	At 30 September 2020
Britvic GB	2.1%	2.1%
Britvic Ireland	2.5%	2.5%
Britvic France	2.0%	2.0%
Britvic Brazil	2.0%	2.0%

Intangible assets with finite lives

No indicators of impairment were identified on intangible assets with finite lives and no impairment was recognised against these assets.

Results and conclusions

During the current year there has been no impairment to goodwill or intangible assets with indefinite lives. The lifting of COVID-19 restrictions and the associated recovery in trading experienced to date has had a positive impact on headroom in impairment tests. Other than as set out below in respect of Britvic Brazil goodwill and the Britvic trademark in Ireland (Britvic juices and mixers), the directors do not consider that a reasonable possible change in the assumptions used to calculate the value in use of cash generating units could result in any impairment.

The five year cash flow forecasts used to assess the value in use of the Britvic Brazil business assumes that Britvic Brazil is able to continue to grow revenue and maintain operating margins. Should these short-term forecasts not materialise, there is a risk that a reasonable change in discount rate or long term growth rate could lead to an impairment. The estimated value in use of Britvic Brazil at 30 September 2021 exceeded its carrying amount by £103.4m. An increase in the discount rate of 22.6% or a decrease in the long term growth rate of 22.6% would be result in an impairment of £0.1m.

Given the impact of COVID-19 in Ireland on the licensed trade during the year ended 30 September 2021, the forecast recovery in sales of the Britvic trademark for juices and mixers to pre-COVID levels has become a key assumption in the estimate of value in use. Should the brand not perform in line with these forecasts, there is a risk that a reasonable change in discount rate or long-term growth rate could lead to an impairment. The estimated value in use of the Britvic trademark in Ireland at 30 September 2021 exceeded its carrying amount by £5.4m. An increase in the discount rate of 12.7% or a decrease in the long term growth rate of 6.1% would be result in an impairment of £0.1m.

During the prior year, an impairment charge of £8.4m was made to write off the intangible assets (£3.9m), goodwill (£4.2m) and property, plant and equipment (£0.3m) relating to the Counterpoint business, which was previously part of the Ireland CGU. In addition, during the prior year there was a reallocation of the Britvic Ireland goodwill, with the portion allocated to Counterpoint impaired during that year.

16. Inventories

	2021 £m	2020 £m
Raw materials	53.6	51.5
Finished goods	67.3	55.3
Consumable stores	12.9	10.5
Returnable packaging	1.2	1.2
Total inventories at lower of cost and net realisable value	135.0	118.5

Notes to the consolidated financial statements continued

17. Trade and other receivables (current)

	2021 £m	2020 £m
Trade receivables	335.6	295.0
Other receivables	18.1	16.3
Prepayments	22.4	24.2
	376.1	335.5

Trade receivables are non-interest bearing and are generally on credit terms usual for the markets in which the Group operates.

Other receivables include the current portion of net investments in finance leases of £0.4m (2020: £nil), see note 24 for further details.

Trade and other receivables are stated net of allowance for expected credit losses. Movements in the allowance for expected credit losses were as follows:

	Expected credit losses		
	Trade receivables £m	Other receivables £m	Total £m
At 29 September 2019	5.4	–	5.4
Exchange differences	(1.0)	–	(1.0)
Charge for period	3.7	0.6	4.3
Transferred to assets held for sale	–	(0.6)	(0.6)
Utilised	(1.8)	–	(1.8)
Unused amounts reversed	(0.3)	–	(0.3)
At 30 September 2020	6.0	–	6.0
Exchange differences	(0.1)	–	(0.1)
Charge for period	2.7	–	2.7
Transferred from assets held for sale	–	–	–
Utilised	(0.8)	–	(0.8)
Unused amounts reversed	(0.1)	–	(0.1)
At 30 September 2021	7.7	–	7.7

The Group takes the following factors into account when considering expected credit losses for trade receivables:

- payment performance history;
- external information available regarding credit ratings;
- future expected credit losses; and
- offset of rebate liabilities outstanding to customers.

The Group has considered its customer base and portfolio, and uses a provision matrix to evaluate credit risk exposure on the Group's trade receivables. The ageing analysis and allowance for expected credit loss of trade receivables at 30 September 2021 is as follows:

	Days past due						
	Total £m	Not past due £m	< 30 days £m	30 – 60 days £m	61 – 90 days £m	91 – 120 days £m	> 120 days £m
Gross carrying amount	343.3	295.7	20.6	6.0	3.0	1.9	16.1
Expected credit loss	(7.7)	(1.5)	(0.1)	–	(0.3)	(0.2)	(5.6)
Net carrying amount	335.6	294.2	20.5	6.0	2.7	1.7	10.5
Average expected credit loss rate	2.3%	0.6%	0.5%	0.6%	8.4%	8.8%	34.8%

The ageing analysis and allowance for expected credit loss of trade receivables at 30 September 2020 was as follows:

	Days past due						
	Total £m	Not past due £m	< 30 days £m	30 – 60 days £m	61 – 90 days £m	91 – 120 days £m	> 120 days £m
Gross carrying amount	301.0	245.2	26.7	5.0	2.9	2.9	18.3
Expected credit loss	(6.0)	(0.4)	(0.1)	–	(0.2)	(0.8)	(4.5)
Net carrying amount	295.0	244.8	26.6	5.0	2.7	2.1	13.8
Average expected credit loss rate	2.0%	0.2%	0.2%	0.5%	7.9%	24.7%	24.9%

Refer to note 25 for details of the Group's credit risk policy. The Group monitors the credit quality of trade receivables by reference to credit ratings available externally.

Notes to the consolidated financial statements continued

17. Trade and other receivables (current) continued

Discount factoring

At 30 September 2020, the Group had certain trade receivables which were subject to a discount factoring arrangement. The Group derecognised these receivables to the extent it has received consideration from the factoring bank and had no continuing involvement in the transferred receivables.

At 30 September 2021, none of the Group's trade receivables were subject to discount factoring arrangements. Further details of the Group's accounting policy for transferred receivables is provided in note 3.

As at 30 September 2021, receivables totalling £nil were assigned under these programmes (2020: £32.8m) and £nil (2020: £20.6m) receivables from customers were derecognised.

At 30 September 2021, £nil (2020: £0.2m) had been collected from customers and were due for payment to the factoring bank. Balances payable to the factoring bank in respect of collected receivables are included within other payables in the balance sheet (note 23a).

18. Cash and cash equivalents

	2021 £m	2020 £m
Cash at bank and in hand	60.1	56.2
Deposits	11.0	53.0
	71.1	109.2

During the year, short-term deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is equal to the book value.

At 30 September 2021 the Group had available £400.0m (2020: £400.0m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. £33.3m of the borrowing facilities mature in February 2025 with the remaining £366.7m maturing in February 2026.

Where available, the Group operates cash pooling arrangements whereby the net cash position across a number of accounts is recognised.

19. Share capital

	No. of shares	Value £
Issued, called up and fully paid ordinary shares		
At 29 September 2019	265,510,737	53,102,147
Shares issued relating to incentive schemes for employees	1,405,325	281,065
At 30 September 2020	266,916,062	53,383,212
Shares issued relating to incentive schemes for employees	398,575	79,715
At 30 September 2021	267,314,637	53,462,927

The issued share capital wholly comprises of ordinary shares carrying one voting right each.

The nominal value of each ordinary share is £0.20. There are no restrictions placed on the distribution of dividends, or the return of capital on a winding up or otherwise.

Of the issued and fully paid ordinary shares, 129,455 shares (2020: 369,448 shares) are own shares held by an employee benefit trust. This equates to £25,891 (2020: £73,890) at £0.20 par value of each ordinary share. These shares are held for the purpose of satisfying the share schemes detailed in note 29.

An explanation of the Group's capital management process and objectives is set out in note 25.

Notes to the consolidated financial statements continued

20. Other reserves

	Hedging reserve £m	Translation reserve £m	Merger reserve £m	Total £m
At 29 September 2019	(1.2)	13.3	87.3	99.4
Losses in the year in respect of cash flow hedges	(4.9)	–	–	(4.9)
Amounts reclassified to the income statement in respect of cash flow hedges	6.6	–	–	6.6
Deferred tax in respect of cash flow hedges	(0.2)	–	–	(0.2)
Exchange differences reclassified to profit or loss on disposal of foreign operations (note 34)	–	(2.3)	–	(2.3)
Exchange differences on translation of foreign operations (note 26)	–	(38.2)	–	(38.2)
Tax on exchange differences accounted for in the translation reserve	–	(0.6)	–	(0.6)
At 30 September 2020	0.3	(27.8)	87.3	59.8
Gains in the year in respect of cash flow hedges	0.1	–	–	0.1
Amounts reclassified to the income statement in respect of cash flow hedges	6.3	–	–	6.3
Current tax in respect of cash flow hedges	0.2	–	–	0.2
Deferred tax in respect of cash flow hedges	(1.1)	–	–	(1.1)
Exchange differences on translation of foreign operations (note 26)	–	(9.7)	–	(9.7)
Tax on exchange differences accounted for in the translation reserve	–	(0.6)	–	(0.6)
Included within other comprehensive income	5.5	(10.3)	–	(4.8)
Transfer of cash flow hedge reserve to inventories	(1.3)	–	–	(1.3)
At 30 September 2021	4.5	(38.1)	87.3	53.7

Share premium account

The share premium account is used to record the excess of proceeds over the nominal value on the issue of shares.

Own shares reserve

The own shares reserve is used to record purchases and issues by the Group of its own shares, which will be distributed to employees as and when share awards are made under the Britvic employee share plans vest.

Hedging reserve

The hedging reserve records the effective portion of movements in the fair value of commodity contracts, forward exchange contracts, interest rate and cross currency swaps that have been designated as part of a cash flow hedge relationship.

Translation reserve

The translation reserve includes cumulative net exchange differences on translation into the presentational currency of items recorded in Group entities with a non-sterling functional currency net of amounts recognised in respect of net investment hedges.

Merger reserve

The merger reserve arose as a result of the non pre-emptive share placement which took place on 21 May 2010. It was executed using a structure which created a merger reserve under Section 612 – 613 of the Companies Act 2006.

21. Interest-bearing loans and borrowings

	2021 £m	2020 £m
Current		
Bank loans	–	(0.1)
Private placement notes	(2.8)	(79.2)
Less: unamortised issue costs	0.6	0.6
Total current	(2.2)	(78.7)
	2021 £m	2020 £m
Non-current		
Private placement notes	(579.2)	(588.6)
Less: unamortised issue costs	2.3	2.6
Total non-current	(576.9)	(586.0)
Total interest-bearing loans and borrowings	(579.1)	(664.7)

Notes to the consolidated financial statements continued

21. Interest-bearing loans and borrowings continued

Total interest-bearing loans and borrowings comprise the following:

	2021 £m	2020 £m
2010 notes	(33.5)	(90.5)
2014 notes	(99.6)	(123.3)
2017 notes	(175.0)	(175.0)
2018 notes	(119.4)	(121.3)
2020 notes	(151.7)	(154.3)
Accrued interest	(2.8)	(3.4)
Bank loans	–	(0.1)
Unamortised issue costs	2.9	3.2
	(579.1)	(664.7)

Analysis of changes in interest-bearing loans and borrowings

	2021 £m	2020 £m
At the beginning of the year	(664.7)	(683.5)
Net movement on revolving credit facility	–	64.9
Other loans repaid	0.1	0.1
Repayment of private placement notes*	74.1	90.3
Draw down of private placement notes	–	(152.2)
Issue costs	0.3	2.6
Reclass of finance leases on adoption of IFRS 16	–	1.0
Amortisation of issue costs and write-off of financing fees	(0.6)	(1.1)
Net translation gain and fair value adjustment	11.1	13.9
Accrued interest	0.6	(0.7)
At the end of the year	(579.1)	(664.7)
Derivatives hedging balance sheet debt**	19.5	35.1
Debt translated at contracted rate	(559.6)	(629.6)

* During the year ended 30 September 2021, the Group repaid £54.1m related to the 2010 notes and £20.0m related to the 2014 notes. £7.1m was also received on maturity of derivatives hedging the 2010 notes and £1.6m was received in respect of the firm commitment for the 2010 notes, resulting in net cash outflows presented in the consolidated statement of cash flows of £45.4m and £20.0m for the 2010 notes and 2014 notes, respectively.

During the year ended 30 September 2020, the 2009 notes were repaid and the associated derivatives and firm commitment liability were settled, resulting in a net cash outflow of £68.4m. This comprised a payment of £92.7m in respect of the outstanding loans and borrowings of £90.3m and firm commitment of £2.4m and net cash proceeds received of £24.3m on maturity of the related cross currency interest rate swaps.

** Represents the element of the fair value of interest rate currency swaps hedging the balance sheet value of the private placement notes. This amount has been disclosed separately to demonstrate the impact of foreign exchange movements which are included in interest-bearing loans and borrowings.

Bank loans

At 30 September 2021, the Group had no outstanding bank loans (2020: Brazilian Real denominated loans of £0.1m were outstanding, which attracted interest at an average rate of 3.60%).

Private placement notes

The Group holds loan notes with coupons and maturities as shown in the following table:

Year issued	Maturity date	Amount	Interest terms
2010	December 2022	\$43m	US\$ fixed at 4.14%
2014	February 2024	£15m	UK£ fixed at 3.92%
2014	February 2024 – February 2026	\$114m	US\$ fixed at 4.09% – 4.24%
2017	February 2025 – February 2032	£120m	UK£ fixed at 2.31% – 2.76%
2017	February 2027 – February 2032	£55m	UK£ LIBOR plus 1.32% – 1.36%
2018	June 2028 – June 2033	£65m	UK£ fixed at 2.66% – 2.88%
2018	June 2030	£20m	UK£ LIBOR plus 1.06%
2018	June 2028	€40m	EURIBOR€ plus 0.65%
2020	May 2030 – May 2032	£70m	UK£ fixed at 2.09% – 2.19%
2020	May 2032	€35m	EUR fixed at 1.15%
2020	May 2035	£30m	UK£ LIBOR plus 1.45%
2020	May 2035	€25m	EURIBOR plus 1.15%

The Group entered into a number of cross currency swap agreements in relation to the loan notes to manage any foreign exchange risk on interest rates or on the repayment of the principal borrowed. These swaps expire in line with the loan notes and are discussed in note 26.

See note 26 for an analysis of the interest rate profile and the maturity of the borrowings and related interest rate swaps.

Notes to the consolidated financial statements continued

22. Pensions

Net asset/(liability) by scheme

	2021				
	GB £m	ROI £m	NI £m	France £m	Total £m
Present value of benefit obligation	(739.2)	(101.3)	(35.0)	(2.0)	(877.5)
Fair value of plan assets	864.3	93.7	51.1	–	1,009.1
Net asset/(liability)	125.1	(7.6)	16.1	(2.0)	131.6
Pension asset	125.1	–	16.1	–	141.2
Pension liability	–	(7.6)	–	(2.0)	(9.6)
Net asset/(liability)	125.1	(7.6)	16.1	(2.0)	131.6
	2020				
	GB £m	ROI £m	NI £m	France £m	Total £m
Present value of benefit obligation	(808.6)	(105.6)	(38.3)	(2.8)	(955.3)
Fair value of plan assets	898.4	97.7	50.3	–	1,046.4
Net asset/(liability)	89.8	(7.9)	12.0	(2.8)	91.1
Pension asset	89.8	–	12.0	–	101.8
Pension liability	–	(7.9)	–	(2.8)	(10.7)
Net asset/(liability)	89.8	(7.9)	12.0	(2.8)	91.1

GB schemes

The Group's principal pension scheme for GB employees, the Britvic Pension Plan (BPP), has both a final salary defined benefit section and a defined contribution section.

BPP defined benefit scheme

The defined benefit section was closed to new members from 1 August 2002 and closed to future accrual for active members from 1 April 2011, with active members moving to the defined contribution section for future service benefits.

The BPP is a limited partner of Britvic Scottish Limited Partnership (Britvic SLP), which in turn is a limited partner in both Britvic Property Partnership (Britvic PP) and Britvic Brands LLP. Britvic SLP, Britvic PP and Britvic Brands LLP are all consolidated by the Group. The investment held by BPP does not represent a plan asset for accounting purposes and is therefore not included in the fair value of the Plan assets.

Certain properties and Group brands have been transferred to Britvic PP and Britvic Brands LLP respectively, all of which are leased back to Britvic Soft Drinks Limited. The Group retains operational

flexibility over the properties and brands, including the ability to substitute the properties and brands held by Britvic PP and Britvic Brands LLP respectively. The BPP is entitled to a share of the profits in Britvic SLP until 2026. At the end of this period, the partnership capital allocated to the BPP will be changed to an amount equal to any funding deficit of the BPP at this time, up to a maximum of £105m.

Contributions are ordinarily paid into the defined benefit section of the BPP as determined by the Trustee, agreed by the company and certified by an independent actuary in the Schedule of Contributions. In addition to the expected partnership income of at least £5m per annum, the Group had been expected to make a payment to the BPP of £15m by 31 December 2019.

However, the Group sought clarity through the courts as to the construction of the wording in the Plan rules on the employer's ability to unilaterally set an alternative rate of pension increase. The original judgement in January 2020 was not in the Group's favour, and it was granted leave to appeal that judgement. The appeal was heard during the year ended 30 September 2021.

Pending the outcome of that appeal hearing, the Trustee of the Plan agreed that the Schedule of Contributions be drafted so that payments would be paid into a blocked account.

As at 30 September 2020 the balance within the blocked account (held on the balance sheet as 'Other current assets') was £10.0m and this increased to £20.0m by 31 March 2021.

During the year, Britvic was successful in its appeal and the ruling on the pension increase issue arrived in its favour. As at 30 September 2021, the company can instruct the setting of future pension increases, within certain statutory limits. Given future increases may not automatically be in line with an inflationary index, the Plan liabilities are now valued based on any changes proposed for prior pension increases, and the company's confirmation of what future pension increases are expected to be. At 30 September 2021, the company has provided for certain future pension increases with reference to no greater than CPI. The change to CPI from RPI at the prior year end has resulted in a reduction in pension liabilities and is the main driver behind the remeasurement gain of £50.5m included within the consolidated statement of comprehensive income. This additionally resulted in the £20.0m held in the blocked account being returned to Britvic.

As a result of the successful appeal no further deficit funding payments are expected to be paid except for the £5m annual partnership payment which will continue until 2025. This will be reviewed as part of the next triennial valuation as of 31 March 2022.

Accounting standards require all companies to discount their projected cash flows at a standard rate based on high-quality corporate bonds and not to allow for prudence when calculating the value of the liabilities. This is in contrast to the funding valuation where prudence is a requirement when assessing the value of the liabilities. This, in combination with the Plan being invested in relatively low-risk assets as part of the funding strategy agreed, results in the funding valuation being expected to show a higher deficit than the accounting valuation. The benefits of adopting a low-risk approach to funding is that there is less volatility expected in the company's future contribution requirements.

BPP defined contribution scheme

The amount recognised as an expense in relation to the BPP defined contribution scheme in the consolidated income statement for 2021 was £11.1m (2020: £10.8m).

Notes to the consolidated financial statements continued

22. Pensions continued

The Britvic Executive Top Up Scheme

Britvic's business in GB also has a secured unfunded, unregistered retirement benefit scheme called The Britvic Executive Top Up Scheme (BETUS), which provides benefits for members who have historically exceeded the Earnings Cap or the Lifetime Allowance while members of the defined benefit section of the BPP. BETUS closed to future accrual on 10 April 2011, which coincided with the closure of the defined benefit section of the BPP.

IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'

The rules of the Plan were updated in February 2010 to clarify that any surplus remaining on the death or leaving of the final member of the Plan may be returned directly to the company without prior trustee approval and a mechanism was provided within the rules for this to occur. As a result, the asset ceiling has not been applied to date. Potential trustee rights under the Plan to augment additional benefit have been assessed by management and their actuarial specialists in measuring the net defined benefit asset but are not considered a material risk to the company as the rules of the Plan which provide for augmentation (benefit increases) require employer consent. These two points mean that IFRIC 14 does not have any practical impact on the Plan and so no allowance for it (and, in particular, no allowance for the asset ceiling) has been made in the calculated figures. BETUS is treated as unfunded for the purposes of IAS 19, so IFRIC 14 is not applicable.

Republic of Ireland scheme

The Britvic Ireland Pension Plan (BIPP) is a defined benefit pension plan. Following legislative changes made in 2012, no deficit recovery contributions are currently required. The Trustee has been undertaking investment de-risking to protect the ongoing funding position achieved as a result of the 2012 changes. The latest triennial valuation was carried out as at 1 January 2018. The scheme remains open to future accrual for current members.

The amount recognised as an expense in relation to the Irish defined contribution schemes in the consolidated income statement for 2021 was £0.8m (2020: £1.0m).

Northern Ireland scheme

The Britvic Northern Ireland Pension Plan (BNIPP) is a defined benefit pension plan which was closed to new members on 28 February 2006 and to future accrual from 31 December 2018. Since this date all employees have been eligible to join a stakeholder plan with Legal & General. The latest formal actuarial valuation for contribution purposes was carried out as at 31 December 2017. The triennial valuation as at 31 December 2020 is in the process of being completed, the outcome of which may have an impact on the level of future employer cash contributions.

Contributions are paid into the BNIPP as determined by the Trustee, agreed by the company and certified by an independent actuary in the Schedule of Contributions. During the year ended 30 September 2021 additional contributions of £nil were paid (2020: £nil).

The amount recognised as an expense in relation to the Northern Ireland defined contribution scheme in the consolidated income statement for 2021 was £0.1m (2020: £0.1m).

France schemes

Britvic France operates two defined benefit schemes. In the first, employees receive long-service cash payments at various stages throughout their careers. In the second, employees receive a lump sum at retirement. Payment amounts are dependent upon salary and service with the company. The schemes are unfunded, therefore these benefits are paid directly as they fall due.

All Group pension schemes are administered by trustees who are independent of the Group's finances, except for the Britvic France schemes which are operated directly by the company.

Defined contribution pension expense

The total defined contribution pension expense for the year ended 30 September 2021 is £12.1m (2020: £12.0m) and includes £0.1m which relates to schemes for entities within the Group in addition to those mentioned above (2020: £0.1m).

Net defined benefit pension (expense)/benefit

	2021 Total £m	2020 Total* £m
Current service cost	(1.8)	(1.5)
Net interest on net defined benefit asset/(liability)	1.7	2.5
Curtailment gain	0.4	–
Past service cost	(0.7)	–
Net (expense)/benefit	(0.4)	1.0

* Movements in 2020 reflect those in the tables below as well as movements in pension liabilities classified as held for sale until the French disposal group was sold on 30 September 2020.

Other than stated below, the net benefit/(expense) detailed above is recognised in arriving at operating profit and is included within cost of sales, selling and distribution costs and administration expenses.

Taken to the statement of comprehensive income

	2021 Total £m	2020 Total* £m
Actual return on scheme assets	(6.0)	21.2
Less: amounts included in net interest expense	(17.0)	(18.0)
Return on plan assets (excluding amounts included in net interest expense)	(23.0)	3.2
Losses due to demographic assumptions	(1.0)	(35.9)
Gains/(losses) due to financial assumptions	7.6	(3.8)
Experience gains/(losses)	50.5	(6.8)
Remeasurement gains/(losses) taken to the statement of comprehensive income	34.1	(43.3)

* Movements in 2020 reflect those in the tables below as well as movements in pension liabilities classified as held for sale until the French disposal group was sold on 30 September 2020 (refer to note 34 for further details).

Notes to the consolidated financial statements continued

22. Pensions continued

Movements in present value of benefit obligation

	2021				
	GB £m	ROI £m	NI £m	France £m	Total £m
At 1 October 2020	(808.6)	(105.6)	(38.3)	(2.8)	(955.3)
Exchange differences	–	5.6	–	0.1	5.7
Curtailment gain	–	0.3	–	0.1	0.4
Current service cost	–	(1.6)	–	(0.2)	(1.8)
Past service cost	(0.7)	–	–	–	(0.7)
Member contributions	–	(0.2)	–	–	(0.2)
Interest cost on benefit obligation	(13.5)	(1.1)	(0.6)	–	(15.2)
Benefits paid	27.4	3.6	1.3	0.2	32.5
Remeasurement gains/(losses)	56.2	(2.3)	2.6	0.6	57.1
At 30 September 2021	(739.2)	(101.3)	(35.0)	(2.0)	(877.5)
Weighted average duration of the liabilities	19 years	22 years	19 years	15 years	

	2020				
	GB £m	ROI £m	NI £m	France £m	Total £m
At 30 September 2019	(779.7)	(106.0)	(35.3)	(3.7)	(924.7)
Exchange differences	–	(2.1)	–	0.3	(1.8)
Current service cost	–	(1.5)	–	–	(1.5)
Member contributions	–	(0.2)	–	–	(0.2)
Interest cost on benefit obligation	(13.8)	(1.0)	(0.7)	–	(15.5)
Benefits paid	31.5	2.2	1.2	0.1	35.0
Remeasurement (losses)/gains	(46.6)	3.0	(3.5)	0.5	(46.6)
At 30 September 2020	(808.6)	(105.6)	(38.3)	(2.8)	(955.3)
Weighted average duration of the liabilities	20 years	23 years	20 years	15 years	

Movements in fair value of plan assets

	2021			
	GB £m	ROI £m	NI £m	Total £m
At 1 October 2020	898.4	97.7	50.3	1,046.4
Exchange differences	–	(5.1)	–	(5.1)
Interest income on plan assets	15.1	1.0	0.8	16.9
Return on scheme assets excluding interest income	(27.0)	2.7	1.3	(23.0)
Employer contributions	5.0	0.8	–	5.8
Member contributions	–	0.2	–	0.2
Benefits paid	(27.2)	(3.6)	(1.3)	(32.1)
At 30 September 2021	864.3	93.7	51.1	1,009.1

	2020			
	GB £m	ROI £m	NI £m	Total £m
At 30 September 2019	906.7	94.8	50.7	1,052.2
Exchange differences	–	1.9	–	1.9
Interest income on plan assets	16.1	0.9	1.0	18.0
Return on scheme assets excluding interest income	2.1	1.3	(0.2)	3.2
Employer contributions	5.0	0.8	–	5.8
Member contributions	–	0.2	–	0.2
Benefits paid	(31.5)	(2.2)	(1.2)	(34.9)
At 30 September 2020	898.4	97.7	50.3	1,046.4

Principal assumptions

The assets and liabilities of the pension schemes were valued on an IAS 19 (Revised) basis at 30 September 2021, by Willis Towers Watson (for the BPP and the French schemes), Invesco (for the BIPP) and Buck (for the BNIPP).

Notes to the consolidated financial statements continued

22. Pensions continued

Financial assumptions

	2021			
	GB %	ROI %	NI %	France %
Discount rate	2.05	1.20	2.10	0.80 – 1.10
Rate of compensation increase	–	2.00	–	2.00 – 3.00
Pension increases	2.00 – 3.10	–	2.10 – 2.85	–
Inflation assumption	3.35	1.90	2.90	2.00
Indexation	RPI and CPI	CPI	CPI	ECB*

	2020			
	GB %	ROI %	NI %	France %
Discount rate	1.70	1.10	1.70	0.60 – 0.95
Rate of compensation increase	–	2.00	–	2.00 – 3.00
Pension increases	1.85 – 2.75	–	2.00 – 2.45	–
Inflation assumption	2.90	1.00	2.45	2.00
Indexation	RPI	CPI	CPI	ECB*

* The France scheme is linked to the long-term interest rate of the European Central Bank (ECB).

Demographic assumptions

The most significant non-financial assumption is the assumed rate of longevity. This is based on standard actuarial tables, which for the BPP are known as SAPS Series 1. An allowance for future improvements in longevity has also been included. The following life expectancy assumptions have been used:

	2021 GB Years	2021 ROI Years	2021 NI Years	2020 GB Years	2020 ROI Years	2020 NI Years
Current pensioners (at age 65) – males	21.7	21.8	21.0	21.6	21.7	21.0
Current pensioners (at age 65) – females	24.5	24.2	23.8	24.4	24.1	23.7
Future pensioners currently aged 45 (at age 65) – males	23.0	24.1	22.3	23.0	24.0	22.4
Future pensioners currently aged 45 (at age 65) – females	26.0	26.2	25.3	25.9	26.1	25.3

Sensitivities

Changes in assumptions used for determining retirement benefit costs and obligations may have a material impact on the consolidated income statement and balance sheet. The main assumptions are the discount rate, the rate of inflation and the assumed mortality rate. The following table provides an estimate of the potential impact of each of these variables on the principal pension plans.

Assumption	Change in assumption	Impact on GB liabilities	Impact on ROI liabilities	Impact on NI liabilities	Impact on France liabilities
Discount rate	Increase by 0.5%	Decrease by £66.8m	Decrease by £11.1m	Decrease by £3.5m	Decrease by £0.1m
	Decrease by 0.5%	Increase by £73.5m	Increase by £11.2m	Increase by £3.7m	Increase by £0.1m
Inflation rate	Increase by 0.25%*	Increase by £25.9m	Increase by £1.4m	Increase by £1.0m	Increase by £0.1m
	Decrease by 0.25%*	Decrease by £24.3m	Decrease by £1.3m	Decrease by £0.9m	Decrease by £0.1m
Longevity rates	Increase by 1 year	Increase by £34.4m	Increase by £2.1m	Increase by £1.0m	n/a

* The sensitivity to inflation assumption includes corresponding changes to future salary (applicable only to France) and future pension increase assumptions.

Categories of scheme assets as a percentage of the fair value of total scheme assets

	2021				
	GB £m	ROI £m	NI £m	Total £m	Total %
UK equities	–	93.7	–	93.7	9
Overseas equities	0.9	–	–	0.9	–
Properties	29.9	–	–	29.9	3
Corporate bonds	449.8	–	7.5	457.3	45
Diversified funds	–	–	28.1	28.1	3
Liability-driven investments	366.2	–	11.2	377.4	38
Cash and other assets	17.5	–	4.3	21.8	2
Total	864.3	93.7	51.1	1,009.1	100

Notes to the consolidated financial statements continued

22. Pensions continued

	2020				
	GB £m	ROI £m	NI £m	Total £m	Total %
UK equities	–	19.5	–	19.5	2
Overseas equities	17.7	–	–	17.7	2
Properties	30.1	21.5	–	51.6	5
Corporate bonds	419.3	56.5	7.6	483.4	46
Diversified funds	–	–	26.1	26.1	2
Liability-driven investments	420.1	–	15.9	436.0	42
Cash and other assets	11.2	0.2	0.7	12.1	1
Total	898.4	97.7	50.3	1,046.4	100

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets, whereas the fair values of properties are not based on quoted market prices. The fixed interest and index linked asset classes include leveraged gilt funds.

Liability-driven investments are a portfolio of assets used in the GB scheme to hedge the exposure to changes in interest rates and inflation. It consists of equities, fixed interest gilts and index linked gilts including leveraged gilt funds. The fair value of these assets is derived from quoted market prices of the underlying funds held. These funds are held as part of the strategy by the trustees of the GB scheme to invest in low-risk assets that provide a hedge against interest rates and inflation.

Risks

For defined contribution sections and plans, the Group's liability is limited to the requirement to pay contributions on behalf of each employee. In these arrangements the associated risks are borne by the members.

For defined benefit sections and plans, the Group bears the risks of operation. The main risk that the Group runs in respect of the defined benefit schemes is that additional contributions are required to pay for the benefits if investment returns are not sufficient. The contributions required for the schemes are in general determined at each triennial actuarial funding valuation. The key factors that will affect the need for additional contributions include levels of long-term inflation and interest rates and the assessment of how long members are expected to live, along with the level of investment return achieved. The level of investment return achieved is subject to a range of risks typical of the asset classes held, in particular market risk on equities, credit risk on corporate bonds and exposure to the property market. The discount rates used to calculate the liabilities are set by reference to yields on high-quality corporate bonds. There is therefore a mismatch between the assets held and the way that the liabilities are calculated, meaning that the net balance sheet position disclosed under IAS 19 could fluctuate.

For the BPP, the trustee holds the power to determine the contribution rates that the Group should pay, although the Group fully uses the opportunity to make representation to the Trustee on this point.

The Trustee of the BPP has implemented an investment strategy which consists of a diverse range of fixed interest and index linked securities, which provides a significant hedge against inflation and interest rate risk.

The funding partnership mitigates the risk that additional cash contributions will be required after 31 March 2026, as the partnership will pay up to £105m to remove any funding deficit at 31 March 2026.

23a. Trade and other payables

	2021 £m	2020 £m
Trade payables	267.7	214.3
Other payables	8.2	9.3
Accruals	67.9	44.3
Other taxes and social security	74.0	90.9
	417.8	358.8

Trade payables are non-interest bearing and are normally settled on 60 – 90 day terms.

Trade payables include £46.8m (2020: £11.2m) that suppliers have chosen to early-fund under supplier financing arrangements (refer to note 3).

23b. Commercial rebate liabilities

The Group has the following liabilities outstanding to customers in respect of commercial rebates:

	2021 £m	2020 £m
Rebate accruals	122.3	107.3

24. Leases

The Group has lease contracts for properties, plant and machinery and vehicles. Leases of property have lease terms between 5 and 75 years, plant and machinery generally have lease terms between 5 and 10 years, while motor vehicles generally have lease terms between 2 and 4 years. There are several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased asset portfolio and align with the Group's business needs. Where a lease contract contains an extension or termination option, management uses judgement to determine the lease term when measuring lease liabilities. At 30 September 2021, the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term are not material.

Notes to the consolidated financial statements continued

24. Leases continued

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Leased property £m	Leasehold plant and machinery £m	Leased vehicles £m	Total £m
At 30 September 2019, net of accumulated depreciation*	30.3	7.3	5.5	43.1
Exchange differences	(0.1)	(0.1)	(0.1)	(0.3)
Acquisitions (note 34)	0.2	–	0.2	0.4
Additions	43.7	1.7	0.7	46.1
Depreciation charge for the year	(5.3)	(3.1)	(2.6)	(11.0)
Impairment charge	(0.2)	–	–	(0.2)
At 30 September 2020, net of accumulated depreciation and impairment	68.6	5.8	3.7	78.1
Exchange differences	–	–	(0.1)	(0.1)
Additions	1.0	2.4	1.1	4.5
Depreciation charge for the year	(5.7)	(2.8)	(2.0)	(10.5)
Disposal	(0.2)	–	(0.1)	(0.3)
At 30 September 2021, net of accumulated depreciation and impairment	63.7	5.4	2.6	71.7
At 30 September 2021				
Cost (gross carrying amount)	74.3	14.7	7.3	96.3
Accumulated depreciation and impairment	(10.6)	(9.3)	(4.7)	(24.6)
Net carrying amount	63.7	5.4	2.6	71.7
At 30 September 2020				
Cost (gross carrying amount)	74.0	12.6	7.4	94.0
Accumulated depreciation and impairment	(5.4)	(6.8)	(3.7)	(15.9)
Net carrying amount	68.6	5.8	3.7	78.1

* Right-of-use assets recognised on adoption of IFRS 16.

Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2021 £m	2020 £m
At the beginning of the year	79.8	42.6
Exchange differences	(0.2)	(0.3)
Acquisitions (note 34)	–	0.3
Additions*	4.3	46.1
Accretion of interest	1.9	2.0
Other movements	(0.1)	–
Payment of principal element of lease liabilities	(8.7)	(8.9)
Payment of interest element of lease liabilities	(1.9)	(2.0)
At the end of the year	75.1	79.8
Current	8.9	9.6
Non-current	66.2	70.2
At 30 September 2021	75.1	79.8

* Additions for the year ended 30 September 2020 included £42.1m in relation to the combined heating and power plant at Rugby, which was made available and brought into use on 1 December 2019.

The maturity analysis of lease liabilities is disclosed in the liquidity risk section of note 25.

The following are the amounts recognised in the income statement:

	2021 £m	2020 £m
Depreciation of right-of-use assets	10.5	11.0
Impairment of right-of-use assets	–	0.2
Interest expense on lease liabilities* (note 9)	1.9	2.1
Total amount recognised in profit or loss	12.4	13.3

* In the prior year to 30 September 2020, lease liabilities interest expense included £0.1m in respect of lease liabilities classified within disposal groups held for sale.

The Group had total cash outflows for leases of £10.6m during the year ended 30 September 2021 (2020: £12.3m), including £nil related to leases classified within disposal groups held for sale (2020: £1.4m).

Notes to the consolidated financial statements continued

24. Leases continued

Finance lease receivables

During the year ended 30 September 2021, the Group entered into finance leasing arrangements as a lessor for tap systems that dispense instant boiling, chilled and sparkling water. The term of finance leases entered into ranges from 3 to 5 years, which forms the majority of the expected useful economic life of the tap system and after which the residual value of the equipment is not expected to be material.

The amounts receivable under finance leases were as follows:

	2021 £m
Not later than one year	0.4
Later than one year and not later than two years	0.4
Later than two years and not later than three years	0.2
Later than three years and not later than four years	0.1
Later than four years and not later than five years	–
Later than five years	–
Total undiscounted lease payments receivable	1.1
Less unearned finance income	(0.1)
Net investment in the lease	1.0
Net investment in the lease analysed as:	
Recoverable within 12 months	0.4
Recoverable after 12 months	0.6
Net investment in the lease	1.0

The following table presents the amounts included in profit or loss:

	2021 £m
Selling profit for finance leases	0.3
Finance income on the net investment in finance leases	0.7

25. Financial risk management objectives and policies

Overview

The Group's principal financial instruments comprise derivatives, borrowings and overdrafts, and cash and cash equivalents. These financial instruments are used to manage interest rate, currency and commodity exposures, funding and liquidity requirements. Other financial instruments which arise directly from the Group's operations include trade receivables and payables (see notes 17 and 23 respectively).

It is, and has always been, the Group's policy that no derivative is entered into for trading or speculative purposes.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Additionally, the Group uses commodity derivatives to manage commodity price risk. The policies for managing these risks are approved by the Board of Directors.

Interest rate risk

The Group's policy is to manage its interest cost by maintaining a mix of fixed and variable rate debt. The Group enters into interest rate swaps, cross currency swaps and forward rate agreements to hedge underlying debt obligations. At 30 September 2021, after taking into account the effect of these instruments, approximately 76% of the Group's gross debt was at a fixed rate of interest (2020: 80%).

Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's profit before tax (through the impact on floating rate borrowings) and equity (through the change in fair values of applicable derivative and debt instruments).

	Increase/ (decrease) in basis points	Effect on profit before tax £m	Effect on equity £m
2021			
Sterling	200	(1.5)	43.8
	(200)	1.5	(51.0)
Euro	200	0.2	7.4
	(200)	(0.2)	(8.9)
2020			
Sterling	200	(0.8)	63.6
	(200)	0.8	(69.4)
Euro	200	0.3	9.5
	(200)	(0.3)	(11.5)

Notes to the consolidated financial statements continued

25. Financial risk management objectives and policies continued

Interest rate benchmark reform

The Group has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by LIBOR regulators (including the Financial Conduct Authority (FCA)) regarding the transition away from GBP LIBOR to the Sterling Overnight Index Average Rate (SONIA).

In advance of LIBOR cessation, the Group has amended its revolving credit facility agreement to reference SONIA rates in all future sterling drawdowns from 1 December 2021 onwards. A similar amendment process is currently underway with regards to the Group's US private placement notes (see note 21) where it is anticipated that all GBP floating reference rates will apply SONIA from 1 January 2022 onwards.

The Group has reviewed and considered the forthcoming requirement to rebase LIBOR based interest rates to risk-free based rates on its portfolio of derivatives, including cross currency interest rate swaps and interest rate swaps (see note 26). It is anticipated that all GBP LIBOR based contracts remaining outstanding at 31 December 2021 will be rebased to SONIA. The rebasing of derivatives to risk-free rates is not expected to impact upon hedge effectiveness or produce any material financial impact.

Foreign currency risk

Foreign currency risk is primarily in respect of exposure to fluctuations to the sterling-euro, sterling-US dollar and US dollar-Brazilian real rates of exchange. The Group has operations in euro-denominated countries and finances these partly through the use of foreign currency borrowings and cross currency swaps which hedge the translation risk of net investments in foreign operations. Additionally, certain internal flows from euro-denominated operations can be utilised to meet euro payment obligations in sterling denominated companies, providing a natural hedge.

The Group also has transactional exposures arising from purchases of prime materials, capital expenditure and interest costs in currencies other than the functional currency of the individual Group entities. Non-functional currency purchases and interest costs are mainly in the currencies of US dollars and euros. As at 30 September 2021, the Group had hedged 64% (2020: 75%) of forecast net exposures 12 months in advance using forward foreign exchange contracts.

Where funding is raised in a currency other than the currency ultimately required by the Group, cross currency interest rate swaps are used to convert the cash flows to the required currency. These swaps have the same duration and other critical terms as the underlying borrowings.

The following table demonstrates what the sensitivity would have been from a reasonably possible change in the US dollar, euro and Brazilian real exchange rates, with all other variables held constant, on the current year's Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to changes in fair value of forward exchange contracts).

	Increase/ (decrease) in percentage points	Effect on profit before tax £m	Effect on equity £m
2021			
Sterling/euro	10	1.1	(5.5)
	(10)	(1.1)	5.5
Sterling/US dollar	10	0.5	(1.2)
	(10)	(0.5)	1.2
Euro/US dollar	10	0.2	-
	(10)	(0.2)	-
US dollar/Brazilian real	10	0.5	-
	(10)	(0.5)	-
2020			
Sterling/euro	10	1.3	(5.1)
	(10)	(1.3)	5.1
Sterling/US dollar	10	0.6	(1.1)
	(10)	(0.6)	1.1
Euro/US dollar	10	0.6	-
	(10)	(0.6)	-
US dollar/Brazilian real	10	1.1	-
	(10)	(1.1)	-

Notes to the consolidated financial statements continued

25. Financial risk management objectives and policies continued

Credit risk

The Group trades only with recognised creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's experience of bad debts is not significant. The maximum exposure is the carrying amount disclosed in note 17. There are no significant concentrations of credit risk within the Group.

The Group maintains a policy on counterparty credit exposures with banks and financial institutions arising from the use of derivatives and financial instruments. This policy restricts the investment of surplus funds and entering into derivatives to counterparties with a minimum credit rating maintained by either Moody's, Standard & Poors or Fitch. The level of exposure with counterparties at various ratings levels is also restricted under this policy. The level of exposure and the credit worthiness of the Group's banking counterparties is reviewed regularly to ensure compliance with this policy.

Commodity price risk

The main commodity price risk arises in the purchases of prime materials, being polyethylene terephthalate (PET), sugar, steel, aluminium and fruit juice. The Group also has some exposure to diesel prices in respect of logistics costs. The Group uses commodity swaps to hedge commodity price risk on a proportion of its sugar, aluminium, gas, power and diesel requirements. Also in the normal course of business, where it is considered commercially advantageous, the Group enters into fixed price contracts with suppliers to protect against unfavourable commodity price changes.

Liquidity risk

The Group monitors its risk of a shortage of funds using rolling cash flow forecasts. These forecasts consider the maturity of both its financial investments and financial assets (e.g. accounts receivable and other financial assets) and projected cash flows from operations. The objective of the Group's liquidity policy is to maintain a balance between continuity of funds and flexibility through the use of bank loans and overdrafts and long-term private placement issuance.

The maturity date of the Group's £400m multi-currency bank facility was extended to February 2026 for £367m of commitments. The remaining £33m of commitments matures in February 2025. A further 1-year extension subject to lender consent can be sought by the Group in 2022. As at 30 September 2021, the Group had no outstanding borrowings under this facility (2020: £nil).

The table opposite summarises the maturity profile of the Group's financial liabilities at 30 September 2021 based on contractual undiscounted payments and receipts including interest:

	Less than 1 year £m	1 to 5 years £m	> 5 years £m	Total £m
2021				
Bank loans	–	–	–	–
Private placement notes including coupons	13.8	210.1	441.3	665.2
Derivatives hedging private placement notes – payments	3.8	107.8	–	111.6
Derivatives hedging private placement notes – receipts	(4.8)	(109.2)	–	(114.0)
	12.8	208.7	441.3	662.8
Trade, other payables and rebate liabilities (excluding other taxes and social security)	466.1	–	–	466.1
Lease liabilities	9.6	26.5	60.0	96.1
Other liabilities	5.4	9.2	–	14.6
Other derivative liabilities	1.4	–	–	1.4
	495.3	244.4	501.3	1,241.0
	Less than 1 year £m	Restated* 1 to 5 years £m	> 5 years £m	Restated* Total £m
2020				
Bank loans	0.1	–	–	0.1
Private placement notes including coupons	70.4	186.6	518.2	775.2
Derivatives hedging private placement notes – payments	51.2	66.6	50.8	168.6
Derivatives hedging private placement notes – receipts	(51.6)	(68.8)	(51.2)	(171.6)
	70.0	184.4	517.8	772.2
Trade, other payables and rebate liabilities (excluding other taxes and social security)	375.4	–	–	375.4
Lease liabilities	10.9	26.6	65.8	103.3
Other liabilities	10.3	2.4	–	12.7
Other derivative liabilities	1.0	1.4	–	2.4
	467.7	214.8	583.6	1,266.1

* Comparative information for the prior year has been restated in accordance with IFRS 3 to reflect the finalisation of acquisition date fair values related to Aqua Libra Co, acquired on 6 June 2020 (see note 34(b)).

Notes to the consolidated financial statements continued

25. Financial risk management objectives and policies continued

Fair values of financial assets and financial liabilities

Hierarchy

The Group uses the following valuation hierarchy to determine the carrying value of financial instruments that are measured at fair value:

Level 1:	quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2:	other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3:	techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Unless otherwise stated, the valuation basis used to calculate fair value is level 2.

All derivatives are valued using discounted cash flow analysis using the applicable yield curve for the duration of the instruments. Forward currency contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Cross currency interest rate swaps are measured at the present value of future cash flows estimated and discounted based on quoted forward exchange rates and the applicable yield curves derived from quoted interest rates. The fair value of derivatives also includes the non-performance risk of both Britvic and its derivatives trading counterparties.

As in the prior year, the carrying values of financial assets and liabilities are considered to be reasonable approximations of their fair values, except for fixed rate borrowings.

The fair value of the Group's fixed rate interest-bearing borrowings and loans at 30 September 2021 was £424.8m (2020: £529.0m) compared to a carrying value of £418.2m (2020: £500.8m). The fair value of the Group's fixed rate interest-bearing borrowings and loans is determined by using discounted cash flow methods using discount rates that reflect the Group's borrowing rate as at the end of the reporting period.

Capital management

The Group defines 'capital' as being adjusted net debt plus equity. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and maintain an appropriate capital structure to balance the needs of the Group to grow, while operating with sufficient headroom within its bank covenants. Further information on the Group's covenants is provided within the going concern disclosure in note 3.

The following table summarises the capital of the Group:

	2021 £m	2020 £m
Financial assets		
Cash and cash equivalents	(71.1)	(109.2)
Derivatives hedging balance sheet debt (note 21)	(19.5)	(35.1)
Financial liabilities		
Interest-bearing loans and borrowings (note 21)	579.1	664.7
Adjusted net debt	488.5	520.4
Equity	420.3	375.5
Capital	908.8	895.9

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or in order to facilitate acquisitions. To maintain or adjust the capital structure, the Group has a number of options available to it, including modifying dividend payments to shareholders, returning capital to shareholders or issuing new shares. In this way, the Group balances returns to shareholders between long-term growth and current returns while maintaining capital discipline in relation to investing activities and taking any necessary action on costs to respond to the current environment.

The Group monitors capital on the basis of the adjusted net debt/EBITDA ratio. Adjusted net debt is calculated as being the net of cash and cash equivalents, interest-bearing loans and borrowings, and the element of the fair value of interest rate currency swaps hedging the balance sheet value of the US private placement notes. The adjusted net debt/EBITDA ratio enables the Group to plan its capital requirements in the medium term. The Group uses this measure to provide useful information to financial institutions and investors.

Notes to the consolidated financial statements continued

26. Derivatives and hedge relationships

As at 30 September 2021 the Group had entered into the following derivative contracts:

	2021 £m	2020 £m
Consolidated balance sheet		
Non-current assets: derivative financial instruments		
Fair value of the USD GBP cross currency fixed interest rate swaps*	17.7	22.3
Fair value of the USD GBP cross currency floating interest rate swaps***	1.9	2.9
Fair value of forward currency contracts	0.1	–
Fair value of commodity contracts*	2.4	–
Fair value of GBP interest rate swaps*	0.1	–
	22.2	25.2
Current assets: derivative financial instruments		
Fair value of the USD GBP cross currency fixed interest rate swaps*	0.6	5.1
Fair value of the USD GBP cross currency floating interest rate swaps***	0.3	5.2
Fair value of forward currency contracts*	0.4	1.6
Fair value of forward currency contracts	–	0.2
Fair value of commodity contracts*	2.7	–
	4.0	12.1
Current liabilities: derivative financial instruments		
Fair value of forward currency contracts*	(1.1)	(0.2)
Fair value of forward currency contracts	(0.2)	(0.6)
Fair value of the GBP euro cross currency floating interest rate swaps**	–	(1.4)
Fair value of commodity contracts*	(0.1)	–
	(1.4)	(2.2)
Non-current liabilities: derivative financial instruments		
Fair value of the GBP euro cross currency fixed interest rate swaps**	(0.6)	(1.7)
Fair value of forward currency contracts*	–	(0.1)
Fair value of euro interest rate swaps*	–	(0.1)
Fair value of GBP interest rate swaps*	–	(1.4)
	(0.6)	(3.3)

* Instruments designated as part of a cash flow hedge relationship

** Instruments designated as part of a net investment hedge relationship

*** Instruments designated as part of a fair value hedge relationship

Derivatives designated as part of hedge relationships

The carrying amounts and notional maturity profile of derivatives designated as part of a hedge relationship were as follows:

		Notional maturity profile			
		Carrying amount £m	Less than 1 year £m	Greater than 1 year £m	Total £m
2021					
Cross currency swaps	Cash flow hedge	18.3	–	87.0	87.0
Cross currency swaps	Fair value hedge	2.2	–	11.7	11.7
Cross currency swaps	Net investment hedge	(0.6)	–	16.2	16.2
Forward currency contracts	Cash flow hedge	(0.7)	58.6	8.8	67.4
Forward currency contracts	Net investment hedge	–	32.8	–	32.8
Interest rate swaps	Cash flow hedge	0.1	–	37.2	37.2
Commodity swaps	Cash flow hedge	5.0	20.3	13.3	33.6
2020					
Cross currency swaps	Cash flow hedge	27.4	21.4	87.0	108.4
Cross currency swaps	Fair value hedge	8.1	23.9	11.7	35.6
Cross currency swaps	Net investment hedge	(3.1)	14.9	16.2	31.1
Forward currency contracts	Cash flow hedge	1.3	71.8	8.4	80.2
Interest rate swaps	Cash flow hedge	(1.5)	–	68.1	68.1

Notes to the consolidated financial statements continued

26. Derivatives and hedge relationships continued

Cash flow hedges

Forward currency contracts

The forward currency contracts hedge the expected future purchases in the period to March 2023 and have been assessed as part of effective cash flow hedge relationships as at 30 September 2021.

Cross currency interest rate swaps

USD GBP cross currency interest rate swaps

The Group has a number of cross currency interest rate swaps relating to the 2010 and 2014 USPP notes. These cross currency interest rate swaps have the effect of fixing both the value of the USD borrowings into sterling and the rate of interest payable. The cross currency interest rate swaps are designated as part of a cash flow hedge relationship with the USPP notes.

Cash flows due under these cross currency interest rate swaps match the interest payment dates and maturity profile of the USPP notes. The maturity profile of the USPP notes can be seen in note 21.

During the year, ended 30 September 2021, a loss of £0.5m (2020: £nil) has been recognised in the income statement in respect of ineffectiveness.

The Group's cash flow hedging reserve relates to the following hedging instruments:

	Net gain/(loss) within equity £m	Related deferred tax asset/ (liability) £m
2021		
Forward currency contracts	(0.6)	0.1
Interest rate swaps	0.3	(0.1)
2010 cross currency swaps	(0.8)	0.2
2014 cross currency swaps	1.5	(0.3)
Commodity swaps	5.2	(1.0)
	Net gain/(loss) within equity £m	Related deferred tax asset/ (liability) £m
2020		
Forward currency contracts	1.4	(0.2)
Interest rate swaps	(1.5)	0.2
2010 cross currency swaps	(1.2)	0.2
2014 cross currency swaps	1.8	(0.3)

Fair value hedges

Cross currency interest rate swaps

The Group has a number of cross currency interest rate swaps in respect of the 2010 USPP notes. These instruments swap the principal and interest from fixed rate US dollar into floating rate sterling (the 2010 USD GBP cross currency interest rate swaps). The cross currency interest rate swaps are designated as part of a fair value hedge relationship with the USPP notes.

The fair value movements on the 2010 USD GBP cross currency interest rate instruments are recorded in the consolidated income statement. The carrying value of the notes is adjusted by the change in their fair value, which is recognised in the consolidated income statement.

A decrease in fair value of the 2010 cross currency interest rate swaps, excluding maturities, of £2.0m (2020: £2.0m decrease) has been recognised in finance costs and offset with a related gain on the 2010 USPP notes of £1.5m (2020: £1.9m gain). The net loss of £0.5m (2020: £0.1m loss) represents the ineffectiveness in respect of this fair value hedge.

Net investment hedges

Cross currency interest rate swaps

2010 GBP EUR cross currency interest rate swaps

These instruments swap sterling liabilities arising from the 2010 USD GBP cross currency interest rate swaps into euro liabilities and have been designated as part of effective hedges of the net investments in Britvic France and Britvic Ireland.

The GBP EUR cross currency interest rate swaps, along with the underlying loan instruments, are being used to hedge the Group's exposure to foreign exchange risk on these euro investments. Movements in the fair value of the GBP EUR cross currency interest rate swaps are taken to equity where they offset foreign exchange movements on the translation of the net investments in Britvic France and Britvic Ireland.

No ineffectiveness has been recognised in the consolidated income statement in respect of net investment hedges (2020: £nil).

Notes to the consolidated financial statements continued

26. Derivatives and hedge relationships continued

Impact of derivatives and hedge relationships on the consolidated statement of comprehensive income

	2021 £m	2020 £m
Consolidated statement of comprehensive income		
<i>Amounts reclassified to the income statement in respect of cash flow hedges</i>		
Forward currency contracts*	1.1	(0.2)
2010 cross currency interest rate swaps**	1.6	2.3
2014 cross currency interest rate swaps**	3.6	4.5
	6.3	6.6
<i>Gains/(losses) in respect of cash flow hedges</i>		
Forward currency contracts and interest rate swaps	(1.3)	(1.6)
2010 cross currency interest rate swaps	(1.2)	(1.8)
2014 cross currency interest rate swaps	(4.0)	(1.5)
Commodity swaps*	6.6	–
	0.1	(4.9)
<i>Exchange differences on translation of foreign operations</i>		
Movement on 2009 GBP euro cross currency interest rate swaps	–	3.2
Movement on 2010 GBP euro cross currency interest rate swaps	1.3	–
Movement on FX swaps designated as net investment hedges	1.8	(2.4)
Movement on euro loans designated as net investment hedges	0.1	(1.2)
Exchange movements on translation of foreign operations	(12.9)	(37.8)
	(9.7)	(38.2)

* Offsetting amounts recorded in cost of sales.

** Offsetting amounts recorded in finance income/costs.

27. Provisions

	Restructuring £m	Other £m	Total £m
At 29 September 2019	4.2	3.1	7.3
Provisions derecognised on adoption of IFRS 16	–	(0.6)	(0.6)
Reclassifications	(0.4)	0.4	–
Provisions made during the year	9.3	2.7	12.0
Provisions utilised during the year	(2.2)	–	(2.2)
Unused amounts reversed	(0.2)	(1.4)	(1.6)
Exchange differences	0.3	(0.5)	(0.2)
At 30 September 2020	11.0	3.7	14.7
Reclassifications	–	–	–
Provisions made during the year	3.1	0.2	3.3
Provisions utilised during the year	(7.3)	(2.2)	(9.5)
Unused amounts reversed	(1.2)	(1.1)	(2.3)
Exchange differences	(0.3)	(0.1)	(0.4)
At 30 September 2021	5.3	0.5	5.8
Current	5.3	–	5.3
Non-current	–	0.5	0.5
At 30 September 2021	5.3	0.5	5.8
Current	11.0	2.6	13.6
Non-current	–	1.1	1.1
At 30 September 2020	11.0	3.7	14.7

Restructuring provisions

Restructuring provisions at 30 September 2021 and 30 September 2020 primarily relate to contract termination costs, consultation fees and employee termination benefits, recognised by the Group following the implementation of a strategic restructure announced in the second half of 2020. They also include provisions relating to the closure of our Norwich site. Restructuring provisions are expected to be settled in 1-3 years. The impact of discounting has been deemed to be immaterial.

Other provisions

Other provisions at 30 September 2021 primarily relate to certain provisions recognised on the acquisition of subsidiaries in Brazil which relate to regulatory and legal claims and are expected to be settled in 1 to 4 years. The impact of discounting has been deemed to be immaterial. At 30 September 2020, in addition to the Brazil provisions described above, there were also provisions that arose due to the early exit of contractual obligations in Ireland which have been settled during the current year.

Notes to the consolidated financial statements continued

28. Other liabilities

	2021 £m	Restated* 2020 £m
Deferred consideration	0.4	7.1
Forward contracts to purchase own shares	10.5	4.9
Other	0.8	0.6
	11.7	12.6
Due less than one year	5.5	10.2
Due after more than one year	6.2	2.4
	11.7	12.6

* Comparative information for the prior year has been restated in accordance with IFRS 3 to reflect the finalisation of acquisition date fair values related to Aqua Libra Co, acquired 6 June 2020 (see note 34(b)).

Deferred and contingent consideration

The consideration for the acquisition of Aqua Libra Co includes deferred consideration of £7.2m paid in May 2021 and contingent consideration of up to £6.0m payable if operating profit targets are achieved during an earn-out period. The deferred and contingent consideration are measured at fair value at the date of acquisition (see note 34(b)). The deferred consideration is then carried at amortised cost. The contingent consideration is carried at fair value and classified as level 3 fair value in the fair value hierarchy. The main unobservable input is whether or not the profit targets for the payout are expected to be met. At both 30 September 2020 and 30 September 2021, the fair value of the contingent consideration is measured as £nil as the probability of meeting the profit target is considered to be remote.

The consideration for the acquisition of Plenish includes deferred consideration of £0.4m, expected to be paid within less than one year.

A reconciliation of the carrying amount of the deferred and contingent consideration liability is provided below:

	2021 £m	Restated* 2020 £m
At the beginning of the year	7.1	–
Acquisitions	0.4	6.9
Unwinding of discount (note 9)	0.1	0.2
Cash paid	(7.2)	–
At the end of the year	0.4	7.1

* Comparative information for the prior period has been restated in accordance with IFRS 3 to reflect the finalisation of acquisition date fair values related to Aqua Libra Co, acquired 6 June 2020 (see note 34(b)).

Forward contracts to purchase own shares

To satisfy the future requirements of its share schemes (see note 29), the Group has entered into forward contracts to acquire a fixed quantity of its own shares for a fixed price. Upon entering into the forward contracts, the Group recognised a financial liability and corresponding reduction in equity. The financial liability was initially recognised at fair value and subsequently accounted for at amortised cost.

29. Share-based payments

Britvic operates a broad base of employee plans as well as executive plans. In GB Britvic operates SIP plans for all employees, whereas outside of GB Britvic operates both share-settled and cash-settled plans. Executives participate in ESOP and PSP plans and the senior leadership team participates in PSP plans.

The expense recognised for share-based payments in respect of employee services received during the year ended 30 September 2021, including National Insurance, is £4.5m (2020: £0.5m). This expense arises from transactions which are expected to be equity-settled share-based payment transactions.

The Britvic Share Incentive Plan (SIP)

The SIP is an all-employee HMRC approved share plan open to employees based in GB. Employees are entitled to receive the annual free share award, where granted by the Group, provided they are employed by the company on the last day of each financial year and on the award date. Employees cannot sell these shares for three years from their date of award. Employees also have the opportunity to invest up to £138 every four weeks (£1,800 per year) through the partnership share scheme. This is deducted from their gross salary. Matching shares are offered on the basis of one free matching share for each ordinary share purchased with a participant's savings, up to a maximum of £50 (2020: £50) per four week pay period.

Awards made during the period are shown in the table below. The fair value of these awards is equivalent to the intrinsic value of the shares.

	2021 No. of shares	2021 Weighted average fair value	2020 No. of shares	2020 Weighted average fair value
Annual free shares award	–	–	241,426	880.6p
Matching shares award – 1 free share for every ordinary share purchased	85,410	862.6p	85,418	827.9p

Notes to the consolidated financial statements continued

29. Share-based payments continued**The Britvic Executive Share Option Plan (ESOP)**

The ESOP allows for options to buy ordinary shares to be granted to executives. The option price is the average market price of Britvic plc's shares on the three business days before the date of grant. Options become exercisable on the satisfaction of the performance condition and remain exercisable until 10 years after the date of grant.

In some circumstances, at the discretion of the company, an option holder who exercises his/her option may receive a cash payment rather than the ordinary shares under option. The cash payment would be equal to the amount by which the market value of the ordinary shares under option exceeds the option price. However, it is expected that this plan will be equity-settled and as a consequence has been accounted for as such.

Options granted in 2021

The performance condition requires the adjusted EPS to be between 52.8p and 61.5p at the end of the three year performance period for the options to vest. If the adjusted EPS is 52.8p, 20% of the options will vest, with full vesting at an adjusted EPS of 61.5p. Straight-line apportionment will be applied between these two levels to determine the number of options that will vest and no options will vest if the adjusted EPS is below the lower threshold.

Options granted in 2020

The performance condition requires the increase in EPS of 3% – 8% p.a. compound over a three year performance period for the options to vest. If the EPS growth is 3%, 20% of the options will vest, with full vesting at 8% EPS growth. Straight-line apportionment will be applied between these two levels to determine the number of options that vest and no options will vest if the EPS growth is below the lower threshold.

The following table illustrates the movements in the number of share options outstanding:

	Number of share options	Weighted average exercise price (pence)
Outstanding at 29 September 2019	4,625,399	647.7
Granted	839,186	958.1
Exercised	(979,179)	525.1
Lapsed	(273,412)	568.0
Outstanding at 30 September 2020	4,211,994	743.3
Granted	1,139,521	769.6
Exercised	(227,440)	443.0
Lapsed	(862,133)	803.0
Outstanding at 30 September 2021	4,261,942	754.3
Exercisable at 30 September 2021	1,580,343	607.2

The weighted average share price for share options exercised during the year was 932.7p (2020: 960.6p).

The share options outstanding as at 30 September 2021 had a weighted average remaining contractual life of 6.7 years (2020: 5.4 years) and the range of exercise prices was 331.6p – 963.0p (2020: 331.6p – 963.0p).

The weighted average fair value of options granted during the year was 114.1p (2020: 111.8p).

The fair value of equity-settled share options granted is estimated as at the date of grant using a binomial model, taking account of the terms and conditions upon which the options were granted.

The Britvic Performance Share Plan (PSP)

The PSP allows for awards of ordinary shares or nil cost options to be made to selected employees with vesting subject to the satisfaction of performance conditions, where different performance conditions apply to different groups of employees. Awards up to and including 2009 and 2011 and later were made in respect of ordinary shares. Awards granted between 2009 and 2011 were nil cost options. Nil cost options remain exercisable until 7 or 10 years after the date of grant for employees based in Ireland and UK respectively, whereas awards of ordinary shares are exercised when vested.

In some circumstances, at the discretion of the company, vested awards may be satisfied by a cash payment rather than a transfer of ordinary shares. However, it is expected that this plan will be equity-settled and as a consequence has been accounted for as such.

Notes to the consolidated financial statements continued

29. Share-based payments continued

Awards granted in 2021

Three awards were granted in 2021.

The first award is split between the senior leadership team and the senior management team. The performance condition applied to awards granted to members of the senior leadership team is divided 50% and 50% between EPS and the TSR performance conditions respectively. EPS is the only condition applied to awards granted to the senior management team. The EPS condition is the same as described in the ESOP section for options granted in 2021.

The TSR condition measures the company's TSR relative to a comparator group (the FTSE 250, excluding investment trusts) over a three year performance period. The awards will not vest unless the company's position in the comparator group is at least median. At median 20% will vest, rising on a straight line basis to 100% vesting at upper quartile.

The second award was granted to members of the senior management team. EPS is the only condition applied to awards granted to the senior management team.

The third award is an exceptional award under the PSP and has been awarded to selected employees. The performance condition applied to awards granted is continued employment for three years from date of grant.

Awards granted in 2020

Three awards were granted in 2020.

The first award is split between the senior leadership team and the senior management team. The performance condition applied to awards granted to members of the senior leadership team is divided 75% and 25% between EPS and the Total Shareholder Return (TSR) performance conditions respectively. EPS is the only condition applied to awards granted to the senior management team. The EPS condition is the same as described in the ESOP section for options granted in 2020.

The TSR condition measures the company's TSR relative to a comparator group (consisting of 16 companies) over a three year performance period. The awards will not vest unless the company's position in the comparator group is at least median. At median 20% will vest, rising on a straight line basis to 100% vesting at upper quartile.

The second award was granted to members of the senior management team. EPS is the only condition applied to awards granted to the senior management team.

The third award is an exceptional award under the PSP and has been awarded to selected employees. The performance condition applied to awards granted is continued employment for three years from date of grant.

The following tables illustrate the movements in the number of PSP shares and nil cost options outstanding:

Number of shares and nil cost options subject to specific conditions	TSR condition	EPS condition	Continued employment condition
Outstanding at 29 September 2019	417,971	2,713,423	278,843
Granted	132,612	842,279	37,064
Exercised	(171,769)	(837,309)	(100,864)
Lapsed	(37,645)	(412,635)	(55,182)
Outstanding at 30 September 2020	341,169	2,305,758	159,861
Granted	315,135	815,411	134,689
Exercised	(54,204)	(148,729)	(75,021)
Lapsed	(100,688)	(747,999)	(16,630)
Outstanding at 30 September 2021	501,412	2,224,441	202,899
Weighted average remaining contracted life in years for nil cost options outstanding at:			
30 September 2021	–	0.2	–
30 September 2020	1.2	1.2	–

Key assumptions used to determine the fair value of the ESOP and PSP

The fair value of options and awards granted is estimated as at the date of grant, taking account of the terms and conditions upon which shares options were granted. The fair value of the award subject to the TSR condition is determined using a Monte Carlo simulation. The fair value of all other awards is calculated using the share price at the date of grant, adjusted for dividends not received during the vesting period.

The following table lists the inputs to the model used in respect of the PSP awards and ESOP options granted during the financial year:

	2021	2020
Dividend yield (%)	3.34%	3.43%
Expected volatility (%)	24.66%	20.05%
Risk-free interest rate (%)	(0.07)%	0.56%
Expected life of option (years)	3 – 5	3 – 5
Share price at date of grant (pence)	766.0 – 926.0	792.0 – 963.0
Exercise price (pence)	763.0 – 924.0	776.2 – 963.0

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Notes to the consolidated financial statements continued

30. Notes to the consolidated cash flow statement

Changes in liabilities arising from financing activities

	2020 £m	Cash flows £m	Exchange differences £m	Change in fair value £m	New leases £m	Accrued interest £m	Other £m	2021 £m
Interest-bearing loans and borrowings (note 21)	(664.7)	89.9	9.8	1.5	–	(15.6)	–	(579.1)
Lease liabilities	(79.8)	10.6	0.2	–	(4.3)	(1.9)	0.1	(75.1)
Net derivative assets related to financing activities ¹	31.0	(8.4)	–	(2.5)	–	–	–	20.1
Other assets and liabilities related to financing activities ²	(2.3)	(1.6)	–	–	–	(0.1)	(5.5)	(9.5)
Net liabilities arising from financing activities	(715.8)	90.5	10.0	(1.0)	(4.3)	(17.6)	(5.4)	(643.6)
Issue of shares relating to incentive schemes for employees		(2.2)						
Dividends paid to equity shareholders		74.8						
Net cash flows used in financing activities		163.1						

1. Total net derivative assets in the balance sheet at 30 September 2021 are £24.2m, of which £20.1m relate to financing activities and £4.1m relate to operating activities (2020: total of £31.8m, of which £31.0m relate to financing activities and £0.8m relate to operating activities).

2. Other assets and liabilities comprise financial assets and liabilities whose cash flows are presented within financing activities. They include firm commitments related to the USPP notes and forward contracts to acquire own shares.

	2019 £m	Adoption of IFRS 16 £m	Cash flows £m	Exchange differences £m	Change in fair value £m	New leases £m	Accrued interest £m	Other £m	2020 £m
Interest-bearing loans and borrowings (note 21)	(683.5)	1.0	22.2	5.8	7.3	–	(18.3)	0.8	(664.7)
Lease liabilities ¹	–	(49.1)	12.3	0.2	–	(46.4)	(2.1)	5.3	(79.8)
Net derivative assets related to financing activities ²	64.1	–	(21.9)	–	(10.9)	–	–	(0.3)	31.0
Other assets and liabilities related to financing activities ³	0.1	–	2.5	–	–	–	–	(4.9)	(2.3)
Net liabilities arising from financing activities	(619.3)	(48.1)	15.1	6.0	(3.6)	(46.4)	(20.4)	0.9	(715.8)
Issue of shares relating to incentive schemes for employees			(6.7)						
Purchase of own shares			2.8						
Dividends paid to equity shareholders			57.6						
Net cash flows used in financing activities			68.8						

1. Lease liabilities include lease liabilities classified within disposal groups held for sale.

2. Total net derivative assets in the balance sheet at 30 September 2020 are £31.8m, of which £31.0m relate to financing activities and £0.8m relate to operating activities (2019: total of £65.6m, of which £64.1m relate to financing activities and £1.5m relate to operating activities).

3. Other assets and liabilities comprise financial assets and liabilities whose cash flows are presented within financing activities. They include firm commitments related to the USPP notes and forward contracts to acquire own shares.

Notes to the consolidated financial statements continued

31. Commitments and contingencies

Capital commitments

At 30 September 2021 the Group has commitments of £10.8m (2020: £5.0m) relating to the acquisition of new plant and machinery.

Contingent liabilities

The Group had no material contingent liabilities at 30 September 2021 (2020: none).

32. Related party disclosures

The consolidated financial statements include the financial statements of Britvic plc and the subsidiaries listed in the table below.

Name	Principal activity	Country of incorporation	% equity interest
Directly held			
Britannia Soft Drinks Limited	Holding company	England and Wales ¹	100
Indirectly held			
Britvic Aqua Libra Co Limited	Design, installation and maintenance of integrated tap solutions	England and Wales ³	100
Britvic Asset Company No.1 Limited	Pension funding vehicle	England and Wales ¹	100
Britvic Asset Company No.2 Limited	Pension funding vehicle	England and Wales ¹	100
Britvic Asset Company No.3 Limited	Pension funding vehicle	England and Wales ¹	100
Britvic Asset Company No.4 Limited	Pension funding vehicle	England and Wales ¹	100
Britvic Brands LLP	Pension funding vehicle	England and Wales ¹	100
Britvic EMEA Limited	Marketing and distribution of soft drinks	England and Wales ¹	100
Britvic Finance Partnership LLP	Financing company	England and Wales ¹	100
Britvic International Investments Limited	Holding company	England and Wales ¹	100
Britvic Overseas Limited	Holding company	England and Wales ¹	100
Britvic Soft Drinks Limited	Manufacture and sale of soft drinks	England and Wales ¹	100
Orchid Drinks Limited	Brand licence holder	England and Wales ¹	100
Plenish Cleanse Ltd	Manufacture and sale of soft drinks	England and Wales ¹	100
Red Devil Energy Drinks Limited	Brand licence holder	England and Wales ¹	100

Name	Principal activity	Country of incorporation	% equity interest
Robinsons (Finance) No.2 Limited	Financing company	England and Wales ¹	100
Robinsons Soft Drinks Limited	Holding company	England and Wales ¹	100
Britvic Property Partnership	Pension funding vehicle	Scotland ⁵	100
Britvic Scottish Limited Partnership	Pension funding vehicle	Scotland ⁵	100
Britvic Finance Limited	Financing company	Jersey ⁴	100
Aquaport Limited	Supply of water-coolers and bottled water	Republic of Ireland ⁶	100
Britvic Americas Limited	Marketing and distribution of soft drinks	Republic of Ireland ⁶	100
Britvic Ireland Limited	Manufacture and marketing of soft drinks	Republic of Ireland ⁶	100
Britvic Ireland Pension Trust DAC	Pension trust company	Republic of Ireland ⁶	100
Britvic Irish Holdings Limited	Holding company	Republic of Ireland ⁶	100
Britvic Northern Ireland Limited	Marketing and distribution of soft drinks	Republic of Ireland ⁶	100
Counterpoint Wholesale (Ireland) Limited	Non-trading	Republic of Ireland ⁶	100
Robinsons (Finance) Limited	Financing company	Republic of Ireland ⁶	100
Counterpoint Wholesale (NI) Limited	Non-trading	Northern Ireland ⁷	100
Britvic North America LLC	Marketing and distribution of soft drinks	USA ⁸	100
Britvic France SAS	Holding partnership	France ⁹	100
Fruit� Entreprises SAS	Holding company	France ⁹	100
Fruit� SAS	Manufacture and sale of soft drinks	France ¹⁰	100
Teisseire France SAS	Manufacture and sale of soft drinks	France ⁹	100
Teisseire Benelux SA	Marketing and distribution of soft drinks	Belgium ¹¹	100
Bela Ischia Alimentos Ltda	Manufacture and sale of soft drinks	Brazil ¹³	100
Empresa Brasileira de Bebidas e Alimentos SA	Manufacture and sale of soft drinks	Brazil ¹²	100
Britvic Asia PTE. Ltd	Holding company	Singapore ¹⁴	100
Britvic India Manufacturing Private Limited	Non-trading	India ¹⁵	100

Notes to the consolidated financial statements continued

32. Related party disclosures continued

Name	Principal activity	Country of incorporation	% equity interest
British Vitamin Products Limited	Dormant	England and Wales ¹	100
Britvic Beverages Limited	Dormant	England and Wales ¹	100
Britvic Corona Limited	Dormant	England and Wales ¹	100
Britvic Healthcare Trustee Limited	Dormant	England and Wales ¹	100
Britvic International Support Services Limited	Dormant	England and Wales ¹	100
Britvic Pensions Limited	Dormant	England and Wales ¹	100
Greenbank Drinks Company Limited	Dormant	England and Wales ¹	100
H. D. Rawlings Limited	Dormant	England and Wales ¹	100
Hooper, Struve & Company Limited	Dormant	England and Wales ¹	100
Idris Limited	Dormant	England and Wales ¹	100
London Essence Company Limited (The)	Dormant	England and Wales ²	100
R. White & Sons Limited	Dormant	England and Wales ¹	100
Southern Table Water Company Limited (The)	Dormant	England and Wales ¹	100
Sunfresh Soft Drinks Limited	Dormant	England and Wales ¹	100
The Really Wild Drinks Company Limited	Dormant	England and Wales ¹	100
Wisehead Productions Limited	Dormant	England and Wales ²	100
Britvic Licensed Wholesale Limited	Dormant	Republic of Ireland ⁶	100
Britvic Munster Limited	Dormant	Republic of Ireland ⁶	100
Knockton Limited	Dormant	Republic of Ireland ⁶	100

1 Registered office: Breakspear Park, Breakspear Way, Hemel Hempstead, HP2 4TZ, UK

2 Registered office: 9 Roding Road, Beckton, London, E6 6LF, UK

3 Registered office: 1 New Street, London, EC2M 4TP, UK

4 Registered office: 13 Castle Street, St Helier, JE2 3BT, Jersey

5 Registered office: 1 Exchange Crescent, Conference Square, Edinburgh, EH3 8UL, Scotland

6 Registered office: 10 Earlsfort Terrace, Dublin 2, D02 T380, Ireland

7 Registered office: c/o Arthur Cox, Victoria House, 15-17 Gloucester Street, Belfast, BT1 4LS, Northern Ireland

8 Registered office: 1209 Orange Street, Wilmington, Delaware 19801, United States of America

9 Registered office: 482 Avenue Ambroise Croizat 38926, Crolles, France

10 Registered office: Z.I. Les Afforêts 74800, La Roche-Sur-Foron, France

11 Registered office: Rue de l'Echauffourée 1, 7700 Mouscron, Belgium

12 Registered office: Avenida Paulista, n° 1842, 17ª andar, Edif. Cetenco Plaza, 176/177, Torre Norte, Bela Vista, São Paulo/SP, CEP: 01310-945

13 Registered office: Rodovia MG 285-KM 77, sem número, Centro, CEP 36780-000, Astolfo Dutra/MG, Brazil

14 Registered office: 80 Robinson Road #17-02, Singapore 068898, Singapore

15 Registered office: 9SE, 9th Floor, The Ruby, 29 Senapati Bapatmarg, Dadar (West), Mumbai-400028, India

Key management personnel are deemed to be the Executive and Non-Executive Directors of the company and members of the Executive team. The compensation payable to key management in the period is detailed below.

	2021 £m	2020 £m
Short-term employee benefits	5.6	3.5
Post-employment benefits	0.5	0.5
Share-based payments	1.6	0.6
	7.7	4.6

See note 8 for details of Directors' emoluments.

During the year ended 30 September 2021, the Group entered into deeds of release with its Directors in respect of past dividends paid otherwise than in accordance with the Companies Act 2006 (see note 12 to the parent company financial statements). The Directors are related parties of the company and therefore the entry by the company into a deed of release in favour of the Directors constitutes a related party transaction for the purposes of the Listing Rules.

There were no other related party transactions requiring disclosure in these financial statements.

Notes to the consolidated financial statements continued

33. Assets held for sale**Norwich land and buildings**

On 8 October 2020, contracts were exchanged for the sale of the Britvic Norwich production site (jointly owned with Unilever). The Norwich land and buildings (forming part of the Group's GB operating segment), continue to be classified as assets held for sale under IFRS 5 as the assets are available for sale in their present condition and the sale is highly probable. The sale is however subject to conditions precedent, including certain planning consents being obtained by the buyer. Sale completion, previously expected during winter 2022, is now expected during winter 2023 due to activities that the buyer needs to complete. In line with IFRS 5, assets held for sale are measured at the lower of carrying value and fair value less costs to sell. The carrying value of the Norwich land and buildings is £16.8m (30 September 2020: £16.6m).

Certain assets of Counterpoint

At 30 September 2020, certain assets related to the Group's Irish wholesale business, Counterpoint (which forms part of the Ireland operating segment) were classified as held for sale following a strategic review by the Board and in the expectation that the assets would be sold. The previously anticipated sale of these assets will no longer complete and the Counterpoint business has now ceased to trade. Accordingly, these assets are no longer classified as held for sale at 30 September 2021 (net asset carrying value of £3.6m at 30 September 2020) and the remaining values on the balance sheet are not material. Expenses associated with the closure of Counterpoint are included as part of the adjusting items presented in the non-GAAP reconciliation on page 194.

In accordance with IFRS 5, the major classes of assets and liabilities classified as held for sale are:

	2021 £m	2020 £m
Assets		
Property, plant and equipment (note 13)	16.8	16.8
Right-of-use assets	–	0.1
Inventories	–	2.8
Trade and other receivables	–	1.0
Total assets held for sale	16.8	20.7
Impairment charge	–	(0.4)
Assets held for sale	16.8	20.3
Liabilities		
Lease liabilities	–	(0.1)
Liabilities directly associated with disposal group	–	(0.1)
Net assets directly associated with disposal group	16.8	20.2

34. Acquisitions & disposals**a) Acquisition of Plenish**

On 1 May 2021, the Group acquired 100% of the issued share capital of Plenish Cleanse Limited (Plenish). Plenish offers a range of organic, clean-label, plant-based beverages across plant-based milks, cold-pressed juices and functional shots. Founded in 2012 as a direct-to-consumer brand, it has since expanded into retail distribution. Using best-in-class ingredients sourced from sustainable, organic farms and no additives, the Plenish brand gives Britvic access to a fast-growing category and is directly aligned to the Group strategic priorities of 'Accessing New Spaces' and 'Healthier People, Healthier Planet'.

Plenish contributed £2.7m of revenue and a loss of £1.3m to the Group's profit after tax for the period between the date of acquisition and the balance sheet date.

If the acquisition of Plenish had been completed on the first day of the financial year, Group revenues for the year would have been £1,409.1m and Group profit after tax would have been £101.3m.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Plenish at the date of acquisition were as follows:

	1 May 2021 £m
Assets	
Intangible assets: trademark (note 14)	15.7
Deferred tax asset	1.7
Inventories	0.3
Trade and other receivables	1.6
Current income tax receivables	0.2
Total assets	19.5
Liabilities	
Trade and other payables	(2.8)
Deferred tax liabilities	(3.7)
Total liabilities	(6.5)
Total identifiable net assets at fair value	13.0
Goodwill arising on acquisition	10.6
Purchase consideration	23.6

The goodwill arising on acquisition of £10.6m was allocated entirely to the GB operating segment given the current business operations are GB focused.

Notes to the consolidated financial statements continued

34. Acquisitions & disposals continued

The key constituent parts of goodwill comprise mainly future customer relationships and the replacement cost of Plenish's workforce. Plenish's workforce is not separately capitalised on the balance sheet under IFRS but is a component of goodwill.

The trademark for the Plenish brand, recognised within intangible assets, has been allocated a useful economic life of 10 years.

Purchase consideration

The fair value of the purchase consideration at the acquisition date comprised the following:

	1 May 2021 £m
Cash	23.6
Deferred consideration liability	0.4
Purchase price adjustment receivable	(0.4)
Total consideration	23.6

Analysis of cash flows on acquisition

	1 May 2021 £m
Transaction costs of the acquisition	0.4
Cash paid to acquire subsidiary	23.6
Net cash outflow on acquisition (included in cash flows from investing activities)	24.0

Employee incentive scheme

Pursuant to the terms of acquisition, an employee incentive scheme was setup for the benefit of key management personnel of Plenish. Amounts of up to £6.0m are payable based on the achievement of financial performance conditions during the year ended 31 March 2024. An expense of £0.4m has been recorded during the year ended 30 September 2021 in respect of this long term employee benefit scheme.

b) Acquisition of Aqua Libra Co

On 6 June 2020, the Group acquired 100% of the issued share capital of The Boiling Tap Company Limited (subsequently renamed Britvic Aqua Libra Co Limited, 'Aqua Libra Co'), an Integrated Tap System (ITS) business that supplies high-quality taps primarily to commercial customers across GB, offering hot, cold and sparkling water. The acquisition provides Britvic access to the rapidly growing ITS filtered water dispense market, transforms Britvic's capabilities in ITS and enables Britvic to rapidly accelerate the development and roll out of flavoured tap station solutions. The acquisition is a key contributor towards Britvic's strategic objectives to 'breakthrough solutions beyond the bottle' and 'flavour billions of water occasions'.

Finalisation of acquisition accounting

The initial accounting for the acquisition was provisional at 30 September 2020 due to the significant uncertainties posed by COVID-19 on the valuation of intangible assets and contingent consideration. During the year following acquisition, the Group has identified that COVID-19 has had a much more significant impact on Aqua Libra Co than was previously anticipated at the acquisition date. In particular, COVID-19 resulted in temporary closures and restrictions on the offices and workplaces that form a key part of Aqua Libra Co's customer base. Since restrictions have been lifted, the business has shown continuous growth and management remain confident about its long-term prospects. COVID-19 has however had an adverse impact on the cash flows expected to be generated in the short-term following acquisition and as a result the performance conditions for the contingent consideration are not expected to be met (see below).

In accordance with the measurement period requirements of IFRS 3, the Group has retrospectively adjusted the provisional amounts recognised at the acquisition date to reflect more information about the impact of COVID-19 on the business. This has resulted in a decrease in the fair values of intangible assets acquired, a decrease in the deferred tax liability associated with the intangible assets and a decrease in the fair value of contingent consideration payable.

Notes to the consolidated financial statements continued

34. Acquisitions & disposals continued

The fair values of the identifiable assets and liabilities of Aqua Libra Co at the acquisition date of 6 June 2020, as provisionally stated and as finalised, were as follows:

	6 June 2020		Final £m
	Provisional £m	Adjustment £m	
Assets			
Intangible assets: technology (note 14)	3.8	(1.2)	2.6
Intangible assets: customer relationships (note 14)	4.8	(2.8)	2.0
Property, plant and equipment (note 13)	0.1	–	0.1
Right-of-use assets (note 24)	0.4	–	0.4
Inventories	0.6	–	0.6
Trade and other receivables	0.6	–	0.6
Cash and cash equivalents	0.4	–	0.4
Total assets	10.7	(4.0)	6.7
Liabilities			
Trade and other payables	(0.6)	–	(0.6)
Lease liabilities (note 24)	(0.1)	–	(0.1)
Current income tax payable	(0.2)	–	(0.2)
Other liabilities	(0.2)	–	(0.2)
Deferred tax liability	(1.6)	0.7	(0.9)
Non-current lease liabilities (note 24)	(0.2)	–	(0.2)
Total liabilities	(2.9)	0.7	(2.2)
Total identifiable net assets at fair value	7.8	(3.3)	4.5
Goodwill arising on acquisition	6.6	(1.9)	4.7
Purchase consideration	14.4	(5.2)	9.2

The goodwill arising on acquisition of £4.7m was allocated entirely to the GB operating segment given the current business operations are GB focused.

The key constituent parts of goodwill comprise mainly future customer relationships and technological developments through which Aqua Libra Co will generate revenue and the replacement cost of Aqua Libra Co's workforce is not separately capitalised on the balance sheet under IFRS but is a component of goodwill.

Intangible assets identified separately from goodwill were technology of £2.6m and customer relationships of £2.0m, which were allocated a useful economic life of 14 years.

Purchase consideration

The fair value of the purchase consideration at the acquisition date of 6 June 2020, as provisionally stated and as finalised, comprised the following:

	6 June 2020		Final £m
	Provisional £m	Adjustment £m	
Cash	2.3	–	2.3
Deferred consideration liability	6.9	–	6.9
Contingent consideration liability	5.2	(5.2)	–
Total consideration	14.4	(5.2)	9.2

Deferred and contingent consideration

Deferred consideration of £7.2m was paid to the previous owners in May 2021. As at the acquisition date, the fair value of the deferred consideration was estimated to be £6.9m.

As part of the purchase agreement there is an element of contingent consideration which comprises additional cash payments to the previous owners of Aqua Libra Co of the following amounts if operating profit targets are achieved during an earn-out period commencing in May 2021:

- £3.0m in the first year; and
- a further £3.0m in the second year.

As at the acquisition date, the fair value of the contingent consideration, as restated, was estimated to be £nil. The acquisition date fair value reflects management's judgement that the likelihood of achieving the performance targets for the contingent consideration is remote due to the impact of COVID-19. Deferred and contingent consideration are recorded within other liabilities in the consolidated balance sheet (see note 28).

Employee incentive scheme

Pursuant to the terms of acquisition, an employee incentive scheme was setup for the benefit of employees of Aqua Libra Co. An initial £0.5m became payable upon acquisition, this was recorded as an expense during the year ended 30 September 2020 and paid in June 2021. Further amounts of up to £4.0m are payable over a three year period commencing May 2021, subject to performance conditions aligned with those of the contingent consideration. No expense has been recognised during the year ended 30 September 2021, as the performance conditions are not expected to be met due to the impact of COVID-19.

Analysis of cash flows on acquisition

	6 June 2020 £m
Transaction costs of the acquisition	0.1
Net cash acquired with the subsidiary	(0.2)
Cash paid to acquire subsidiary	2.3
Net cash outflow on acquisition (included in cash flows from investing activities)	2.2

Notes to the consolidated financial statements continued

34. Acquisitions & disposals continued

Restatement to balance sheet at 30 September 2020

As set out above, in accordance with the measurement period requirements of IFRS 3, the Group has retrospectively adjusted the provisional amounts recognised at the acquisition date to reflect more information about the impact of COVID-19 on the business. This has resulted in a decrease in the fair values of intangible assets acquired, a decrease in the deferred tax liability associated with the intangible assets and a decrease in the fair value of contingent consideration payable. The comparative balance sheet at 30 September 2020 has been revised as if the adjustments had been made at the acquisition date. The effect of this restatement is set out below.

The finalisation of the acquisition accounting has had no impact on the income statement for the year ended 30 September 2020.

	As reported 30 September 2020 £m	Adjustment to acquisition values £m	Restated 30 September 2020 £m
Non-current assets			
Property, plant and equipment	462.7	–	462.7
Right-of-use assets	78.1	–	78.1
Intangible assets	409.4	(5.9)	403.5
Other receivables	6.0	–	6.0
Derivative financial instruments	25.2	–	25.2
Deferred tax assets	4.8	–	4.8
Pension assets	101.8	–	101.8
	1,088.0	(5.9)	1,082.1
Current assets			
Inventories	118.5	–	118.5
Trade and other receivables	335.5	–	335.5
Current income tax receivables	13.1	–	13.1
Derivative financial instruments	12.1	–	12.1
Cash and cash equivalents	109.2	–	109.2
Other current assets	10.0	–	10.0
	598.4	–	598.4
Assets held for sale	20.3	–	20.3
	618.7	–	618.7
Total assets	1,706.7	(5.9)	1,700.8

	As reported 30 September 2020 £m	Adjustment to acquisition values £m	Restated 30 September 2020 £m
Current liabilities			
Trade and other payables	(358.8)	–	(358.8)
Contract liabilities	(107.3)	–	(107.3)
Lease liabilities	(9.6)	–	(9.6)
Interest bearing loans and borrowings	(78.7)	–	(78.7)
Derivative financial instruments	(2.2)	–	(2.2)
Current income tax payable	(2.4)	–	(2.4)
Provisions	(13.6)	–	(13.6)
Other current liabilities	(10.2)	–	(10.2)
	(582.8)	–	(582.8)
Liabilities held for sale	(0.1)	–	(0.1)
	(582.9)	–	(582.9)
Non-current liabilities			
Interest bearing loans and borrowings	(586.0)	–	(586.0)
Lease liabilities	(70.2)	–	(70.2)
Deferred tax liabilities	(69.4)	0.7	(68.7)
Pension liabilities	(10.7)	–	(10.7)
Derivative financial instruments	(3.3)	–	(3.3)
Provisions	(1.1)	–	(1.1)
Other non-current liabilities	(7.6)	5.2	(2.4)
	(748.3)	5.9	(742.4)
Total liabilities	(1,331.2)	5.9	(1,325.3)
Net assets	375.5	–	375.5
Capital and reserves			
Issued share capital	53.4	–	53.4
Share premium account	154.1	–	154.1
Own shares reserve	(3.7)	–	(3.7)
Other reserves	59.8	–	59.8
Retained earnings	111.9	–	111.9
Total equity	375.5	–	375.5

Notes to the consolidated financial statements continued

34. Acquisitions & disposals continued

c) Disposal of juice assets in France

On the 30 September 2020, the Group completed a transaction with Refresco to dispose of its three juice manufacturing sites in France, its private label juice business, and the Fruité brand. During the year ended 30 September 2020, an income statement charge of £5.3m was incurred relating to the final purchase price, legal and professional fees associated with the disposal and other costs, including a credit of £2.3m reclassified from equity relating to the cumulative exchange differences associated with this foreign operation.

The costs associated with the disposal were included within adjusting items on page 194.

	2020 £m
Assets	
Property, plant and equipment	15.1
Inventories	8.5
Trade and other receivables	10.6
Total assets	34.2
Liabilities	
Trade and other payables	(15.6)
Pension liability	(1.5)
Deferred tax liability	(0.7)
Total liabilities	(17.8)
Net assets disposed of	16.4
Cash proceeds arising from transaction	(13.2)
Loss on disposal	3.2
Foreign exchange differences reclassified from equity to the income statement	(2.3)
Loss on disposal including foreign exchange gain	0.9
Additional costs on disposal	4.4
Income statement charge	5.3

35. Events after the reporting period

There were no events after the reporting period requiring disclosure in these financial statements.

Company balance sheet

	Note	30 September 2021 £m	30 September 2020 £m
Non-current assets			
Investments in group undertakings	5	710.6	706.9
Other receivables		1.0	0.8
Derivative financial instruments	9	19.7	25.2
Deferred tax assets		–	0.1
		731.3	733.0
Current assets			
Trade and other receivables	6	645.3	664.8
Derivative financial instruments	9	1.0	10.7
Cash and cash equivalents		11.6	33.5
Other current assets	15	–	10.0
		657.9	719.0
Current liabilities			
Bank overdraft		–	–
Trade and other payables	7	(76.0)	(85.3)
Interest-bearing loans and borrowings	8	(62.9)	(120.6)
Derivative financial instruments	9	(0.1)	(1.4)
Other current liabilities		(5.0)	(3.2)
		(144.0)	(210.5)
Net current assets		513.9	508.5
Total assets less current liabilities		1,245.2	1,241.5
Non-current liabilities			
Interest-bearing loans and borrowings	8	(576.9)	(586.0)
Deferred tax liabilities		(0.3)	–
Derivative financial instruments	9	(0.7)	(3.2)
Other non-current liabilities		(5.3)	(1.7)
		(583.2)	(590.9)
Net assets		662.0	650.6

	Note	30 September 2021 £m	30 September 2020 £m
Capital and reserves			
Issued share capital	10	53.5	53.4
Share premium account		156.2	154.1
Own shares reserve		(1.5)	(3.7)
Hedging reserve		0.7	(0.6)
Merger reserve		87.3	87.3
Retained earnings*		365.8	360.1
Total equity		662.0	650.6

* The company has taken advantage of the exemption permitted by Section 408 of the Companies Act 2006 not to publish its individual profit and loss account and related notes. The company made a profit attributable to the equity shareholders of £85.0m in the year (2020: £285.0m).

The financial statements were approved by the Board of Directors and authorised for issue on 23 November 2021. They were signed on its behalf by:

Simon Litherland Joanne Wilson

Company statement of changes in equity

	Issued share capital £m	Share premium account £m	Own shares reserve £m	Hedging reserve £m	Merger reserve £m	Retained earnings £m	Total £m
At 29 September 2019	53.1	145.5	(10.3)	(2.3)	87.3	148.5	421.8
Profit for the year	–	–	–	–	–	285.0	285.0
Movement in cash flow hedges	–	–	–	2.1	–	–	2.1
Deferred tax in respect of cash flow hedges	–	–	–	(0.4)	–	–	(0.4)
Total comprehensive income	–	–	–	1.7	–	285.0	286.7
Issue of shares	0.3	8.6	(3.7)	–	–	–	5.2
Own shares purchased for share schemes	–	–	(2.8)	–	–	–	(2.8)
Own shares utilised for share schemes	–	–	13.1	–	–	(17.1)	(4.0)
Movement in share-based schemes	–	–	–	–	–	1.3	1.3
Payment of dividend	–	–	–	–	–	(57.6)	(57.6)
At 30 September 2020	53.4	154.1	(3.7)	(0.6)	87.3	360.1	650.6
Profit for the year	–	–	–	–	–	85.0	85.0
Movement in cash flow hedges	–	–	–	1.6	–	–	1.6
Deferred tax in respect of cash flow hedges	–	–	–	(0.3)	–	–	(0.3)
Total comprehensive income	–	–	–	1.3	–	85.0	86.3
Issue of shares	0.1	2.1	(1.5)	–	–	–	0.7
Own shares purchased for share schemes	–	–	–	–	–	–	–
Own shares utilised for share schemes	–	–	3.7	–	–	(7.6)	(3.9)
Movement in share-based schemes	–	–	–	–	–	3.1	3.1
Payment of dividend	–	–	–	–	–	(74.8)	(74.8)
At 30 September 2021	53.5	156.2	(1.5)	0.7	87.3	365.8	662.0

Notes to the company financial statements

1. Significant accounting policies, judgements, estimates and assumptions

Statement of compliance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101)

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with the provisions of the Companies Act 2006.

Basis of preparation

These financial statements are prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable UK accounting standards and present information about the company as an individual undertaking, and not about its Group.

The financial statements are prepared under the historical cost convention except for the measurement of derivative instruments at fair value. The company has taken advantage of the exemption permitted by Section 408 of the Companies Act 2006 not to publish its individual profit and loss account and related notes.

The financial statements are presented in pounds sterling and all values are rounded to the nearest million pounds (£m). As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available in relation to:

- a. The requirements of IFRS 7 'Financial Instruments: Disclosures';
- b. The requirements of IFRS 9 'Financial Instruments';
- c. The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements';
- d. The requirements of IAS 7 'Statement of Cash Flows';
- e. The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' in relation to standards not yet effective;
- f. The requirements of paragraphs 17 and 18A of IAS 24 'Related Party Disclosures'; and
- g. The requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the consolidated financial statements of Britvic plc.

Significant accounting policies: use of judgement, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. There are no significant judgements and estimates relevant to these financial statements.

Foreign currency translations

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Income taxes

The current income tax is based on taxable profits for the year, after any adjustments in respect of prior years. It is calculated using taxation rates enacted or substantively enacted by the balance sheet date and is measured at the amount expected to be recovered from or paid to the taxation authorities.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, on all material temporary differences between the tax base of assets and liabilities and their carrying values in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as probable that future taxable profits will be available against which the temporary differences can be utilised.

Share-based payments

The cost of the equity-settled transactions with employees of other Group companies within the Group is measured by reference to the fair value at the date at which equity instruments are granted and is recognised as a capital contribution in investments in subsidiary undertakings over the vesting period, which ends on the date on which the employees become fully entitled to the award. A corresponding credit is recognised within equity. Fair value is determined by using an appropriate valuation model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

Investments

The company recognises its investments in subsidiaries at cost less any provisions made for impairment. The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

In respect of IFRS 2 'Share-based Payment', the company records an increase in its investment in subsidiaries to reflect the share-based compensation expense recorded by its subsidiaries.

Notes to the company financial statements continued

1. Significant accounting policies, judgements, estimates and assumptions continued

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, which are readily convertible into known amounts of cash and subject to insignificant risk of changes in value.

The company evaluates the nature of any restrictions on cash held in deposit accounts to determine whether the restriction results in the balance ceasing to be available on demand, highly liquid or readily convertible. Where this is the case, the deposit is classified within other assets in the balance sheet. For further details on the balances classified as other assets at 30 September 2021, refer to note 22 to the consolidated financial statements.

Financial instruments

Financial assets and financial liabilities are recognised in the company balance sheet when the company becomes party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method, less any expected credit losses.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that gives a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded as the proceeds received, net of direct issue costs.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are initially recognised at fair value and net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost using the effective interest rate method.

Gains and losses arising on the repurchase, settlement or other cancellation of interest-bearing loans and borrowings are recognised in finance income and finance costs, respectively.

Trade and other payables

Trade and other payables are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method.

Derivative financial instruments and hedge accounting

The company uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. All derivative financial instruments are initially recognised and subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For those derivatives designated as hedges and for which hedge accounting is appropriate, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the profit and loss account. The treatment of gains and losses arising from changes in the fair value of derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

Cash flow hedges

Hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction. For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, while the ineffective portion is recognised in the profit and loss account. Amounts previously recognised in other comprehensive income are transferred to the profit and loss account in the period in which the hedged item affects profit or loss, such as when a forecast sale occurs. However, when the forecast transaction results in the recognition of a non-financial asset or liability, the amounts previously recognised in other comprehensive income are included in the initial carrying amount of the asset or liability.

If a forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to the profit and loss account. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in equity until the forecast transaction occurs and are then transferred to the profit and loss account or included in the initial carrying amount of a non-financial asset or liability as above.

Fair value hedges

Hedges of the change in fair value of recognised assets or liabilities are classified as fair value hedges. For fair value hedges, the gain or loss on the fair value of the hedging instrument is recognised in the profit and loss account. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognised in the profit and loss account. If the hedge relationship no longer meets the criteria for hedge accounting, the hedged item would no longer be adjusted and the cumulative adjustment to its carrying amount would be amortised to the profit and loss account based on a recalculated effective interest rate. The fair value gain or loss on the hedging instrument would continue to be recorded in the profit and loss account.

Dividends

Dividend income is recognised when the company's right to receive payment is established.

Final dividends payable are recorded in the financial statements in the period in which they are approved by the company's shareholders. Interim dividends payable are recorded in the period in which they are declared.

Notes to the company financial statements continued

1. Significant accounting policies, judgements, estimates and assumptions continued

Issued share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Other reserves

Share premium account

The share premium account is used to record the excess of proceeds over the nominal value on the issue of shares.

Own shares reserve

The own shares reserve is used to record purchases and issues by the company of its own shares, which will be distributed to employees as and when share awards made under the Britvic employee share plans vest.

Hedging reserve

The hedging reserve records the effective portion of movements in the fair value of forward exchange contracts, interest rate and cross currency swaps that have been designated as hedging instruments in cash flow hedges.

Merger reserve

The merger reserve arose as a result of the non pre-emptive share placement which took place on 21 May 2010. It was executed using a structure which created a merger reserve under Section 612 – 613 of the Companies Act 2006.

Own shares

The cost of own shares held in employee share trusts and in treasury is deducted from shareholders' equity until the shares are cancelled, reissued or disposed. Where such shares are subsequently sold or reissued, the fair value of any consideration received is also included in shareholders' equity.

New standards, amendments and interpretations effective for the current financial year

See note 3 to the consolidated financial statements for details of new standards, amendments and interpretations applied.

2. Auditor's remuneration

Auditor's remuneration has been borne by another Group undertaking. For further details, refer to note 7 to the consolidated financial statements.

3. Profit of the company

The company made a profit of £85.0m in the year (2020: £285.0m).

4. Directors' remuneration

The remuneration of the Directors of the company is borne by another Group company.

	2021 £m	2020 £m
Directors' emoluments	3.0	1.8
Aggregate gains made by directors on exercise of options	0.1	0.2

	2021	2020
Number of Directors accruing benefits under defined benefit schemes	–	–

Further information relating to Directors' remuneration for the year ended 30 September 2021 is shown in the Directors' Remuneration Report on pages 93 – 116.

The average number of employees for the year, including Directors, was two (2020: two).

5. Investments in group undertakings

	2021 £m	2020 £m
Cost and net book value at the beginning of the year	706.9	706.8
Capital contribution	3.7	0.1
Cost and net book value at the end of the year	710.6	706.9

The list of the subsidiary undertakings of which Britvic plc is, either directly or through subsidiary companies, the beneficial owner of the whole of the equity share capital is given in note 32 to the consolidated financial statements.

6. Trade and other receivables

	2021 £m	2020 £m
Loans due from subsidiary undertakings	645.2	663.1
Other receivables	0.1	1.7
	645.3	664.8

Loans due from subsidiary undertakings are interest bearing, unsecured and repayable on demand. At 30 September 2021, loans due from subsidiary undertakings are stated net of an allowance for expected credit losses of £18.0m (2020: £20.6m).

Notes to the company financial statements continued

7. Trade and other payables

	2021 £m	2020 £m
Amounts due to subsidiary undertakings	74.2	84.0
Accruals and deferred income	1.8	1.3
	76.0	85.3

All of the amounts due to subsidiary undertakings are repayable on demand.

8. Interest-bearing loans and borrowings

	2021 £m	2020 £m
Current		
Loans due to subsidiary undertakings	60.7	42.0
Private placement notes	2.8	79.2
Unamortised issue costs	(0.6)	(0.6)
Total current	62.9	120.6
Non-current		
Private placement notes	579.2	588.6
Unamortised issue costs	(2.3)	(2.6)
Total non-current	576.9	586.0

Private placement notes

The Group holds loan notes with coupons and maturities as shown in the following table:

Year issued	Maturity date	Amount	Interest terms
2010	December 2022	\$43m	US\$ fixed at 4.14%
2014	February 2024	£15m	UK£ fixed at 3.92%
2014	February 2024 – February 2026	\$114m	US\$ fixed at 4.09% – 4.24%
2017	February 2025 – February 2032	£120m	UK£ fixed at 2.31% – 2.76%
2017	February 2027 – February 2032	£55m	UK£ LIBOR plus 1.32% – 1.36%
2018	June 2028 – June 2033	£65m	UK£ fixed at 2.66% – 2.88%
2018	June 2030	£20m	UK£ LIBOR plus 1.06%
2018	June 2028	€40m	EURIBOR plus 0.65%
2020	May 2030 – May 2032	£70m	UK£ fixed at 2.09% – 2.19%
2020	May 2032	€35m	EUR fixed at 1.15%
2020	May 2035	£30m	UK£ LIBOR plus 1.45%
2020	May 2035	€25m	EURIBOR plus 1.15%

The company entered into a number of cross currency swap agreements in relation to the loan notes to manage any foreign exchange risk on interest rates or on the repayment of the principal borrowed. These swaps expire in line with the loan notes and are discussed in note 26 to the consolidated financial statements.

See note 25 to the consolidated financial statements for an analysis of the interest rate profile and the maturity of the borrowings and related interest rate swaps.

Fair values of financial assets and financial liabilities

Hierarchy

The company uses the following valuation hierarchy to determine the carrying value of financial instruments that are measured at fair value:

Level 1:	quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2:	other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3:	techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Unless otherwise stated, the valuation basis used to calculate fair value is level 2.

Notes to the company financial statements continued

8. Interest-bearing loans and borrowings continued

All derivatives are valued using discounted cash flow analysis using the applicable yield curve for the duration of the instruments. Forward currency contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Cross currency interest rate swaps are measured at the present value of future cash flows estimated and discounted based on quoted forward exchange rates and the applicable yield curves derived from quoted interest rates. The fair value of derivatives also includes the non-performance risk of both Britvic and its derivatives trading counterparties.

As in the prior year, the carrying values of financial assets and liabilities are considered to be reasonable approximations of their fair values, except for fixed rate borrowings.

9. Derivative financial instruments

	2021 £m	2020 £m
Non-current assets: derivative financial instruments		
USD GBP cross currency fixed interest rate swaps	17.7	22.3
USD GBP cross currency floating interest rate swaps	1.9	2.9
GBP interest rate swaps	0.1	–
	19.7	25.2
Current assets: derivative financial instruments		
USD GBP cross currency fixed interest rate swaps	0.6	5.1
USD GBP cross currency floating interest rate swaps	0.3	5.2
Forward currency contracts designated as part of a cash flow hedge relationship	–	0.2
Forward currency contracts	–	0.2
Commodity contracts	0.1	–
	1.0	10.7
Current liabilities: derivative financial instruments		
GBP euro cross currency fixed interest rate swaps	–	(1.4)
Commodity contracts*	(0.1)	–
	(0.1)	(1.4)
Non-current liabilities: derivative financial instruments		
GBP euro cross currency fixed interest rate swaps	(0.7)	(1.7)
Euro interest rate swaps	–	(0.1)
GBP interest rate swaps	–	(1.4)
	(0.7)	(3.2)

* The counterparty for this derivative is a subsidiary undertaking.

Cash flow hedges

Cross currency interest rate swaps

At 30 September 2021, the company has a number of cross currency interest rate swaps relating to the 2010 and 2014 USPP notes. These cross currency interest rate swaps have the effect of fixing both the value of the USD borrowings into sterling and the rate of interest payable. The cross currency interest rate swaps are designated as part of a cash flow hedge relationship with the USPP notes.

Cash flows due under these cross currency interest rate swaps match the interest payment dates and maturity profile of the USPP notes. The maturity profile of the USPP notes can be seen in note 8.

During the year ended 30 September 2021, a loss of £0.5m (2020: £nil) has been recognised in the income statement in respect of ineffectiveness.

Fair value hedges

Cross currency interest rate swaps

The company has a number of cross currency interest rate swaps in respect of the 2010 USPP notes. These instruments swap the principal and interest from fixed rate US dollar into floating rate sterling (the '2010 USD GBP cross currency interest rate swaps'). The cross currency interest rate swaps are designated as part of a fair value hedge relationship with the USPP notes.

The fair value movements on the 2010 USD GBP cross currency interest rate swaps are recorded in the income statement. The carrying value of the notes is adjusted each period by the change in their fair value, which is recognised in the income statement.

A decrease in fair value of the 2010 cross currency interest rate swaps, excluding maturities, of £2.0m (2020: £2.0m decrease) has been recognised in finance costs and offset with a related gain on the 2010 USPP notes of £1.5m (2020: £1.9m gain). The net loss of £0.5m (2020: £0.1m loss) represents the ineffectiveness in respect of this fair value hedge.

Notes to the company financial statements continued

10. Issued share capital

The issued share capital wholly comprises ordinary shares carrying one voting right each.

The nominal value of each ordinary share is £0.20. There are no restrictions placed on the distribution of dividends, or the return of capital on a winding up or otherwise.

Issued, called up and fully paid ordinary shares	No. of shares	Value £
At 29 September 2019	265,510,737	53,102,147
Shares issued relating to incentive schemes for employees	1,405,325	281,065
At 30 September 2020	266,916,062	53,383,212
Shares issued relating to incentive schemes for employees	398,575	79,715
At 30 September 2021	267,314,637	53,462,927

Of the issued and fully paid ordinary shares, 129,455 shares (2020: 369,448 shares) are own shares held by an employee benefit trust. This equates to £25,891 (2020: £73,890) at £0.20 par value of each ordinary share. These shares are held for the purpose of satisfying the share schemes detailed in note 29 of the consolidated financial statements.

An explanation of the Group's capital management process and objectives is set out in note 25 of the consolidated financial statements.

11. Dividends paid and proposed

	2021 £m	2020 £m
Declared and paid during the year		
Equity dividends on ordinary shares		
Final dividend for 2020: 21.6p per share (2019: 21.7p per share)	57.5	57.6
Interim dividend for 2021: 6.5p per share (2020: nil)	17.3	–
Dividends paid	74.8	57.6
Proposed		
Final dividend for 2021: 17.7p per share (2020: 21.6p per share)	47.3	57.7

12. Distributable reserves

Britvic plc, the parent company of the Group, holds investments in subsidiaries and acts as a financing entity for the Group. It derives its profits from dividends paid by subsidiary companies and interest earned on intra-group loans. The Board reviews the level of distributable reserves in the parent company prior to the declaration of interim and final dividends to shareholders to ensure that distributable reserves provide adequate cover for dividend payments.

In accordance with the UK Companies Act 2006 Section 831(2), a public company may make a distribution only if, after giving effect to such distribution, the amount of its net assets is not less than the aggregate of its called up share capital and non-distributable reserves as shown in the relevant accounts. The company determines what is realised and unrealised in accordance with the guidance provided by ICAEW TECH 02/17BL and the requirements of UK law.

Reserves available for distribution at 30 September 2021 and 30 September 2020 were comprised as follows:

	2021 £m	2020 £m
Net assets	662.0	650.6
Less:		
– Issued share capital	(53.5)	(53.4)
– Share premium	(156.2)	(154.1)
– Merger reserve	(87.3)	(87.3)
– Other non-distributable reserves*	(90.0)	(85.6)
Distributable reserves	275.0	270.2

* Other non-distributable reserves represent the excess of accumulated unrealised profits over accumulated unrealised losses. They comprise the cumulative credit to equity arising from equity-settled share-based payments to the employees of subsidiary companies, so long as the associated investment in subsidiary is not impaired or disposed of, and net unrealised gains in the company's hedging reserve related to cash flow hedges.

Notes to the company financial statements continued

12. Distributable reserves continued

Past dividends

During the year ended 30 September 2020, the company discovered that certain past dividends were made otherwise than in accordance with the Companies Act 2006. This occurred because payment of certain dividends reduced the level of the company's net assets below the aggregate of its called up share capital and non-distributable reserves, as determined in the last relevant accounts prior to the dividend payment. This principally resulted from the failure to identify certain unrealised profits arising from equity-settled share-based payments as non-distributable when determining distributable reserves. Had the company correctly identified the level of non-distributable reserves, it would have called upon subsidiary companies to increase the level of dividends paid to the parent company prior to each year-end date as there were adequate reserves available in the wider group to satisfy the planned dividend payments. During the year ended 30 September 2020, additional dividends were paid by subsidiaries to the parent company in order to guard against any future non-compliance with the Companies Act.

The affected dividends were the FY13 interim dividend paid on 2 August 2013, the FY13 final dividend paid on 7 February 2014, the FY14 interim dividend paid on 11 July 2014, the FY18 final dividend paid on 4 February 2019, the FY19 interim dividend paid on 15 July 2019 and the FY19 final dividend paid on 6 February 2020 (together, the Relevant Dividends and each a Relevant Dividend). In aggregate, the Relevant Dividends paid in excess of distributable reserves totalled £100.7 million.

As a result, the company could have had claims against the shareholders who received the Relevant Dividends and the Directors of the company at the relevant time. The company had no intention of pursuing any such claims. Instead, the company proposed certain resolutions at its AGM in January 2021 to put the company, its current and former shareholders and its current and former directors in the position they would have been in, had the Relevant Dividends fully complied with the Act. This included resolutions to appropriate distributable profits to the Relevant Dividends that have arisen subsequent to each Relevant Dividend. This also included entering into deeds of release to release the shareholders who received the Relevant Dividends, and the Directors of the company at the time the Relevant Dividends were made, from any liability to repay any amounts to the company. The Directors are related parties of the company and therefore the entry by the company into a deed of release in favour of the Directors constitutes a related party transaction for the purposes of the Listing Rules. The proposed resolutions were passed at the AGM.

13. Contingent liabilities

The company is co-guarantor of the Group's bank loan and overdraft facilities. See note 18 in the consolidated financial statements for details of the Group's facilities.

14. Related undertakings

In accordance with Section 409 of the Companies Act 2006, a full list of related undertakings, the country of incorporation and the percentage of share capital owned as at 30 September 2021 is disclosed in note 32 in the consolidated financial statements.

Subsidiary undertakings are controlled by the Group and their results are fully consolidated in the Group's financial statements.

15. Other assets

At 30 September 2021, the company has £nil (2020: £10.0m) held within 'Other current assets' on the balance sheet. At 30 September 2020, the £10.0m balance related to amounts held in a blocked bank account. This balance related to amounts received from Britvic Soft Drinks Limited, another Group company, in respect of contributions related to the Group's principal pension scheme for GB employees, the Britvic Pension Plan (BPP). During the year, the balance within the blocked account increased to £20.0m. Following the outcome of an appeal hearing, the amounts were released from the blocked account during the year ended 30 September 2021 and returned to Britvic Soft Drinks Limited. See note 22 of the consolidated financial statements for further details.

Shareholder information

Contacts

Britvic plc

Registered address:

Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire HP2 4TZ

Telephone:

+44 (0)1442 284400

Company Secretary enquiries by email:

company.secretariat@britvic.com

Investor Relations enquiries by email:

investors@britvic.com

Website: britvic.com

This report is available to download via the company's website britvic.com/annualreport.

The Britvic Registrar:

Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

Shareholder helpline:

0371 384 2550 (UK callers), +44 121 415 7019 (non-UK callers)

Shareview dealing:

03456 037 037

ISA helpline:

0345 0700 720 (UK callers), +44 207 015 4800 (non-UK callers)

Employee helpline:

0371 384 2520 (UK callers), +44 121 415 7018 (non-UK callers)

For those with hearing difficulties, a textphone is available on 0371 384 2255 for UK callers with compatible equipment.

Websites:

equiniti.com, shareview.co.uk.

ADR Depositary Bank and Registrar:

BNY Mellon Shareowner Services, PO Box 505000, Louisville, KY 40233-5000, USA

Direct mailing for overnight packages:

BNY Mellon Shareowner Services, 462 South 4th Street, Suite 1600, Louisville, KY 40202, USA

Investor helpline:

+1-888-BNY-ADRs (US callers, toll free), +1-201-680-6825 (non-US caller)

Email:

shrrelations@cpushareownerservices.com

Website:

mybnymdr.com

Britvic Annual Report and Accounts 2021

Dividends

2021 dividends

	Payment date	Amount per share
Interim	7 July 2021	6.5p
Final	2 February 2022	17.7p

Dividend mandates

If you choose to take your dividends in cash, you can have these paid directly into a sterling bank or building society account in the UK. This method of payment removes the risk of delay or loss of dividend cheques in the post and ensures that your account is credited on the due date.

The easiest way to arrange this is to register on Shareview, at shareview.co.uk, the share portal for managing your shareholding. Alternatively, you can complete a dividend mandate form and return it to the Registrar by post. You can download a mandate form from the dividends page at britvic.com/dividends. Your instruction must be received by the Registrar before the record date for a dividend in order for it to be implemented for that payment.

If you live outside the UK, our Registrar offers an Overseas Payment Service, which provides dividend payments that are automatically converted into your local currency and paid directly into your bank account. The service is available in over 90 countries worldwide and it normally costs less than paying in a sterling cheque. You can find more information and download application forms at shareview.co.uk. You can call the Registrar if you need further assistance – see contact details opposite.

If you don't instruct us to pay your cash dividend into your bank account, you will be sent a sterling cheque to your registered address. You are strongly advised to register on Shareview to keep your details up to date.

Dividend reinvestment plan (DRIP)

Shareholders can choose to reinvest dividends received to purchase further shares in the company. The purchases are made on, or as soon as reasonably practicable after, the dividend payment date, at the market price(s) available at the time. Any surplus cash dividend remaining is carried forward and added to your next dividend payment. A DRIP application form is available via the Registrar or via download from the shareholder information pages at britvic.com/dividends.

2021/22 financial calendar

Ex-dividend date	16 December 2021
Record date	17 December 2021
Annual General Meeting	27 January 2022
Payment of final dividend	2 February 2022
Interim results announcement	17 May 2022

Shareholder information continued

Further information

Stock exchange listings

Britvic is listed on the London Stock Exchange and can be found using the code BVIC. The company was floated through an IPO in November 2005.

Britvic American Depositary Receipts (ADRs) are traded on OTCQX in the USA under the symbol BTVCY. OTCQX is an over-the-counter (OTC) market, where securities not listed on major exchanges are traded directly by a network of dealers. One ADR represents two Britvic plc ordinary shares.

Share dealing services

The company's Registrar, Equiniti Financial Services Limited, offers a telephone and internet dealing service, Shareview, which provides a simple and convenient way of buying and selling shares. For telephone dealings call 03456 037 037 between 8.00am and 4.30pm, Monday to Friday, and for internet dealings log onto shareview.co.uk/dealing.

Individual Savings Accounts (ISAs)

ISAs in Britvic plc ordinary shares are available through Equiniti Financial Services Limited. Further information may be obtained through its ISA helpline, 0345 0700 720.

Warning to shareholders – boiler room fraud and other investment scams

Share or investment scams are often run from 'boiler rooms' where fraudsters cold-call investors offering them worthless, overpriced or even non-existent shares, or offer to buy their shares in a company at a higher price than the market value. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount, or offers of free reports about the company. Even seasoned investors have been caught out by such fraudsters and it is estimated that £200m is lost in this way in the UK each year.

The Financial Conduct Authority (FCA) has some helpful information about such scams on its website, including tips to protect your savings and how to report a suspected investment scam. Britvic encourages shareholders to read the information on the site, which can be accessed at fca.org.uk/scamsmart/share-bond-boiler-room-scams. If you suspect an attempt at fraud, report it to the FCA on 0800 111 6768.

Electronic communications

Britvic has adopted website communication as the default method of communication with shareholders. We periodically contact shareholders to ask if they would prefer to receive hard copy documents. Shareholders who do not respond to this query within 28 days are deemed to have consented to website communication under the 2006 Companies Act provisions. Britvic will still send a paper notification to tell these shareholders when new documents are posted to the website.

Alternatively, shareholders can elect to receive these notifications by email, by registering with Shareview at shareview.co.uk. This will save on printing and distribution costs, creating environmental benefits. When registering, you will need your shareholder reference number which can be found on your share certificate or proxy form. Please contact Equiniti if you require any assistance or further information.

Shareholder profile as at 30 September 2021

Range of holdings	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
1 – 199	471	17.81%	29,296	0.01%
200 – 499	333	12.59%	109,264	0.04%
500 – 999	353	13.35%	239,684	0.09%
1,000 – 4,999	844	31.91%	1,873,362	0.70%
5,000 – 9,999	204	7.71%	1,384,795	0.52%
10,000 – 49,999	177	6.69%	4,042,929	1.51%
50,000 – 99,999	72	2.72%	5,362,639	2.01%
100,000 – 499,999	116	4.39%	27,012,542	10.11%
500,000 – 999,999	27	1.02%	18,723,902	7.00%
1,000,000 plus	48	1.81%	208,536,224	78.01%
	2,645	100.00%	267,314,637	100.00%

Category	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
Private individuals	1,880	71.08%	4,167,009	1.56%
Nominee companies	510	19.28%	198,767,809	74.36%
Limited and public limited companies	189	7.15%	57,706,508	21.59%
Other corporate bodies	63	2.38%	6,670,812	2.49%
Pension funds, insurance companies and banks	3	0.11%	2,499	0.00%
	2,645	100.00%	267,314,637	100.00%

Non-GAAP reconciliations

Adjusting items

The Group excludes adjusting items from its non-GAAP measures because of their size, frequency and nature to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior years and to assess trends in financial performance more readily.

In the year ended 30 September 2021, adjusting items mainly comprises charges relating to the closure of the Counterpoint business, the acquisition of Plenish (note 34) and the closure of the Norwich site. In addition, acquisition related costs such as amortisation of acquired intangibles are also considered adjusting items.

Adjusted KPIs are used to measure the underlying profitability of the Group and enable comparison of performance against peers. They are also used in the calculation of short and long term reward schemes.

In prior years adjusting items included fair value movements on financial instruments where hedge accounting cannot be applied on future transactions and also where hedge ineffectiveness is recognised. Consideration is made each year as to whether fair value movements on derivative financial instruments where hedge accounting cannot be applied to future transactions or where there is ineffectiveness in the hedge relationship, are recorded within adjusting items.

	Notes	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m
Strategic restructuring – business capability programme	(a)	(1.0)	(1.6)
Strategic restructuring – organisational capability transformation	(b)	(5.7)	(11.3)
Credits in relation to the acquisition and integration of subsidiaries	(c)	0.7	1.3
Strategic M&A activity	(d)	(0.9)	(6.3)
Impairment of assets held for sale	(e)	–	(0.4)
Pension scheme costs	(f)	(0.7)	–
Impairment of Counterpoint assets	(g)	–	(8.4)
Acquisition related amortisation	(h)	(8.2)	(8.8)
Total included in operating profit		(15.8)	(35.5)
Unwind of discount on deferred consideration	(i)	(0.1)	(0.2)
Total included in finance costs		(0.1)	(0.2)
Total adjusting items pre-tax		(15.9)	(35.7)
Tax on adjusting items – merger of Brazil entities	(j)	–	1.6
Tax on adjusting items included in profit before tax		1.0	13.9
Total included in taxation		1.0	15.5
Net adjusting items		(14.9)	(20.2)

- 'Strategic restructuring – business capability programme' charges relate to the restructuring of supply chain and the operating model across the Group, initiated in 2016. Costs in the year of £1.0m relate to the closure of the Norwich site and are primarily site services, advisory and exit costs. Costs in the year ended 30 September 2020 were of a similar nature and also included a £1.0m reversal of previous impairment on the Norwich land and buildings.
- 'Strategic restructuring – organisational capability transformation' charges in the current year mainly relate to contract termination costs in relation to the closure of the Counterpoint business. Costs in the prior year primarily related to contract termination costs, consultation fees and employee termination benefits following the implementation of a group wide strategic restructure announced during that year.
- Relates to the release of purchase price allocation provisions for Bela Ischia Alimentos Ltda (Bela Ischia) and Empresa Brasileira de Bebidas e Alimentos SA (Ebba).
- Strategic M&A activity costs in the current year relate to professional fees, stamp duty and long-term incentive schemes in relation to the acquisition of Plenish Cleanse Limited (note 34). In the prior year to 30 September 2020, the costs primarily related to charges incurred as part of the disposal of our French private label juice business (refer to note 34) and the acquisition of Britvic Aqua Libra Co Limited (formerly The Boiling Tap Company) (refer to note 34).
- During the year ended 30 September 2020, an impairment charge of £0.4m was recognised when the Norwich site and certain assets of the Counterpoint business were classified as held for sale.
- 'Pension scheme costs' of £0.7m relate to the recognition of past service costs resulting from the equalisation of Guaranteed Minimum Pensions (GMP) for the GB defined benefit pension scheme (see note 22).
- During year ended 30 September 2020, intangible assets, goodwill and property, plant and equipment relating to the Counterpoint business were impaired.
- 'Acquisition related amortisation' relates to the amortisation of intangibles recognised on acquisitions in GB, Ireland, France and Brazil.
- The unwind of discount on consideration payable for acquisitions relates to the change in fair value of the deferred consideration payable for Britvic Aqua Libra Co. Limited (formerly The Boiling Tap Company Limited).
- During the year ended 30 September 2020, there was an intra-group merger between certain of the Group's Brazilian subsidiaries. This led to recognition of a deferred tax asset on intangibles.

Non-GAAP reconciliations continued

Adjusted profit

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m
Operating profit as reported	160.7	130.3
Add back adjusting items in operating profit	15.8	35.5
Adjusted EBIT	176.5	165.8
Net finance costs	(17.8)	(19.1)
Add back adjusting net finance costs	0.1	0.2
Adjusted profit before tax and acquisition related amortisation	158.8	146.9
Acquisition related amortisation	(8.2)	(8.8)
Adjusted profit before tax	150.6	138.1
Taxation	(39.7)	(16.6)
Less adjusting tax credit	(1.0)	(15.5)
Adjusted tax	(40.7)	(32.1)
Adjusted profit after tax	109.9	106.0
Adjusted effective tax rate	27.0%	23.2%
Adjusted earnings per share		
	2021	2020
Adjusted earnings per share		
Profit for the year attributable to equity shareholders (£m)	103.2	94.6
Add: net impact of adjusting items (£m)	14.9	20.2
Adjusted earnings (£m)	118.1	114.8
Weighted average number of ordinary shares in issue for basic earnings per share	266.8	265.9
Adjusted earnings per share (pence)	44.3p	43.2p
Adjusted diluted earnings per share		
Adjusted earnings (£m)	118.1	114.8
Weighted average number of ordinary shares in issue for diluted earnings per share	267.4	267.2
Adjusted diluted earnings per share (pence)	44.2p	43.0p

Free cash flow

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m
Net cash flows from operating activities	232.3	168.8
Purchases of property, plant and equipment	(56.4)	(43.7)
Purchases of intangible assets	(17.3)	(6.3)
Proceeds from sale of property, plant and equipment	0.1	–
Interest paid, net of derivative financial instruments	(15.4)	(16.5)
Repayment of principal portion of lease liabilities	(8.7)	(10.2)
Repayment of interest element of lease liabilities	(1.9)	(2.1)
Free cash flow	132.7	90.0

Non-GAAP reconciliations continued

Adjusted net debt/EBITDA and EBITDA/net interest ratios

	Year ended 30 September 2021 £m	Restated* Year ended 30 September 2020 £m
Operating profit as reported	160.7	130.3
Add back adjusting items in operating profit	15.8	35.5
Adjusted EBIT	176.5	165.8
Depreciation of property, plant and equipment	42.7	43.0
Depreciation of right-of-use assets	10.5	11.0
Amortisation (excluding acquisition related amortisation)	6.6	7.1
Loss on disposal of property, plant and equipment and intangible assets	2.8	4.3
Adjusted EBITDA pre-IFRS 16 rental charges	239.1	231.2
Less payment of lease liabilities as estimate for pre-IFRS16 rental charges	(10.6)	(12.3)
Adjusted EBITDA	228.5	218.9
Adjusted net debt	488.5	520.4
Adjusted EBITDA	228.5	218.9
Net debt/EBITDA ratio	2.1x	2.4x
Net interest as reported	(17.8)	(19.1)
Add back hedge ineffectiveness	1.0	(0.8)
Add back IFRS 16 interest on lease liabilities	1.9	2.1
Adjusted net interest	(14.9)	(17.8)
EBITDA/net interest ratio	15.3x	12.3x

* 2020 has been restated to show the EBITDA/net interest ratio on an adjusted net interest basis to provide a like for like comparison to the 2021 EBITDA/net interest ratio. Previously the 2020 ratio was calculated using net interest as reporting in the consolidated income statement.

Adjusted net debt

	30 September 2021 £m	30 September 2020 £m
Cash and cash equivalents	(71.1)	(109.2)
Derivatives hedging balance sheet debt	(19.5)	(35.1)
Interest-bearing loans and borrowings	579.1	664.7
Adjusted net debt	488.5	520.4

Glossary

A&P is Advertising and Promotions and is a measure of marketing spend including marketing, research and advertising.

Adjusted earnings per share is a non-GAAP measure calculated by dividing adjusted earnings by the average number of shares during the period. Adjusted earnings is defined as the profit/(loss) attributable to ordinary equity shareholders before adjusting items. Average number of shares during the period is defined as the weighted average number of ordinary shares outstanding during the period excluding any own shares held by Britvic that are used to satisfy various employee share-based incentive programmes.

Adjusted EBIT is a non-GAAP measure and is defined as operating profit before adjusting items. EBIT margin is EBIT as a proportion of Group revenue.

Adjusted EBITDA is a non-GAAP measure calculated by taking Adjusted EBIT and adding back depreciation, amortisation and loss on disposal of property, plant and equipment and deducting payments of lease liabilities as an estimate for pre-IFRS 16 rental charges.

Adjusted net debt is a non-GAAP measure and is defined as net debt, adding back the impact of derivatives hedging the balance sheet debt.

Adjusted profit after tax is a non-GAAP measure and is defined as profit after tax before adjusting items, with the exception of acquisition related amortisation.

Adjusted profit before tax and acquisition related amortisation is a non-GAAP measure and is defined as profit before tax and adjusting items, with the exception of acquisition related amortisation.

Aqua Libra Co is the Britvic Aqua Libra Co Limited, previously known as The Boiling Tap Company Limited.

ARP is defined as average revenue per litre sold, excluding factored brands and concentrate sales.

BEIS is the UK Government department for Business, Energy and Industrial Strategy.

BPS is basis points and is a measure used to describe the percentage change in a value. One basis point is equivalent to 0.01%.

Brand contribution is a non-GAAP measure and is defined as revenue, less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product. Such costs include brand specific advertising and promotion costs, raw materials and marginal production and distribution costs.

Brand contribution margin is a non-GAAP measure and is a percentage measure calculated as brand contribution divided by revenue. Each business unit's performance is reported down to the brand contribution level.

CAGR is Compound Annual Growth Rate.

CDP is a not-for-profit charity, formerly known as the Carbon Disclosure Project, that runs the global disclosure system for investors and companies to manage their environmental impacts.

CGU is Cash-Generating Unit.

CHP is the Combined Heat and Power plant located at the Rugby site and used to generate power.

Constant exchange rate is a non-GAAP measure of performance in the underlying currency to eliminate the impact of foreign exchange movements.

DRS is Deposit Return Scheme. Deposit return schemes are used to encourage more people to recycle packaging. The schemes work by charging anyone who buys a drink a small deposit per container. They get this money back when they return the container to a collection point to be recycled.

EBIT is Earnings Before Interest and Taxation.

EBITDA is Earnings Before Interest, Taxation, Depreciation and Amortisation.

EIF is Employee Involvement Forum. This provides a formal mechanism for elected representatives of Britvic employees to meet with senior management representatives to exchange information and consult on issues that affect employees.

EPS is Earnings Per Share.

ESG is Environment, Social and Governance.

ESOP is Britvic's Executive Share Option Plan.

FMCG is Fast Moving Consumer Goods.

Free cash flow is defined as cash generated from operating activities, plus proceeds from the sale of property, plant and equipment, less capital expenditure, interest and repayment of lease liabilities.

FVPL is Fair Value through Profit or Loss.

GB is Great Britain.

GMP is Guaranteed Minimum Pension.

Group is Britvic plc, together with its subsidiaries.

HFSS is food and drink that is High in Fat, Salt and/or Sugar.

Immediate Consumption is defined as pack formats to be consumed on purchase, rather than deferred packs which are purchased and consumed later.

Innovation is defined as new launches over the last five years, excluding new flavours and pack sizes of established brands.

LTIP is Long-Term Incentive Plan.

M&A is Mergers and Acquisitions.

NI is Northern Ireland.

Non-GAAP measures are provided because they are closely tracked by management to evaluate Britvic's operating performance and to make financial, strategic and operating decisions.

PBTA is Profit Before Taxation and Amortisation.

Glossary continued

PET is polyethylene terephthalate plastic.

Plenish is Plenish Cleanse Ltd, a company acquired on 1 May 2021.

PSP is Britvic's Performance Share Plan.

RCF is Revolving Credit Facility.

Revenue is defined as sales achieved by the Group net of price promotional investment and retailer discounts.

Revenue management is used to define a range of actions to affect ARP. It includes, but is not limited to, price increases, changes to price promotions and variation of pack size.

ROI is Republic of Ireland.

ROIC is Return on Invested Capital and is a non-GAAP measure calculated by dividing adjusted EBIT less acquisition related amortisation and tax at adjusted effective tax rate by year end invested capital. Invested capital comprises net assets less adjusted net debt. Return on invested capital is used to assess a company's efficiency at allocating the capital under its control to profitable investments. The Remuneration Committee also assesses ROIC at the end of the three year performance period of the LTIPs.

rPET is recycled polyethylene terephthalate plastic.

SECR is Streamlined Energy and Carbon Reporting.

Section 172 of the Companies Act 2006 requires the Board to consider a number of factors in its decision-making, including the interests of its stakeholders.

SKU is Stock-Keeping Units.

TCFD is Task Force on Climate-Related Financial Disclosures.

TSR is Total Shareholder Return.

Volume is defined as number of litres sold, excluding factored brands sold by Counterpoint in Ireland. No volume is recorded in respect of international concentrate sales.

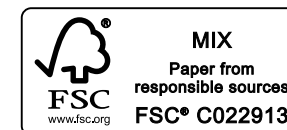
Water intensity ratio is a measure of the amount of water used in cubic metres per tonne of production of finished product.

Notes

Notes

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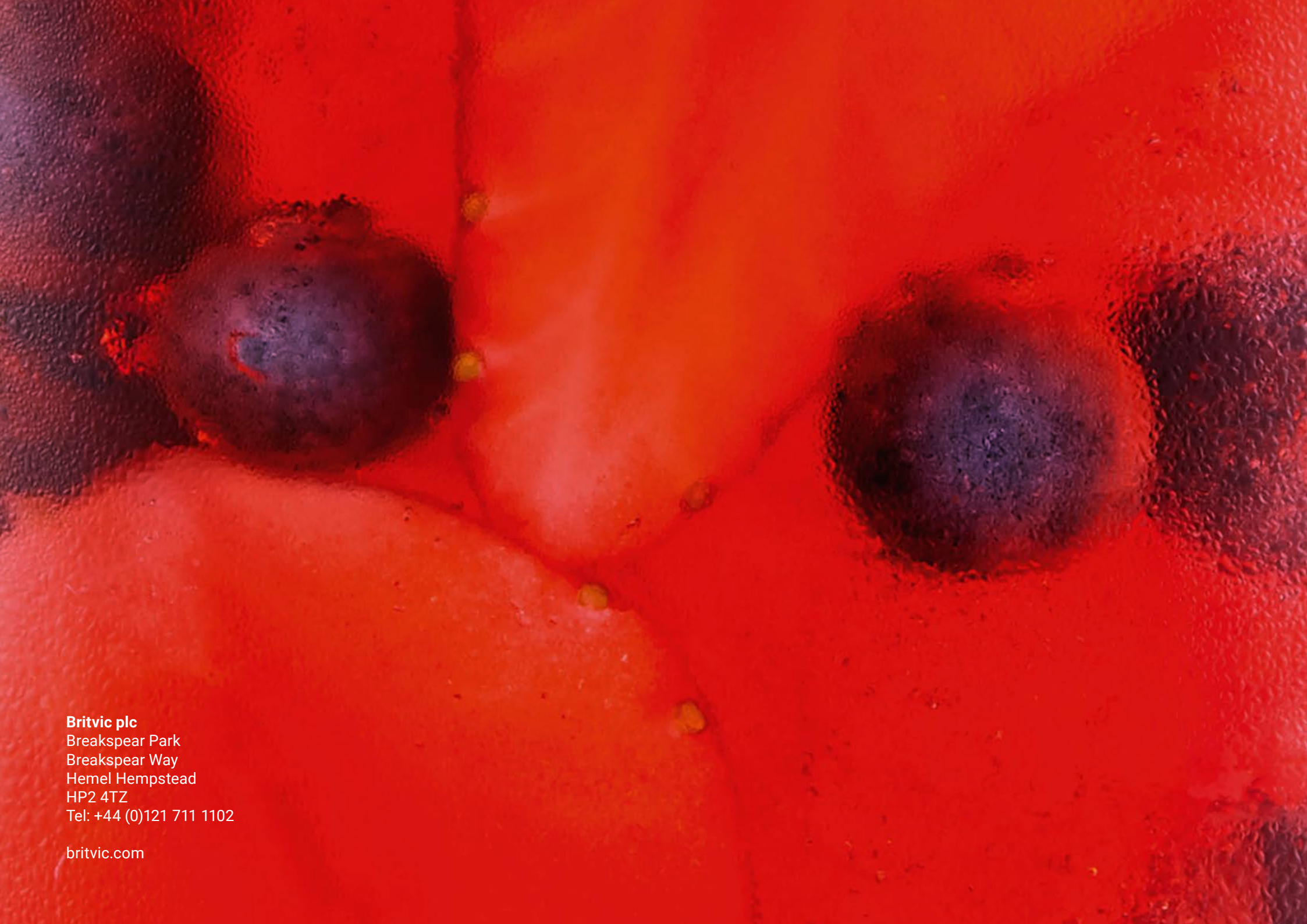
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www.luminous.co.uk



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