

ENJOYING LIFE'S EVERYDAY MOMENTS

Annual Report and Accounts 2020

BRITVIC
plc



Strategic Report

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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.

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BRITVIC IN NUMBERS

22

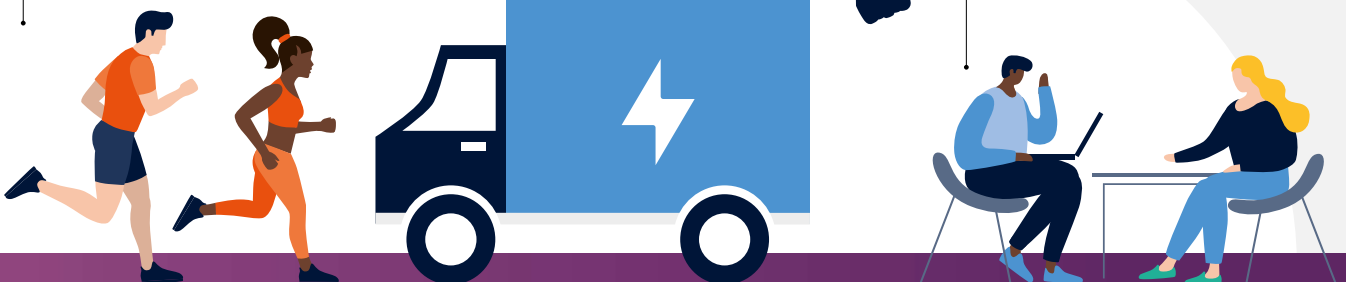
CHAIRMAN'S STATEMENT

24

CHIEF EXECUTIVE OFFICER'S STATEMENT



AT BRITVIC, WE ARE DEDICATED TO GROWING OUR MUCH-LOVED BRANDS THROUGH CONTINUOUS INNOVATION ACROSS ALL OUR MARKETS. OUR COMMITMENT TO SUSTAINABILITY IS INTEGRAL TO OUR BUSINESS STRATEGY, AS IS OUR PURPOSE, VISION AND VALUES-LED CULTURE. TOGETHER, WE STRIVE TO BE THE MOST DYNAMIC SOFT DRINKS COMPANY, CREATING A BETTER TOMORROW.

32**SUSTAINABLE
BUSINESS****48****CHIEF FINANCIAL
OFFICER'S REVIEW****61****CORPORATE
GOVERNANCE**

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

PERFORMANCE

Revenue

£1,412.4m

(8.6%)

2020	1,412.4
2019	1,545.0
2018	1,503.6
2017	1,430.5
2016	1,431.3

Alignment to strategy



Why do we measure this?

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

Performance

Revenue decreased by 8.6%, including the impact of foreign currency movements. Revenue, excluding the impact of currency, decreased by 6.8%.

Adjusted EBIT

£165.8m

(22.6%)

2020	165.8
2019	206.0
2018	205.5
2017	195.5
2016	186.1

Alignment to strategy



Why do we measure this?

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

Performance

Adjusted EBIT decreased by 22.6%, including the impact of foreign currency movements. Adjusted EBIT, which excludes the impact of currency, decreased by 21.9%.

Free cash flow

£90.0m

+1.8%

2020	90.0
2019	88.4
2018	39.7
2017	29.7
2016	(11.2)

Alignment to strategy



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 £90.0m, with the increase from 2019 primarily driven by reduced capital investment in response to the impact on cash inflows of COVID-19 restrictions.

Profit after tax¹

£94.6m

+16.9%

2020	94.6
2019	80.9
2018	117.1
2017	111.6
2016	114.5

Alignment to strategy



Why do we measure this?

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

Performance

Profit after tax increased by 16.9%, reflecting the 22.6% decline in adjusted EBIT being offset by the 55.1% reduction in adjusting items.

Adjusted earnings per share

43.2p

(27.8%)

2020	43.2
2019	59.8
2018	56.3
2017	52.9
2016	49.3

Alignment to strategy



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 declined 27.8% primarily due to the decline in adjusted EBIT.

Dividend per share

21.6p

(28.0%)

2020	21.6
2019	30.0
2018	28.2
2017	26.5
2016	24.5

Alignment to strategy



Why do we measure this?

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

Performance

DPS declined 28.0% due to the adjusted EPS decline and maintaining the 50% pay-out ratio.

¹ Adjusting items includes restructuring costs of £12.9m, acquisition related amortisation of £8.8m, an impairment charge of £8.4m and other adjusting items of £5.4m. More detail provided on pages 48 – 51.

Alignment to strategy key



Build local favourites and global premium brands



Flavour billions of water occasions



Healthier People, Healthier Planet



Innovate to access new spaces

Non-financial information statement

The information on this page and incorporated by cross-reference complies with the relevant non-financial reporting regulations. The content shown below 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 Sustainability section on pages 32 – 47. Content on human rights can be found on page 43. Content on anti-bribery and corruption and a description of the company's approach to policy compliance can be found on page 108, and information on the company's business model can be found on pages 10 – 11.

PEOPLE

Employee wellbeing and support*

78% & 81%

GB & Ireland	78%
Brazil	81%

Percentage of employees who agreed that "Britvic cares about my wellbeing during this time."

Alignment to strategy



Why do we measure this?

Measuring employee wellbeing helps the company ensure its employees feel physically and psychologically well at Britvic.

Further information

Healthier People on pages 35 – 39

Women in leadership

40%

2020	40%†
2019	38%
2018	33%
2017	33%
2016	35%

Alignment to strategy



Why do we measure this?

Measuring women in leadership helps the company track the diversity of its employee population as it aims for its employee base to reflect consumers, offer diverse ideas and fresh thinking to complete in today's world.

Further information

Employee engagement on page 39

Average calories per 250ml

25.5 kcal

2020	25.5†
2019	27.5
2018	31.3
2017	35.3
2016	36.0

Alignment to strategy



Why do we measure this?

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

Further information

Healthier consumer choices on page 35

PLANET

Manufacturing carbon intensity ratio

24.06 tCO₂e/ '000 tonnes product**

2020	24.06†
2019	27.41
2018	26.64
2017	30.23
2016	30.02

Alignment to strategy



Why do we measure this?

Measuring carbon intensity supports the company's ambition for greater energy efficiency and its transition to a low carbon business.

Further information

Climate action on page 45

Manufacturing energy from renewable sources

47%

2020	47%†
2019	46%
2018	28%
2017	18%
2016	7%

Alignment to strategy



Why do we measure this?

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

Further information

Climate action on page 46

Primary plastic packaging removed in GB through light-weighting

539 tonnes

2020	539†
2019	646
2018	598
2017	308

Alignment to strategy



Why do we measure this?

Measuring the reduction of plastic packaging tracks the company's progress in waging war on waste.

Further information

Packaging and the circular economy on page 42

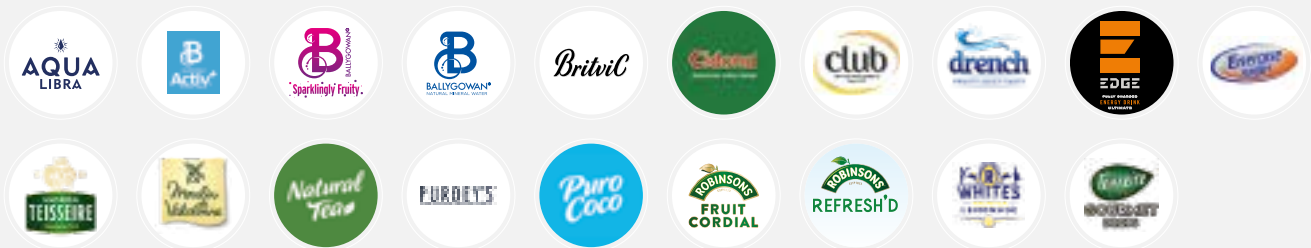
* The Great Place to Work (GPTW) survey was replaced by an employee pulse survey focused on the support and wellbeing of each of our employees throughout the COVID-19 pandemic.

** This is measured in tonnes of carbon dioxide equivalent emitted per thousand tonnes of product produced.

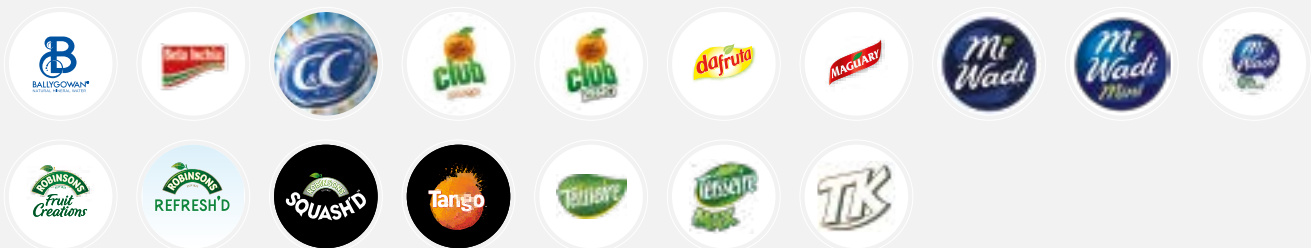
† Figure independently assured by Ernst & Young LLP as part of a limited assurance engagement.

BRITVIC SETS ITSELF APART FROM COMPETITORS WITH AN UNRIVALLED COMBINATION OF MARKET LEADING BRANDS, A STRONG TRACK RECORD IN INNOVATION, EXPERT KNOWLEDGE OF THE SOFT DRINKS MARKET, LONGSTANDING RELATIONSHIPS WITH PARTNERS, INCLUDING PEPSICO, AND A HIGHLY TALENTED AND ENGAGED WORKFORCE.

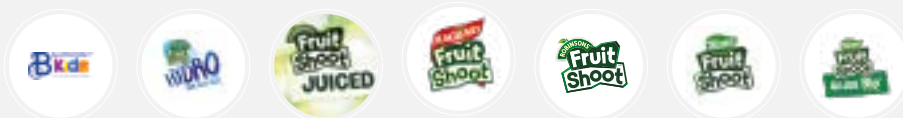
ADULTS



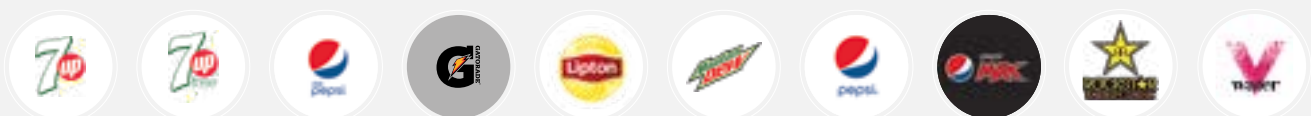
FAMILIES



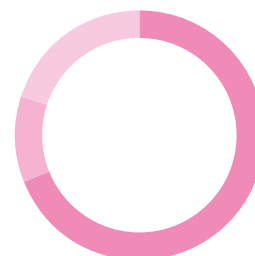
KIDS



PORTFOLIO

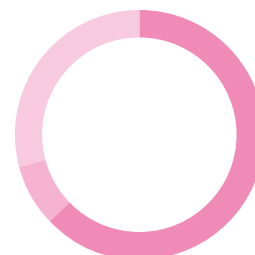


VOLUME BY REGION



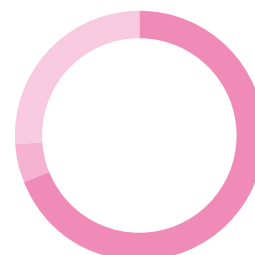
	% share by region	Million litres
Great Britain	69%	1621.0
Brazil	11%	251.0
Rest of World	20%	469.8

REVENUE BY REGION



	% share by region	£m
Great Britain	63%	884.9
Brazil	8%	113.1
Rest of World	29%	414.4

BRAND CONTRIBUTION BY REGION



	% share by region	£m
Great Britain	69%	351.0
Brazil	5%	24.6
Rest of World	26%	129.6

From left to right

Aqua Libra, Ballygowan Activ+, Ballygowan Sparklingly Fruity, Ballygowan Still, Britvic Mixers, Cidona, Club Mixers, Drench, Energise Edge, Energise Sport, J2O, J2O Spritz, The London Essence Company, Mathieu Teisseire, Moulin de Valdonne, Natural Tea, Purdey's, Puro Coco, Robinsons Fruit Cordial, Robinsons Refresh'd, R.White's, Teisseire Gourmet Drops

From left to right

Ballygowan, Bela Ischia, C&C, Club Orange, Club Zero, Da Fruta, Maguary, MiWadi, MiWadi Mini, MiWadi 0% Sugar, Pressade, Robinsons, Robinsons Fruit Cordial, Robinsons Fruit Creations, Robinsons Refresh'd, Robinsons Squash'd, Tango, Teisseire, Teisseire Max, TK

From left to right

Ballygowan Kids, Fruit Shoot Hydro, Fruit Shoot Juiced, Maguary Fruit Shoot, Robinsons Fruit Shoot, Teisseire Fruit Shoot, Teisseire Fruit Shoot Au Jus

From left to right

7UP, 7UP Free, Diet Pepsi, Gatorade, Lipton Ice Tea, Mountain Dew, Pepsi, Pepsi MAX, Rockstar Energy Drink, V Water

DECISIVE ACTION TO PROTECT OUR PEOPLE, DELIVER FOR OUR CUSTOMERS, SUPPORT OUR COMMUNITIES AND MAINTAIN OUR FINANCIAL STRENGTH

Throughout the pandemic, our number one priority at all times has been the health, safety and emotional wellbeing of our people – from those working on sites in our supply chain to those working at home.

Alongside protecting our people, we feel a strong sense of duty to do what we can to support the communities we live and work in, and the customers we serve. We believe that we are all stronger together and to underline our commitment to doing our bit, we joined businesses across the country in March in signing up to the C-19 Business Pledge. The Pledge aimed to help the UK and its most vulnerable citizens pull through the coronavirus pandemic. Founded by former Cabinet Minister Justine Greening and entrepreneur David Harrison, the national scheme encourages businesses to join the COVID-19 effort by pledging to help their employees, customers and communities across Britain get through the pandemic.



Protecting our employees

We have followed and implemented the World Health Organization and national government health measures in each of our markets. All employees classified as vulnerable, or with a vulnerable family member, were identified early on and special measures put in place to support and safeguard them.

Where possible our employees have been working from home, using enabling technology solutions and working flexibly around their domestic circumstances.

Our employees unable to work from home, primarily our factory-based supply chain teams, have proved to be an inspiration, working hard to maintain production levels and keep our products on customer shelves and in consumers' fridges – all the while following government guidance and best practice in health and safety. From the beginning, we implemented both social distancing and elevated health measures, including temperature checking and additional cleaning regimes, to ensure the safety of our people.

We have also put additional measures in place to support the health and wellbeing of all our employees in these uncertain times, including:

- We have a 24/7 employee assistance programme – with access to free and confidential counselling and support, as well as financial and physical wellbeing advice.
- A bank of volunteers within the business have taken on the role of Wellbeing Warriors – trained in all the support that Britvic offers and able to point employees in the direction of the right resources. We have also started training Mental Health First Aiders.
- We have offered a series of 'lunch and learn' seminars focused on all aspects of wellbeing.
- Every employee working as a key worker at our sites has been given a free case of product after every shift, and a free meal on every shift.

- A company portal has been put in place so everyone can access the latest information for where they live, along with dedicated advice for employees in self-isolation, social distancing, working from home (including for those with childcare responsibilities), ways of working, travel and wellness.
- For employees not already doing valuable work in our supply chain, we have provided one extra community day per month for them to support their local communities where safe to do so.

Delivering for our customers and consumers

We have been working collaboratively with suppliers and customers everywhere to ensure the continuity of supply of raw materials, to maintain the availability of our products in store and offer financial support where it is needed. We are proud to say we've maintained high service levels for customers throughout, which is a huge credit to the hard work, courage and determination of our supply chain team.

For our customers who were forced to temporarily shut down due to government restrictions, we joined the Morning Advertiser's #UnitedWeStand campaign to support the trade and we converted our trade facing Sensational Drinks marketing portal into a one-stop shop for supporting the on-trade. The site now offers links to information regarding access to grants, mental health support, and information on how to keep equipment in working order during long periods of inactivity.

For our consumers, we developed Craft O'Clock – offering a new video every weekday on our Robinsons Facebook page to support creativity at home for families. We have shared these videos on international brand pages through MiWadi in Ireland and Fruit Shoot in the United States.



I AM PROUD AND HUMBLLED BY THE RESILIENCE AND DEDICATION SHOWN BY THE ENTIRE BRITVIC TEAM DURING THIS CHALLENGING AND, AT TIMES, HEARTBREAKING TIME. OUR PRIORITIES THROUGHOUT THE COVID-19 PANDEMIC HAVE BEEN CLEAR: PROTECT OUR EMPLOYEES, DELIVER FOR OUR CUSTOMERS, SUPPORT OUR COMMUNITIES AND MAINTAIN OUR FINANCIAL STRENGTH.



**SIMON LITHERLAND
CHIEF EXECUTIVE OFFICER BRITVIC**



1 million

DRINKS DONATED TO HOSPITALS, HOSPICES, CHARITIES, EMERGENCY SERVICES AND FOOD BANKS

Supporting our communities

At Britvic, everyone across the business wanted to find a way to support people and communities to show that we care and that we're stronger together.

In March, we began sending drinks to hospitals, hospices, charities, emergency services and food banks – anywhere we thought they might bring a tiny smile on a tough day. Since then, we have donated more than one million drinks, in conjunction with PepsiCo.

As part of our donations, we were pleased to be able to support the NHS Nightingale hospitals. They were looking for donations and within 24 hours of being contacted, our people and partners had sourced 20 double-door chillers and transported them, along with 38,000 drinks, to NHS Nightingale London, the temporary hospital built at the ExCeL centre, less than two miles from our Beckton factory. This rose to more than 106,000 drinks in total and we then went on to support Nightingale hospitals in Manchester, Harrogate and Bristol.

Further examples of donations since March include:

- Our Leeds factory has been sending drinks donations to a local community centre which has been making up 250 food parcels a day to give to local people in need. The Leeds team has also donated drinks to Thomas Franks which is making up food parcels for the Yorkshire Ambulance Service.
- We have donated drinks to Age UK's food and drink parcels for the elderly and vulnerable.
- In GB, Ireland and the Channel Islands we have donated drinks to those key workers on the front line, including delivery drivers on their shifts.

- We delivered products to local food banks, hospices and hospitals in Ireland, France and Brazil.
- We donated products to hospitals in Gibraltar – and delivered more than 450 cases of Teisseire 0% to 10 healthcare institutions in the Netherlands.
- In February, when masks and hand sanitiser were not available in Singapore, we sent supplies to help keep bartenders safe.

Alongside donating drinks, we've also tried to help in other ways, including sending Personal Protective Equipment (PPE) to medical staff in France, supporting the University of Hertfordshire's production of hand sanitiser, and providing warehouses in Norwich for the storage and distribution of PPE and to put together care packages.

Maintaining our financial strength

Early in the pandemic, we believed it was important to communicate with investors and be transparent in our estimation of the impact of the pandemic on our business. On 23 March 2020 we updated the markets. We noted that the closure of on-trade outlets and restrictions in people movement in each of our markets would significantly affect consumption in bars, restaurants and on-the-go – and that we anticipated a material impact to the company's revenue and earnings in 2020.

We outlined a number of actions we took to mitigate the profit impact through cost control and reduced discretionary spend – and that we were taking further action to ensure the security of our cash flow, while also seeking to give appropriate support to our customers and suppliers.

Looking ahead, we are well placed to manage through the continuing COVID-19 pandemic and subsequent recovery for the following reasons:

- Britvic is a multi-market, multi-channel business, operating in a highly resilient category.
- We have an exceptional portfolio of well-known brands, most of which are number one or number two brands in their categories and are trusted, family favourites.
- Our business is well invested, with a multi-site, flexible supply chain.
- We have an amazing team of talented and committed people, who have built a track record of successfully dealing with change and volatility.
- We are a liquid and cash generative business (for more information, see p.48).



WE ENTERED THE COVID-19 CRISIS IN MARCH WITH STRONG MOMENTUM, HAVING DELIVERED A ROBUST FIRST HALF PERFORMANCE, AND WE HAVE CONTINUED TO PERFORM WELL IN THE CHANNELS WHICH REMAINED OPEN TO US. AS A BUSINESS AND AS A TEAM, WE HAVE REPEATEDLY DEMONSTRATED OUR AGILITY AS WELL AS OUR ABILITY TO SUCCESSFULLY NAVIGATE TOUGH HEADWINDS. WHILE THESE TIMES ARE CLEARLY UNPARALLELED, SOFT DRINKS HAS PROVEN ITSELF TO BE A RESILIENT CATEGORY TIME AND TIME AGAIN. CONSUMERS HAVE INCREASINGLY TURNED TO TRUSTED BRANDS DURING THE PANDEMIC, GIVING US CONFIDENCE THAT OUR LONG-TERM STRATEGY WILL CONTINUE TO CREATE VALUE FOR ALL OUR STAKEHOLDERS.



SIMON LITHERLAND
CEO BRITVIC

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 leading the way to meet consumer demands.

RESPONSIBLE BRANDS

Protecting the environment is a priority for consumers, customers, investors, employees, and suppliers



What's happening?

- As awareness and urgency around the climate challenge grows, and the impact of pollution, waste and resource overuse is seen around the world, people are increasingly interested in how companies behave, what sustainable choices they offer, and what they are doing more broadly to tackle the big issues.
- Organised climate protests around the world have drawn attention to the need for urgent action from nation states, the private sector and civil society to reach net zero emissions by 2050 in order to prevent a global temperature rise of more than 1.5°C.
- Meanwhile the global plastics pollution challenge continues amid fears the response to this may be delayed by the onset of COVID-19. While plastic packaging is an integral part of the global economy, and it provides many benefits, the traditionally linear value chains currently represent environmental challenges. By 2050, projected growth in plastics production could lead, in a business-as-usual scenario, to the entire plastics industry consuming 20% of total oil production and accounting for 15% of the annual carbon budget.¹

The impact

- Fast Moving Consumer Goods (FMCG) businesses are increasingly focused on creating a more circular economy for resources, in the face of this mounting pressure from consumers and increased regulatory action, particularly in European markets.
- While shoppers still value convenience and price, 55% of consumers globally say they will pay more for products that are better for the environment.²
- The EU Single Use Plastics directive has enacted bans on certain plastic products and minimum levels of recycled content in others, and set tough targets for plastic bottle collection – encouraging countries without deposit return schemes to consider implementing them. The UK has committed to introducing a plastic packaging tax on material that does not contain 30% recycled content.
- In response, the food and drink industry is taking action – reducing the amount of plastic packaging in its products, and introducing pledges to make packaging reuseable, recyclable or compostable.

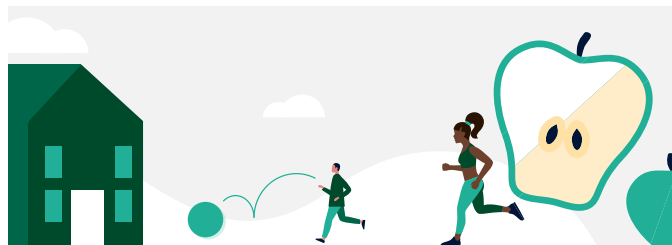
What we are doing

- Like our stakeholders, we are committed to protecting the environment. Our Healthier Planet ethos, which is a key tenet of our business strategy, is focused on protecting our planet through the thoughtful use of resources, for us and future generations.
- In February 2020, Britvic secured its first sustainability linked credit facility, which links Britvic's progress towards sustainability targets to the cost of the facility, with any consequent changes to the margin being donated to charities.
- Our carbon reduction targets have been independently verified by the Science Based Target initiative (SBTi) – Britvic is the first UK soft drinks company to have an approved 1.5 °C target.
- We entered into a long-term agreement with Esterform Packaging Limited for the supply of recycled polyethylene terephthalate (rPET). Britvic has provided a £5m investment support package for the construction of new rPET manufacturing facilities at Esterform's site in North Yorkshire, UK.
- In October 2020, Britvic announced its intent to make all plastic bottles in GB from 100% rPET by the end of 2022.

¹ World Economic Forum: The New Plastics Economy
² Kantar Global Monitor 2019

HEALTH AND WELLBEING

Sugar reduction and demand for more natural products are key drivers influencing soft drinks purchasing decisions



What's happening?

- The most significant and persistent global megatrends affecting beverages continue to be the desire to live a healthier lifestyle and the shift towards natural ingredients, with sales of organic food and drinks in growth for eight consecutive years.³
- Removing perceived unhealthy ingredients, especially sugar, is increasingly important for consumers. According to Euromonitor's international survey, sugar reduction is near or at the top of consumer concerns about food and beverage intake in every global region.⁴
- Further, the importance of prevention, rather than treatment, of obesity is being reflected in government policy.
- COVID-19 has encouraged a more holistic view of health, with emotional and mental wellbeing, especially in the workplace, gaining parity alongside physical health.

The impact

- Public health is increasingly seen as a societal challenge, with obesity and associated non-communicable diseases putting pressure on health services. Consequently, accountability for dealing with it is shifting from individuals to society with government-led interventions, whether through direct measures such as taxes like the Soft Drinks Industry Levy (SDIL) and Sugar Sweetened Drinks Tax (SSDT), or by imposing restrictions and obligations on businesses.
- In the EU, the Farm to Fork Strategy has prioritised the use of nutrient profiles to restrict the promotion of High in Fat, Salt and/or Sugar (HFSS) food and drink, and a harmonised approach to mandatory front-of-pack nutrition labelling.
- The UK Government has recommitted to measures that restrict HFSS promotions in store and reduce the amount of advertising for these products that children see.

What we are doing

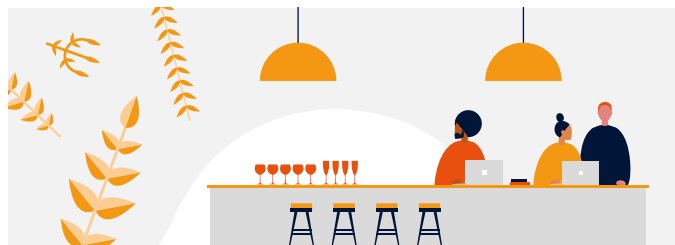
- Our Healthier People ethos, which is embedded in our business strategy, is focused on our employees and our consumers.
- Across Britvic, we are dedicated to establishing an inclusive and diverse working environment where wellbeing is prioritised, and our people feel empowered to be themselves so they can thrive and grow in our highly dynamic workplace.
- For our consumers, we want to ensure that our products help all people enjoy life's everyday moments, as part of a healthy, balanced lifestyle. Leading the industry in low and no calorie drinks, we offer consumers real choice through a portfolio led by great tasting drinks that are better for them.
- As an industry leader on health, 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.
- In 2020, 75% of all volume sold globally (as consumed) were no/low calorie drinks, and in GB and Ireland, 97% of innovation activity in 2020 was in no/low calorie drinks.

³ Soil Association, Organic Market Report 2020

⁴ Euromonitor – Soft Drinks Global Industry Overview slide 26

ELEVATED EXPERIENCES

A drive towards premium options and tailored experiences



What's happening?

- Shoppers are looking for higher-quality, better ingredients with authentic provenance, which is driving increasing demand for premium products. Indulgent snacks and drinks were among the fastest growing grocery products in 2019.⁵
- 60% of people are looking for new experiences or sensations to liven up their everyday lives⁶, while COVID-19 has seen people increasingly looking for ways to create elevated experiences at home, at times when it is more difficult to socialise out of the home.
- The trend is being fuelled by an ageing population combined with rising global wealth and disposable income, prompting consumer demand for sophisticated propositions and new, tailored experiences. The economic impacts of COVID-19 will not halt this demand, as experience shows that in recessions consumers still want 'treats' so long as they provide value for money.⁷

The impact

- Adult soft drinks are a growing opportunity for manufacturers, representing a premium, attractive alternative for everyday consumption and on special occasions.
- Craft and artisanal soft drinks products continue to gain momentum.
- Plant-based formulations (e.g. coconut and other plant waters) with a premium, single-serve positioning are gaining popularity.
- There is an increased availability of lower alcohol, alcohol free, and premium soft drinks which address the social, political and economic concerns associated with alcohol consumption and drive demand for no/low alcohol alternatives.

What we are doing

- Britvic is well placed to capitalise on the premiumisation trend, having invested significantly in premium innovations and brand extensions such as: Robinsons Cordials, Purdey's natural energy multi-vitamin drink and our Mathieu Teisseire bartender range.
- Britvic's incubator company, WiseHead Productions, super-premium and naturally light London Essence Company tonics and sodas are now listed in 34 markets and in more than 8,600 outlets globally.

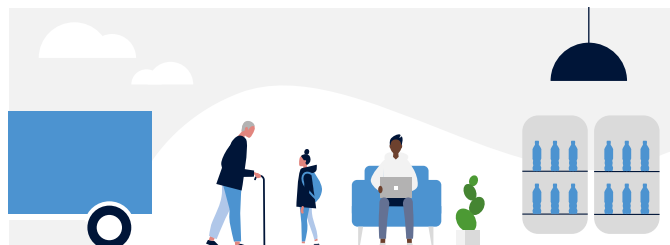
5 Nielsen

6 Kantar Global Monitor 2019

7 Mintel – Food and drink brands can learn from the 2008-09 recession

ON-DEMAND LIVING

The retail landscape is adapting to consumer demand for convenience



What's happening?

- The traditional retail landscape continues to change. Consumers live busier lives and once-rigid routines are becoming more flexible. At the same time, choices available to people continue to multiply. They expect to find the right product, in the right place, at the right time. To capitalise on this expectation, retailers are seeking to capture as many shopper occasions as possible through consolidation and diversification (e.g. mini supermarkets in petrol stations and university campuses, coffee shops in clothes stores, convenience stores in hospitals).
- More consumers are shopping online. In 2019 online sales of ambient groceries in the UK rose to 7.9% of value⁸. This is particularly relevant for younger consumers (aged 25 – 34) who are enthusiastic about the convenience of having groceries delivered, with 61% of this group doing some online grocery shopping.⁹
- The biggest growth channel continues to be discounters, which are seen to be offering high-quality products at competitive prices – and will be increasingly important during the forthcoming economic turbulence brought on by COVID-19.

The impact

- Online retailers, convenience stores and discounters are increasingly gaining relevance due to the convenience of shopping they provide paired with extensive choices and easy product-price comparison. In the UK in 2019, online purchases delivered 9.6% of take home soft drinks value.¹⁰
- In the UK, discounters are projected to grow from their current 12% value share to above 20% by 2025 – some of this growth propelled by store openings.¹¹

What we are doing

- Britvic's diverse portfolio and flexible supply chain capability, combined with our strong customer relationships, mean that we are well positioned to make the most of the evolving retailer landscape.
- Our portfolio of brands means that we can deliver the range of products to meet retailer needs and satisfy the full range of consumer occasions.
- The pandemic has triggered a step change in e-commerce growth. This was already an area of major focus for Britvic, and we have now reallocated even greater resources across our business units to further accelerate our progress. We have continued to build our presence online, both through the established home delivery routes of the major grocers, pureplay operators and through wholesaler platforms. We have outperformed online with retail value growth of 56% compared to category value growth of 48%, increasing our share to over 22% of online grocery sales¹².

8 Kantar, 2019

9 Mintel research, 30 April 2020

10 Kantar, 2019

11 Kantar Omnichannel report 2020

12 Kantar Panel : Data wc 30/9/19 to 21/9/20

Our value creation framework: Business model

BRITVIC IS A LEADING SUPPLIER OF SOFT DRINKS WITH A BROAD PORTFOLIO OF MARKET LEADING BRANDS.

We make, market and sell our products in Great Britain, Brazil, France and Ireland. Elsewhere we have a commercial presence in markets such as the Netherlands, Belgium and the United States. In Great Britain and Ireland, we are a proud partner of PepsiCo, bottling, marketing and selling its range of brands alongside our owned brand portfolio.

Our 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 (SDGs)

→ SEE PAGE 33 FOR MORE INFORMATION ABOUT OUR ALIGNMENT TO OUR SDG GOALS

OVERVIEW

1

CONSUMER INSIGHT

The starting point of our business is a detailed understanding of how we can best meet the diverse requirements of our consumers and customers. We take a category approach to insight 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.



2

SOURCING

Britvic is committed to producing high-quality soft drinks that are sourced and manufactured in a fair, ethical and environmentally responsible way. Our team takes a global approach to sourcing the raw materials we need, and we spend hundreds of millions of pounds each year on ingredients and packaging in the manufacturing of our brands. Our main ingredients are fruit juice, flavour concentrates, water, sugar and low-calorie sweeteners. We offer a range of pack formats including rPET, PET, glass and aluminium.



OUR SUSTAINABLE APPROACH

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

→ SEE PAGES 32 – 47 FOR MORE INFORMATION ABOUT OUR HEALTHIER PEOPLE, HEALTHIER PLANET ETHOS

We work closely and 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.

→ SEE PAGES 32 – 47 FOR MORE INFORMATION ABOUT OUR HEALTHIER PEOPLE, HEALTHIER PLANET ETHOS

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

THE VALUE WE CREATE FOR OUR STAKEHOLDERS

Shareholders

Delivering Total Shareholder Returns (TSR) through dividends and share price movement. In 2020 our TSR was 14.6%.

Employees

We provide jobs in a diverse and inclusive environment, creating local purchasing power. In 2020, £165.6m was paid in salaries and wages.

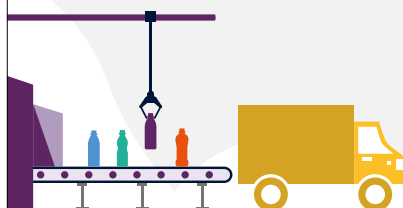
Customers

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

3

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 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.



4

CUSTOMERS

Our customers – retailers, wholesalers and licensed and leisure outlets – are all 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. As befits these close partnerships, 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 beyond what is necessary to reach our shared goals.



5

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 brands and the brands we bottle and market as part of our agreement with PepsiCo. 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.



We operate our factories 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.

→ SEE PAGES 32 – 47 FOR MORE INFORMATION ABOUT OUR HEALTHIER PEOPLE, HEALTHIER PLANET ETHOS

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.

→ SEE PAGES 32 – 47 FOR MORE INFORMATION ABOUT OUR HEALTHIER PEOPLE, HEALTHIER PLANET ETHOS

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.

→ SEE PAGES 32 – 47 FOR MORE INFORMATION ABOUT OUR HEALTHIER PEOPLE, HEALTHIER PLANET ETHOS

Consumers

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

Suppliers

We engage with our local and national 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.

Trade associations

Britvic plays an active role in promoting the growth, development and understanding of our business and the wider industry, and we are proud to work alongside and support a wide variety of 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. We seek to contribute proactively to relevant policy consultations and are committed to promoting health, wellness and wellbeing.

WE WILL DELIVER ON OUR VISION THROUGH A CLEAR PURPOSE AND STRATEGY

LAST YEAR WE TOOK THE OPPORTUNITY TO EVOLVE OUR BUSINESS STRATEGY TO ENSURE IT CONTINUED TO ALIGN WITH THE CHANGING CONSUMER AND RETAIL LANDSCAPE. WE ARE CONFIDENT IN THIS STRATEGY, A GROWTH STRATEGY, THAT WILL STAND THE TEST OF TIME AND DELIVER EXCELLENT RETURNS IN THE FUTURE, AND WE BELIEVE THIS STRATEGY IS EVEN MORE RELEVANT IN LIGHT OF COVID-19.

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 company, driving us forward together to achieve our strategic ambitions and create a better tomorrow.

At Britvic, our purpose is rooted in everyday life. It is our mission to bring joy to all people, everywhere, from all walks of life, through our beverages. 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



The most dynamic soft drinks company, creating a better tomorrow

At Britvic, 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 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.

→ READ MORE ON PAGES 37 – 39

OUR MARKETS

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

- We continue to see **GB** as a growth market and plan to build on our existing momentum to lead market growth.
- 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.
- In **Brazil**, our ambition is to accelerate growth and expand our presence.

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 capabilities we need to become truly future-fit.
- **Mergers and Acquisitions (M&A):** Selective M&A to accelerate progress towards our strategic goals.

OUR STRATEGIC PILLARS



Build local favourites and global premium brands

→ READ MORE ON PAGE 28



Flavour billions of water occasions

→ READ MORE ON PAGE 29



Healthier People, Healthier Planet

→ READ MORE ON PAGE 30



Innovate to access new spaces

→ READ MORE ON PAGE 31

OUR VALUES

We live and breathe our values as part of daily life at Britvic. Together with our purpose and vision, our values are helping us to build a culture where people come first, and we can all thrive. This means creating an environment where every single one of our people feels free to act, inspired to grow, valued for their difference, trusted to deliver, energised and happy.



We care



We're courageous



Own it



Act with pace



Stronger together



EXPLORE HOW
WE ARE DELIVERING
VALUE TO OUR
STAKEHOLDERS
ON PAGES 14 – 19



DELIVERING VALUE TO OUR CONSUMERS

Our business and our brands exist to help consumers enjoy life's everyday moments. We offer our consumers a broad range of great tasting soft drinks. Our wide variety of drinks covers drinking occasions throughout the day and evening, providing unparalleled choice for all our consumers, whether they're at home, on-the-go, enjoying a meal, or heading to the bar.

→ SEE PAGES 4 – 5 FOR OUR BRANDS



We've listened to our consumers and we know they want a choice of healthier options. Health has always been a priority for us too. In our early days as The British Vitamin Company in the 1930s, we offered an affordable source of vitamins to people at a time when diets lacked important nutrients. This heritage is just as important today, which is why 91% of our owned brands in GB are no or low calorie, and 75% of our brands globally are no or low calorie (including PepsiCo brands). Additionally, we have set ourselves a target of averaging no higher than 30 calories per 250ml serve across our total drinks portfolio.

Consumer feedback is a gift, and we engage directly with the people who love our drinks through our Consumer Engagement team. The team cares deeply about supporting anyone who has questions, concerns, suggestions, or ideas for improvements. In 2020, the team engaged with more than 32,000 consumers. The learnings from this engagement were collated, analysed and fed into our brand and R&D teams to make sure the consumer remains at the heart of everything we do.

→ SEE PAGES 35 – 39 FOR MORE INFORMATION ABOUT OUR HEALTHIER PEOPLE STRATEGY



32,716

**CONSUMERS
SPOKEN TO BY
OUR CONSUMER
ENGAGEMENT
TEAM THIS YEAR**



“ WE CAN LEARN SO MUCH FROM LISTENING TO OUR CONSUMERS AND WE'RE CONSTANTLY LOOKING FOR WAYS TO DO MORE. DURING COVID-19, WE DELIVERED A PROJECT TO REVOLUTIONISE OUR ONLINE CONSUMER ENGAGEMENT RESPONSE TECHNOLOGY, MEANING WE CAN ENGAGE MORE AND RESPOND EVEN FASTER TO CONSUMERS IN ALL OUR MARKETS. ”

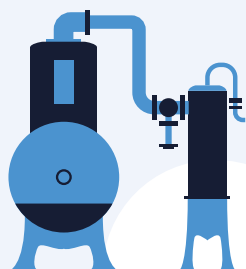
**MARIE-PIERRE BURGESS
HEAD OF CONSUMER ENGAGEMENT**



WE BELIEVE IN ESTABLISHING SUSTAINABLE, FAIR AND COLLABORATIVE RELATIONSHIPS WITH OUR SUPPLIERS TO ENABLE US ALL TO DEVELOP, GROW, AND CREATE A BETTER TOMORROW.



MATT SWINDALL
CHIEF PROCUREMENT OFFICER



DELIVERING VALUE TO OUR SUPPLIERS

Our suppliers range from orange farmers in Spain, to data analysts in London, advertising agencies in Brazil, and can converters and filling line manufacturers around the world. They are diverse in terms of the products and services they offer and by geography, culture, and size. We welcome and celebrate their diversity which helps us be more innovative and enables us to help more consumers enjoy life's everyday moments.

Inclusion is as important as diversity, and we want our suppliers to feel part of the Britvic team, united in a common purpose to help us make, market and distribute quality soft drinks in an ethical and sustainable way. To this end, over 80% of our direct supplier base is registered with Sedex, a supplier data platform which monitors a supplier's approach to environmental risk management. This platform enables us to understand the environmental and social footprint of our collective activities and drive efficient use of natural resources.

We are proud to help our suppliers grow. This year construction commenced on a new rPET manufacturing facility, following our £5m investment support package in Esterform Packaging, a recycling manufacturer based in North Yorkshire, UK. The partnership will provide Britvic with access to UK-sourced rPET and has enabled Esterform to invest in a major capital project that will enhance the UK's efforts to create a circular economy for plastics.

We are always keen to share our expertise with our suppliers so we can all benefit and grow together. This year, our technical teams have invested time sharing product liquid development methods with three strategic flavour suppliers.

Through this close collaboration, our suppliers have improved their capability to offer 'right first time' flavour options, and reduced the need for rework, as part of our value engineering programme.

It has clearly been a challenging time for some of our suppliers during the COVID-19 pandemic, as they struggled to maintain operations while staff isolated at home. We worked together to find solutions. For example, one of our bottle cap suppliers did not have the resources to manufacture the caps and print them. To help, we agreed to run plain caps, it worked well and by late July, we were back to printed caps – the supplier managed to maintain production and we maintained our supply of drinks to customers.



88%

OF BRITVIC'S DIRECT SUPPLIERS ARE REGISTERED ON SEDEX, A DATA PLATFORM WHICH MONITORS ETHICAL AND ENVIRONMENTAL RISK MANAGEMENT

DELIVERING VALUE TO OUR CUSTOMERS

Our extensive portfolio, considerable knowledge of the soft drinks category, and strong customer service levels make us a trusted partner for our customers. We are well known for sharing our expertise with customers and helping them navigate fresh challenges and legislative changes.



In what has been a difficult year for our customers, Britvic has done its bit to provide support. With the opportunity for face-to-face meetings, conferences and events curtailed, in GB we converted our trade facing Sensational Drinks website into a one-stop shop for supporting the licensed and hospitality trade. When pubs, clubs, bars and restaurants closed in March, Britvic was on hand to provide information on how to keep equipment in working order during the shutdown. In July, when these same venues re-opened, we offered instructional videos on restarting dispense equipment, top tips on how to boost sales and advice on the Government's Eat Out to Help Out scheme.

We were also able to offer free training through our partners. This included specific courses in response to COVID-19, including mental health and personal resilience for those in the hospitality industry. Our premium tonic brand, The London Essence Company, partnered with TV bartender, Merlin Griffiths, from First Dates, not only to help consumers re-create cocktails at home but to raise funds for The Drinks Trust Wellbeing Initiative. This initiative supports industry professionals through counselling and therapy, something that can be vital for those working in a community-focused industry during times of uncertainty and social isolation. So far The London Essence Company has pledged £10,000, as well as 10% of every sale from retailer The Whisky Exchange.

//
**THROUGH DRINKS DONATIONS
 AND INITIATIVES LARGE AND
 SMALL, WE HAVE BEEN UNITED
 IN OUR DETERMINATION TO
 HELP THE COMMUNITIES
 WE SERVE ACROSS ALL
 OUR MARKETS.**

//
**SARAH WEBSTER
 SUSTAINABLE BUSINESS DIRECTOR**



DELIVERING VALUE TO OUR COMMUNITIES

Britvic's belief that we are stronger together has never been more clearly demonstrated than during COVID-19. Thanks to the heroes in our supply chain we have been able to support the communities we serve and, together with PepsiCo, donate more than one million drinks to NHS hospitals, hospices, food banks and charities in the UK.



In the UK, Britvic donated more than a million drinks to hospitals, hospices, charities and emergency services up and down the country, with NHS Nightingale London, less than two miles from our Becton factory, receiving delivery of 20 chillers and more than 106,000 drinks for healthcare workers. Our drinks were included in local food parcels, and, nationally, we committed to providing products to Age UK for the elderly and vulnerable. Britvic provided the University of Hertfordshire's production of hand sanitiser by donating packaging.

These efforts have been echoed around the world and across all our markets. From sending PPE to medical staff in France to donating products to communities and hospitals in Brazil, we have been united in our determination to be a force for good.

Online, we created Craft O'Clock: a series of weekday videos providing inspiration for arts and crafts activities at home using materials families often have around the house. And by sharing them on our Robinsons, MiWadi and Fruit Shoot Facebook pages, we were able to inspire creativity in families all around the world.



DELIVERING VALUE TO OUR EMPLOYEES

Whether they are based in São Paulo or Solihull, Cork or Crolles, Britvic people are the heart of the company. Ask anyone who works here, and they will tell you that at the heart of our culture sits something very special.

At Britvic, we care. Of course, we care about our work, our consumers, our customers and our brands. We care about our relationships with our stakeholders, our standing in society and the market. Above all, we care for each other and our holistic wellbeing. This has never been more true than through our response to the COVID-19 crisis, which has tested us, and so many others, like never before. Our propensity to care, amplified by our pace, energy and resilience, combine to make Britvic a truly special place to be.

None of this happens by accident. To enable our unique spirit to flourish, we work hard to create the conditions where everyone can be their true self at work. We are restless in our desire to create the conditions where every Britvic person truly feels they are free to act, inspired to grow, valued for their difference, trusted to deliver, energised and happy. Everything we do to engage and inspire our people is born out of the strong intent for all our people to thrive in a dynamic, highly inclusive workplace that truly values each individual, while celebrating our unique Britvic spirit.

By doing all this, we attract and retain the very best talent, and the very best people. Britvic people are people who value integrity, respect and belonging. We work hard individually, but we always know we are stronger together.

➔ TO FIND OUT MORE ABOUT OUR HEALTHIER PEOPLE ETHOS, PLEASE SEE **PAGES 35 – 39**



78%

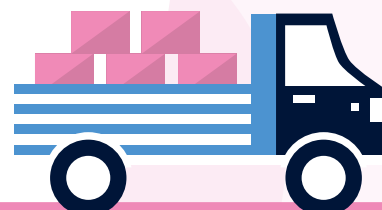
OF EMPLOYEES
AGREE THAT
BRITVIC CARES
ABOUT MY
WELLBEING
DURING
THIS TIME



**BRITVIC IS A COMPANY WITH
A UNIQUE SPIRIT, BORN OUT
OF OUR PURPOSE AND VALUES.
TOGETHER WE WANT TO
NURTURE HAPPY, HEALTHY
PEOPLE, THRIVING IN A
DYNAMIC WORKPLACE, AND SO
MAKE OUR 'NEW NORMAL' THE
BEST POSSIBLE PLACE TO BE.**



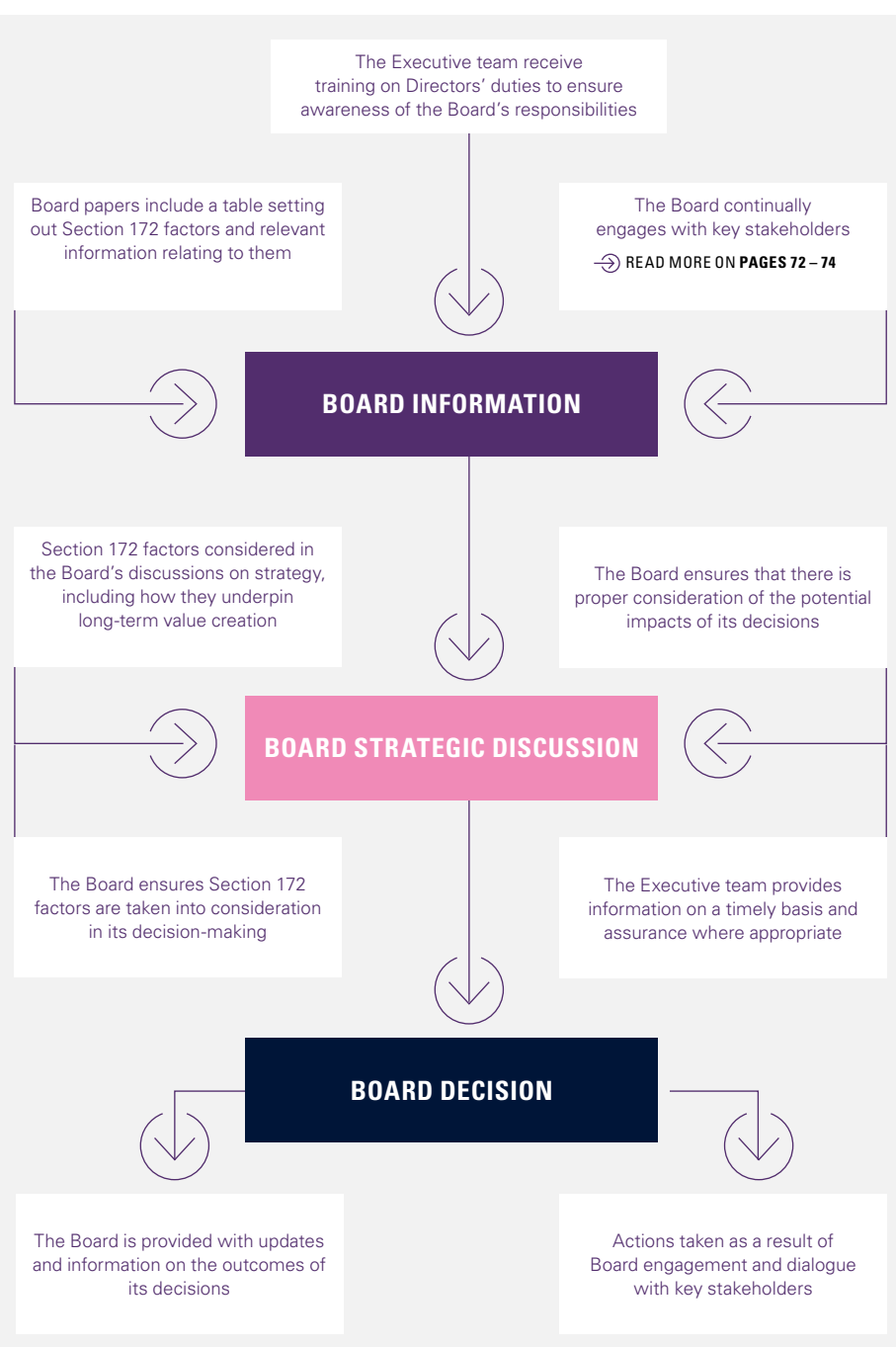
**ZAREENA BROWN
CHIEF PEOPLE OFFICER**



SETTING THE RIGHT TONE FROM THE TOP

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

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



SECTION 172 IN ACTION

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

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

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

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

SECTION 172 MATTER	BOARD CONSIDERATIONS
Long-term consequences of the decision	Proceeding with the refinancing of the Group's £400m bank facility ahead of the scheduled maturity date removed the risk of a deterioration in market conditions and secured long term financing at attractive rates to ensure the Group has sufficient liquidity. Securing this facility is also important to enable the continued investment in the business to support the delivery of the strategic goals set out in the company's long-term business strategy.
Interests of the company's employees	This decision had no direct impact on the Group's employees, and the management of this facility continues to be in line with the management of previous facilities. However, the improved financial position for the business is within the interests of all employees along with the company's shareholders.
Fostering relationships with suppliers, customers and others	This project introduced two new lending banks to the business, developed our banking relationships in both existing and potential new territories and also increased our access to expertise.
Impact on the community and environment	The new facility has sustainability linked targets whereby if Britvic meets certain defined sustainability targets the cost of the borrowing will reduce, and if the targets are not met the cost of borrowing will increase. Those targets include: • 50% of all plastic bottles in Great Britain and Ireland to be made of rPET • 50% reduction in carbon emissions (compared with 2017) • 75% of the drinks portfolio globally to be either low or no calorie If performance against these targets leads to a reduction in the cost of borrowing the difference will be donated to a charity selected by Britvic, and if failure to meet the targets results in an increased cost of borrowing the difference will be donated to a charity selected by the lenders.
Maintaining a reputation for high standards of business conduct	A thorough process was carried out to identify and analyse banks that were able to lend to Britvic, their pricing expectations and the key terms under which they would lend. An active dialogue was maintained with all existing and potential new banks during this process, sharing relevant information and understanding each other's ways of working.
Acting fairly between members	This financing improves Britvic's liquidity position and will result in a small reduction in finance costs going forward. This reduces the risk of Britvic having to raise additional funding under stressed market conditions and helps support the growth of the business. It is therefore fully aligned with the interests of our shareholders.



REVIEW OF THE YEAR

John Daly
Chairman

BRITVIC HAS A FANTASTIC PORTFOLIO OF BRANDS AND A DEDICATED AND PASSIONATE TEAM WORKING HARD TO DELIVER EXCELLENT OUTCOMES. THE BOARD IS CONFIDENT THAT WHILE THE PANDEMIC HAS CREATED NEAR-TERM CHALLENGES, THE BUSINESS IS WELL-PLACED TO RECOVER AND DELIVER VALUE TO SHAREHOLDERS IN THE YEARS AHEAD.

When I wrote to you last year, the COVID-19 pandemic was unknown. Since then, 2020 has turned out to be an extremely challenging year for us all. Most of us have been impacted by it in some way, either personally or professionally. Throughout, the loss of life has been tragic, and the commitment of key workers has been humbling. On behalf of the Britvic Board we offer our deepest condolences to those who have lost loved ones and our gratitude to those who have worked tirelessly to keep us safe.

Throughout this period, the Board has worked closely with the Britvic team to help the company establish its strategic ambitions for the years ahead, while also navigating through the pandemic. I am grateful to Simon and his team for the strong leadership in responding to this crisis, while also positioning the company for current and future success. Simon will share more detail in his Chief Executive Officer's statement, but the highlights I would call out include:

- How the business has continued to trade throughout the pandemic with no major disruption to customers or consumers.
- The commitment of the supply chain team across all the markets, who kept the lines running and brands available to consumers.

- The ongoing employee, customer and community support offered by the company in response to the pandemic.
- The sale of the juice production facilities and associated private label business in France.
- Extending the relationship with PepsiCo in GB for another 20 years.
- Continuing to build and nurture a portfolio of fantastic family favourite brands.

Dividend

In May, at our half year we deferred the decision on the dividend as the business focused on the impact of the pandemic. What was clear early on was the quality of the planning that was undertaken to model the potential impact on both profitability and liquidity. Joanne Wilson, who joined as Chief Financial Officer last September, did a fantastic job working alongside Simon managing the outlook for the business. While the Board was confident in both the robustness and prudence of the approach, we felt it sensible to defer the decision until after the key summer trading period. I am delighted to report that trading has been within our range of expectations and, despite the uncertainty that exists as we begin our new financial year, the Board has proposed a final dividend of 21.6p, maintaining the 50% payout ratio.

Culture

The Board and the Executive team have a vital role to play in shaping and embedding a healthy corporate culture, and this continued to be a focus in 2020. During the year this was evidenced by the launch of a new values framework, as well as B-Seen, our employee network celebrating diverse ability and supporting employees with disabilities, and B-Diverse, our Black, Asian and Minority Ethnic (BAME) employee network.

Directors

The composition of the Board brings a range of views and experience to Britvic and both supports and challenges the Executive team in the execution of the strategy. The Board and the Executive team have spent time together this year shaping the strategic focus for the years ahead. As well as regular Board meetings, the Non-Executives are on hand to support Simon and his team throughout the year and we make ourselves available to answer shareholder questions both at the Annual General Meeting (AGM) and during the year. The Board also shared with the Executive team its learnings from other organisations, especially in relation to dealing with COVID-19.

Remuneration

Our approach to reward aims to link remuneration with the delivery of the Group's key strategic objectives while delivering long-term, superior and sustainable returns to shareholders. We believe in offering fair remuneration, where colleagues are rewarded for performance aligned to 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 87 – 106.

Looking ahead

Britvic has a fantastic portfolio of brands and a dedicated and passionate team working hard to deliver excellent outcomes. The Board is confident that while the pandemic has created near-term challenges, the business is well placed to recover and deliver value to shareholders in the years ahead. The AGM will be held on 28 January 2021. Further information is available in the Notice of Meeting, which is available on the Britvic website at www.britvic.com/agm.

JOHN DALY
CHAIRMAN

25 November 2020

REASONS TO INVEST IN BRITVIC PLC

1

A portfolio of market leading brands. In GB and Ireland, Britvic has a full portfolio of market leading 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, including Robinsons, Teisseire, MiWadi and Maguary.

2

A well-invested infrastructure. In GB, following the completion of the business capability supply chain programme we have invested in new production lines, warehousing and the consolidation of production across three sites.

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 GB, which provides access to a portfolio of global brands, including Pepsi MAX, 7UP and now Rockstar. The GB agreement runs to December 2040.

4

A sustainable business. Britvic's Healthier People, Healthier Planet sustainability ethos underpins every element of our business strategy to ensure we deliver sustainable value for all our stakeholders, and we create a better tomorrow.

5

A cash generative business. Britvic has a strong financing platform. Britvic has both long-term United States private placement debt and a £400m sustainability-linked multi-bank revolving credit facility at its disposal.

6

A track record of growth. Prior to the COVID-19 pandemic Britvic delivered excellent returns for shareholders since the appointment of Simon Litherland as Chief Executive Officer in 2013. Through a progressive dividend policy that delivered a Compound Annual Growth Rate (CAGR) of 8.5% between 2013 and 2019 and share price growth, Britvic's total shareholder return outperformed both the FTSE 100 and FTSE 250 over the six year timeframe.

7

A resilient and growing category. As a consumer staple the soft drinks category performance is consistent and relatively stable. Growth is achievable, both through increasing consumption by innovating to meet emerging consumer needs and through premiumisation, which consumers are prepared to pay more for.



Simon Litherland
Chief Executive Officer

“
WHILE NONE OF US WOULD HAVE WISHED FOR THE CHALLENGING CIRCUMSTANCES 2020 HAS BROUGHT, I AM VERY PROUD OF HOW WE HAVE RESPONDED AS A BUSINESS AND DELIVERED ON THE PRIORITIES WE SET OURSELVES AT THE START OF THE PANDEMIC. OUR PORTFOLIO OF TRUSTED BRANDS, DEDICATED PEOPLE, STRONG RELATIONSHIPS AND OPERATIONAL AGILITY MEAN WE HAVE PERFORMED STRONGLY WHERE WE HAVE BEEN ABLE TO COMPETE, AND WE CONTINUE TO SUCCESSFULLY NAVIGATE THE CHANGING LANDSCAPE.

”

Response to COVID-19

Today we report our financial results for the full year, however, before turning to these results, I would like to share my reflections on how we have responded to the COVID-19 pandemic. The last eight months have been unparalleled in terms of challenge and change for us as individuals and for our families and friends, just as it has been for businesses and governments around the world. This period has without doubt been the most difficult I have experienced in my working life. As the pandemic unfolded, we moved quickly to establish our key priorities – safeguarding our people, maintaining operational agility, supporting our communities and retaining our financial strength. It has been our focus on these priorities that has enabled Britvic not just to deliver a solid performance against an exceptionally challenging backdrop, but more importantly to continue to make progress against our longer-term strategy, which is focused on creating value for all our stakeholders.

We have come together across Britvic as a team and successfully managed through this period. The courage, resilience, care and commitment demonstrated has been incredible, and the collective impact of us working together as a team has been both inspiring to see and humbling to be part of. This is a very special company, and I have no doubt that we will emerge from this crisis stronger than before.

Safeguarding our people

Where possible, all our employees are working from home, using enabling technology solutions and working flexibly around their domestic circumstances. For those employees who wish to be in the office and for our factory-based teams, we have implemented both social distancing and elevated health measures, including temperature checking and cleaning regimes, to ensure the safety of our people. All employees classified as vulnerable, or with a vulnerable family member, were identified early on and special measures put in place to support and safeguard them. As you would expect, we have adopted all government and public health authority guidelines in each of our markets. We have also put additional measures in place to support the health and wellbeing of all our employees in these uncertain times.

Maintaining operational agility

Changing buying behaviours, restrictions placed on the hospitality sector and reduced movement of people have impacted each of our business units. Our supply chain teams have responded with pace, optimising production schedules and operations to mitigate some of the adverse impacts on our business. All factories have remained operational across our markets, except for the water factory in Ireland closing for a short period as demand dropped early in the spring lockdown. The investment we made in the Business Capability Programme has allowed us to operate with increased flexibility and we

PepsiCo 2040

**EXTENDED CARBONATES
RELATIONSHIP WITH PEPSICO
IN GB TO 2040**

100% rPET

**ANNOUNCED INTENT TO USE 100%
RECYCLED PET (rPET) ACROSS THE
GB BRAND PORTFOLIO BY END
OF 2022**

£45.8m

**DISCIPLINED CASH MANAGEMENT
ENABLING A £45.8M REDUCTION IN
ADJUSTED NET DEBT**



have successfully collaborated with suppliers and customers to prioritise key SKUs and ensure continuity of supply and on-shelf availability, particularly during the height of the pandemic. We also reviewed and reduced discretionary spend across the entire business, including A&P and overheads, to mitigate some of the profit and cash impacts from COVID-19.

Supporting our customers, suppliers and communities

We were an early signatory to the C-19 business pledge, founded by former UK cabinet minister Justine Greening and UK entrepreneur David Harrison. It aims to harness the power of business as a force for good in tackling the COVID-19 pandemic, through a focus on employees, customers and the community.

We have been working highly collaboratively with both suppliers and customers across our markets to ensure the continuity of supply of raw materials, maintain high service levels, support simplification to maximise availability, and to offer financial support where needed. Across each of the markets in which we operate, we have supported our local communities, including supplying product to hospitals, food banks, schools and hospices. In France, we have supplied PPE to local hospitals and in the UK, chillers and product to the NHS Nightingale Hospitals, as well as providing warehousing facilities in Norwich for the storage of PPE and care packages.

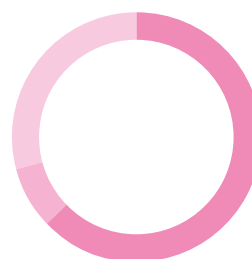
Retaining our financial strength

We entered the pandemic in a robust position, with strong trading momentum and a solid Balance Sheet, benefitting from the refinancing earlier in the year of our Revolving Credit Facility (RCF) and approximately £150m of private placement notes. We took decisive action early in the pandemic to protect our cash position. Capital spend was scaled back as we focused on business-critical projects, marketing spend was reduced by £20m and we cancelled non-essential discretionary spend. As a result of this disciplined cash management, we have been able to reduce debt by £46m. We did not seek to access furlough support or the COVID-19 Corporate Financing Facility (CCFF) offered by the UK government.

Performance impact summary

We started the year with strong momentum, reporting Q1 revenue 2.6% ahead of last year. During the second quarter, the COVID-19 pandemic began to have an impact across our business units, most significantly in the GB and Ireland markets, where we have a strong presence in the Out-of-Home sector. Consequently, at the half-year, the increase in revenue was 1.4%, while in Q3, which bore the full impact of lockdown restrictions, revenue declined 16.3%. As restrictions were lifted in the summer, we saw an improvement in trading, with revenue in Q4 11.3% down on last year on a constant currency basis. The performance in the At-Home channels has been robust, with increased demand for

REVENUE



● GB	63%
● Brazil	8%
● Rest of World	29%

our trusted portfolio of brands in larger pack formats, and we have taken market share. The Out-of-Home channels continue to be impacted by trading restrictions and social distancing measures reducing capacity, and people continuing to work from home for the foreseeable future. We will continue to support affected customers through the current challenges, to ensure both we and they are well-placed for the recovery as it unfolds.

Progress towards our strategic priorities

Last year we took the opportunity to evolve our strategy, ensuring we are best positioned to access growth opportunities in the changing consumer and retail landscape across our markets. With a portfolio of market-leading brands, 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. In the future, we will focus on four key strategic priorities:

- Build local favourites and global premium brands
- Flavour billions of water occasions
- Healthier People, Healthier Planet
- Innovate to access new spaces

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

- GB – to lead market growth
- Rest of World – to globalise premium brands & improve profitability in Western Europe
- Brazil – to accelerate growth and expand our presence

Underpinning this strategy are three critical enablers:

- Generate fuel for growth through efficiency
- Transform organisational capability & culture
- Selective M&A to accelerate growth

We are confident that our strategy will stand the test of time and deliver excellent returns to shareholders and our other stakeholders. Despite the pandemic, we have made significant strategic progress this year, using our agility to adapt to ever evolving market circumstances.

Build local favourites and global premium brands

We have a broad portfolio across our markets of trusted, leading brands, which are predominantly low or no sugar. We are focused on stretching and growing our core brands to capture future growth opportunities. In October, we announced we had signed a new agreement in Great

Britain 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, including Pepsi, 7UP and Mountain Dew. The new agreement extends the relationship, which commenced in 1987, to 2040. Importantly it also allows Britvic to broaden our portfolio further by taking on the Rockstar energy brand, increasing our participation in the large and growing energy category, from natural energy with Purdey's to the mainstream energy segment – leaving us even better positioned to achieve our aim of leading market growth.

Performance this year on our core brands was strong in the At-Home channel, where our already powerful plans benefited further from people spending more time at and near home and turning to known and trusted brands. In the GB At-Home channel, we gained market share, with value growth of 11.3% compared to market growth of 1.5%, led by our core brands of Pepsi, Robinsons, 7UP and Tango. In Ireland, a weaker water category performance impacted Ballygowan, whereas we delivered a strong performance in MiWadi and Pepsi. In GB and Ireland this At Home outperformance was however, more than offset by the impact COVID-19 had on the Out-of-Home channel and on-the-go consumption. In Brazil, we achieved a record performance across both concentrates and ready-to-drink juice, becoming the number one supplier in this category. Pleasingly, following a couple of years of performance pressure, France returned to growth in Q4, led by Teisseire. This year we launched new pack formats and variants into the market to optimise on-shelf pricing and broaden appeal to more consumers. As with our other markets, France also benefited from an increase in demand for flavour concentrates as consumers spent more time at home.

The pandemic inevitably restricted our ability to drive the levels of growth we were seeking in our predominately out-of-home oriented global premium portfolio, though we successfully responded by pivoting our portfolio more towards socialising At-Home, for example, by increasing distribution of London Essence Company in the grocery channel.

Flavour billions of water occasions

In response to consumers' desire for a healthier lifestyle and greater protection for the planet, we know that tap water consumption is in significant growth. As the world leader in liquid concentrates, we are leaning into our unrivalled ability to provide flavour for consumers wherever they may be, which we can offer at great value and a very low average calories per serve, without compromising on taste. Building on our investment and prioritisation of this part of

our strategy, and with people spending more time at home, sales of our portfolio of flavour concentrate brands, including Robinsons, MiWadi, Teisseire and Maguary, accelerated in the second half of the year to +7.4%.

In GB, Robinsons continued to perform well, with Robinsons retail market value, as measured by Nielsen, increasing 9.4% to £204m. Robinsons achieved this growth despite the cancellation of the Wimbledon tennis championships, which has traditionally been an important marketing activation programme. During the peak of the pandemic lockdown in the spring an additional 1.3m new shoppers bought the brand. In Ireland, MiWadi built upon a very successful first half, growing revenue and gaining market share. Growth was driven by the Zero sugar and Minis ranges that were introduced to broaden appeal and usage occasions and supported by marketing campaigns such as the "Create Your Own" which will see the launch of Fruit Explosion, created by 11-year old Ollie Smith.

In both France and Brazil our flavour concentrate brands also benefited from consumers spending more time at home and seeking healthy hydration. In both markets we continued to rejuvenate our core brands with new liquids and new pack formats to broaden appeal and increase affordability.

Healthier People, Healthier Planet

Healthier People and Healthier Planet sit at the core of our strategy. Consumers' focus on their own health has increased during the pandemic. Britvic continues to lead the soft drinks industry by keeping our average calories per serve low across our entire portfolio, achieving an average of 25.5 calories this year across the world and with 93% of our GB portfolio outside of the sugar levy. As well as our consumers, we also prioritise health, wellbeing and belonging for our employees and local communities. In a challenging year, on top of our significant response to the COVID-19 crisis, we have delivered against our key non-financial Healthier People performance targets, with a further reduction in calories per serve and achieving our target of at least 40% of women in leadership roles.

Under Healthier Planet, we were the first UK soft drinks company to commit to carbon reduction measures based on the very highest global standard of reducing climate change to less than 1.5 degrees. We also advocate for a well-designed, industry-run and not-for-profit deposit and return scheme (DRS), to contribute in a fair and meaningful way to a circular packaging economy. In October 2020, we announced our intent for all GB plastic bottles to be manufactured from 100% rPET by 2022, surpassing our previous target of 50% rPET by 2025. We now send zero product to landfill across the world.

We have made good progress against our carbon intensity ratio, following the conversion to bioenergy in Brazil and fewer line change-overs due to COVID-19 SKU prioritisation, however, absolute emissions increased due to the natural gas fuelled Combined Heat and Power plant in the UK, which we continue to optimise. By contrast, we have made good progress against our water intensity target of 1.98m³/tonne produced for the full year, achieving 1.91. In January, as a sign of our commitment to conducting business in the right way, we refinanced our credit facility with a coupon rate that varies according to the achievement of our Healthier People, Healthier Planet goals.

Innovate to access new spaces

We will continue to innovate from our core brands or with new ones to access new growth spaces, whether they be emerging consumer needs, blurring retail channels or different drinking occasions. Increasingly our focus is not merely on continuing our successful track record in product innovation, but also in equipment and technology.

Across our flavour concentrates portfolio, we have launched innovation to both broaden appeal and affordability. Robinsons extended the Cordials range with the launch of two superfruit variants: Orange and Acerola Cherry, and Raspberry and Goji Berry. In France, following the launch last year of the Teisseire Fraîcheur de Fruits range which contains 85% concentrated fruit juice, we launched new pack sizes to optimise on-shelf pricing and the “Arômes Naturels” range, with no preservatives and new recipes to appeal to consumers seeking healthy, more natural hydration.

In Brazil, our Puro Coco coconut water brand has now exceeded 15% market share and is the third biggest brand in the category. This year we launched Dafruta Tropical, which uses the liquid technology of Robinsons, and Maguary POP pouches – both new variants providing simpler and more affordable liquid concentrate options for consumers. Also, in Brazil, we introduced a new 150ml Fruit Shoot pack format and a plant-based chocolate variant, as well as launching Britvic Mixers and Mathieu Teisseire, as we seek to expand our portfolio further beyond the core flavour concentrates and juices categories.

In GB we brought to market at the start of the year a dispense solution called London Essence Fresh Serve, allowing consumers to choose a premium, freshly infused tonic on draught, using patented micro-dosing technology. While also providing an elevated consumer experience, it has significant sustainability benefits by reducing packaging usage by up to 96% and offering much lower carbon emissions. The rollout was temporarily interrupted by COVID-19, but installations had restarted prior to the recent increase in restrictions in GB.

This year we also accelerated our access to beyond the bottle solutions through the small but strategic acquisition of The Boiling Tap Company, which installs and services proprietary integrated tap solutions for still, sparkling and hot water to a wide range of primarily commercial customers in GB. Like Britvic, this small company has innovation at its heart, offering industry leading technology across a broad range of water solutions, including touchless. It opens up a broader customer base with equipment solutions beyond the bottle and we are excited by its potential alongside our existing dispense solutions and packaged portfolio.

The pandemic has triggered a step change in e-commerce growth. This was already an area of major focus for Britvic, and we have now reallocated even greater resources across our business units to further accelerate our progress. We have continued to build our presence online, both through the established home delivery routes of the major grocers, pureplay operators and through wholesaler platforms. We have outperformed online with retail value growth of 56% compared to category value growth of 48%, increasing our share to over 22% of online grocery sales. In GB we launched the Sensational Drinks portal last year to enable direct engagement with the on-trade. The portal was repurposed to great effect during the early stages of the pandemic to support the trade by pulling together news, advice and training during the lockdown, and over 15,000 new outlets signed up in the year.

Generate fuel for growth through efficiency

It is essential that we continually drive improvement in our operations to release funds for reinvestment behind our growth drivers. While in recent years we have transformed our GB supply chain capacity and flexibility, and we will continue to invest where it makes financial sense to do so, our focus is firmly 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 also pursuing a comprehensive technology roadmap which will further enable our ability to execute all aspects of our strategy as efficiently and effectively as possible.

Transform organisational capability and culture

At the outset of this strategic evolution, we recognised that in order 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. This year we have reallocated resources behind both the strategy and the marketplace which has been reshaped by COVID-19, ensuring the alignment of both people and investment to our growth drivers and releasing some cost to fund them. We have invested in key areas where we are seeking to shift capability, such as by creating a centre of expertise in digital consumer experience.

While we had already invested in remote working technology prior to the pandemic, like many organisations we have adopted home working to a new level over the course of the year. Our future working patterns will be quite different but equally effective, embracing the learnings from this year in more flexible working practices which still facilitate effective and agile collaboration across the business, while increasing employee engagement and effectiveness – a great example of a positive which has emerged from the challenges of the pandemic.

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. This year we acquired The Boiling Tap Company as outlined above, though much of our inorganic activity was focused on executing the disposal in France of the juice production facilities and associated private label business to Refresco, which completed on September 30. In Western Europe we are focused on improving our profitability, and this disposal works towards this objective by simplifying our operations and enabling the local management team to focus on the higher-margin branded portfolio.

Outlook

Looking ahead, 2021 brings both continued uncertainty and an opportunity to capitalise on the trends which have accelerated as a result of COVID-19. We have started the new financial year with some form of restrictions on either trading and/or the movement of people in all our markets, and this will undoubtedly continue to affect performance, especially in the first half of the financial year. We have carefully planned our approach to the year ahead, which gives us confidence that we can continue to respond positively and with agility as events unfold. Soft drinks have repeatedly proven to be a highly resilient category, and Britvic fully intends to be at the forefront of its recovery.

SIMON LITHERLAND CHIEF EXECUTIVE OFFICER

25 November 2020



At the start of the year, recognising the changing consumer trends and retail landscape, we took the opportunity to evolve our overall business strategy, focusing on four key areas.

BUILD LOCAL FAVOURITES AND GLOBAL PREMIUM BRANDS



We are focused on growing our favourite local brands, which are predominantly number one or number two in their categories, low or no calorie, and are well positioned for future growth. We have a proven track record of growing, stretching and revitalising our brands such as Robinsons, Pressade and more recently Tango. And we have consistently done a fantastic job growing PepsiCo brands and gaining market share.

At the same time we know that 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 that will include The London Essence Company and Mathieu Teisseire syrups.

We believe choice is key to growing our local favourites and global premium brands. No market and no consumer is the same, so we need localised solutions, created by a diverse workforce, to give consumers what they want. To continue our growth trajectory, therefore, we are empowering our people – those closest to the consumers in each market – to drive the identification of opportunities, create the solutions that meet consumers' 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.



EXPANDING THE PORTFOLIO IN BRAZIL

In 2015 Britvic acquired the Ebba business in Brazil, including the Maguary and Dafruta brands. At that time, the business was largely focused on the flavour concentrates and ready-to-drink juices categories. In 2017 Britvic acquired Bela Ischia, which improved our presence in locations such as Rio de Janeiro. With these three brands Britvic now had a stronger national presence, but primarily in the same categories. Since then the local management team has expanded the portfolio range with new category launches and improved the offering in the core categories by leveraging the capability and portfolio of the Britvic Group.

The Maguary brand heritage dates back to 1953 and similar to the European flavour concentrates brands, is consumed by families at home. This heritage and family awareness enabled Fruit Shoot to be launched in Brazil as Maguary Fruit Shoot – following the same principle Britvic has followed in Europe, where Robinsons and Teisseire are the halo brands. More recently the local team has expanded the brand's presence further with the launch of a new, more affordable, 150ml pack format as well as launching a plant-based chocolate drink.

New category launches in recent years have included Puro Coco and Natural Tea, both of which are ready-to-drinks formats in the coconut and ice tea categories.

The expansion of the portfolio continued in 2020. Dafruta Tropical was launched in the flavour concentrates category, utilising the technical know-how of the Robinsons formulation. This new range uses real fruit, has a range of flavours and is pre-sweetened, differentiating it from the traditional concentrates in Brazil which require sugar to be added by the consumer. This year has also seen the portfolio expand with the launch of Britvic Mixers and the premium Mathieu Teisseire range of concentrates for cocktails. While the new launches are still a very small part of the business today, they provide exciting growth opportunities for the future.



FLAVOUR BILLIONS OF WATER OCCASIONS



In each market Britvic offers the leading flavour concentrate brands, including Robinsons, MiWadi, Teisseire and Maguary, which continue to go from strength to strength. 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. At the same time, we are making our offer more natural, more premium, more convenient and more sustainable.

The increase in consumption of water and the consumer focus on health and wellbeing offers a large-scale opportunity for Britvic to expand the use of flavour concentrates. These include expanding the consumer base beyond family drinking occasions at home to ranges aimed at adults and offerings to encourage consumption out of the home. In each market new pack formats have been launched to support this. In GB, Robinsons Squash'd, a super concentrate 66ml package that creates the same number of drinks as a one litre bottle was launched. This was followed by similar launches in Ireland and France under the MiWadi and Teisseire brands.

More recently Robinsons expanded its range. Fruit Creations was launched with twice the fruit of the everyday range to appeal to a more grown up audience with a range of juicier, fruitier flavours. Robinsons Fruit Cordials was also launched using a combination of real fruit and botanical flavours. In 2020 the Cordials range was extended further with the launch

of two Superfruit Cordials, Orange & Acerola Cherry, and Raspberry & Goji Berry.

In France, the Teisseire brand has undergone a similar rejuvenation, expanding into new occasions with new flavours in the Classiques range, the launch of Arômes Naturels, a range without preservatives, Zero – which has no sugar or calories, Fraîcheur de Fruits, with 85% fruit juice and Les Bios, offering an organic range of syrups.

In Brazil this year the range has expanded to follow the European brands, offering a pre-sweetened, consistent dilution ratio, called Dafruta Tropical. Meanwhile the Maguary brand launched a 100ml pouch format called POP, that allows consumers to access the brand at a lower price point.

The COVID-19 pandemic has led to an increased focus on health and wellbeing and the Britvic range of flavour concentrates has benefited from increased consumption as people have spent more time at home, wanting an affordable, healthy and great tasting way to hydrate.



ROBINSONS

Before the pandemic, we had prioritised flavouring water within our strategy. With people spending more time at home and an increased awareness of living healthier lifestyles, sales of our portfolio of flavour concentrate brands, including Robinsons, MiWadi, Teisseire and Maguary, accelerated throughout the year. In GB, Robinsons continued to perform well, building on the growth achieved in 2019. Across the range, we generated substantial volume and revenue growth with the Fruit Creations and Cordials range attracting new consumers to buy the brand.



HEALTHIER PEOPLE, HEALTHIER PLANET



A key part of our Britvic vision is to create a better tomorrow for all our stakeholders. We want to be a net positive contributor 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 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 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 that we can all be proud of.

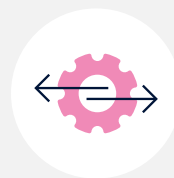
For this reason, when we set our commercial strategies and plans across the business, we are working towards our Healthier People and Healthier Planet goals being given the same priority as financial performance. The specific nature of these goals will vary by market as each business unit has a distinct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

➔ TO READ MORE ABOUT OUR HEALTHIER PEOPLE, HEALTHIER PLANET STRATEGY, INCLUDING OUR GOALS AND PROGRESS TO DATE, PLEASE READ **PAGES 32 – 47**



ALL GB BOTTLES TO BE MADE FROM 100% RPET

In October 2020, Britvic announced its intent for all its plastic bottles in GB to be made from 100% rPET by the end of 2022 – surpassing our previous target of 50% rPET by 2025. This will cover the entire GB portfolio of Britvic-owned and PepsiCo brands, and demonstrates our commitment to sustainability and to a Healthier Planet. This is the latest in a series of sustainable business measures, including Britvic's recent move in Ireland to rPET for Ballygowan 500ml bottles and Fruit Shoot Hydro switching to 100% rPET in September.



INNOVATE TO ACCESS NEW SPACES



We know routes to our consumers are shifting, and equipment technology is advancing significantly. Looking ahead, as well as the traditional bricks and mortar retailers and e-commerce players, we can imagine a world where technology works naturally alongside us, enabling new channels and solutions to seamlessly anticipate consumer needs and automate purchasing habits.

So, we're building our technology strength across all our markets, developing key capabilities and deepening our partner network to develop new brand innovations and create new differentiated propositions that deliver for customers, shoppers and consumers.

As part of this technology drive to access new spaces, we were delighted to acquire The Boiling Tap Company (TBTC) earlier this year. Currently, TBTC supplies state of the art smart touch taps to a wide range of commercial customers all over the country, offering hot, cold, and sparkling water. The taps eliminate the need for bottles, supporting Britvic's sustainable innovation ambition to deliver more beyond the bottle products for our customers.



THE LAUNCH OF LONDON ESSENCE FRESH SERVE

In late 2019 Britvic launched London Essence Fresh Serve in GB, a range of premium tonics served through an eye-catching bar fount. Since then, we have installed more than 200 founts in premium bars across the country.

The fount uses a patented micro-dosing technology that delivers a range of freshly infused distilled botanical tonic flavours on draught. The built-in technology then delivers data straight to us in real time so we can monitor consumption levels and flavour choices, and innovate accordingly.

Research shows that consumers want a great experience and are looking for more interesting, more premium drinks. The range of London Essence Company flavours have been created in collaboration with industry experts, are low in calories, and designed to be paired with a variety of gins to offer the consumer a personalised experience. The fount, which serves only chilled and carbonated drinks, also produces lower carbon dioxide emissions and offers a 96% reduction in packaging compared to current packaged tonics. Britvic is currently the only supplier offering premium tonics on draught, a competitive advantage in the category.

The COVID-19 pandemic resulted in progress stalling for several months as the pub and restaurant trade closed its doors across late March to early July. When the trade re-opened in early summer, Britvic began to install London Essence Fresh Serve into outlets, with discussions ongoing for further expansion in 2021.

SUSTAINABLE BUSINESS



BRITVIC IS DEDICATED TO DOING THE RIGHT THING BY OUR EMPLOYEES, CONSUMERS, CUSTOMERS AND COMMUNITIES – AS WELL AS OUR BUSINESS OVERALL. OUR HEALTHIER PEOPLE, HEALTHIER PLANET STRATEGY SETS OUT HOW WE PLAN TO DO THIS AND REFLECTS OUR COMMITMENT TO CREATING A BETTER TOMORROW FOR EVERYONE.



JOANNE WILSON, CHIEF FINANCIAL OFFICER AND CHAIR OF THE ESG COMMITTEE

We are operating in a global society facing both health and environmental crises. These challenges cannot be solved by governments and Non-Government Organisations (NGOs) alone. We believe that the business community must work collaboratively with governments, industry, regulators, NGOs, and scientists to solve these challenges, particularly in a post COVID-19 world. We have the innovative and entrepreneurial spirit to make a difference, and we take our responsibility seriously.

At Britvic, we are proud to make, market and sell soft drinks that millions of people around the world drink as they enjoy life's everyday moments. With our energy, culture and ambition to win, we are driven by a vision to be the most dynamic soft drinks company, creating a better tomorrow. This speaks to our broader role in society – as a net positive contributor to the people and the world around us.

Healthier People, Healthier Planet is a key tenet of our 2025 business strategy, fundamental to our resilience and future success, as we create a better tomorrow.

During the year we demonstrated our commitment to embedding sustainability into day-to-day business practices by securing our first sustainability linked credit facility of £400m. The deal links our progress towards meeting our carbon, packaging and calorie targets to the cost of the debt facility, with any consequent changes to the margin being donated to charities. This was also the first year that we included our sustainability strategy within the annual operating planning process for each of our business units. Progress will be tracked via our quarterly business review process.

Our Healthier People, Healthier Planet strategy focuses on eight elements.

1

Give consumers healthier choices to enjoy everyday moments.

2

Making a meaningful contribution to the communities in which we operate.

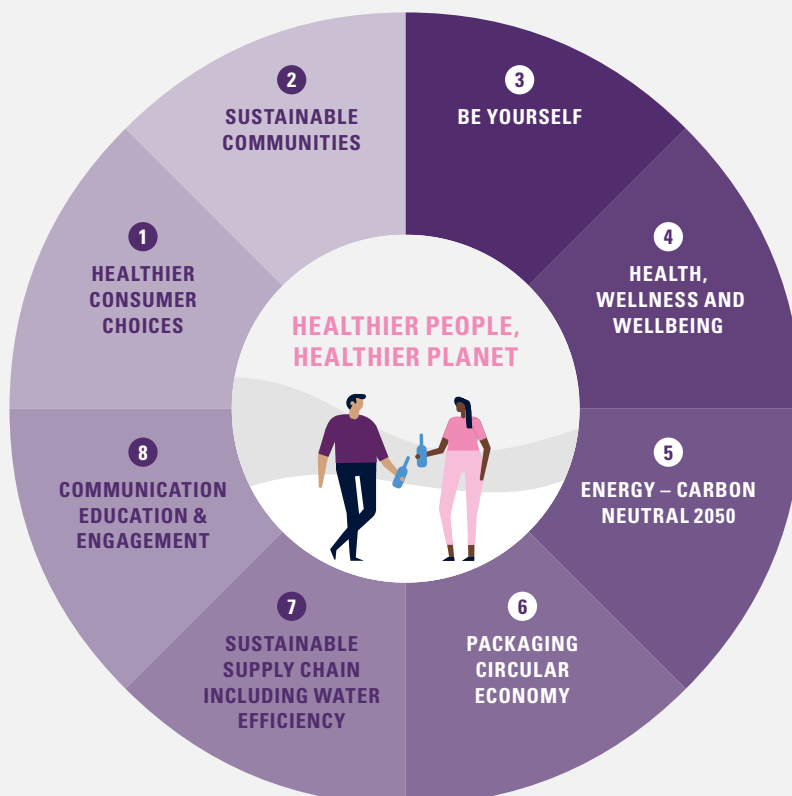
3

Our employees are empowered to be their best selves to deliver great performance.

4

Our employees feel physically and psychologically well.

OUR HEALTHIER PEOPLE, HEALTHIER PLANET STRATEGY



8

Use the unique reach and scale of our brands to educate and inspire change.

7

Understand the environmental and social footprint of our supply chain and drive efficient use of natural resources.

6

Create a world where great packaging never becomes waste.

5

Transition to a low carbon circular economy by maximising energy efficiency and using renewable energy sources.

HEALTHIER PEOPLE, HEALTHIER PLANET: 2025 GOALS

Our Healthier People, Healthier Planet strategy was built upon our progress to date, our commitment to creating a better tomorrow and delivering timely responses to the health and environmental challenges we are currently facing on a global level. In line with our commitments and accountability towards our wider stakeholders and the environment, we have fully integrated the UN's Sustainable Development Goals (SDGs) into our strategy and aligned our objectives and targets with these goals.

While we acknowledge we contribute, both directly and indirectly, to all the 17 goals and that they are all inherently interlinked, we have identified 12 goals that are most material to our business and where we have greatest opportunity to make a positive impact and build a business that is fit for the future.



HEALTHIER PEOPLE, HEALTHIER PLANET ALIGNED WITH SDGS | COMMITMENTS

PILLARS	FOCUS AREAS	SDGs	2025 TARGETS
HEALTHIER PEOPLE	- Healthier consumer choices - Sustainable communities - Employee engagement - Health, wellness & wellbeing	      	<30 calories per 250ml* serve - Double employee community days (vs 2020 baseline) >85% Employee engagement (vs 2020 baseline) >83% Employee wellbeing (vs 2020 baseline)
HEALTHIER PLANET	- Energy & carbon reduction (Scope 1, 2 & 3) - Packaging – circular economy - Recyclability programme Deposit Return Scheme (DRS) - Light-weighting and beyond the bottle solutions - Sustainable supply chain including water efficiency, responsible sourcing, zero waste to landfill	      	- Reduce Scope 1 & 2 carbon emissions by 50% by 2025 (vs 2017 baseline)** - Reduce Scope 3 carbon emissions by 35% by 2025 (vs 2017 baseline)** - Reduce packaging per serve by 20% (vs 2020 baseline) - Packaging 100% recyclable & all bottles in GB to be made from 100% rPET by the end of 2022 - Reduce manufacturing water intensity ratio by 20% (vs 2020 baseline)
Indirect contribution     			

<https://sdgs.un.org/goals>

* Britvic has led the charge to reduce calories in soft drinks with 75% of drink volumes sold containing low or no calories. Our 2025 target of 30 calories per serve, reflects the growth ambitions of our Brazilian business unit, where calories per serve are on the downward trajectory, however they remain above Britvic's overall average.

** The GHG protocol defines Scope 1 emissions as direct emissions from owned or controlled sources, Scope 2 as are indirect emissions from the generation of purchased energy, and Scope 3 as all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Healthier People, Healthier Planet: progress against our 2020 goals

2020 was the final year of the A Healthier Everyday sustainable business strategy and the table below shows our performance compared with our 2020 goals.

While we made good progress, we still have work to do in some areas such as packaging and waste and these remain a focus as we work towards our 2025 ambitions.

PILLARS	2020 TARGETS	ACHIEVEMENT OF TARGETS	SUSTAINABLE BUSINESS REFERENCE
HEALTHIER PEOPLE	73% of drinks volume sold is in low/no calorie drinks (as consumed) across the group.	 75% [†] of drinks volume sold in 2020 was low/no calorie drinks as consumed across the group.	FOR MORE INFORMATION SEE PAGES 35 – 39
	Women are represented in 40% of senior manager roles (Band D+) across the company.	 Women represented in 40% [†] of senior manager roles in 2020. An increase of 2% compared with last year.	FOR MORE INFORMATION SEE PAGES 35 – 39
	Continue to support our corporate charity Diabetes UK by donating over £300,000.	 Since the beginning of our partnership in 2019 we have contributed £320,000+ through corporate donations.	FOR MORE INFORMATION SEE PAGES 35 – 39
	All employees have access to wellbeing programmes and achieve a wellbeing score of 81% in the Great Place To Work (GPTW) survey across the company.	 Our priority this year has been the wellbeing of our employees and instead of participating in the GPTW survey we asked employees about the support they were getting from the business. During the COVID-19 pandemic, 78% of employees in GB and Ireland and 81% in Brazil felt they could get the support from the business they needed.	FOR MORE INFORMATION SEE PAGES 35 – 39
HEALTHIER PLANET	7% reduction in location-based Scope 1 and 2 manufacturing emissions intensity.	 We reduced our location-based Scope 1 and 2 manufacturing emissions intensity by 12.2% to 24.06 tCO ₂ e [†] in 2020.	FOR MORE INFORMATION SEE PAGES 40 – 47
	Launch science-based targets and roadmap.	 We have officially committed to the Science Based Targets initiative (SBTi) in December 2019 and we are developing a roadmap for decarbonisation.	FOR MORE INFORMATION SEE PAGES 40 – 47
	Achieve a water intensity ratio of 1.98m³/tonne produced across our global manufacturing sites.	 We have reduced our water intensity ratio by 12.4% across our global manufacturing sites, to a water intensity ratio of 1.91 m ³ /tonne [†] .	FOR MORE INFORMATION SEE PAGES 40 – 47
	Achieve zero waste to landfill across our global manufacturing sites.	 We sent zero manufacturing waste to landfill across GB, Ireland and France and diverted 99.6% [†] of manufacturing waste generated from landfill overall. In the final quarter of the year we are pleased to report that Brazil achieved zero waste to landfill.	FOR MORE INFORMATION SEE PAGES 40 – 47
	Increase rPET in our GB and Ireland portfolio at 15% with 100% recycled content for at least two brands.	 Although we didn't achieve our rPET target for 2020, we have made progress towards our rPET goals during the year with Ballygowan 500ml and Fruit Shoot Hydro now being made from 100% rPET, and we are well placed to accelerate our rPET implementation over the next two years.	FOR MORE INFORMATION SEE PAGES 40 – 47
	By year end 100% of all our trade and consumer advertisements in GB and Ireland carry a recycling message.	 Both our consumer and trade advertisements in GB and Ireland include recycling messages.	FOR MORE INFORMATION SEE PAGES 40 – 47
	Remove over 500 tonnes of primary plastic through light-weighting initiatives.	 We have removed over 539 [†] tonnes of primary plastic through light-weighting initiatives in 2020.	FOR MORE INFORMATION SEE PAGES 40 – 47

-  Achieved
-  Achieved in the final quarter of 2020
-  Not achieved
-  Changed basis of reporting during the year

HEALTHIER PEOPLE



WE ARE WORKING TOWARDS A HIGHLY DIVERSE BRITVIC, IN WHICH HAPPY AND HEALTHY EMPLOYEES THRIVE IN AN INCLUSIVE AND DYNAMIC WORKPLACE. WE WANT EACH AND EVERY ONE OF OUR EMPLOYEES TO FEEL THEY CAN BRING THEIR TRUE SELVES TO WORK. WE ARE FOSTERING AN ENVIRONMENT WHERE LOOKING AFTER OUR OWN WELLBEING, AND THAT OF ONE ANOTHER, IS SECOND NATURE.



ZAREENA BROWN, CHIEF PEOPLE OFFICER

AN OVERVIEW

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.

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 – whether it be through growing local favourites and global premium brands, innovating to access new spaces, flavouring billions of water occasions – or a combination of all three. We know that diverse ideas and insights significantly improve how we work, not only to improve our speed, agility and responsiveness, but also to create greater efficiencies to fuel our growth.

As the world around us changes fast, so too does the world of work, especially in these times of COVID-19. Entirely consistent with our fervent wish to create a better tomorrow, we recognise that great talent decides to join and stay with companies that are keen to be a net positive contributor to society – companies that value non-financial performance alongside financial – companies that want to give back and are unafraid to lead with their heart as well as their head. To attract and retain the very best talent therefore, it is critical that we place a premium on creating and sustaining a truly inclusive culture.

CONSUMERS

Healthier consumer choices

Back in the 1930s the genesis of Britvic was to provide consumers an affordable source of vitamins. Today, our consumers face different health challenges, particularly obesity. The impact of the global obesity crisis has been amplified this year with those categorised as obese being more severely impacted by the COVID-19 pandemic. Providing consumers with healthier choices remains at the heart of our strategy as we continue to reduce calories in our products.

Average calories per 250ml serve

2020	25.5 [†]
2019	27.5
2018	31.3
2017	35.3

In 2013 we set ourselves the goal of reducing the number of calories in our drinks by 20% by 2020 and have been cutting calories from our portfolio every year since. We achieved this goal a year earlier than planned and this year we reduced the calories per serve even further from 27.5 to 25.5[†] calories per 250ml serve, this is a 27% reduction vs 2013. This achievement was principally driven by strong sales of Pepsi MAX, Tango Sugar Free and Robinsons, supported by the launch of Pepsi MAX Raspberry and three new sugar free Tango flavours. Across the Group 75%[†] of all volume sold (as consumed) was in low/no calorie drinks.

98% of Britvic owned drinks, made and sold in GB and Ireland are suitable for vegetarians and vegans. Our Aqua Libra, Britvic, J2O, Drench, R. White's and Robinsons ranges have been accredited by The Vegetarian Society. These drinks all meet the Society's strict criteria and are suitable for vegetarians and vegans. This accreditation strengthens our commitment to provide our consumers with more informed choices about our products. It is important that we help our consumers to find the right products by providing them

with the information they need to make the right choices. We use transparent front of pack nutritional profiling to give them both the information and the comfort they need. Furthermore, we adhere to our strict Responsible Marketing Code across all of our markets, which sets out the principles we adopt in all marketing and advertising activity, including not advertising high sugar products to under 16s in GB, and we are proud that we did not advertise any high sugar products in GB during 2020.



ROBINSONS SUPERFRUIT CORDIALS

We constantly adapt and develop our portfolio to respond to changing consumer needs and preferences, while maintaining an excellent product with great taste. This year Robinsons, the UK's number one squash brand, launched two new flavours – Superfruit Cordials Orange & Acerola Cherry and Raspberry & Goji Berry. The new Superfruit Cordials boast health credentials and have no artificial colours or flavourings. The range also contains the added benefits of health supporting vitamins and minerals. Robinsons' new range is the latest example of how it has offered refreshment over the decades while continuing to innovate.

COMMUNITIES

Sustainable communities

We want the communities in which we operate to thrive and, 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. Britvic and its people want to make a meaningful contribution to our communities through our myGiving programme. We offer community volunteering days to enable our employees to support the causes that mean most to them. More generally, where we are able to do so, we encourage employees to fundraise on behalf of a registered charity close to their hearts.

Funds raised for Diabetes UK



**Total contribution of
£320,000+**

The principle element of our sustainable communities programme this year was our COVID-19 community response. Each and every one of our business units played a key role in supporting their local communities, including the donation of over one million soft drinks in the UK.

As part of our ongoing commitment to addressing societal health issues that affect both our consumers and employees, this year we began the second year of a three year partnership with Diabetes UK, for which we support their healthier school programmes – encouraging and equipping local schools to properly provide for pupils with Type 1 Diabetes. The Good Diabetes Care in School Awards have been given to 151 schools celebrating their hard work and dedication in supporting their pupils living with Type 1 diabetes. This scheme provides parents and families with much needed support, enabling their children to take part in all school activities and thrive.

Over the course of our partnership with Diabetes UK, Britvic aims to raise £500,000 to directly improve the lives of children and families affected by diabetes. Through our corporate donations and employee fundraising we delivered over £190,000 in the first year and can proudly say we have contributed over £130,000¹ in our second year to a total of £320,000+. Our network of charity champions has played an important role in this achievement, encouraging

colleagues to take part in the One Million Step Challenge this year. The challenge not only encourages participation and engagement in our partnership but also challenges people to move more and create healthy habits. Our team of 50 raised £3,669 and have so far collectively completed over 35 million steps this year.

Community Engagement – Stem

Our Britvic Science, Technology, Engineering, Maths (STEM) group represented Britvic at an inspiration week organised by our local STEM hub. The week was split by STEM areas with Britvic presenting on the science day. This event was for students aged 14 – 15 and our session reached 650 students. We spoke about how drinks are made from the farm through to reaching the consumer, focusing on the science of formulating drinks, sensory science and the process of scaling up. We received great feedback and hope to get involved in similar events in the future to showcase the great work we do at Britvic and inspire the next generation to go into STEM based careers.

In Ireland, the Britvic MiWadi team continued its support of the Temple Street Foundation for the eighth year in a row. The team helped to raise funds for vital, life-saving equipment for the children's hospital through its annual Trick or Treat for Temple Street campaign, a total of €1500 was raised.



We also supported the Irish Cancer Society through the 'Marathon in a Month' campaign. Our Ireland team covered 1,883km and raised an impressive €15,200.



COVID-19 RESPONSE

During the COVID-19 crisis we provided much needed refreshment to hospitals, hospices, food banks, emergency services and charities. In the UK alone, we have donated more than a million drinks so far, as well as providing fully stocked chiller units to NHS Nightingale hospitals up and down the country.

This centrally co-ordinated approach to giving back has been echoed by many of our own front-line employees who have donated the free case of drinks given to each employee per shift, to local people and communities.

In France, we have focused on donating PPE to medical professionals and in Brazil we have been donating soft drinks to communities and hospitals.

Each part of our business has played a role. Our GB commercial team repurposed our Out-of-Home Sensational Drinks portal, to support small businesses with practical support such as maintaining equipment while their businesses were closed. Meanwhile, our Robinsons and MiWadi brand teams created Craft O'Clock tutorials on Facebook, supporting those with young families with activities during the height of lockdown.

EMPLOYEES

COVID-19 employee support

This year we chose not to take part in the GPTW survey. We have moved instead to a real-time survey mechanic so that we can listen to understand and act more quickly to improve employee satisfaction. This was especially helpful during the COVID-19 response period, where we focused largely on employee wellbeing. During this time, employees in GB, Ireland and Brazil took part in a questionnaire and we were pleased to learn that 78% of employees in GB and Ireland and 81% of employees in Brazil felt they were getting the support they needed from their manager. We continue to work towards ensuring all our employees have the support they need and feel valued.

We also launched Project Phoenix – a highly visible portal on our intranet where employees can find all the resources they need to support them through the pandemic. The purpose was to make life during the pandemic as easy as possible and emerge on the other side stronger than ever. See page 39.

Percentage of employees who felt supported during the pandemic*

Great Britain and Ireland	78%
Brazil	81%

* Due to business restructuring in France they did not take part in the survey.

Diversity & inclusion

At Britvic, we encourage and celebrate our keen sense of belonging to one family. This sense is fuelled by our business-wide diversity and inclusion agenda, where every individual's unique and varied contributions are valued, and we are able to be our true selves at work, remembering too that we are always stronger together.

We want our employees to mirror the richness of the markets and communities where we operate. As with many consumer industries, the soft drinks category is rapidly changing. Consumers are becoming more discerning, turning to healthier, trusted brands. They are looking for more tailored experiences, and are expecting more from the products they purchase, as well as from the companies who make them. As we see habits change, we see the need for new, innovative solutions. Being diverse and including the views of all, enables Britvic to keep pace with what's changing, and stay relevant for our customers and consumers.

BELONGING AT BRITVIC

Our employee-led Diversity and Inclusion action groups and champions form the foundation of our belonging strategy. Through these groups, and their initiatives, we are working hard to create a culture where every employee feels like they can bring their true selves to work. This means listening to our employees and their ideas about how to create a more diverse and inclusive working environment.

A key aspect of our diversity and inclusion strategy is to ensure that we have the right levels of leadership commitment and accountability to create change for now and decades to come. We are pleased to report that all our senior leaders are strong advocates of our diversity and inclusion agenda, and are actively committed to creating a fully inclusive culture. In line with this commitment, we continuously reinforce our speakUp framework and equip line managers with skills to tackle any bullying, harassment and discrimination, and build confidence in our people to challenge negative behaviours. We have also undertaken a full review of our current benefits package to ensure it is fully inclusive.

We have made strong progress against our Healthier People agenda this year, fuelled by the incredible employee support for our diversity and inclusion, or belonging, programme. The formal part of this agenda is directed by a multi-market and cross-functional steering committee, Executive committee sponsorship and employee volunteers. Self-nominated working groups collaborate to ensure different aspects of diversity and inclusion are enshrined in our policies, procedures, communications and core ways of working.

Since the start of this programme, we have launched four network groups in GB, and also appointed external partners or signed up to a series of public commitments, to frame the good work of each. Our B-Empowered women's network is focused on supporting, developing and retaining great female talent within Britvic. Our B-Proud network represents our

HEALTHIER PEOPLE



B-Diverse promotes increased diversity and inclusion in the business and supports Black, Asian and Minority Ethnic (BAME) employees in bringing their true selves to work.



B-Empowered supports the attraction, development and retention of great female talent. It enables women to reach their full potential and thrive within the company.



B-Proud champions inclusion and celebrates diversity. Supported by diversity charity Stonewall, this network offers advice and support to LGBTQ+ employees and straight allies.



B-Seen is passionate about Britvic attracting, retaining and championing employees with disabilities. B-Seen celebrates diverse ability and Britvic is a proud member of The Valuable 500, a global campaign aiming to eradicate the exclusion of people with disabilities from business.

LGBTQ+ community, and has partnered with Stonewall, the leading LGBTQ+ campaigning charity, to help it drive lasting change. Our B-Seen network represents diverse abilities across our organisation, and our B-Diverse network represents colleagues from all ethnic minorities. See above. Supplementing our more formal people strategy, our employee networks have gone from strength to strength this year, with nearly 500 employees now active members in total. Each has its own dedicated expansion and engagement plan, fully aligned with our overarching business strategy.

All of this work is cemented and enhanced by the grassroots support across our employee base. This in turn enables us to tap into and harness the energy of the myriad of different cultures and communities represented across our workforce, helping us to be stronger together.

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 increased to 40%, an increase of 2% from last year. We are delighted to have achieved this goal, and going forward we are also committed to improving ethnic diversity within our leadership population. We will be leaning into our B-Diverse employee network for counsel as to the most appropriate targets in this regard.

More broadly, embracing diversity underpins our commitment to providing equal opportunities to our current and potential employees, and applying fair and equitable employment practices everywhere. We codify this through our Equality and Diversity Policy and in how we live and lead through our Culture – Purpose, Vision and Values.

Women in leadership

40%

2020	40*
2019	38
2018	33
2017	33

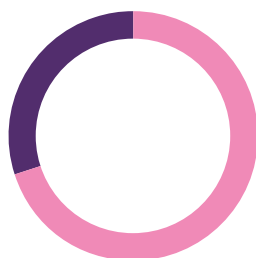
GB Gender pay gap

The following results show our GB gender pay gap for the 1,751 people who were employed by Britvic on 5 April 2020. 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 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.

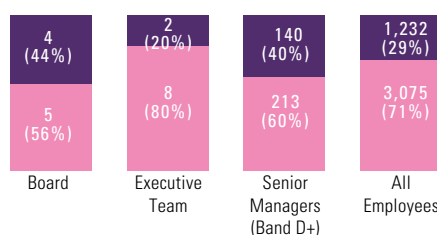
Our total gender pay gap is skewed towards women which means that the average earnings of women are higher than men. Britvic has a -12% median pay difference against the UK average of 15.5% median. The primary driver of this is the structure of our workforce which, in line with the industry we operate in, is weighted

GB EMPLOYEES BY GENDER



Male	70%
Female	30%

GENDER DIVERSITY



Male Female

PROPORTION OF MEN AND WOMEN RECEIVING A BONUS (%)

Male	88.1%
Female	82.9%

towards manufacturing and distribution operations, where the balance of the workforce is predominantly male (7:1). The roles in our manufacturing and distribution operations have, on average, lower salaries and bonus payments than those in our office functions. We have proportionally fewer women in our leadership roles that, on average, attract higher pay rates, as shown by the upper quartile pay gender split (71.6% men). The mean bonus payment is 6.8% in favour of males primarily because higher bonuses are paid at a senior Executive level.

PAY QUARTILE GENDER SPLIT (%)

Upper quartile (%)



Upper middle quartile (%)



Lower middle quartile (%)



Lower quartile (%)



DIFFERENCE IN PAY BETWEEN GENDERS (%)

MEAN	MEDIAN
-4	-12

DIFFERENCE IN BONUS PAYMENTS BETWEEN GENDERS (%)

MEAN	MEDIAN
7.2	-39



Health, wellness and wellbeing *Championing the holistic wellbeing of employees, and respecting their individual work-life blends.*

Our people are our lifeforce and we care about their health and wellbeing. We all need to manage and sustain our own energy if we are to emerge stronger from COVID-19 and deliver the enduring performance and growth ambition set out in our business strategy.

In everything we do, we aim to create a working environment that supports our employees' whole lives, while also meeting our business needs. One way we do this is through dynamic working – providing our employees with safe, flexible working practices and technology, enabling them to work highly effectively from anywhere, at any time – which has clearly been tested through the COVID-19 pandemic.

Britvic's wellbeing framework is made up of the following interconnected elements:

MY MOJO

Promoting good health, energy and physical wellbeing. We encourage our people to take care of themselves, and ensure that they have access to the latest advice and expertise in all aspects of health, energy and physical wellbeing. We also offer regular health checks, encourage healthy hydration, regular exercise and a healthy and balanced diet.

MY JOY

Building emotional health, resilience and mindfulness. We support our employees to feel confident and manage the various challenges and pressures life throws at them. We take mental health and wellbeing seriously, actively promoting an open culture where people are encouraged to talk about how they feel. Our leaders attend training sessions to help them identify early signs of mental or emotional health problems – and learn how they can direct employees to the right places for help and support through our Employee Assistance Programme (EAP).

MY MONEY

Encouraging financial security. Whatever our individual circumstances, we all know that financial security and planning for our futures and those of our families can be very significant sources of fret and worry. And unlike the kind of stress felt during a physical challenge or project deadline, it is all too often enduring. Through our new EAP, we are able to offer expert help to staff on issues such as budgeting to help combat stress and building financial confidence.

MY GIVING

The gift that gives. We know that doing good deeds for one another makes us feel good. Connecting with charities or local communities through volunteering or fundraising can be rewarding, both personally and professionally. Full-time employees can take up to two paid days off for voluntary work each year – and we encourage them to support the charities that mean the most to them, including Diabetes UK, our corporate charity partner, and more recently all healthcare professionals in the wake of the COVID-19 crisis. As well as being the right thing to do, this also benefits employee engagement, motivation and morale – in turn helping to create a more collaborative and productive working environment.

During the year, 40 employees from across the business volunteered to be Wellbeing Warriors. The Warriors, who are based across our offices and sites, have been trained in all the support that Britvic offers and they are able to point colleagues in the direction of the right resources. We have also recruited a further 15 employee volunteers as Mental Health First Aiders who can support our employees and direct them to all mental health resources. We are developing a comprehensive programme of activity to educate and upskill our employees on the topic of mental health, helping to ensure our people know how to access the support they need and also recognise when others might need help.

The myLife app was launched in November 2019 and is supported by a suite of resources, including a comprehensive digital resource hub provided by LifeWorks. This provides Britvic people and their families with access to a wide range of training, support, guidance and information, plus direct links to a variety of external, as well as internal, experts. We use this to raise awareness to support and to communicate at all times – and it forms a critical tenant of our COVID-19 employee response programme.

Underpinning both Belonging and Wellbeing pillars sits our digital learning platform, myLearning, where we have created dedicated communities, content and conversations. So far, our learning library in this area is centred around such topics as unconscious bias, mental health and how to effectively work from home. All this is made available to all employees through both company and personal devices, including mobile phones.

Health and safety

Throughout 2020, we have acted with pace to provide a robust and timely response to the COVID-19 pandemic, to implement the right controls to keep our people and our partners safe and to respond to changing government, local Public Health and World Health Organization (WHO) guidance. Our response



PHOENIX PORTAL

The mental health and wellbeing of our people has never been more important to our business considering the global pandemic the world is currently facing. Most of our employees, except for those critical workers in supply chain, have been working from home since March. This brings both advantages and disadvantages – depending as much on the psyche of each individual as it does their personal and family circumstances. With that in mind, we swiftly developed and launched our Phoenix portal, which provided our people with support in dealing with the new working patterns, helped them to stay connected and embrace the new ways of working as a team even when they are apart. Phoenix also provided rich and specific content to enhance the user's experience and led to a series of conversations that helped us all adjust both personally and professionally.

to COVID-19 has been swift in the territories where we operate to provide the right controls, protection and awareness for our employees and partners as the situation continues to evolve and develop. We have also ensured COVID safe workplace for supply chain and more general workplaces when the time for return to work is necessary.

Our efforts have also continued to centre on creating a zero harm culture through behavioural safety observations, near miss and hazard reporting. Across the Group, our focus has been on improving our safety performance and standardising the proactive mechanisms we have in place to identify hazards and control the risks from our operational activities. Key to this has been building our new reporting tool called Integrity for health, safety and environment. This will support compliance with internal and external standards and help deliver our external certification roadmap. The sophisticated business intelligence offered by Integrity, also enables us to access data and respond to trends faster and with greater agility resulting in a year on year improvement versus last year. We achieved an accident frequency rate of 2.52, a reduction of 7.2%, and a lost time injury frequency rate of 0.66¹, a 17.7% reduction compared to last year.

HEALTHIER PLANET



AS A LEADING CONSUMER GOODS BUSINESS WE ARE PASSIONATE FOR OUR BRANDS TO PLAY THEIR FULL PART IN HELPING TO CREATE A HEALTHIER PLANET, AS WELL AS HEALTHIER PEOPLE. AT THE HEART OF THIS SITS THE CARBON CRISIS. RECOGNISING OUR WORLD IS INTERCONNECTED, WE TAKE AN INTEGRATED APPROACH ACROSS OUR ENTIRE VALUE CHAIN, TO ENSURE WE MINIMISE OUR FOOTPRINT, AS WELL AS ALL FORMS OF WASTE. CREATING A BETTER TOMORROW, STARTS TODAY.

MATT BARWELL, CHIEF MARKETING OFFICER

AN OVERVIEW

As a soft drinks business, our long-term success depends on our ability to source ingredients and raw materials, and a stable, healthy environment. As we emerge from the COVID-19 pandemic we fully support the green recovery required to address the climate challenge and are committed to playing our part, like any responsible business.

The core elements of our Healthier Planet strategy are to build a resilient Britvic through responsible use of the 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.

Last year we set ambitious targets aligned with the Science Based Targets Initiative (SBTi) and publicly committed to reduce our Scope 1 and 2 carbon emissions by 50% and Scope 3 carbon emissions by 35% by 2025 (vs 2017 baseline) as well as pledging to become carbon neutral by 2050.

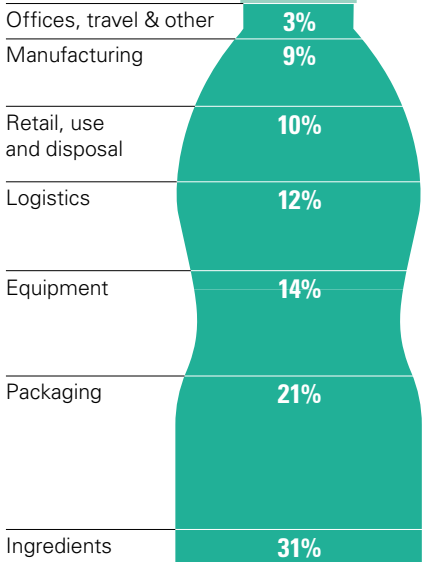
ENERGY – CARBON NEUTRAL BY 2050

We are also committed to achieving net zero carbon emissions by 2050. Through innovation, utilising low carbon technology and energy sources, and having a sustainable supply chain, we will play our part in securing a healthy future for our planet.



2017

We have used our baseline year value chain GHG emissions analysis to identify opportunities for reduction initiatives.



2025

We aim to reduce the emissions from our operations by 50% and our upstream and downstream emissions by 35%, giving a 36% reduction overall.

36%
REDUCTION TARGET



2050

Through innovation, future developments in technology and building on our progress by 2025, we have committed to net zero carbon emissions by 2050 to ensure we play our part in securing a healthy future for our planet.

0%
NET ZERO TARGET

Carbon reduction

During the year we continued to source 100% renewable electricity at all of our sites in the UK, Ireland and Brazil with total energy sourced from renewables for manufacturing this year consistent at 46.6%[†] overall. Our French business unit expects to use 100% renewable electricity from 2021. Additionally, hybrid and electric vehicles in our GB company car fleet increased from 27% to 43% during the year. In 2020, we also benefited from the full-year carbon reduction from the biomass boiler installed at our Araguari plant in Brazil last year.

In 2019, we commissioned a combined heat and power plant (CHP) at our Rugby manufacturing site. This significantly improved our energy resilience and has enabled us to generate the power needed to support our business's growth ambitions. While the CHP plant provides an efficient way to generate heat and electricity for our manufacturing operations, it is powered by natural gas. Since we previously sourced renewable electricity from the grid, the switch to generating our own electricity with natural gas has increased our carbon emissions at the site and has offset some of the benefits from the carbon reduction initiatives at our other manufacturing sites.

To improve our CHP plant's performance, our engineers implemented a number of measures. This includes incorporating recovered heat into our Cleaning in Place (CIP) process as well as commissioning the CHP plant's absorption chiller. Additionally, we completed a thorough energy savings audit through the Energy Savings Opportunity Scheme (ESOS) and have created an action plan for each production site to implement additional measures in GB and Ireland, in 2021. Further details of these planned initiatives can be found on page 46. In 2020, we saw an improvement in our location-based emissions and intensity ratio, however our market-based carbon emissions increased, driven by an increase in production volume and our CHP plant. 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, see sidebar.

Manufacturing carbon emissions intensity ratio (tCO₂e)*

2020	24.06 [†]
2019	27.41
2018	26.64
2017	30.23

* Tonnes of CO₂e/thousand tonnes of product. Includes manufacturing location based emissions only and therefore differs from our SECR disclosure which covers emissions from all sources.

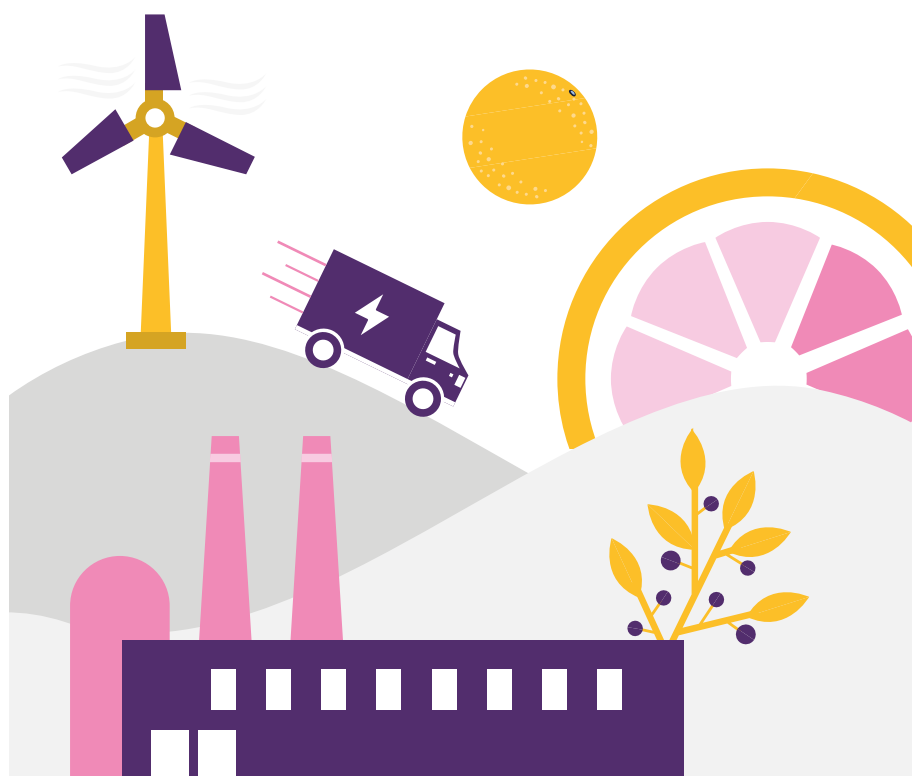


SUPPLIER ENGAGEMENT

Supplier and customer engagement is key to addressing the climate crisis and reducing carbon emissions throughout the value chain. Encirc one of our glass suppliers and co-packers, has used a simple and innovative energy solution at its plant in Northern Ireland.

The site's air compressors generate high levels of heat in their immediate vicinity. The engineers at Encirc designed and built a heat exchange solution that not only cooled the area by taking the heat away, but in turn created new energy to heat the newly built employee gym and shower block, together with heating the administration building and the cold end of the factory.

The successful scheme has led to an annual saving of almost 110 tonnes of CO₂e, which in turn reduces our Scope 3 emissions.



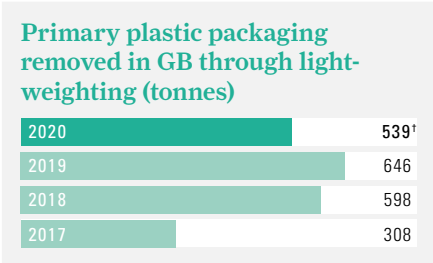
Packaging – a circular economy

At Britvic we are taking proactive steps to reduce the environmental impact of plastic packaging and future-proofing ‘beyond plastic’. Packaging doesn’t just keep our products safe, secure and of optimum quality. Packaging has become part of modern life. 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 and commitment to finding the packaging solutions as we aim to create a world where great packaging never becomes waste, and work towards creating a circular economy.

We also work in close collaboration with our industry peers, government and the waste management sectors 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).

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



During the year we removed 539 tonnes of primary plastic packaging¹ from our products and have removed a total of 2,091 tonnes since 2017.

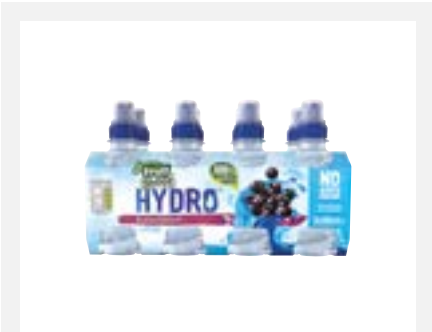
We have completed several light-weighting initiatives across our key brands including a plastic reduction of 13.8% in our 1L Robinsons, a 11.7% reduction of the 500ml bottle used for our key Pepsi, Tango and 7UP products, and a 12.5% reduction in plastic weight in our children’s brand Fruit Shoot.

We made progress towards our rPET goals during the year with Ballygowan 500ml and Fruit Shoot Hydro now being made from 100% rPET. While we missed our annual target for rPET in 2020 due to COVID-19 production priorities, we recently made the strategic and responsible decision to accelerate our plans in this area. We intend that all PET bottles in GB will be made from 100% rPET by the end of 2022 – surpassing our previous target of 50% rPET by 2025.

Britvic entered a supply agreement with Esterform Packaging Ltd to provide us with a secure, long term supply of UK sourced rPET. We have provided a £5m investment support package for the construction of Esterform’s new rPET manufacturing facility to move towards an improved circular economy in both GB and Ireland.

Building on Britvic’s existing work to protect the environment, the company has joined forces with other global businesses to promote a ground-breaking recycling technology that aims to bring about a circular economy for plastics. The new BP Infinia technology means opaque and difficult to recycle PET plastic waste can be made into new plastic again and again, with no loss in quality.

A key tenet of our packaging transformation plan is to provide consumers and customers with solutions beyond the bottle when they are Out-of-Home, at work, in bars and food outlets. A major milestone in this ambition was the 100% acquisition of The Boiling Tap Company (TBTC).



FRUIT SHOOT HYDRO

Our Fruit Shoot brand is all about combining healthier options with great tasting soft drinks for children. We have continued to evolve the brand this year and switched our Fruit Shoot Hydro bottles to 100% rPET – a change that will save another 640 tonnes of virgin plastic a year.



BALLYGOWAN

Ballygowan is a leading Irish natural mineral water brand available in the UK and Ireland, sourced deep underground from the town of Newcastle West.

The Ballygowan range has become a closed loop sustainable bottled water by moving to 100% rPET in its 500ml bottles. This is part of an environmental refresh across the full range in the coming year and will remove around 150 million virgin plastic bottles from Ireland’s environment in the next three years. Making Ireland’s most trusted water also one of the most sustainable choices for consumers in Ireland.



LONDON ESSENCE FRESH SERVE

Aligned with our 2025 target to reduce our packaging per serve by 20%, we have introduced London Essence Fresh Serve. Freshly infused flavours are mixed on the premises through this beyond the bottle innovation, delivering not only an experience filled with the same wonderful and tasty drinks but also contributing to the health of our planet. Each pack makes up to 1,000 serves reducing packaging per serve by 96% compared with traditional glass bottles.

Water efficiency

Understanding the environmental impact as a result of our collective business and value chain operations is of paramount importance. It enables transformational change through collaboration and drives the efficient use of natural resources.

Water is our most important ingredient and a precious shared resource which is coming under increasing pressure across the markets in which we operate. It is vital to the ecosystems, local economies, communities in which we live and work, and especially to grow many of our ingredients.

Constraints on the quality and quantity of the water available limit our ability to operate effectively, meet the needs of our consumers and for our consumers to enjoy our brands in life's everyday moments. Managing our impact on water, and being good water stewards, is one of our highest environmental priorities.

At Britvic we take our responsibility for strong water management seriously and we are looking at ways to improve our water stewardship

In 2020, our engineering team took steps to improve our water efficiency across our manufacturing sites. This led to optimising the running time of our CIP process, a key step in cleaning our lines between products. The outcome of this project at our largest manufacturing site in Rugby, resulted in cutting on average 30,000 tonnes of water per day, contributing to our improved water intensity ratio this year of 1.91 m³ of water per tonne of product[†], which also benefited from the closure of our factory in Norwich. Overall, we have decreased this manufacturing intensity ratio by 12.4% versus last year.

Manufacturing water intensity ratio (m³)*

2020	1.91 [†]
2019	2.18
2018	2.14
2017	2.07

* m³ of water used per tonne of production

WATER RECOVERY AND REUSE PROJECT – BRAZIL

Minimising our water consumption is a key priority for Britvic, especially within our manufacturing operations.

Our Astolfo Dutra site in Brazil developed water recovery and reuse projects between 2018 and 2020. These included water recovery from filtering and pulping processing which generated cumulative water savings of 4,000m³ in the first eight months of 2020. Other positive impacts seen included the increase of water availability for use in the public water supply and a decrease in electricity consumption related to water treatment. Beyond the environmental benefits, it was also possible to identify economic and social benefits such as a decrease of production costs which subsequently created direct and indirect jobs.

Sustainable supply chain

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.

In 2020, we developed and launched our supply chain engagement programme, including a discovery questionnaire which was shared with a number of our most material suppliers and covered the key sustainable business aspects. The outcome was a clear picture of our combined environmental impacts which is now being used to support our planning for a low carbon economy journey. We intend to roll out the engagement programme to the majority of our suppliers over the next two years.

Sedex

% of direct suppliers linked to us on Sedex

2020	88% [†]
2019	92%
2018	57%

% of high-risk suppliers with SMETA audits in place

2020	17% [†]
2019	40%
2018	25%

Suppliers

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 Ethical Business Policy details our commitment to human rights and covers bribery and corruption, conducting business with respect, integrity and equality, and managing personal activities and interests.

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 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 we use, is 88%[†] across the Group over the course of 2020. In addition, 17% of high-risk suppliers[†] have had Sedex Member Ethical Trade Audits (SMETA) carried out in 2020. The decrease compared to 2019 for these metrics is linked to the introduction of a new Sedex risk assessment tool, in March 2020, which inherently increased the number of high risk suppliers. Furthermore, the impact of the COVID-19 pandemic significantly reduced the number of on-site audits that took place in manufacturing sites this year. In response to the COVID-19 pandemic, Sedex launched the Sedex Virtual Assessment in October 2020, to enable remote workplace and site audits through the use of video conferencing. This is something that Britvic will be promoting among our higher risk suppliers in 2021.

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 www.britvic.com/modernslavery.



Materiality and reporting

We regularly engage with internal and external stakeholders to ensure that our sustainability strategy is addressing the material issues. Insight gathered confirmed that plastic packaging and calorie reduction remain priorities. This year we also witnessed an increase in interest in carbon reduction and the impact of our supply chain on our environment and our communities.

Further information on our full sustainability programme, including performance datasheets, can be found on our corporate website www.britvic.com/sustainable-business. Britvic's 2020 Basis of Reporting is available on our website and outlines the Scope and methodological principles for the collation of our key sustainability metrics. We continue to enhance the robustness of our performance data. To further improve quality this year we launched a global compliance software platform to monitor and track the progress of our key environmental performance indicators. We have also implemented cloud-based reporting solutions for several of our other non-financial Key Performance Indicators (KPIs).

Governance

Our Executive committee is accountable for the delivery of our Healthier People, Healthier Planet strategy.

On behalf of the Executive committee the Environmental, Social and Governance (ESG) committee oversees the development of Britvic's Healthier People, Healthier Planet strategy and roadmap, ensuring performance and activity align with our ambitions in this area. Meeting quarterly, the ESG Committee reviews the risks and opportunities relating to the sustainable business agenda and non-financial reporting requirements and making recommendations to the Executive team and business units on how to address these.

The committee also provides assurance to the Executive team that statutory non-financial reporting requirements are fulfilled and makes recommendations and/or decisions on voluntary company disclosures.

An overview of our corporate governance framework, including an introduction to our Board, Executive team and the key practices and policies that are in place, is set out in the Corporate Governance section of this report, starting on page 61.

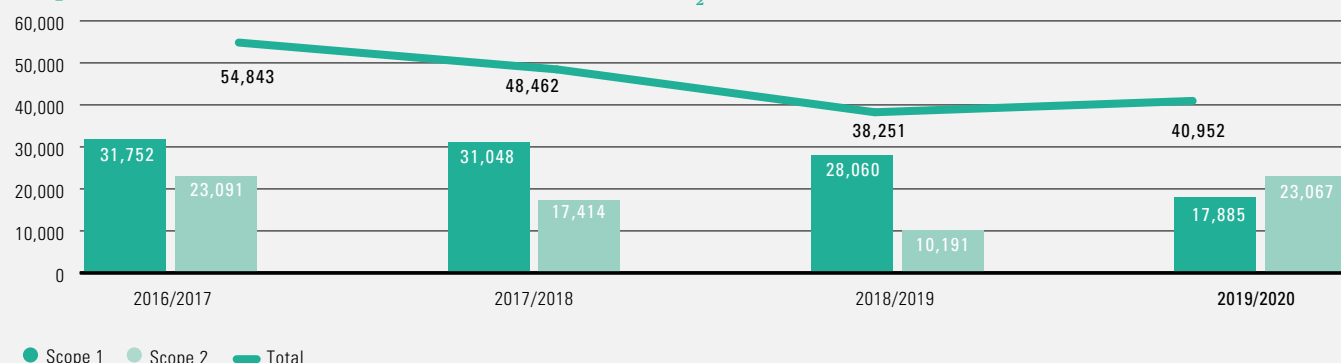
Independent assurance

Britvic plc appointed Ernst & Young LLP to provide limited independent assurance over selected sustainability content within the Strategic Report (the 'Report'), as at and for the period ended 30 September 2020. 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 www.britvic.com/sustainable-business, 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 2017-2020 (tCO₂e)



		Location-Based Emissions				Market-Based Emissions			
Britvic plc – Global Emissions		2016/2017	2017/2018	2018/2019	2019/2020	2016/2017	2017/2018	2018/2019	2019/2020
Scope 1	tCO ₂ e	31,752	31,048	28,060	17,885 [†]	31,752	31,048	28,060	17,885 [†]
Scope 2	tCO ₂ e	35,578	31,067	34,765	36,916 [†]	23,091	17,414	10,191	23,067 [†]
Total	tCO ₂ e	67,330	62,115	62,825	54,801 [†]	54,843	48,462	38,251	40,952 [†]
Intensity Metrics									
Scope 1 & 2 Emissions Intensity	per thousand tonnes of production	31.7	29.03	28.86	24.98 [†]	25.82	22.65	17.57	18.67 [†]
Production	Tonnes	2,124,268	2,140,036	2,177,113	2,194,043	2,124,268	2,140,036	2,177,113	2,194,043

Britvic Scope 1, 2 and 3 Emissions 2017 – 2020

Category	2016/2017 Emissions (tCO ₂ e)	2017/2018 Emissions (tCO ₂ e)	2018/2019 Emissions (tCO ₂ e)	2019/2020 Emissions (tCO ₂ e)
Scope 1	31,752	31,048	28,060	17,885 [†]
Scope 2 – Market Based	23,091	17,414	10,191	23,067 [†]
Scope 3				
Upstream emissions of purchased fuels	NR	NR	NR	2,561
Upstream emissions of purchased electricity and heat	NR	NR	NR	5,247
Transmission and distribution losses	3,142	3,236	2,340	1,589 [†]
Waste	446	594	534	604 [†]
Water supply	1,515	1,576	1,633	1,441 [†]
Effluent	NR	NR	NR	1,203
Business travel	3,947	4,700	4,136	1,959 [†]
Logistics	47,804	53,711	52,050	50,744 [†]
Electricity from refrigeration on customer sites	42,095	53,114	46,541	45,379 [†]
Total Scope 1, 2, & 3	152,277	165,393	145,486	151,679

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 2020, our GB operations accounted for 47% of total energy consumption and 71% of total GHG emissions. For the full breakdown showing split by country, refer to the sustainability datasheet on our corporate website at www.britvic.com/sustainable.

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

2020 figures refer to the 52 weeks ended 30 September 2020. Please refer to Britvic's 2020 Basis of Reporting available at www.britvic.com/sustainable for full scope, boundary, and methodology disclosure for our GHG reporting. This data is independently assured by Ernst & Young LLP.

The GHG 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'.

Global energy consumption – Britvic Soft Drinks

Energy Consumption (kWh)	2016/2017	2017/2018	2018/2019	2019/2020
Natural Gas	97,528,211	90,316,710	94,283,035	70,023,173
LPG	8,935,010	8,876,310	8,217,703	5,954,637
Diesel	675,548	948,547	709,809	1,021,505
Medium/Heavy Fuel Oil	32,526,095	28,044,459	22,168,771	1,165,125
Solid fuel e.g. coal (gross CV) – Specify	–	–	–	–
Biogas	–	130,000	–	–
Biomass – cashew shells	21,929,776	–	–	–
Biomass – firewood	2,296,576	–	–	–
Biomass – wood chip	126,789	33,088,775	48,751,783	77,380,317
Electricity	127,583,347	134,095,829	123,259,862	98,862,129
Electricity CHP	–	–	13,912,779	40,386,699
Steam CHP	–	–	27,074,613	59,696,681
Company cars	6,745,475	9,595,880	5,935,590	2,442,030
Total	298,346,826	305,096,509	344,313,945	356,932,295

Energy efficiency actions

This year Britvic initiated a number of energy efficiency projects that will reduce cost as well as lower our GHG emissions. Some examples include:

- At our Rugby factory we used recovered heat from the CHP plant to incorporate into our CIP process, improving overall efficiency.
- At Rugby we also brought online the CHP's absorption chiller which allowed us to create chilled water from waste heat for use in other processes.
- At Rugby we have started to investigate the use of recovered heat further to be used for CO₂ vaporisation in 2021. This will help reduce our demand for steam which lowers our overall natural gas usage and improves energy efficiency.
- We have also implemented energy saving projects at our other sites. For example, at our Beckton factory we installed an economiser to a main boiler. This coupled with our new blowdown heat recovery system, has reduced energy demand and lowered GHG emissions.

In summary, we completed 15 different projects in 2020 that are expected to reduce annual energy consumption by 10,806,504 kWh.

Looking ahead to 2021, our engineering team has 46 projects in the pipeline, 18 of these are agreed and are ready to be implemented for 2021, and 28 are being investigated further for possible implementation. The combined energy savings of these projects is estimated to reduce energy consumption by an additional 2,469,200 kWh.

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 physical risk which includes impacts resulting from acute weather events, or chronic risk stemming from longer-term shifts in climate like higher temperatures, prolonged heat waves, and drought. We also acknowledge that the transition risk (regulatory, technology, market, reputation) to move our business to a low carbon one will become greater as the world economy moves to a more sustainable future.

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 & Metric and Targets we will summarise our progress to date.

Governance

Our Executive committee has overall responsibility for climate-related risks and opportunities. The Board is given updates on our sustainability and climate-related KPIs a minimum of twice a year by our Chief Finance Officer who is Chair of the ESG committee. 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 on-going climate risk assessment. The ESG committee is also responsible for reviewing our Greenhouse Gas (GHG) emissions disclosures and understanding what intervention is required to ensure we accomplish our science-based GHG 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 and low-carbon investments, as well as climate change adaptation.

Our focus on addressing climate change and climate-related risks is backed by our commitment to achieving our science-based carbon reduction targets. As a result of this target, we have begun making progress in embedding climate-related decision making right across our business.

Strategy: identifying risks and opportunities

As a soft drinks manufacturer, our business's direct operations and supply chain is exposed to the physical and transition risks and opportunities stemming from climate change. In 2020, we began the initial stages of understanding our climate-related risks more thoroughly through qualitative scenario analysis. For our analysis we used the 2.6 and 8.5 Representative Concentration Pathways (RCP) adopted by the Intergovernmental Panel on Climate Change (IPCC). These scenarios represent the best-case scenario of less than 2°C of warming and the worst-case scenario of 4°C of warming by the end of the century.

To establish how our direct operations could be impacted by physical risks, we conducted preliminary sessions with our risk team and site engineers to understand what present day exposures currently exist. This 'risk baseline' was then considered with the projections in both climate scenarios to formulate assumptions on future risk. It was recognised that acute and chronic physical risks such as extreme weather events, flooding, prolonged high temperatures, drought, and rising mean temperatures could have an impact on our business in the future. Further assessments to financially quantify all the material impacts of climate change to our business under these scenarios over different time horizons will progress further in 2021.

We have also taken initial steps to begin determining how our business will be impacted by a transition to a low-carbon economy. We started by using the TCFD recommendations as a guide under the same two scenarios and considered the risk and opportunities in the policy and legal, technology, market and reputation categories. GHG pricing, investing in the right low-carbon technologies and changes to the market conditions are key areas we will explore further.

The output of the scenario analysis will inform us in planning and prioritising future business strategies, investments and establishing policies to improve our business's resilience and continuity long term.

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. This includes both current and emerging risks, and then measuring them against the defined criteria, considering the likelihood of occurrence and the potential impact on the company. This process applies to climate-related risk and our risk team work closely with our sustainable business team to update our principal risks as it relates to 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 45 – 46 within our Streamlined Energy and Carbon Reporting (SECR) disclosure. In addition, we have set approved science based carbon reduction targets in line with what the latest climate science says is 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 carbon-neutral business by 2050. Further details can be found in the sustainable business section. In addition to these targets, we will also look to include key climate change related risk indicators into our risk management strategy to monitor our risk and progress in building resilience and mitigation controls.



Joanne Wilson
Chief Financial Officer

WE HAVE, ONCE AGAIN, DEMONSTRATED FLEXIBILITY AND OPERATIONAL AGILITY ACROSS THE BUSINESS TO BALANCE TRADE-OFFS AND RESPOND QUICKLY TO EVENTS AS THEY UNFOLDED. WE RIGOROUSLY MANAGED OUR CASH POSITION AND HAVE AMPLE LIQUIDITY WHICH ENABLES US TO CONTINUE TO INVEST IN OUR MEDIUM AND LONGER TERM STRATEGIC PRIORITIES.

Overview

We saw positive trading momentum in the first half of our financial year with revenue, adjusted EBIT and margin all increasing. From March, however, the impact of trading restrictions and social distancing measures in each of our markets adversely impacted our financial performance in the second half of the year. We took decisive and rapid action to reduce costs across our business which helped to mitigate some of the profit and cash impacts.

Full year revenue declined 6.8%, on a constant currency basis, while adjusted EPS decreased 27.8% year-on-year, on an actual basis. Adjusted EPS growth was also impacted by a higher effective tax rate, due to the one-off revaluation of deferred tax following the reversal of the planned 2% reduction in UK corporate tax as well as our geographic mix of profits. Interest costs were down year-on-year following our successful refinancing earlier in the year. Profit after tax increased 16.9% due to significantly lower adjusting items more than offsetting the decline in adjusted EBIT.

The Board has proposed a final dividend of 21.6p, which equates to a 50% pay-out ratio in line with our stated dividend policy. As a result of tight cash management, we have been able to reduce our net debt balance by £45.8m ending the year with an adjusted net debt to EBITDA ratio of 2.4 times.

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

GB

	12 months ended 30 September 2020 £m	52 weeks ended 29 September 2019* £m	% change actual like-for-like
Volume (million litres)	1,621.0	1,656.8	(2.2%)
ARP per litre	54.6p	57.1p	(4.4%)
Revenue	884.9	945.4	(6.4%)
Brand contribution	351.0	389.2	(9.8%)
Brand contribution margin	39.7%	41.2%	(150bps)

Volume and revenue declined, reflecting the significant impact of restrictions placed upon the Out-of-Home channels and On-the-Go consumption. At-Home channel revenue increased, as consumers stayed home, benefiting family favourite brands Robinsons, Pepsi, Tango and 7UP, resulting in market volume and value share gains. Margin was adversely impacted by the shift to larger At-Home pack formats but was partly offset by significant savings in A&P spend, as the business took early and decisive action to manage both its profitability and cashflow.

Brazil

	12 months ended 30 September 2020 £m	52 weeks ended 29 September 2019 £m	% change actual like-for-like	% change like-for-like at constant exchange rate
Volume (million litres)	251.0	222.2	13.0%	13.0%
ARP per litre	45.1p	56.2p	(19.8%)	(0.4%)
Revenue	113.1	124.8	(9.4%)	12.4%
Brand contribution	24.6	28.3	(13.1%)	7.9%
Brand contribution margin	21.8%	22.7%	(90bps)	(90bps)

Revenue increased 12.4%, due to strong sales of ready-to-drink juices, Puro Coco and Fruit Shoot, which benefited from new pack formats broadening appeal and affordability. While flavour concentrates performance was weak in the first half of the year, due to increased competition from local brands, it grew strongly in the second half, as revenue increased 14.5% and our portfolio increased market share – reflecting our focus on rejuvenating the category, specific regional targeting, and the consumer switch to At-Home consumption. Revenue and brand contribution benefited from a PIS/COFINS tax rebate relating to historic balances. Excluding this tax benefit, brand contribution was 19.3%, with the year-on-year decline driven by the sales mix.

Rest of World

	12 months ended 30 September 2020 £m	52 weeks ended 29 September* 2019 £m	% change actual like-for-like	% change like-for-like at constant exchange rate
Volume (million litres)	469.8	501.9	(6.4%)	(6.4%)
ARP per litre	88.2p	94.6p	(6.8%)	(5.8%)
Revenue	414.4	474.8	(12.7%)	(11.8%)
Brand contribution	129.6	146.0	(11.2%)	(10.4%)
Brand contribution margin	31.3%	30.7%	60bps	50bps

Note: Rest of World consists of France, Ireland and other international markets. Volumes and ARP include own-brand soft drinks sales and include factored 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.

Revenue in France returned to growth in the final quarter due to increased sales of Teisseire. Performance in the Ireland At-Home channel was robust; however, it was more than offset by Out-of-Home declines and the extended closures in the licensed channel impacting Counterpoint sales. Revenue declined across all the main markets, reflecting the impact of restrictions on Out-of-Home consumption and the Travel and Export channels, as well as the exit from Fruit Shoot multi-pack in the United States in 2019. A&P savings partially offset the decline in revenue and contributed to margin improving by 50 basis points.

Fixed costs – pre-adjusting items

	12 months ended 30 September 2020 £m	52 weeks ended 29 September* 2019 £m	% change actual like-for-like	% change like-for-like constant exchange rate
Non-brand A&P	(10.2)	(10.5)	2.9%	2.9%
Fixed supply chain	(131.8)	(120.4)	(9.5%)	(10.4%)
Selling costs	(77.4)	(83.0)	6.7%	4.0%
Overheads and other	(120.0)	(135.5)	11.4%	10.2%
Total	(339.4)	(349.4)	2.9%	1.4%
Total A&P investment	(46.0)	(65.9)		
A&P as a % of own brand revenue	3.3%	4.4%		

A&P spend declined by £19.9m as marketing activity was scaled back in response to the impact of pandemic restrictions. Fixed supply chain costs increased by 10.4%, due to an increase in depreciation, sustainability-related costs, including the purchase of producer responsibility notes, and COVID-19 related spend, including stock write-offs. Overheads and other decreased by 10.2%, due to lower variable reward and discretionary spend.

* Reclassification of certain FY19 costs in GB (£9.7m) and Ireland (£2.7m) from variable to fixed costs to allow like-for-like comparison with FY20.

Interest

The net adjusted finance charge for the 12 months to 30 September for the Group was £18.9m, including interest on leases under IFRS16, compared with £19.2m in the prior year.

Adjusting items – pre-tax

In the period we incurred, and have separately disclosed, a net charge of £35.7m (2019: £84.6m) of pre-tax adjusting items. The most significant of these include:

- Charges of £12.9m relating to a restructure undertaken in the final quarter of the year and costs relating to the Norwich site closure;
- M&A-related costs of £5.0m which includes charges relating to the disposal of our French private label juice business and the acquisition of The Boiling Tap Company;
- An £8.4m impairment charge related to Counterpoint; and
- Acquisition-related amortisation of £8.8m.

Taxation

The adjusted tax charge was £32.1m, which equates to an effective tax rate of 23.2% (2019: 19.9%). The increase primarily resulted from a one-off revaluation of deferred tax balances following the government decision to reverse the planned reduction in UK corporation tax rate from 19% to 17%. The reported net tax charge was £16.6m (2019: £29.4m), which equates to an effective tax rate of 14.9% (2019: 26.7%).

Earnings per share (EPS)

Adjusted EPS for the period was 43.2 pence, a decrease of 27.8% (at actual exchange rates) on the same period last year. Basic EPS for the period was 35.6 pence, an increase of 16.3% on last year.

Dividends

Since Britvic floated in 2005, we have consistently returned capital to shareholders through our progressive dividend policy, which is a core part of our capital allocation. Following the prudent position taken at interims to defer the decision on the dividend until later in the year, the Board is recommending a final dividend of 21.6 pence per share, with a total value of £57.7m, maintaining our 50% pay-out policy. The final dividend for 2020 will be paid on 3 February 2021 to shareholders on record as at 18 December 2020. The ex-dividend date is 17 December 2020.

Free cash flow

Free cash flow (defined as cash generated from operating activities, less capex, interest and repayment of lease liabilities) was an inflow of £90.0m, compared with £88.4m in the previous year.

There was a working capital outflow of £3.0m (2019: £25.6m outflow) driven by a reduction in Creditors of £45.3m (2019: increase of £4.5m) following the significant year-on-year drop in Q4 trading due to COVID-19, which resulted in lower raw materials and packaging purchases, and lower indirect tax. Furthermore, there was a reduction of overdue payables as we tightened our processes.

This reduction in creditors was offset by increased provisions of £8.0m (2019: decrease of £1.6m) along with reduced inventory of £11.9m (2019: increase of £7.8m) and reduced receivables of £22.4m (2019: increase of £20.7m), both also reflecting lower trading in Q4 and rigorous cash collection processes.

Free cash flow also benefited from reduced capital expenditure of £50.0m (2019: £74.8m), with non-essential investment delayed.

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 and foreign exchange rates, while managing the Group's debt and liquidity, currency and commodity risk, interest rate risk, and cash position. The Group uses financial instruments to hedge against raw materials, interest rate and foreign currency exposures.

On 30 September 2020, the Group had £1,030m of committed debt facilities, consisting of a £400m undrawn bank facility which matures in 2025, and a series of private placement notes with maturities between December 2020 and May 2035.

At 30 September 2020, the Group's net debt of £555.5m (excluding derivative hedges) mainly comprised of £664.4m of private placement notes and £3.4m of accrued interest, offset by net cash and cash equivalents of £109.2m and unamortized loan issue costs of £3.2m. Including the element of the fair value of interest rate currency swaps hedging the balance sheet value of the private placement notes, the Group's adjusted net debt was £520.4m, which compares with £566.2m at 29 September 2019.

Pensions

At 30 September 2020, the Group had IAS 19 pension surpluses in Great Britain and Northern Ireland totaling £101.8m and IAS 19 pension deficits in Ireland and France totaling £10.7m, resulting in a net pension surplus of £91.1m (29 September 2019: net surplus of £127.5m).

The defined benefit section of the GB 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 paid into the defined benefit section of the GB plan as determined by the Trustee, agreed by the company and certified by an independent actuary in the Schedule of Contributions. In addition to expected partnership income of at least £5m per annum, the Group was expected to make a payment of £15m by 31 December 2019. However, the Group is seeking 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 has now been granted leave to appeal that judgment. This appeal is expected to be heard in 2021.

Pending the outcome of the appeal hearing, the Trustee agreed that the Schedule of Contributions be amended to the effect that £10m be paid into a blocked account by 30 September 2020 and £5m by 2 October 2020. Future deficit funding payments of £5m per annum will also be paid into the blocked account. Subject to the outcome of the legal appeal and actuarial certification on funding requirements, the monies in the blocked account will return to the Group and/or be paid to the pension plan as a contribution, taking into account any change in future pension increases.

The latest triennial valuation as of 31 March 2019 was completed in June 2020 and has resulted in future deficit funding payments reducing from £20m to £10m per annum. The Ireland and Northern Ireland defined benefit pension plans have an investment strategy focused on managing the risks as the funding position improves. The GB pension plan mainly has credit-type investments and the Trustees have developed proposals to manage the investment risks.

EU Withdrawal

Following the UK's referendum decision to leave the EU in 2016, Britvic established a steering committee, which includes representatives from each relevant business unit and function to ensure that we are prepared for the end of the transition period on 31 December. The Steering Committee is responsible for putting in place post withdrawal processes to ensure the continuation of uninterrupted trade and for assessing the potential impact of a no-deal withdrawal on our business. We are well prepared for the practical changes associated with a smooth exit, including movement of goods, regulatory and people impacts. Britvic manufactures most of its goods locally and there is relatively little Group cross-border trading between the UK and the EU, reducing our exposure.

We have taken steps to mitigate possible impacts of the transitional period ending without a negotiated free trade agreement. The key risks identified, and the actions taken are as follows:

- Imports to the UK. The UK government has indicated the potential tariffs on imports in the absence of a free trade agreement. We expect these to have a modest impact on the Group due to the level of raw material purchases from the EU.
- Disruption to EU-UK logistics. Where appropriate, we have plans to increase inventory levels to partially mitigate the risk.

COVID-19 update

With the impact of the global pandemic and resulting social and commercial restrictions continuing in 2021, we have developed a flexible plan based on the learnings of 2020, that will enable Britvic to respond to severe but plausible scenarios and their potential impact on revenue, profit and cash. 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 had a significant impact on our business. As expected, the largest impacts have been seen in our markets with significant exposure to Out-of-Home, namely GB and Ireland. The actions planned to mitigate the adverse impact, which included reduced A&P spend, variable reward and discretionary spend as well as stopping all non-essential and non-committed capex, have been successfully implemented in 2020.

In March 2020, we shared sensitivity analysis that quantified the expected impact on our business of a full lockdown in all our markets of £12m-18m per month for the second half of 2020, reflecting peak seasonal trading. This estimate has proved to be reasonable during the period of the most widespread restrictions in 2020, and 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 2021 the possibility of continued and potentially increased restrictions means there is a high degree of uncertainty in predicting the potential outlook for our business.

Taking into account the learnings from this year, 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 12 months. We have tested the possibility of the debt covenants being breached in March 2021. This is the most sensitive test point, as the EBITDA modelling assumes a full 12 months of reduced trading due to the impact of restrictions, on top of our usual

working capital peak ahead of summer trading. Under all the scenarios modelled, and after taking mitigating actions available in the first half of the year including the phasing of A&P and capital spend into the second half of the year, our forecasts do not indicate breach. This is also the case for the forecast covenant test at the end of September 2021.

These scenarios include a range of estimated impacts, 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. For each of our markets we have sensitised the revenue, profit and cash flow impact of reduced trading activity in our Out-of-Home channel and changes in product mix, including lower on-the-go volumes, for the key At-Home channels. The assumptions used reflect the trends we have seen in 2020. 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 scenarios include an assumption that a level of restrictions on movement and social distancing will remain at current or increased levels during the first half of 2021, with Out-of-Home volumes gradually improving during the second half of 2021.

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 during 2020 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.

In all the scenarios we have modelled, there remains significant liquidity headroom under our existing debt facilities at each month end. On 30 September, the adjusted net debt position was £520.4m and our covenant net debt to EBITDA ratio was 2.4x, with a covenant EBITDA to Net Interest Expense ratio of 11.0x. The RCF of £400m was undrawn, with an additional £109.2m of cash holdings. In addition, we have access to private placement notes totalling approximately £625m, with maturities out to 2035. £65m of the USPP notes are due to be repaid before February 2021. No further USPP notes mature until December 2022. During 2020 we also re-financed our £400m RCF up to 2025, with the potential to extend maturity to 2027 with lender consent. The RCF also offers an accordion facility of £200m, again with lender consent. Covenants are set at a maximum of 3.5x Net Debt to EBITDA and a minimum of 3.0x EBITDA to Net Interest Expense 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. Updates to risks and mitigation plans are made as required. In response to the COVID-19 pandemic, the risk team has supported each of our markets and functions to identify the actions required to ensure business continuity.

We have also reassessed our principal risks in light of the pandemic and have identified a specific risk that considers reduced demand in the Out-of-Home channel, volatility in the At-Home channel, cancellation of key marketing events and the potential impact on liquidity and debt covenants. It also considers the impact of new ways of working on employees, our ability to meet statutory deadlines and risks associated with supply of products across our various markets.

A number of controls and mitigations have been put in place at a Group level in response to this risk, including frequent monitoring of cash, financial scenario planning and cost mitigation actions, as well as additional health and safety procedures in each of our factories.

Our supply chain teams have responded with pace, optimising production schedules and operations to mitigate some of the adverse impacts on our business. All our plants are operational and operating with increased agility during these times. We have been successfully collaborating with suppliers and customers to prioritise key SKUs and ensure continuity of supply and protect on-shelf availability. This has enabled us to limit the impact on our customer service levels.

We have increased the likelihood of our Legal & Regulatory Principal Risk given the level of change in regulation, both new and modifications to existing laws. A new Principal Risk was added in reference to Brexit.

JOANNE WILSON
CHIEF FINANCIAL OFFICER

25 November 2020

OUR APPROACH TO RISK



Joanne Wilson
Chief Financial Officer

Our approach

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. 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.

Site risk reviews – We have reinvigorated our risk reviews with sites and now have a consistent and well-established risk process for our production and logistics network in GB and Ireland. Each site has its own registers which the central Risk team supports and helps update on a quarterly basis. We have also used these sessions to update site emergency plans and conduct desktop emergency scenario planning. Next year, we'll look to establish this for our sites in France and Brazil (a process delayed by COVID-19) and introduce a new risk register tool to enhance the usability and analytics of the central risk register.

The viability statement on page 60 provides a broader assessment of the long-term liquidity and solvency of the company after consideration of the principal risks.

Key areas of focus

The risks facing Britvic continue to be wide ranging with both external and internal factors providing a high level of uncertainty across the year. COVID-19 has obviously been, and continues to be, a dominating risk for Britvic, our employees and, in fact, across all our stakeholders, from suppliers to customers, consumers and shareholders.

As the pandemic unfolded at the beginning of 2020, risk management and the safety of our employees have been at the core of everything we have done. The following key actions were undertaken with this in mind:

- In February 2020, as details of COVID-19 emerged more prevalently, we focused on the restrictions in China from a procurement and travel perspective. We reviewed the level of materials coming from impacted areas, assessed availability

of alternative suppliers and put in place measures to restrict travel to this area.

- We formed a central response team in February, made up of employees from across the business, to co-ordinate our response to the pandemic across supply, production, health and safety, and wellbeing. This group continues to monitor the advice of local governments, and work with external stakeholders, to protect our employees and business.
- As a lockdown was imposed across most of our markets, our production sites remained open, as our employees were deemed to be key workers operating in the food and drink sector. Social distancing measures were put into place to allow our employees to continue to work safely with PPE, temperature checking, additional cleaning and other safety measures introduced, all supported by comprehensive and dynamic COVID-19 risk assessments. Similar measures were taken to support our field staff return to customer sites as the markets slowly re-opened in the summer.
- In line with the local government advice in our markets, we closed our offices for all roles that could operate from home. We supported our employees to work effectively at home, providing additional virtual mental health support as well as access to appropriate Display Screen Equipment (DSE). We have gradually re-opened our offices over the past few months once all COVID-secure social distancing measures were put in place. There is no requirement for employees who can work from home to work in the office and we continue to monitor government advice in this area. Office capacity is restricted via a desk booking app, we have enabled track and trace, and additional cleaning and sanitation measures have been implemented.

Although the risk landscape has been dominated by COVID-19, the risk over the UK's exit from the European Union continues to pose an operational challenge.

The company has a Brexit steering group in place to ensure that we are being proactive in monitoring developments and acting where appropriate. As with previous potential no-deal deadlines, we are taking the necessary steps to prepare. We are working closely with our suppliers to refresh our raw material contingency plans and the potential tariff impact if there is no trade agreement from January 2021. Where the outcome is known (e.g. the requirement to produce export paperwork, label changes) we continue with making the necessary changes, to both our systems and processes, to ensure we are ready for the changes coming in from January 2021.

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 agreed a set of company appetite statements for our principal risks. A risk that can seriously affect the performance, prospects or reputation of the company is deemed a principal risk. These are aligned to the company's strategic goals and priorities. We use the articulation of risk appetite in decision making across the company, and to define and validate the mitigating activities required to manage our risks.

Emerging risks

We consider emerging risks throughout our risk processes. Through both the top down and bottom up risk discussions held across the business, new and emerging risks are under constant review. The plc Risk team also use their knowledge, from internal and external sources, to flag any emerging risks. COVID-19 and its wider impact dominate the long term picture as the risk of a deep recession, customer failures, permanent changes to retailer landscape with online growth escalating, changes to the way (and where) we work all set to pose a risk to our performance and success in the next few years.

RISK MANAGEMENT FRAMEWORK



TOP DOWN



BOTTOM UP

Board of Directors

Assesses principal risks and sets risk appetite. Overall responsibility for maintaining sound risk management and internal controls.

Audit Committee

Sets the risk management framework. Assesses the effectiveness of the Group's risk framework and internal control systems.

Executive team

Identifies and monitors principal risks and undertakes reviews of operational risks reported from business units.

Risk team

Co-ordinates risk management activity, provides expertise and support to business risk owners and reports risk information across the organisation.

Internal Audit

Internal audit provides independent and objective assurance that the system of internal control is adequately designed and is operating effectively to mitigate key risks.

Operational management

Owns and reviews operational risks, operates controls and implements mitigation actions.

Principal risks and uncertainties

The table below sets out the principal risks faced by the company, the link to the company's strategies, movement in the risk score, examples of relevant controls, mitigating factors, and recent developments. The company is exposed to a wide range of risks in addition to those listed.

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

-  No change
-  Increased
-  Decreased

Alignment to strategy key

-  Build local favourites and global premium brands
-  Flavour billions of water occasions
-  Healthier People, Healthier Planet
-  Innovate to access new spaces

CONSUMER PREFERENCE: INNOVATION

Principal risk

Failure to successfully evolve our portfolio to take advantage of growth categories and/or re-invent our core brands to meet consumer needs



Controls and mitigating activities

- We have a broad portfolio of products across a number of sub-categories and markets to meet evolving consumer trends.
- Continuous assessment of consumer/customer trends, insight and behaviours in order to anticipate changes in preferences and match our offering to these trends.
- The Category Board focuses on a plan for the next 18 months and putting strategic plans in place by category.
- Ongoing prioritisation exercise ensuring a clear innovation pipeline balanced between long-term and more immediate opportunities.

Risk description

Consumer preferences, tastes and behaviours change over time and differ between the markets in which we operate. As part of this, the consumer's desire for healthier choices and premiumisation are significant trends. Our ability to anticipate these trends, innovate and ensure the relevance of our brands is critical to our competitiveness in the market place and our performance.

2020 developments

- Over 200 London Essence Fresh Serve fountains now available in restaurants and pubs across the UK.
- We have purchased The Boiling Tap Company (TBTC) to help access new spaces in consumer landscape.
- We launched ready-to-drink tea and coconut water in Brazil with the Puro Coco and Natural Tea brands.
- We have continued to innovate with our flavours, introducing the Robinsons Superfruit Cordials this year and Les Bios, our organic ranges of syrups in France.

HEALTH CONCERNS

Principal risk

The continued focus on health and obesity results in a decline in the soft drinks category and/or our share of it, and the risk of additional complexity and cost as a result of further regulation after the successful implementation of SDIL.



Controls and mitigating activities

- We have a wide range of soft drinks, many of which are low or no calorie, which means we are well placed to take advantage of the consumer's increased demand for healthier products.
- Ongoing evaluation and development of the brand portfolio and innovation pipeline; our innovation pipeline is weighted towards lower calorie or nutritionally enhanced brands.
- We work closely with non-government organisations and trade associations in our markets to fully participate in the debate and help shape solutions.

Risk description

There is a high and ever increasing level of media and government scrutiny on health and obesity in all of the markets we operate in, highlighted in the UK by the potential introduction of regulation over high in HFSS products. It is important that we continue to take a leadership position on health issues.

2020 developments

- UK Government Obesity Strategy announced (July 2020) with some key details outstanding. Initial assessments performed of HFSS regulation included within this strategy and our impact assessment will be refreshed as more details are announced.
- We set a strategic aim to have fewer than 30 calories per 250ml serve by 2025 to drive a continuation of our calorie reduction programme.

RETAILER LANDSCAPE AND CUSTOMER RELATIONSHIPS

Principal risk

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



Risk description

Maintaining strong relationships with our existing customers and building relationships with new customers and technology-enabled channels is critical for our brands to be readily available and well presented to our consumers. A failure to do this may impact our ability to obtain competitive pricing and trade terms and/or the availability and presentation of our brands.

Controls and mitigating activities

- 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 capabilities in the soft drinks category, which enable us to find new ways to improve customer performance and enhance our relationships.
- We have trade credit insurance in place to cover our sales in both the UK and France and payment plans to mitigate credit risk.

2020 developments

- Significant disruption in this area as a result of COVID-19. For example, promotions were significantly reduced by grocers across Q3.
- Our London Essence Company fountains offer a forward thinking trade dispense system that serves flavoured tonic water infusions and provides a new opportunity for us and our customers.
- We work with all our customers, including through category partnerships and range reviews, to match our product offering to consumer needs.

THIRD PARTY RELATIONSHIPS

Principal risk

Partnerships may not be renewed or are renewed on less favourable terms.



Risk description

We currently bottle and co-market a number of PepsiCo products in GB and Ireland, including 7UP and Pepsi. Additionally we have a relationship with a number of partners to grow our family, adult and kids brands outside of our core markets. Our partnership with PepsiCo and distributors and franchisees is an important part of our business and delivery of our strategy going forward.

Controls and mitigating activities

- Robust governance and management of relationship with PepsiCo and other partners.

2020 developments

- In October 2020, Britvic 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 drink brands – including Pepsi, 7UP and Mountain Dew in Great Britain.
- The new agreement includes the Rockstar energy brand, for which Britvic will take responsibility from 1 November this year.

SUPPLY CHAIN

Principal risk

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.



Risk description

Our business depends on purchasing a wide variety of products and services, efficient manufacturing and distribution processes. Brexit presents a specific risk, which is explored in further detail below.

Controls and mitigating activities

- Flexibility in dual site supply for key products and strong relationships with contract packers to support business interruption or changes in demand.
- We have robust supplier strategy, selection, monitoring and management processes.
- We monitor market conditions for commodities and, where appropriate, hedge our contractual positions.
- Externally certified management systems across the supply chain.

2020 developments

- Improved our business resilience through various projects, including improving site accessibility to allow for additional can supply and running table-top scenario disaster emerging planning sessions with sites in GB.
- Record output as new lines moved into business as usual (BAU).
- Maintained high service levels despite COVID-19.

SUSTAINABILITY AND ENVIRONMENT

Principal risk

Climate change presents a risk to our ability to source, manufacture and market our drinks. The increased focus from all stakeholders (from governments, customers and consumers) on sustainability means there is increased risk of regulation on our packaging, to source sustainably and appropriately report on the impact of a changing climate.



Risk description

Increasing regulatory requirements and growing societal pressure with regards to packaging (plastics in particular) may present a financial and/or reputational risk to our existing packaging portfolio and impact upon our ability to market our products. In addition, climate change presents risks, both financially and reputationally, across the business from reduced stock availability to supply interruption.

Controls and mitigating activities

- Within our Healthier People, Healthier Planet sustainability programme we make environmental commitments, including carbon emission reductions, water savings and reducing the environmental impact of our packaging.
- We have externally certified management systems in place to monitor and reduce the environmental impact of our operations and ensure compliance with environmental legislation.
- We were a founding signatory to The UK Plastics Pact and 100% of our cans, glass and plastic bottles are recyclable in the UK.
- Through our trade associations and directly, we continue to proactively engage with government on the feasibility of a deposit return scheme system and other actions to increase recycling and reduce littering.

2020 developments

- Entered our first sustainability-linked credit facility, allowing us to borrow up to £400 million over the next five years while linking the margin of the facility to our sustainability goals.
- Entered into a supply agreement with Esterform Packaging Limited, the largest independent converter of PET in the UK, for the long-term supply of UK-sourced rPET.
- We have moved Fruit Shoot Hydro and 500ml Ballygowan into 100% rPET.
- We have announced our intent for all bottles in GB to be made from 100% rPET by the end of 2022.
- Developing a roadmap for decarbonisation to meet science-based targets.
- We have significantly reduced our manufacturing water intensity ratio this year by 12.4%.

INTERNATIONAL EXPANSION

Principal risk

Failure to grow our business internationally in line with strategic aims due to the risks associated with start-up profitability (new markets and new brands) and regulations.



Risk description

To achieve our strategy of growing internationally, it is important that we have the appropriate governance, systems and processes in place and that our brand propositions respond appropriately to local consumer preferences.

Controls and mitigating activities

- Strategic plan in place for international business unit built on Global Premium Adult channels.
- We carry out extensive due diligence prior to entering a new market.
- Monitoring of regulations (current and proposed or future changes).

2020 developments

- Across our international markets we have focused on actions that aim to improve margin and performance and concentrated on growing our premium brands internationally.
- We have completed the transaction to dispose of our juice manufacturing sites in France.
- We have made good progress on growing our innovation brands and products in Brazil.

QUALITY OF OUR PRODUCTS AND THE HEALTH AND SAFETY OF OUR PEOPLE

Principal risk

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 when working on Britvic sites and when working or travelling on behalf of Britvic or on customer premises.



Risk description

The quality of our products and the health and safety of our employees is of the utmost importance to us and it is essential that we manage safety, product quality and integrity.

Controls and mitigating activities

- We have robust quality management standards applied and rigorously monitored.
- Where incidents do occur, we have a clear Incident Management Policy and conduct annual scenario testing across all markets.
- We have dedicated central teams to oversee quality and supplier assurance, working closely with the business units.
- External compliance and system audits performed regularly through accredited bodies.
- Programme of integrated QSE audits in place.
- Conduct unannounced site security penetration tests and form action plans to address any findings.

2020 developments

- All sites in GB and Ireland, bar one of our Irish sites due to limitations on site visits during COVID-19, achieved FSSC22000, a food safety certification.
- All suppliers now listed and processed on QADDEX, food safety and quality self-assessment questionnaire risk assessment and audit tool. This has been rolled out in all our markets.
- Accident Frequency Rate (AFR) and Lost time accident frequency all under target.

LEGAL AND REGULATORY

Principal risk

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



Risk description

Britvic is subject to a wide range of legislation, regulation, guidance and codes of practice in areas such as labelling, packaging, marketing, advertising, safety, environment, competition, data privacy, ethical business and tax. Failure to comply with such requirements could have a significant impact on our reputation and/or incur financial penalties.

Controls and mitigating activities

- In-house legal and compliance functions 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.
- Global policies are in place with local variations as appropriate and training rolled out as required.

2020 developments

- New compliance system in place providing one-stop-shop for policies and logging conflicts of interest and Gifts and Hospitality (G&H) and whistleblowing.
- Updated Anti-Bribery and Corruption (ABC) training rolled out to employees along with face-to-face competition training provided to commercial teams.
- Horizon scanning process refreshed for legal and regulatory purposes and utilises third party experts.

TECHNOLOGY AND INFORMATION SECURITY

Principal risk

We experience a major failure of our IT infrastructure or suffer a breach in our system or information security.



Risk description

We interact electronically with customers, suppliers and consumers, and our supply chain operations are dependent on reliable IT systems and infrastructure. 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.

Controls and mitigating activities

- Disaster recovery plans across the Group tested every year with annual penetration testing also performed.
- Central governance and decision-making processes for system changes.
- Information and IT policies are in place and are regularly reviewed. Quarterly internal phishing campaigns are run and followed up with training and guidance.
- Incident response plans are in place, recognising that while this risk can be managed it cannot be eliminated.

2020 developments

- Implementation of cyber controls framework on track.
- Updated cyber incident response plan in place.
- We have completed the majority of the actions from a third party audit on cyber security controls.
- Cyber insurance in place for FY20 and renewed for FY21.

TREASURY, TAX AND PENSION



Principal risk

Changes to exchange, interest or tax rates can have an impact on profits and cash flows. Business changes also present a risk as to how we are financed or taxed.



Risk description

Britvic is exposed to a variety of external financial risks relating to treasury, tax and pensions. Changes to exchange rates and interest rates can have an impact on business results and the cost of interest on our debt.

Additionally, the GB 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.

The group is seeking clarity through the court on its ability to determine the rate of pension increase and revaluation of deferred benefits in the Britvic Pension Plan in GB. Refer to note 22 of the financial statements for further detail.

The risk score has increased due to the level of change in the external tax environment.

Controls and mitigating activities

- Robust monitoring of exchange rates and interest rates.
- Active risk management and hedging strategies are in place to manage exchange and interest fluctuations, overseen by the Treasury Committee.
- Monitoring of investment and funding strategies for the pension fund. Quarterly updates provided on the funding position to Trustees.
- Strong relationships with external stakeholders and third party experts to ensure that a high standard of advice is provided to the business.
- Group tax policy in place.

2020 developments

- Triennial Valuation agreed in June 2020 delivered a mutually agreeable funding basis.
- On track with identifying and implementing the changes required for Brexit and Making Tax Digital.
- In FY20, we refinanced our Revolving Credit Facility and USPP notes which were maturing.

TALENT



Principal risk

Limited capacity, capability and resilience impacts the business' ability to deliver ambitious plans for our business strategy and post COVID-19 recovery – we rely on key individuals, the risk is greater if they also face sustained high levels of business pressure or encounter personal issues.



Risk description

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.

The risk score has increased due to the impact of COVID-19

Controls and mitigating activities

- Talent and succession planning processes in place.
- Regular pulse surveys take place across the company to obtain employees feedback on a wide range of topics.
- Annual performance management processes in place.

2020 developments

- Introduction of Wellbeing Warriors and Mental Health First Aiders to provide online support during the COVID-19 pandemic and in the future.
- MyLearning launched, a one-stop-online-shop for learning & development at Britvic.
- Britvic established B-Diverse, a BAME network, this year and launched See-Me, our diverse ability network.

COVID-19

NEW

COVID-19 (Health and Safety and COVID-19)

The outbreak of COVID-19 has led to unprecedented disruption, with Government enforced sustained lockdowns in all our markets impacting our employees, production and customers globally. Significant economic uncertainty remains with the risk of a global recession and no readily available vaccine.

The outbreak of COVID-19 has led to a significant challenge to Health and Safety, increasing pressure on our sites, with on-going risk of an outbreak or increased absenteeism due to self-isolation requirements along with an increase in mental health concerns as a result of lockdown measures.

Controls and mitigating activities

- Financial modelling in place to assess the impact of Out-of-Home closures, restrictions on movement of people, and differing potential supply and demand implications for our grocery business. This is regularly monitored and updated depending on development of COVID-19 and lockdown rules.
- COVID-19 Response team from plc and BU level set up and operational.
- Dynamic risk assessments in place for all sites and offices.
- Weekly monitoring of supply chain risks, supplier monitoring, forward purchasing/sourcing alternative supply of raw materials where necessary. Optimising SKUs and production schedules across all our markets.

Risk description

The uncertain nature of the severity of the pandemic and the duration of the restrictions imposed by local governments in all our markets has resulted in raising this new risk.

- We are tracking employees who are self-isolating and who have been confirmed to have contracted COVID-19.
- Social distancing measures put in place across our factories and offices to reduce the risk and adhere to local government advice.
- Additional cleaning procedures in place across our sites especially for high traffic or high touch points.
- We continue to monitor government advice in all our markets to ensure the safety of our employees.
- For more details on our response to COVID-19, see Chief Financial Officer's review on page 51.

BREXIT

**Brexit**

Increased costs and process complexity due to Brexit, including risk of port disruption, stock build-up, additional warehousing and new tariff processes.

**Controls and mitigating activities**

- Brexit Steering committee in place with stakeholders from across the business (Risk, GB and Ireland Commercial, DSP, Tax, Procurement and Communications) meeting on regular basis.
- Raw Material and Finished Goods stock build up took place in run up to the December 2019 "No Deal" deadline and contingency warehouses were secured.
- Close collaboration with relevant trade federations so we are up to date with the latest developments and additional support.

Risk description

UK left the EU on 31 January 2020 with a transition phase in place which will end on 31 December 2020, however, if there is no or a limited trade agreement reached by the two parties, then there could still be delay at borders, tariffs and there will be additional paperwork for imports/exports.

2020 developments

- System review underway with IT to manage the impact of potential export paperwork that may be required.
- We have monitored the political situation and trade/future relationship talks and made a decision on the need to build up stock as required.
- We have continued our work to add dual Food Business Operator (FBO) addresses to our product to adhere to new labelling requirements.
- Supplier readiness work was refreshed to ensure we are prepared for the introduction of tariffs (e.g. confirming commodity codes) and for any potential port delays.

Strategic Report

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 54 – 59 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.

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 (including costs related to Brexit and COVID-19), the growth of the soft drinks category, input cost inflation and growth from the company's value drivers. We have also included a range of impacts related to the COVID-19 pandemic in the model. This range includes estimates of the impact of COVID-19 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. The most severe scenario for the impact of COVID-19 on the Group includes an assumption that a level of restrictions will remain in place until October 2021 with Out-of-Home outlets only gradually returning towards pre-COVID-19 levels at the beginning of 2022.

Our principal risks, by their nature, can also have a significant impact on the business' viability. As a result, our going concern and 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 top of the potential future impact of COVID-19 as described above. 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, we modelled only those which would represent a severe but plausible event if they materialised, based on the likelihood and impact score assigned to each principal risk, as signed off by the Board.

The table below summarises each of the risk events, modelled in the viability analysis, to its related principal risks:

Principal risk	Associated risk event in viability model
Health concerns	Introduction of HFSS regulation and associated restrictions
Retailer landscape and customer relationship	Major customer fallout
Supply chain	Failure to supply due to internal issue and due to a third party supplier failure
Sustainability and environment	Additional sustainability costs (e.g. introduction of a Plastics Tax)
Quality of our products	Product recall
Legal and regulatory	Non-compliance with regulation
Technology and information security	Cyber incident impacting one of our sites
COVID-19 (including H&S impact)	Shutdown of a site for two weeks due to a COVID-19 outbreak
Brexit	The introduction of tariffs as a result of no trade agreement being agreed between the UK and the EU at the end of the transition period

As part of the analysis, the Directors considered the mitigating actions available to the company to protect against these downside scenarios, for example, reducing advertising and promotional spend or reducing capital investment. The viability model combines the adverse impacts of several unconnected risks to assess our resilience. These scenarios 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.

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 2023.

Going concern

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

SIMON LITHERLAND
CHIEF EXECUTIVE OFFICER
25 November 2020

Chairman's introduction to governance



LEADING WITH PURPOSE

John Daly
Non-Executive Chairman

Board focus areas in 2019/20

- Reviewed the company's long-term business strategy and, in particular, the strategic pillars
- Received information on, and discussed, the impact of COVID-19 across the business
- Approved the company's financial statements following recommendations from the Audit Committee
- Engaged with key stakeholders, including the workforce
- Received information on the company's culture and results of employee surveys

➔ READ MORE ON PAGES 70 – 71

Dear Shareholder

I am pleased to present the Corporate Governance Report for the year ended 30 September 2020. 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.

UK Corporate Governance Code

This 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 63. A comprehensive review of our governance framework was carried out in 2019 which enabled a refresh of our policies and practices and stood us in good stead for 2020.

The Board's response to the COVID-19 pandemic

As a Board, we have held all our meetings virtually since March 2020 and the Executive team have kept us well informed of developments within each of the company's markets and operating businesses. Having taken advice from the company's brokers and lawyers, we discussed the potential scenarios and the range of possible effects of COVID-19 on the company and our key stakeholders, and kept investors up to date with the impact of the pandemic on the company. We wholeheartedly supported initiatives to help our people, communities, customers, suppliers and other stakeholders, and in particular, our commitment to joining the C-19 Business Pledge founded in March. The company's response to the COVID-19 pandemic is outlined in detail on pages 6 – 7.

The Board's involvement in setting the business strategy

In 2019, we supported and encouraged the Executive team to evolve the long-term business strategy, explained on pages 10 – 19, and we remain confident in its approach. We recognised the importance of the development of the business strategy and we were particularly supportive of the Healthier People, Healthier Planet and flavouring billions of water occasions strategic pillars.

Throughout 2020, we have focused our efforts on implementing and delivering the strategy and ensuring Board agendas follow the strategic pillars and Britvic values. Further information on how the Board supports the company's strategy can be found on page 62.

Section 172 and stakeholder engagement

This is the first year we have set out our Section 172 statement, which can be found on pages 20 – 21. As part of our compliance with Section 172, the Board is required to consider a number of factors in its decision-making, including the interests of its stakeholders. Further details on how the company and the Board engage with stakeholders can be found on pages 14 – 19 and 72 – 74.

Fair, balanced and understandable

The Board as a whole is responsible for the preparation of the Annual Report and Accounts and ensuring that they are fair, balanced and understandable. Drafts of this document have been reviewed by the Committee Chairs and the Board as a whole. 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 (page 85). The Board has 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 I can confirm that the Board believe 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.

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.

JOHN DALY
NON-EXECUTIVE CHAIRMAN
25 November 2020

WE WHOLEHEARTEDLY SUPPORTED INITIATIVES TO HELP OUR PEOPLE, COMMUNITIES, CUSTOMERS, SUPPLIERS AND OTHER STAKEHOLDERS DURING THE COVID-19 PANDEMIC.

HOW GOVERNANCE SUPPORTS OUR STRATEGY

The Board works closely with the Executive team to review and agree the Group's long-term strategy, which is set out on pages 10 – 31. Setting strategic direction is a key part of promoting the success of the company, and the Board carefully considers the long term consequences of the key pillars such as building on strengths to ensure the stability of the business, while paying close attention to changes in consumer preferences to ensure future growth. The Healthier People, Healthier Planet pillar puts community and environment considerations on the same basis as performance, but these are addressed in all four pillars. As well as the commitment to using rPET for plastic packaging, the focus on concentrates both in and out of the home will have an

impact as will changes in the routes to consumers and use of new technology. Communities are being considered by aiming to give wider choices and continuing to maintain or reduce calorie count. High standards of business conduct are imperative to embed trust with consumers and business partners and embedding sustainable practices in every element of our business strategy is key. Overall, the strategy is designed to carry the business forward, providing benefit not only for all shareholders but providing a stable and caring yet exciting workplace for employees as we move into new ways of working and growing.

STRATEGIC PILLAR:

FOR MORE INFORMATION
SEE PAGE 28



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 2020

- Regular reports from the CEO covering market and trading performance
- Monitoring the performance of each business unit and the company through the CFO's regular financial reports
- Regular reviews of the Company's markets and supply chain
- Understanding key customer relationships and market drivers

STRATEGIC PILLAR:

FOR MORE INFORMATION
SEE PAGE 29



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 2020

- Monitoring the performance and growth of our flavour concentrate brands
- Monitoring the company's progress in sustainability issues such as packaging

STRATEGIC PILLAR:

FOR MORE INFORMATION
SEE PAGE 30



Healthier People, Healthier Planet

The Board's governance role

The Board is provided with updates on its workforce, employee wellbeing, culture and the results of employee surveys. It also receives and discusses detailed information on the company's environmental targets and its progress against those targets.

What we considered in 2020

- Understanding the impact of COVID-19 on employees, the supply chain and mitigating actions
- Monitoring information on the company's culture and employee wellbeing
- Reviewing the updated Diversity & Inclusion Policy
- Reviewing the results of the employee engagement survey
- Engaging with employees on the Board's visit to the manufacturing site in Rugby
- Understanding the company's culture
- Regular reviews on key sustainability issues and the environmental impact of the business strategy
- Regular reports on the company's key performance indicators covering environmental, and health and safety performance targets

STRATEGIC PILLAR:

FOR MORE INFORMATION
SEE PAGE 31



Innovate to access new 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 2020

- Reviewing the technology investment programme as a key component of strategy
- Regular updates on technology and investment requirements of the business
- Approving the acquisition of The Boiling Tap Company
- Understanding consumer needs and trends, and our partner networks and the different propositions that our customers and consumers require

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 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 www.frc.org.uk.

SECTION 1: BOARD LEADERSHIP AND COMPANY PURPOSE

SEE PAGE

- A. Effective and entrepreneurial board to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society
- B. Purpose, values and strategy with alignment to culture
- C. Resources for the company to meet its objectives and measure performance. Controls framework for management and assessment of risks
- D. Effective engagement with shareholders and stakeholders
- E. Consistency of workforce policies and practices to support long-term sustainable success

• Chairman's introduction to governance	61
• Strategic Report	1 – 60
• Section 172 statement	20
• Purpose, values and culture	68
• Board's key activities	70 – 71
• Board engagement with key stakeholders	72

SECTION 2: DIVISION OF RESPONSIBILITIES

SEE PAGE

- F. Leadership of Board by chair
- G. Board composition and responsibilities
- H. Role of NEDs
- I. Company secretary, policies, processes, information, time and resources

• Board composition	78
• Roles and responsibilities	75
• Appointment, tenure and re-election	76
• Conflicts of interest	76
• Time commitment and external appointments	76

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 3: COMPOSITION, SUCCESSION AND EVALUATION

SEE PAGE

- J. Board appointments and succession plans for Board and senior management and promotion of diversity
- K. Skills, experience and knowledge of Board and length of service of Board as a whole
- L. Annual evaluation of Board and Directors and demonstration of whether each Director continues to contribute effectively

• Board composition	78
• Nomination Committee Report	77 – 81
• Diversity, inclusion and belonging	78
• Board, Committee and Director performance evaluation	80 – 81

SECTION 4: AUDIT, RISK AND INTERNAL CONTROLS

SEE PAGE

- M. Independence and effectiveness of internal and external audit functions and integrity of financial and narrative statements
- N. Fair, balanced and understandable assessment of the company's position and prospects
- O. Risk management and internal control framework and principal risks company is willing to take to achieve its long-term objectives

• Audit Committee Report	82 – 86
• Risk Management	52 – 59
• Fair, balanced and understandable assessment	85
• Going concern	60
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SECTION 5: REMUNERATION

SEE PAGE

- P. Remuneration policies and practices to support strategy and promote long-term sustainable success with executive remuneration aligned to company purpose and values
- Q. Procedure for executive remuneration, Director and senior management remuneration
- R. Authorisation of remuneration outcomes

• Directors' Remuneration Report	87 – 106
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THE RIGHT SKILLS TO DELIVER OUR STRATEGY



John Daly
Non-Executive Chairman

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 (2010-2014) and Regional Director for Asia Pacific, based in Hong Kong (2004-2010). 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 Ferguson plc.

Committee membership:



External public directorships:

Non-Executive Chairman of Vivo Energy plc.

Non-Executive Director of Glanbia plc and a member of the Remuneration Committee.



Simon Litherland
Chief Executive Officer

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.



Joanne Wilson
Chief Financial Officer

Joanne has served as Chief Financial Officer since September 2019. She is responsible for financial, risk and audit management, and 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 (2006-2019).

Joanne started her career at KPMG (1997-2006), 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:

None.



Suniti Chauhan
Independent
Non-Executive Director

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:



External public directorships:

None.

Board attendance

Membership and attendance	Number of Board meetings ²	Number of Audit Committee meetings	Number of Nomination Committee meetings	Number of Remuneration Committee meetings	AGM attendance
John Daly	9/9	—	3/3	5/5	✓
Simon Litherland	9/9	—	—	—	✓
Joanne Wilson	9/9	—	—	—	✓
Suniti Chauhan	9/9	4/4	—	—	✓
Sue Clark	9/9	—	—	5/5	✓
William Eccleshare	9/9	—	—	5/5	✓
Ian McHoul	9/9	4/4	3/3	5/5	✓
Euan Sutherland ¹	8/9	4/4	2/3	—	✓

¹ Euan Sutherland was unable to attend one Board meeting and Nomination Committee meeting due to a personal family matter.

² Two Board meetings were additional unscheduled meetings with full attendance.

Key

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



Sue Clark
Independent
Non-Executive Director

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:



External public directorships:

Non-Executive Director of Bakkavor Group plc.

Member of the Supervisory Board of AkzoNobel N.V.

Non-Executive Director and Senior Independent Director of Imperial Brands PLC and Chair of the Remuneration Committee.



William Eccleshare
Independent
Non-Executive Director

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 Director of Donmar Warehouse Projects Ltd.

Committee membership:



External public directorships:

Non-Executive Director and Senior Independent Director of Centaur Media plc.



Ian McHoul
Senior Independent Director

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 Intreprenuer 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 (2004 – 2013), the last year of which he was also the Senior Independent Director.

Committee membership:



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

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 23 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:



External public directorships:

Executive Director of Saga plc.

Corporate Governance

Group Executive team

(as at 30 September 2020)

1



2



1. Simon Litherland Chief Executive Officer

See Simon's biography on page 64.

2. Joanne Wilson Chief Financial Officer

See Joanne's biography on page 64.

3. Matt Barwell Chief Marketing Officer

Matt is the Chief Marketing Officer of Britvic Soft Drinks Plc, a key member of the Executive team responsible for all aspects of global brand strategy, execution and innovation, 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 currently the Chair of the Marketing Group of Great Britain, a former Chair of the Advertising Association's Front Foot group and a Fellow of the Marketing Society.

4. Zareena Brown Chief People Officer

Zareena was appointed as Chief People Officer in June 2018 and is 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.

5. Clive Hooper Chief Supply Chain Officer

Clive was appointed Chief Supply Chain Officer in October 2016 having joined the business in 2006 as Production Director. Clive has responsibility for production, logistics and warehousing across all Britvic

sites. Prior to joining Britvic, he held senior management, production and planning roles at Greencore, Procter & Gamble and CeDo.

Clive has a BEng in Engineering from the Royal Naval Engineering College.

6. Steve Potts Strategic Programmes Director

Steve joined the business in October 2014 with responsibility for IT. He took on the additional responsibility for the 'One Britvic' transformation in May 2016, which created a new operating model within Britvic. Steve joined the Britvic plc Executive team in June 2018, when he also became responsible for Britvic's overall digital approach. With effect from October 2020, Steve was appointed Managing Director, Beyond the Bottle.

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.

7. Paul Graham Managing Director, GB

Paul joined Britvic in September 2012 having worked in a range of commercial roles across all trade channels for United Biscuits and Mars Confectionery. He was promoted to the role of GB Managing Director in July 2013 and leads the largest business unit in the group.

Paul is a graduate of the University of Manchester and is the Vice President of the British Soft Drinks Association.

8. Kevin Donnelly Managing Director, Ireland

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.

3



4



5



6



7



8



9



10



11



12



Board leadership and company purpose

9. João Caetano de Mello Neto

Managing Director, Brazil

João Caetano joined Britvic following the acquisition of Ebba in September 2015. He was co-founder of Ebba, creating a new company with two iconic brands in Brazil – Maguary and Dafruta. He brings with him over 30 years of executive management experience in the consumer goods industry.

Previously, João Caetano worked for Cia. Müller de Bebidas (Caninha 51) where he spent 14 years and acted as Chief Executive Officer for seven of those years. He then worked for J. Macedo for seven years as Chief Executive Officer of Hidracor, a leading decorative paint company in Brazil, before founding Ebba.

10. Hessel de Jong

Managing Director, International

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.

11. Olivier Mercier

Managing Director, France

Olivier joined Britvic France in 2015 as Commercial Director and was appointed Managing Director in January 2018. Prior to joining Britvic, Olivier worked for large multinational FMCG businesses including Heineken, Kellogg's and Kraft Mondelez, and has strong international experience having worked in both Russia and the Middle East.

Olivier holds a Master of Business Administration from HEC Paris.

12. Clare Thomas

General Counsel and Company Secretary

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.

OUR GOVERNANCE FRAMEWORK



SHAREHOLDERS

2,699 SHAREHOLDERS AS AT 30 SEPTEMBER 2020



BOARD

The role of the Board is to promote the long-term success of the company for the benefit of all stakeholders and focuses on strategy, leadership and people, performance and monitoring, internal control and risk management, and governance and shareholder matters.

➔ FURTHER DETAIL ON THE ROLE OF THE BOARD AND ITS ACTIVITIES: **PAGES 69 – 71**
BIOGRAPHIES: **PAGES 64 – 65**
SKILLS, EXPERIENCE, KNOWLEDGE OF THE BOARD: **PAGE 79**

NOMINATION COMMITTEE

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

➔ COMMITTEE REPORT
PAGES 77 – 81

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.

➔ COMMITTEE REPORT
PAGES 82 – 86

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.

➔ COMMITTEE REPORT
PAGES 87 – 106

EXECUTIVE TEAM

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

Chief Marketing Officer

Managing Director, GB

Managing Director, Brazil

Managing Director, France

Chief Supply Chain Officer

Managing Director, Ireland

Managing Director, International

Chief People Officer

Strategic Programmes Director

➔ BIOGRAPHICAL DETAILS OF THE EXECUTIVE TEAM: **PAGES 66 – 67**

GENERAL COUNSEL AND COMPANY SECRETARY

The General Counsel and Company Secretary is the senior legal officer for the Group and supports the Board and the Executive team on all corporate governance matters.

➔ FOR FURTHER INFORMATION SEE **PAGE 75**

PURPOSE, VALUES AND CULTURE

How the Board supports the company's strategy

The Board is responsible for setting the long-term business strategy and establishing the company's purpose, vision and values which together inspire the day-to-day culture of the business.

In November 2019 Britvic took the opportunity to evolve the business strategy to ensure it continued to be aligned to the changing consumer and retail landscape. The Board is confident in this strategy, which is explained in detail on pages 10 – 19 and 28 – 31.

Throughout the 2020 financial year, the Board has focused on delivering the strategy, ensuring all meeting agendas further Britvic's strategic priorities and all decisions are made in accordance with the Britvic values. For example, presentations and updates to the Board, in particular those provided by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) in their commercial and financial updates, share progress made against the four strategic focus areas of the strategy, including:

- Build local favourites and global premium brands *Read more on page 28*
- Flavour billions of water occasions *Read more on page 29*
- Healthier People, Healthier Planet *Read more on page 30*
- Innovate to access new spaces *Read more on page 31*

How the Board monitors culture

Central to Britvic's culture is the belief that the workforce is fundamental to the company's ability to succeed. As such, the Board and the business have continued to focus on employee engagement to create a culture that everyone can be proud of, where people come first and everyone is committed to delivering Britvic's long-term goals. This approach is helping to create an environment where every single person at Britvic feels free to act, inspired to grow, valued for their difference, trusted to deliver, energised and happy in their role. The Board fully endorses this approach and is committed to promoting the company's culture through its actions and decisions. For more information on the company's culture see pages 37 – 39.

In assessing culture, the Chief People Officer has regularly provided the Board with updated information on culture and employee engagement initiatives, including insights into how employees are feeling and their evolving expectations throughout the year. In particular, the Board discussed the company's workplace

culture in depth at its January meeting. The Board also received the results of engagement surveys which gave the Board a rich insight into the kind of culture employees wish to co-create alongside the implementation of the business strategy. The Chief People Officer also provided the Board with a comprehensive presentation on the impact of COVID-19 on the company's employees, supply chain and communities, and actions the business has taken to protect employees' health and wellbeing during this challenging time, whether they be key workers based on site or working from home. More information about the company's COVID-19 response can be found on pages 6 – 7.

During the year, the Board, and in particular, the Nomination Committee, supported and endorsed the creation of a more diverse and inclusive culture with the launch of the B-Empowered, B-Seen and B-Diverse employee groups and the Wellbeing Warriors whose role is to support, promote and champion wellbeing across the business. For further detail on diversity and inclusion, see page 37.

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. 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 – 39 and in the Directors' Remuneration Report on page 95.

Board leadership

As explained above the Board is collectively responsible for establishing the company's purpose, values and strategy in order to promote the long-term sustainable success of the company, while generating value for shareholders and contributing to wider society. The Board members' strong mix of skills and experience, both nationally and internationally, in a wide range of industries proves invaluable in Board discussions and in their engagement with the Executive team. The Board assesses the basis on which the company generates and preserves value over the long term through numerous focus areas:

Strategy

The Board provides strategic leadership and oversight, and has a detailed forward-looking agenda to enable the Directors to understand, contribute and consider economic, social, environmental and political issues and regulatory matters and any other relevant topics that may influence or affect the company's achievement of its objectives. Following the

evolution of the long-term business strategy in 2019, the Board received regular updates on the implementation of the strategy, including purpose, values and culture, from the Executive team. The Board is responsible for assessing and monitoring culture and ensuring it is aligned with the company's purpose, vision and values.

Performance and monitoring

The Board ensures that the necessary financial resources, assets and skills are in place for the company to meet its objectives, and monitors and evaluates the company's performance. It is also responsible for approving results, dividends, annual budget, major capital commitments, material acquisitions and disposals and announcements, including the going concern and viability statements. Performance monitoring also includes non-financial matters such as health and safety, employees, quality, environmental and social factors and ethical business practice.

Internal controls and risk management

The Board has ultimate responsibility for internal control and risk management systems operating in the business and considers regular reviews carried out by the Audit Committee, which has responsibility for monitoring such systems. Further information on risk management can be found on pages 52 – 59.

Leadership and people

The Board is responsible for succession planning and Remuneration Policy for the Chairman, NEDs, Executive Directors, the Company Secretary and Executive team, following advice and recommendations made by the Nomination Committee. It ensures that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. One of the Board's responsibilities is to engage with the workforce via a number of different channels including meeting with workers at all levels at site visits, engagement with the Executive team and wider leadership population, and regular reporting from employee surveys. The Board also ensures that provision is made for the workforce to raise concerns in confidence. The Audit Committee routinely reviews this and reports arising from its operation are provided to the Board. Further information can be found in the Audit Committee Report on pages 82 – 86.

Governance and stakeholders

The Board takes the views of, and effects on, key stakeholders into consideration in Board discussions and when making its decisions, including shareholders with whom it engages at appropriate times on appropriate subject matters during the year. The Board is accountable to shareholders for all the actions of the company and regularly reports

to shareholders through the Annual Report, quarterly trading updates and half-year and full-year results announcements, as well as other statutory non-financial statements.

Sustainability

The Board monitors and evaluates the company's sustainability targets, which include the Group's environmental impact, targets and performance, and subsequent actions taken (and to be taken) by the business units to achieve targets and lower the Group's impact on the environment. Other sustainability factors the Board takes account of include the drive to provide healthier consumer choices, diversity across the Group, employee wellbeing, carbon footprint, water usage, waste, packaging, and community programmes.

Detailed information on Britvic's sustainable business can be found on pages 32 – 47.

Statement of Authorities

The Britvic Statement of Authorities is an internal reference document which sets out the authority limits and delegations at Board, Executive team and business unit level. It provides a structured framework for the business to ensure the correct levels of delegations, scrutiny and approvals are sought and covers matters such as contracts, capital expenditure, tax, treasury, legal and HR.

How the Board operates

The company's governance framework is set out on page 67. This provides an overview of the roles of the Board, its committees and the members of the Executive team. The Company Secretary, with input from the Chairman and CEO, prepares an annual programme of business for the Board prior to the start of each financial year to ensure appropriate subject matters are covered at the appropriate times during the year, along with sufficient time allocated for in-depth discussions by the Directors. This annual programme 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.

It is the Chairman's responsibility to lead and ensure the effective working of the Board in a manner that is transparent and accountable, while creating a culture of openness and debate. This aims to facilitate the effective contribution of all Board members while harnessing constructive Board relations. The Chairman aims to create an environment whereby no one NED dominates decision-making and NEDs are able to balance their constructive challenge and guidance around strategy and performance, and also hold management to account as and when required.

The Board met seven times during the year as scheduled, with an additional two

MATTERS RESERVED FOR THE BOARD

The Board has a formal schedule of matters specifically reserved for its decision-making and approval. The matters that the Board considers suitable for delegation are contained in the terms of reference of each Board Committee and the company's

Statement of Authorities. The matters reserved for the Board is regularly reviewed and updated to reflect any changes made to the committees' terms of reference and the Statement of Authorities and is approved by the Board.



meetings to discuss the impact of COVID-19 and changes to the operating model to align to strategic priorities, and sub-committee meetings to approve financial results. There were further sub-committee meetings held to deal with the matters relating to the disposal of Britvic's private label juice business in France, the refinancing of Britvic plc and the acquisition of The Boiling Tap Company Limited. All meetings were held in person between October and February and were then held virtually when UK Government restrictions and guidance came into force. The table showing individual Board and committee attendance can be found on page 64.

The Chairman regularly meets with the NEDs without the Executive Directors present, both collectively and individually, and did so during the year. In addition, the Chairman discussed matters relevant to

the Audit and Remuneration Committees with the Chairs of each on a regular basis. The NEDs also met during the year without the Chairman to discuss his performance. Further information on Board performance can be found on pages 80 – 81.

The Chairman and the Company Secretary ensure that all the Directors receive timely information on all relevant matters prior to each Board meeting and, if required, sub-committee meeting. Board papers are circulated electronically via a secure Board portal in advance of meetings to ensure there is adequate time for them to be read and considered, and to facilitate focused, robust and informed discussions. The portal is also used to distribute reference documents, including company policies and other useful resources as required by the Directors from time to time.

KEY ACTIVITIES OF THE BOARD IN 2019/20

The Board's key activities and their link to Section 172 factors are shown below.

The company's Section 172 statement can be found on pages 20 – 21.

STRATEGY	- Received reports from the CEO at each Board meeting covering market and trading performance, investor feedback and discussions from Executive team meetings - Reviewed, discussed and adopted the Group's long-term business strategy - Reviewed and approved the acquisition of The Boiling Tap Company and the disposal of the French juice factories - Received updates on the company's supply chain - Received information on COVID-19 and discussed its impact across the business and necessary mitigation actions - Discussed the impact of Brexit - Reviewed and discussed the PepsiCo renewal agreement	
PERFORMANCE AND MONITORING	- Received reports from the CFO at each Board meeting covering Group and business unit performance for each period, market data, budgets, outlook, cash flow and liquidity - Approved the company's quarterly trading updates, half-year and full-year results and market announcements, including the going concern and viability statements - Approved dividend policy and payments and deferral of the interim dividend - Approved the Annual Report and Accounts for the financial year ended 29 September 2019 - Reviewed and approved the Group budget - Reviewed and approved the Group's financing strategy, including the Group's £400m bank facility - Reviewed and approved the Group's annual insurance renewal - Received regular updates on the quality, safety and environmental KPIs covering environmental and safety performance against targets, consumer complaints and the zero harm strategy	
INTERNAL CONTROLS AND RISK MANAGEMENT	- Received information on key risks, risk reviews and mitigation plans - Received updates on information technology investment and cyber security - Reviewed and approved changes to the Group's Statement of Authorities	
LEADERSHIP & PEOPLE	- Received regular updates on people and wellbeing covering engagement survey results, progress against the key areas of focus (Creating Great Britvic Managers, Re-Inventing Learning, Diversity & Inclusion and Employee Experience), the impact of COVID-19 on employees and workforce engagement - Received reports from the Chair of the Remuneration Committee on its activities regarding remuneration of the Executive Directors and Executive team, and the fees paid to the Chairman and NEDs - Received reports from the Chair of the Nomination Committee on its activities concerning succession plans	

GOVERNANCE

- Received regular updates on the company's governance practices and procedures
- Received regular updates on legal and regulatory matters
- Received updates on and discussed sustainability matters, in particular the plans and actions taken by Britvic during the COVID-19 crisis
- Reviewed and adopted updated Group policies on matters including whistleblowing, cyber security, anti-bribery & corruption, Statement of Authorities, anti-fraud, conflicts of interest and authorised signatories
- Reviewed and adopted updated committee terms of reference
- Discussed the Board's ways of working to become more simple, focused and agile
- Conducted the annual Board evaluation in respect of the effectiveness of the Board and its committees and discussed the actions to be taken in the upcoming year
- Approved the resolutions to be put to shareholders at the AGM



STAKEHOLDERS

- Received reports from Investor Relations on investor activity, recent investor/analyst engagement and investor views, and feedback from the investor roadshow
- Received regular reports on investor activity from an independent capital market advisory firm
- Carried out workforce engagement activities, including site visits and 'lunch & learn' sessions
- Received reports from the Executive team on customers and market share data
- Reviewed and discussed supplier contracts
- Received regular updates on consumer data and held detailed discussions on the community work the company has undertaken during the COVID-19 pandemic
- Received regular reports on consumer complaints and customer service levels
- Received reports on consumer market share and customer engagement
- Received updates on the COVID-19 pandemic response in relation to Britvic's workforce including supporting our employees, the creation of a dedicated employee wellbeing and resource portal, protection of the workforce and the safe return to work.
- Received regular reports on the zero harm safety performance for our workforce in relation to accidents in the workplace and the effectiveness of Britvic's safety management.
- Received updates on Britvic's community initiatives in particular during the COVID-19 pandemic, including donating chillers and soft drinks to NHS Nightingale hospitals, delivering products to local food banks and hospices and providing products for Age UK's food and drink parcels for the elderly and vulnerable.
- Regular updates on People and Wellbeing covering engagement survey results, progress against the key areas of focus (Creating Great Britvic Managers, Re-Inventing Learning, Diversity & Inclusion and Employee Experience) and workforce engagement
- Received regular updates on the sustainability Key Performance Indicators covering Britvic's performance against targets including calories per serving, community programmes and leadership roles held by women



ENVIRONMENT

- Received information on the environmental impact of the long-term business strategy
- Received regular updates on environmental, social and governance matters including the DRS (Scotland)
- Received regular updates on the environmental Key Performance Indicators covering Britvic's performance against targets including carbon ratio, water ratio, waste to landfill and rPET.



Section 172 matters

	Long-term consequences of a decision
	Interests of company's employees
	Fostering relationships with suppliers, customers and others
	Impact on community and environment
	Maintaining a reputation for high standards of business conduct
	Acting fairly between members



Board leadership and company purpose continued

How the Board engages with key stakeholders

The company's purpose, values and culture mean 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 20 – 21 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 the Board is kept informed of any key issues or changes. It also keeps engagement mechanisms under constant review to ensure they remain effective. Information on how the Board has engaged with key stakeholders during the year follows, with further information on how the company engages with its key stakeholders detailed on pages 14 – 19.

Consumers, customers and suppliers

The company actively engages with its consumers and the communities it serves on a daily basis with Executive team members providing the Board with key information from the business units. The CEO met with the company's key suppliers and customers during the year, both in person and virtually, to help maintain important relationships, connect with the broader supply chain community, discuss customer strategy and brand portfolio and share expertise and knowledge, and reported back to the Board on the outcomes of those discussions. Members of the Executive team regularly meet with our suppliers and customers, and details of these are reported to the CEO who then informs the Board on any key matters. The Board is also kept abreast of any engagement activities and significant discussions that are carried out by the company with trade bodies across its markets.

Workforce

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 considered at length the ways in which it engages with the workforce and how it could continue and improve on taking into account the views of the workforce. There was debate around the best workforce engagement method for the company and it was agreed that the Board would continue to enhance its current engagement activities by carrying out a programme of engagement to facilitate a two-way dialogue with employees.

The Directors agreed and set, with input from the Company Secretary, an agenda for FY20 to enhance its workforce engagement activities. This included the Board's visit to the company's manufacturing site in Rugby and its National Distribution Centre near Lutterworth in October 2019 (details can be found on page 73), attendance at town halls, visiting the company's international sites and attending leadership and employee forums during the year. As restrictions and limitations were imposed due to COVID-19, the Board was unable to physically meet with employees as much as it had hoped. However, these plans will now form the basis for engagement activities in FY21. In the meantime, the Board continues to receive regular updates from the Executive Directors, the Executive team and in particular, from the Chief People Officer.

In addition to the NDC and Rugby site visit, the CEO and CFO visited the Irish and Brazilian factories in October. The CEO visited the Brazilian factory again in March, to meet with senior employees, and review the development of plans and progress made for each site, and the infrastructure and facilities to ensure they are fit for purpose in the delivery of the company's business strategy. Visits were also helpful to understand the future investment potential of each site. They were unable to visit factories in France due to the restrictions and limitations imposed during the pandemic. Plans are in place to carry out these visits in FY21.

The company launched mySpeakup, a new whistleblowing reporting platform, in December 2019, to replace the existing whistleblowing process. 'mySpeakup' allows employees to raise any concerns they may have in confidence and anonymously if they wish (further detail can be found in the Audit Committee Report on pages 82 – 86). The Board received reports on all concerns raised and any investigations and follow up actions, which are carried out by the Company Secretary and Director of Internal Audit & Risk.

As explained on page 61, the Board held various robust conversations about the COVID-19 impact on people including employees, those in the supply chain and in the communities the company serves. Reports were provided to the Board on actions taken by business units to help its employees during the pandemic.

The Board received the results of the yearly employee surveys from the Chief People Officer and was able to understand in more detail how the company's strategy aligned to its values, vision and culture through the views of the company's employees.

THE BOARD AND THE BUSINESS HAS CONTINUED TO FOCUS ON EMPLOYEE ENGAGEMENT TO CREATE A CULTURE THAT EVERYONE CAN BE PROUD OF, WHERE PEOPLE COME FIRST, AND EVERYONE IS COMMITTED TO DELIVERING BRITVIC'S LONG-TERM GOALS.

CLARE THOMAS
GENERAL COUNSEL AND
COMPANY SECRETARY

BOARD VISIT TO RUGBY AND NATIONAL DISTRIBUTION CENTRE

In October 2019, the Board visited the company's Rugby manufacturing site and its National Distribution Centre near Lutterworth. The visit allowed the Board to meet and congratulate the team who had delivered the multi-year supply chain transformation programme, completed in September 2019, as well as the team of Britvic and partner company staff who operate the National Distribution Centre. The Board was able to see the impact of the transformation at the Rugby site including the fully operational new bottling and canning lines and fully automated high bay warehouse and assess the plans for the modernisation of the National Distribution Centre. As part of the Board's commitment to engage in two-way dialogue with employee stakeholders, they also spent time over lunch in the Rugby site canteen with employees from across a number of shifts and grades.



THE BENEFITS OF GETTING TO TALK TO EMPLOYEES ON THE GROUND AT TWO OF OUR MAJOR GB SITES WERE ENORMOUS. NOT ONLY DID WE GET A DETAILED TECHNICAL VIEW OF SITE UPGRADES BUT HAVING THE OPPORTUNITY TO TALK TO A VARIETY OF COLLEAGUES IN DIFFERENT ROLES IN AN INFORMAL SETTING WAS A FANTASTIC WAY TO GET INSIGHT INTO THE DAILY ISSUES AND CONCERNS OF THE WORKFORCE.



JOHN DALY
CHAIRMAN



SUE CLARK, NON-EXECUTIVE DIRECTOR: 'LUNCH & LEARN'

We held a virtual event organised by our women-in-the-workplace network, B-Empowered, at which one of our NEDs, Sue Clark, spent time talking to over 100 employees about her highly successful business career. Sue talked and answered questions from participants about her experiences of career planning, mentoring and sponsorship, building a personal brand and balancing family and career.



Board leadership and company purpose continued

Shareholders

The Board values maintaining strong lines of communication with investors which it believes should be an ongoing process. The Board's primary 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 CEO, CFO and Chief Strategy Officer provide regular engagement support with other Executive team members and functional specialists involved as required.

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. They are each regularly available for investor meetings on request during the year and will do so through a variety of channels such as face-to-face and virtual meetings. During 2020, the Chair of the Remuneration Committee liaised with the company's top 20 institutional shareholders concerning potential changes to the company's current Remuneration Policy. Further information on this engagement and the Remuneration Policy can be found on pages 87 – 88 and 91 – 97.

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 has liaised with investors in the UK, United States, Canada, France, Italy, Germany, the Netherlands, Norway, Sweden and Australia 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 the decision to actively meet as required with major shareholders on matters specific to the company. The CEO and CFO held several meetings with the company's brokers and in addition, meetings were held to introduce the CFO to investors during the year.

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. 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 (refer to page 187).

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 2020 AGM was well attended, and all proposed resolutions were passed.

The 2021 AGM will be held on Thursday 28 January 2021 at 11.00am at the company's head office at Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4TZ as a closed meeting, due to the ongoing restrictions and limitations on public gatherings imposed by the Government. Shareholders are encouraged to vote by appointing the Chair as proxy and will be unable to attend in person. The Board encourages shareholders to submit questions in advance to investors@britvic.com and by 6.30pm on Tuesday 26 January 2021 which will be answered either via reply email or via the company's website following the AGM. 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. The Board will consider opening up the AGM if it believes it appropriate to do so having regard to such factors. Any such changes will be communicated to shareholders in advance through the company's website at www.britvic.com/agm and, where appropriate, by RIS announcement.

KEY SHAREHOLDER ACTIVITIES DURING THE YEAR

Q1

- Preliminary results 2019 roadshow
- Citi Global Consumer Conference

Q2

- Broker, investor and ESG analyst engagement visits and virtual meetings
- COVID-19 calls with investors
- ODDO BHF European Mid-Cap Conference

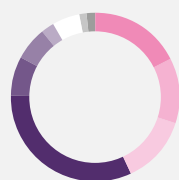
Q3

- Interims 2020 virtual meetings
- Deutsche Bank Consumer Virtual Conference

Q4

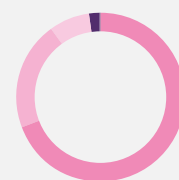
- Executive remuneration discussions with investors
- Barclays consumer virtual conference Investor calls and virtual meetings
- HSBC European Consumer Conference

RANGE OF HOLDINGS



Range of holdings	Number of shareholders
1 – 199	473
200 – 499	338
500 – 999	352
1,000 – 4,999	871
5,000 – 9,999	206
10,000 – 49,999	168
50,000 – 99,999	71
100,000 – 499,999	143
500,000 – 999,999	33
1,000,000 plus	44

CATEGORY



Category	Number of shareholders
Private individuals	1,874
Nominee companies	558
Limited and public limited companies	212
Other corporate bodies	51
Pension funds, insurance companies and banks	4

Division of responsibilities

Roles and responsibilities

The roles of Chairman and CEO are separate. There is a clear division of responsibilities between the two and they may not be exercised by the same individual. The following table outlines the roles of each Board member and the Company Secretary:

ROLE	DIRECTOR	RESPONSIBILITY
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 financial, risk and audit management, and 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 (SID) 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 NEDs 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 NEDs' 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.

Division of responsibilities continued

Delegation of authority to CEO

The Board delegates authority for the Executive management of the company to the CEO, other than those matters reserved for decision by the Board, matters delegated to committees of the Board and limitations set out in the Statement of Authorities approved by the Board from time to time.

Committees of the Board

The Board delegates matters to formally constituted standing committees as appropriate. Each committee has full terms of reference that are reviewed annually and approved by the Board. The standing committees comprise the Audit, Nomination and Remuneration Committees. Each of the reports of these committees and their key activities can be found on pages 77 – 106 and the terms of reference of the committees can be found on the company's website at www.britvic.com/investors/corporate-governance.

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 met once during the year to discuss the company's approach to the impact of the pandemic on the business, mitigating actions, and approve a market announcement.

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.

Appointment, tenure and re-election

Succession planning and the process for appointments to the Board are delegated to the Nomination Committee. Appointments to the Board are subject to a formal, rigorous and transparent procedure, based on merit and compatibility with the needs of the company, while promoting diversity of gender, social and ethnic backgrounds and cognitive and personal strengths. When making new appointments, the Board takes into account other demands on Directors' time. Open advertising and/or external search consultancies are used to facilitate the production of diverse candidate lists for all appointments.

The Nomination Committee is mindful of the requirement that the Chairman, who was independent on appointment, should not remain in post beyond nine years from the date of his first appointment to the Board, other than in exceptional circumstances.

All Directors are subject to annual re-election by shareholders under the company's articles of association. NED 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. As per the 2018 Code and the matters reserved for the Board, the appointment and removal of the Company Secretary is a matter for the whole Board.

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 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.

Independent advice

Any Director is entitled to obtain independent professional advice on any matters related to their responsibilities to the company. Where advice is to be sought, the Director will first discuss it with the Chairman and will use the Company Secretary's office to facilitate the obtaining of such advice.

Access to employees

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.

Independence

The Nomination Committee reviews the independence of the NEDs during the year and confirmed to the Board that it considers each of Suniti Chauhan, Sue Clark, William Eccleshare, Ian McHoul and Euan Sutherland to be independent in accordance with the provisions stipulated in the 2018 Code.

Time commitment and external appointments

NEDs 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 potentially 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. In addition, Directors are required to consult with the Chairman in the first instance on any new external appointment. If approved by the Chairman, all appointments will then be approved by the Board, prior to their commencement. In accordance with governance best practice, 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.

As noted in the Nomination Committee Report on page 78, following the voting outcome of Resolution 7 (re-election of William Eccleshare) and Resolution 9 (re-election of Ian McHoul) at the company's AGM held on 31 January 2020 and subsequent engagement with major shareholders, the Nomination Committee determined that both William Eccleshare and Ian McHoul have sufficient capacity to meet their respective commitments to the company and remain effective independent NEDs.

Nomination Committee Report



COMPOSITION, SUCCESSION AND EVALUATION

John Daly
Nomination Committee Chair

Nomination Committee focus areas in 2019/20

- Reviewed the results of the Board evaluation in terms of the composition of the Board and its committees
- Reviewed the composition of the Board and, Executive team with respect to leadership needs of the company, diversity and inclusion, and unexpired terms of contracts
- Reviewed Directors' independence, re-election and conflicts of interests
- Reviewed and approved the Group's Diversity & Inclusion Policy

Attendance at Nomination Committee meetings

	Meetings attended
John Daly (Chair)	3/3
Ian McHoul	3/3
Euan Sutherland ¹	2/3

¹ Euan Sutherland was unable to attend one Nomination Committee meeting due to a personal family matter.

Nomination Committee membership

The Nomination Committee is comprised solely of independent NEDs: the Chairman and two NEDs. Attendees at each meeting comprises Nomination Committee members and by invitation as appropriate, the CEO, 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. There have been no changes to the Nomination Committee during the year.

On behalf of the Nomination Committee (the 'Committee'), I am pleased to present its report for the year ended 30 September 2020. The report describes how the Committee has carried out its responsibilities during the year.

Committee meetings

The Committee met three times during the year at scheduled meetings which took place prior to a Board meeting, with myself as Committee Chair subsequently reporting the activities of the Committee and any matters of particular relevance to the Board. Meetings were held in person and then virtually when UK Government restrictions and guidance came into force.

Role of the Committee

The Committee's role is to regularly review the structure, size and composition of the Board and of its committees with recommendations on any change made to the Board to meet current and future needs. The Committee also ensures that plans are in place for the succession of Directors, Executive team members and other members of senior management as appropriate while overseeing the development of a diverse talent pipeline, taking into account the challenges and opportunities facing the company and the skills, experience and knowledge required on the Board in the future.

The Committee is responsible for identifying and nominating candidates for appointment to the Board for approval by the Board and for approving changes to the Executive team, and ensuring the procedure for appointing Directors is formal, rigorous, transparent, objective, merit based and has regard for diversity.

The Committee takes cultural measures into account, keeping them under review and ensuring their alignment with the company's purpose, values and strategy. Directors' time commitment, independence, external appointments and the annual performance evaluation results relating to the composition of the Board are reviewed by the Committee each year.

Key responsibilities

- Reviewing the leadership needs of the business, both Executive and Non-Executive, with a view to ensuring the continued ability of the business to compete effectively in the market place
- Ensuring that plans and processes are in place for the orderly succession of Directors, Executives and other members of senior management
- Overseeing the development of a diverse pipeline for succession, considering the challenges and opportunities facing the company and the skills, experience and knowledge required on the Board in the future
- Identifying and nominating candidates to fill Board vacancies as and when they arise
- Reviewing annually the independence, time commitment and external appointments of the Directors
- Reviewing annually any conflict declarations by the Directors and any conflict authorisations granted by the Board
- Reviewing annually the results of the Board evaluation process that relate to the composition of the Board
- Keeping under review cultural measures and their alignment with the company's purpose, values and strategy
- Making recommendations to the Board concerning suitable candidates for the role of SID
- Making recommendations to the Board for membership of Board committees
- Making recommendations on the reappointment of any NED 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
- Reporting to the Board on how it has discharged its responsibilities

Nomination Committee Report continued

The Committee's terms of reference, which are reviewed annually, are available on the company's website at www.britvic.com/investors/corporate-governance.

Activities during the year

The Committee discussed the following key matters during the year:

- Renewal of three year contracts of appointment for John Daly and Ian McHoul
- Review of the size, structure and composition of the Board and Executive team with respect to leadership needs of the organisation, diversity and unexpired terms of NED contracts
- Review of the findings of the 2020 Board evaluation with respect to the composition of the Board and its committees (refer to pages 80 – 81)
- Review of Directors' potential conflicts of interest and independence
- Review and approval of an updated Diversity & Inclusion Policy
- Review and approval of the updated Committee terms of reference
- Discussion and approval of any changes to the Executive team

Succession planning

The Committee was satisfied with the composition of the Board and its committees following the internal evaluation carried out in 2019 and no Directors left or joined the Board in 2020. Both John Daly and Ian McHoul completed their three year term contracts during the year and the Committee considered and approved the renewal of each for a further three years. None of the NEDs participated in discussions or voted with respect to their own contract renewal.

In its review of the composition of the Board, the Committee was mindful of the requirement of the 2018 Code for both appointments and succession plans for the Board and the Executive team to be based on merit and objective criteria, thereby promoting diversity (gender, ethnic and social backgrounds), cognitive and personal strengths and developing a diverse pipeline.

The Committee regularly reviews and assesses the aggregate skills, experience and knowledge of each of the Directors in light of the current and future needs of the Board and does so in particular when considering contract renewals. The Company Secretary retains records of the length of service, independence, conflicts of interest and time commitments including external appointments

of each of the company's Directors, which are presented to and actively used by the Committee to assist it in determining the skills, experience, knowledge and diversity requirements of the Board. The Committee reviews each Director's independence in detail in advance of the AGM and during the year ensuring compliance with the 2018 Code. Further information on Directors' independence can be found on page 76. The Committee will once again, in FY21, carry out a review of the overall composition of the Board and the Executive team to ensure their continuing appropriateness for the future.

For the appointment of new Directors to the Board, the Committee follows a formal, rigorous and transparent process which includes the approval of search criteria, the need for a diverse list of potential candidates to support its development of a diverse pipeline, the use of an external search consultancy, and stage by stage interviews. There were no changes to the composition of the Board during the year and therefore the Committee has not been required to lead the process for any new Board appointments. The Board's last appointment was the company's CFO, Joanne Wilson, in 2019. The search followed the process noted above and is explained on page 55 of the company's 2019 Annual Report and Accounts. The Chief People Officer provides the Committee with detailed succession plans for all members of the Executive team which are reviewed in depth by the Committee. The Committee was satisfied that both short and long-term succession is regularly evaluated.

Following the voting outcome of Resolution 7 (re-election of William Eccleshare) and Resolution 9 (re-election of Ian McHoul) at the company's AGM held on 31 January 2020, the Board, including Committee members, sought to actively engage with major shareholders who lodged votes against these resolutions in order to better understand the reasons behind their voting decisions. Taking into account the expanded focus by institutional investors and proxy advisors on the time commitments of individual directors, the Board, and therefore this Committee, concluded that both William Eccleshare and Ian McHoul remain active and effective independent NEDs of the company. The Committee also determined that each has sufficient capacity to meet their respective commitments to the company. However, recognising investor concerns, the Committee has kept during the year, and will continue to, keep all external appointments and time commitment of each of the Directors of the Board under constant review.

Board and Committee evaluation

The 2020 Board evaluation was conducted internally with an explanation of the process, outcomes, and actions from both this year's and last year's evaluations provided in detail on pages 80 – 81.

The Committee reviewed the results of the internal Board evaluation in particular with regard to Board composition and time commitment of the NEDs. The results stated that these were rated good or excellent. The Committee also reviewed its own performance and was satisfied that it continues to perform effectively and was rated highly by members.

I am pleased to confirm that as a Board we continue to comprise of a majority of independent NEDs and that all Directors remain committed to their roles with no unauthorised conflicts of interest.

Diversity, inclusion and belonging

As part of the implementation of the company's long-term business strategy (explained on pages 10 – 19 and 28 – 31), the Committee was presented with an updated Diversity & Inclusion Policy (the Policy) by the Chief People Officer at its meeting in July 2020. The Committee considered the changes proposed to the Policy in light of the diversity of the Board, the Executive team and the wider workforce. Changes were also proposed to bring the Policy in line with the aims of the business strategy to support the company's employees' wellbeing and attract a more diverse workforce and included the establishment of three groups: B-Empowered, B-Seen and B-Diverse. The Committee wholeheartedly supported the changes to the Policy and the adoption of the Policy globally. The Chief People Officer provides the Committee with regular updates on the progress of the Policy and the achievement of the company's diversity and inclusion targets.

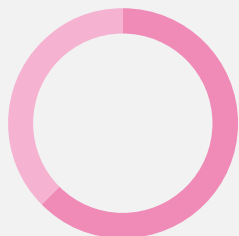
More information on the detail of the company's Diversity & Inclusion Policy, its implementation and progress can be found on page 37.

In accordance with the 2018 Code, the Committee has considered the gender balance of the Executive team and its direct reports and receives information on these from both the Company Secretary and the Chief People Officer on a regular basis. Details of the gender balance of the Board and of the Executive team and its direct reports form part of this report and can be found on page 79.

DIVERSITY OVERVIEW

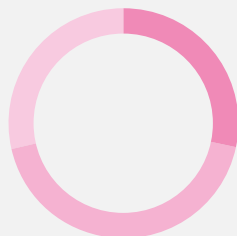
All information is shown as at 30 September 2020

BOARD GENDER DIVERSITY



Directors at 30 September 2020		%
Male		62.5%
Female		37.5%

AVERAGE AGE OF THE BOARD



Age range	
40 – 50 years old	
51 – 60 years old	
61+	

Average age 55

GEOGRAPHIC EXPERIENCE

Director	UK	Europe	Brazil /Latin America	USA	RoW
Sue Clark	✓	✓	✓	✓	✓ (Global)
John Daly	✓	✓	✓	✓	✓ (Multinational)
Joanne Wilson	✓	✓	✓	✓	✓ (Asia)
Simon Litherland	✓	✓	✓	✓	✓ (South Africa)
Ian McHoul	✓	✓		✓	✓
Suniti Chauhan	✓			✓	
William Eccleshare	✓	✓	✓	✓	✓ (Asia)
Euan Sutherland	✓	✓	✓	✓	✓ (Middle East, Australia & Asia)

BOARD SKILLS AND EXPERIENCE

MANUFACTURING	6
RETAIL/MARKETING	7
CONSUMER	8
INTERNATIONAL	8
FINANCE/INVESTMENT	6
STRATEGY	8

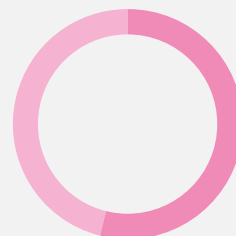
BOARD COMPOSITION

EXECUTIVE DIRECTORS	2
INDEPENDENT NON-EXECUTIVE DIRECTORS	5
CHAIRMAN	1

BOARD TENURE

3+ YEARS	5
0 – 3 YEARS	3

GENDER BALANCE OF EXECUTIVE TEAM AND DIRECT REPORTS



Male	40	54%
Female	34	46%
Total	74	

* Employee diversity information can be found on pages 37 – 38.

Director development

All newly appointed Directors are offered a tailored, comprehensive and personalised induction programme on joining the Board, which is prepared by the Chairman with the support of the Company Secretary. The induction includes but is not limited to face-to-face meetings with Board members and the Executive team as appropriate, briefings on the company's strategy, investor relations, workforce engagement activities, Board policies, procedures and processes and training on the role of a director of a listed company. New Directors also conduct site visits to enhance and develop their understanding of the business and the workforce. If appropriate, new Directors also meet with institutional investors, the company's external auditor and remuneration consultants.

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.

Performance evaluation

A formal and rigorous annual evaluation of the performance of the Board and its committees is carried out each year, including consideration of the Board's composition, diversity and how well members work together to achieve objectives. Individual evaluation is also carried out annually to demonstrate that each Director continues to contribute effectively to the Board's decision-making. The evaluation is externally facilitated at least once every three years. Lintstock, an independent consultant that has no connection with the company, was appointed on a three year arrangement in 2018 and carried out a fully external review that year (year one). An internal evaluation was carried out in 2019 (year two) and in 2020 (year three) using Lintstock's questionnaires, including questions bespoke to the company. Our next external evaluation is expected to be carried out in 2021.

The Chairman acts on the results of the evaluation by recognising the strengths and addressing any weaknesses of the Board. Each Director engages with the process and takes appropriate action when development needs have been identified.

Performance of individual Directors is also reviewed annually to assess whether each Director continues to contribute effectively. The performance of the Chairman is evaluated by the NEDs led by the SID.

Details on the 2019 and 2020 evaluations form part of this report and are explained opposite and on page 81.

JOHN DALY
NOMINATION COMMITTEE CHAIR
 25 November 2020

BOARD COMMITTEE AND DIRECTORS' PERFORMANCE EVALUATION CYCLE

2019 evaluation

A year two internal evaluation was carried out in the summer of 2019. The process was carried out in three stages, as is explained on page 53 of the 2019 Annual Report and Accounts, with the results reviewed by the Board. The review noted that there was good alignment reported among Board members with priority areas and actions for 2020 as follows:

FOCUS AREA	ACTIONS
Development of the Remuneration Policy to reflect alignment with strategy and non-financial metrics.	Due to the impact of COVID-19, the Remuneration Committee proposed that the current Directors' Remuneration Policy be extended for a further year with a commitment to reflect certain governance changes as detailed in the Directors' Remuneration Report on pages 87 – 97. These changes will be put to shareholders for approval at the 2021 AGM. Detail can also be found in the 2021 AGM Notice.
Additional focus on culture, diversity, internal talent and succession.	The Board was presented with updates from the Chief People Officer following the results of the employee survey and discussed the key focus areas: Creating Great Britvic Managers, Re-Inventing Learning, Diversity & Inclusion and Employee Experience. The Board discussed ways it can further engage with the wider workforce to enhance a two-way dialogue. The Board supported the establishment of B-Diverse, a BAME network. The company is committed to increase BAME representation in the business, increase focus on diverse shortlists and BAME talent and elevate the BAME voice across the business. The Board also supported the launch of B-Empowered and B-Seen employee groups as noted on pages 37 and 68. The Nomination Committee approved the implementation of an updated Diversity & Inclusion Policy, which will be introduced globally across the business. Further detail can be found in the Nomination Committee Report on page 78 and on page 37. Succession plans were discussed in detail at Nomination Committee meetings with participation and presentations from the Chief People Officer.
Continued focus on key risks and control environments.	Risk reviews were undertaken throughout the year including discussions by the Board following the addition of principal key risks including COVID-19 and health and safety following the COVID-19 outbreak. The Board also considered the COVID-19 scenario planning undertaken by the internal audit function. There has been progress made on cyber security and cyber awareness including the adoption of the National Institute of Standards and Technology cyber security framework and an assessment of Britvic's adoption of the UK Government's '10 step process'. The Board was provided with updates on the review of the monitoring system following phishing attempts, annual penetration testing and website testing. The Director of Internal Audit & Risk presented the Audit Committee with opportunities and proposed improvements for the control environment including building controls into new systems from the outset, more automated controls and introducing a culture more focused on control at all levels of the business. The Audit Committee was presented with the results of the testing of the minimum control framework and subsequent finance process improvements. The Board was presented with an Incident Management team review and lessons learnt exercise.
Build on existing monitoring of markets, consumers and other key stakeholders.	The Board received information on a regular basis to enable it to monitor consumer behaviour and the markets in which the company operates. The CEO and other Executive team members provided an update to the Board on key stakeholder engagement activities.

2020 evaluation

A year three evaluation was carried out in the autumn of 2020 and was facilitated with the help of Lintstock using its standard questionnaires with the addition of questions bespoke to the company, covering areas such as the effectiveness of the Board's response to the COVID-19 pandemic and remote Board meetings. The process was divided into three stages:

STAGE 1

The Company Secretary, with input from the Chairman and CEO, devised questionnaires using Lintstock's standard questions covering best practice and included additional questions specific to the company and, with the help of Lintstock, circulated these to each of the Directors. The questionnaires built on the prior year questions and evaluation outcomes and included requests for comments and feedback on the actions from the previous evaluation. Directors were also requested to provide additional comments where they felt it necessary in response to the questionnaires. Additional questionnaires were also issued covering the Chairman's performance, individual Director self-assessments and the performance of each committee. The SID led the review of the Chairman's performance following discussions with the other NEDs.

STAGE 2

Lintstock collated the responses and produced a report compiling the outcomes and feedback and/or comments provided by each Director. The Company Secretary reviewed the responses and the report from Lintstock, and presented the conclusions on the effectiveness of the Board, its committees and the Directors to the October 2020 Board meeting. The report included recommendations for actions for the forthcoming year.

STAGE 3

The Board reviewed the report and recommendations and agreed on action plans for the forthcoming year to improve areas noted by the evaluation.

THE BOARDROOM ATMOSPHERE HAS BEEN CONSISTENTLY STRONG AND EVERYBODY HAS A CHANCE TO CONTRIBUTE AS THEY WISH, WITH VIRTUAL MEETINGS WORKING WELL.

2020 BOARD EVALUATION RESULT

Findings

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. Overall the effectiveness of the Board, its committees and the Chairman was rated good to excellent.

Good alignment was reported among Board members on the priority areas for the coming year:

- Focusing on implementing the strategy and increasing Board engagement with the key strategic priorities
- Talent, succession planning, capability and diversity and inclusion to deliver the strategy
- Continuing to develop the Board's understanding of the ESG agenda and ESG stakeholders

Outcomes

Further to discussion of the evaluation findings, the Board agreed a number of actions to further improve effectiveness and support the business over the next year:

- Additional focus on culture, diversity and inclusion and internal talent and succession
- Reviewing and monitoring progress on strategic priorities
- Building on existing understanding of the wider stakeholder population



AUDIT, RISK AND INTERNAL CONTROL

Ian McHoul
Audit Committee Chair

Audit Committee focus areas in 2019/20

- Recommended the approval of the 2019 Annual Report and Accounts and 2020 half-year interim statements to the Board
- Reviewed the going concern and viability statements
- Approved the external and internal audit plans for 2020
- Carried out further reviews of the internal audit plans in light of COVID-19
- Reviewed the Group's internal control framework and risk management
- Focused on those areas of the 2020 Annual Report and Accounts that may be impacted by COVID-19

Attendance at Audit Committee meetings

Member	Meetings attended
Ian McHoul (Chair)	4/4
Suniti Chauhan	4/4
Euan Sutherland	4/4

Audit Committee membership

The Audit Committee is comprised of independent NEDs and attendees at each meeting are Audit Committee members and by invitation as appropriate, the Chairman, CEO, CFO, Director of Financial Control and Governance, the Director of Internal Audit & Risk, and the external auditor, EY, as well as any other members of the senior management team to allow for a full discussion on matters presented to the meeting. 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.

On behalf of the Audit Committee (the Committee), I am pleased to present the report for the year ended 30 September 2020. This report describes how the Committee has carried out its responsibilities during the year.

Committee meetings

The Committee met four times during the year to carry out its responsibilities. Committee meetings usually take place prior to a Board meeting and the Chair of the Committee subsequently reports on the activities of the Committee and matters of relevance to the Board. There is time available at each meeting for the Committee to discuss matters with key individuals such as the external auditor and the Director of Internal Audit & Risk, without others present.

Role of the Committee

The Committee's role is to monitor the integrity and preparation of the Group's financial and narrative reporting statements, and provide advice to the Board on whether the Annual Report and Accounts taken as a whole are fair, balanced and understandable and provide shareholders with the necessary information to assess the company's performance, business model and strategy.

In addition, the Committee has established procedures to oversee the internal control framework and periodically reviews the effectiveness of internal control and risk management systems. It provides advice to the Board on how the company's prospects have been assessed, the time period, and the outcomes. It also reviews the integrity of the Group's external and internal audit processes, including assessing the independence and objectivity of, and the company's relationship with, the external auditor.

The Committee holds discussions throughout the year on a broad range of topics and meetings are held with management, and internal and external audit, providing the Committee with insight into the company's progress towards its targets and full-year performance.

The Committee has an open dialogue with the Director of Internal Audit & Risk and the external auditor so questions and challenges can be raised, and discussions can be held to communicate and share independent opinion and experience.

Key responsibilities

- Monitoring and 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 reviewing the effectiveness of the company's internal audit team and internal control and risk management systems
- Providing advice to the Board, taking into account the company's position and principal risks, on the assessment of the viability of the company
- Reviewing for approval by the Board the company's going concern and viability statements
- Overseeing the company's relationship with its external auditor, reviewing their activities, conducting the tender process, 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 while ensuring appropriate safeguards are in place for individuals to raise any concerns where a breach of conduct or compliance including any financial reporting irregularity, is suspected
- Reporting to the Board on how it has discharged its responsibilities

The Committee's terms of reference which are reviewed annually are available on the company's website at www.britvic.com/investors/corporate-governance.

Review of 2020 Annual Report and Accounts

The Committee focused in particular on the areas of the 2020 Annual Report and Accounts that may be impacted by COVID-19, and at the request of the Board, the Committee considered whether the 2020 Annual Report and Accounts, taken as a whole, are fair, balanced and understandable. Details of this process are shown on page 85 and the Board statement is on page 61.

Activities during the year

Review of financial statements

For both the interim and full-year results statements, the Committee reviewed:

- Any changes to accounting policies
- Key accounting judgements and considered potential issues raised, particularly in the context of the COVID-19 external environment – details of significant areas considered are shown in the table on page 86
- The external audit findings, including any accounting and audit adjustments
- Goodwill and assets

Evaluation

The Committee was evaluated as part of the internal evaluation of the Board and its Committees (details of which can be found on pages 80 – 81). The conclusion of the evaluation was that the Committee continues to work effectively and was rated good to excellent by members.

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 Committee also reviewed those plans again during the year in light of COVID-19. The internal audit plan is risk based and takes an independent view of what internal audit considers to be the highest known and emerging risks and strategic priorities facing the business. The planned audits will assess the adequacy and effectiveness of the internal control environment, identifying weaknesses and ensuring these are addressed within agreed timelines.

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 & Risk will provide a deep dive into an issue where either the Committee has requested more information, or the Director feels it is pertinent. Annually, the Director of Internal Audit & Risk will give an overview of maturity and development of the overall control environment.

The internal audit function had to change direction and focus in light of the COVID-19 pandemic and imposed working restrictions. As national lockdowns were imposed, the team took a risk based approach to the rest of the year, redeploying some of the internal audit resource into the business to provide operational support while the rest of the team established new ways of working. A number of high risk audits were conducted remotely and others were deferred into FY21 where appropriate. The FY21 audit plan has considered all existing and emerging risks and what was deferred from FY20, incorporating both elements where appropriate. The ability to achieve the FY21 internal audit plan in spite of continued lockdown and social distancing restrictions has also been considered.

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, including those related to accounting, auditing, risk, internal control and related matters. The Committee reviews these arrangements on a regular basis and confirms that appropriate processes have been in place throughout the year to the Board. Any disclosures raised through these arrangements, and the actions taken to investigate and resolve them, are reported to the Board.

The company changed the reporting methodology following a change in independent service provider from Navex to Convercent and launched a more user-friendly

platform, mySpeakup, in December 2019, which allows employees to raise any concerns they may have in confidence and anonymously if they wish. The new platform also provides a clear audit trail of cases and enables more detailed reports to be produced and provided to the Committee. In launching mySpeakup, internal communications, including translation into local languages, were sent to employees to inform them of the usage of the new platform. There are plans for FY21 to further promote mySpeakup internally and review the platform guidance to ensure it is as user friendly as possible.

Internal control and risk management

One of the Committee's responsibilities, delegated by the Board, is to establish 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 and a summary of the principal risks and uncertainties, including those affected by COVID-19, to which the company is exposed, can be found on pages 54 – 59.

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 reviewed 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 concur 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 they were addressed within agreed time frames. The Committee confirms that no significant failings or weaknesses were identified in the review for the 2020 financial year, other than the payment of prior year dividends as noted on pages 84 and 86.

External audit

As part of the Committee's responsibilities, there are a number of areas that it considers 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 has 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 2020, 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 their audit remotely due to the restrictions and guidance imposed by the UK Government and prepared a comprehensive report of their audit findings at the year end, which they took the Committee through at its meeting in November 2020. 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 EY UK 2020 Transparency Report was taken into account as part of this process, and 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. 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. EY have been auditor to the company since flotation in 2005.

The external auditor is required to rotate the lead audit partner every five years. The current lead partner has been in place since the FY18 audit. Based on the Committee's recommendation, the Board is proposing that EY be reappointed to office at the AGM in January 2021.

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 the company complies with the FRC's Ethical Standard.

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 139. The ratio for non-audit services to those for audit services for the year was 15%, within the 70% cap in the FRC's guidance. 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 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.

Interactions with Financial Reporting Council

The company received a letter in June 2020 from the Conduct Committee of the FRC regarding its annual review of annual accounts, strategic reports and directors' reports of public and large private companies. The FRC requested additional information on four accounting disclosure areas in the company's 2019 Annual Report and Accounts. These were cash flow hedging, defined benefit pension asset, impairment of non-financial assets and distributable profits to support dividend payments. The company, following Board approval, responded to the FRC with information on each of the four disclosure areas and confirmation of the inclusion of additional disclosures in this Annual Report. The FRC closed the review process following the company's response.

A critical follow up related to certain dividends paid in prior years for which, due to incorrect interpretation of technical guidance relating to the Companies Act 2006, insufficient distributable reserves were available in the parent company, despite a significant excess of distributable profits being available within the Group as a whole (as noted on page 86). A resolution to release shareholders and Directors of any liability in relation to the dividends will be put to shareholders for approval at the 2021 AGM. Full details of the resolution are included in the 2021 AGM Notice.

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 scenarios for each of the Group's principal risks as well as considering inter-dependencies and scenarios involving 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 60.

Fair, balanced and understandable assessment

At the request of the Board, the Committee considered whether the 2020 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 below:

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?		Are the important messages highlighted appropriately throughout the document?
Are the key messages in the narrative reflected in the financial reporting?	Is the Annual Report considered a document fit for shareholders?	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 statutory and adjusted measures explained clearly with appropriate prominence?	
	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?	

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. Key considerations for the Committee in 2020 included the following:

- 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

To ensure that these considerations are met, 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.

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 viability statement with consideration of forecast cash flows that took into account potential impacts of COVID-19 restrictions and other principal risks including uncertainties arising from Brexit. 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.
FRC review of 2019 Annual Report and Accounts	The FRC reviewed the Group's 2019 Annual Report and Accounts as part of its routine monitoring activity. As part of this review a breach of the Companies Act in respect to certain dividends paid in prior years was highlighted, relating to the treatment of share based payments within distributable reserves. In addition, further information was requested relating to cash flow hedging, calculation of the defined benefit pension asset and impairment of non-financial assets. The Committee reviewed management responses to the FRC, and a full review of distributable reserves and share based payments along with the proposed actions to rectify the breach. The FRC confirmed the satisfactory conclusion of its review in August 2020.
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. The Committee reviewed the methodology and assumptions used by management in concluding the carrying values of the underlying assets are supportable along with the conclusion to impair goodwill, customer lists and assets in the Counterpoint business.
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 to which hedge accounting is applied and which swap principal and interest of US private placement notes. 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 in Brazil were reviewed to ensure that the balance sheet provisions are complete, and that the Group effective tax rate is calculated appropriately. The restatement of the opening 2019 balance sheet for certain tax balances was reviewed following a management review of historical balance sheet positions. Further detail can be found in note 3 on page 128.
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 conclusions reported to the Committee.
Acquisition and divestment accounting	The accounting for the sale of three factories and the private label juice business in France, as well as the acquisition of The Boiling Tap Company in GB was reported to the Committee, including the proposed resulting goodwill and intangible assets.

The Committee subsequently recommended to the Board that, taken as a whole, the company's 2020 Annual Report and Accounts are fair, balanced and understandable and that they provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The Board statement is on page 110.

IAN MCHOUL
AUDIT COMMITTEE CHAIR
 25 November 2020

Directors' Remuneration Report



REMUNERATION AND REWARD IN CHALLENGING TIMES

Sue Clark
Remuneration Committee Chair

Remuneration Committee focus areas in 2019/20

- Approval of 2019/20 bonus and LTIP measures and targets
- Review and consult with shareholders on the revised Directors' Remuneration Policy and consideration of their feedback
- Consideration of the 2020/21 annual bonus, ESOP and PSP scheme measures
- Consider the impact of COVID-19 on the Executive and all employee remuneration arrangements

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Attendance at Remuneration Committee meetings

	Meetings attended
Sue Clark (Chair)	5/5
John Daly	5/5
William Eccleshare	5/5
Ian McHoul	5/5

Remuneration Committee membership

The Remuneration Committee is composed of three independent NEDs, plus the company Chairman 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.

Dear Shareholder,

As Chair of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 30 September 2020. This report describes how the Committee has carried out its responsibilities during the year.

This year has essentially been one of two halves, pre and post the impact of the COVID-19 pandemic. Prior to the Government's enforced closure of pubs, restaurants and other on-premise venues the business was performing strongly.

Since the implementation of measures to curb the spread of the COVID-19 virus across Europe and particularly in the UK, the CEO and the executive team have worked hard to bring as much clarity and certainty as possible in these very unpredictable times. Where channels have been open, the business has performed well. Total grocery market share has increased as consumers turned to trusted brands in these volatile times and everyone has worked around the clock to maintain supply and expand our e-commerce activities. Where employees have been continuing to come to work at our plants, we have ensured that appropriate protocols have been put in place.

The Board has been impressed with the ability of management to adjust the operations quickly, maintaining high levels of service to our customers. The company's agility in adapting to the new ways of working and its positive impact on the community have been particularly noteworthy. The provision of drinks and fridges to supply NHS Nightingale hospitals is an excellent example of Britvic's operational execution capability and commitment to its broader stakeholders. Focused cost management has also been vital; it has been carefully judged and has not been at the expense of prudent investment, including in the wellbeing of our employees at a time when much has been demanded of them. Despite the many challenges the company has not sought any Government financial support in the UK.

The company delivered a strong performance in the first five months of the year and the Board is pleased with the financial outcome for the year as a whole which, although it is well behind what we had envisaged a year ago, is in line with the revised forecasts and investors' expectations. The share price has also been relatively resilient through the pandemic, and over the last three financial years Britvic's total shareholder return (TSR) was 22% against -26% for our TSR peer group and -9% for the FTSE 250 (excluding investment trusts).

The Directors' Remuneration Policy

The Committee was in the midst of a comprehensive review of the Directors' Remuneration Policy when the pandemic and the measures to control COVID-19 started to take effect. We therefore decided against making any major changes and instead to seek approval for broadly the same policy last approved in 2018 with a view to making more substantive changes in 2022. I engaged with our major shareholders over the summer to take their views and received very helpful input. We listened and I hope that the approach we have taken will be supported. The updated policy will take effect following the AGM in January 2021.

The two key changes to the policy are:

- The CEO's current cash pension allowance of 24.6% of salary will, from the end of December 2022, be aligned to the pension contribution for all other GB-based employees. This is currently 7.5% of salary. (The CFO's pension arrangement is already aligned.)
- The Executive Directors will be required from January 2021 to retain shares after they step down from the Board to the value of the lower of 200% of salary or their existing shareholding for the first year after leaving and 100% of salary for the second year.

Directors' Remuneration Report continued

We have made some additional changes to the policy – see page 92 – 97 – which are designed to give the Committee additional flexibility and we are also seeking shareholders' approval for some changes to the long-term incentive plan (LTIP) share plan rules which will allow the Committee, among other things, to override the formulaic outcomes of the vesting of awards under the Executive Share Option Plan, and the Performance Share Plan.

We have also committed that new arrangements will be put in place as part of the revised policy, which we expect to be approved at the 2022 AGM, and that share options will no longer be granted to Executive Directors as of the policy period commencing 1 October 2021.

As part of the consultation we also asked shareholders to consider the inclusion of non-financial and/or strategic measures within the annual bonus plan and, as a result, proposed changes to 2020/21 measures are set out later in this letter.

Business performance and remuneration decisions and outcomes for the year

The Committee has thought more carefully than ever about the pay outcomes in the year in the context of the challenges brought about by COVID-19, having a number of additional Committee meetings. We have taken a wide range of factors into account, including the suspension of the interim dividend and the recommendation on the final dividend, our duties as Directors and the experience of our shareholders. We have taken into account the treatment of the broader workforce and we are pleased to note that a discretionary bonus will be paid to members of the supply chain who have worked throughout the pandemic. We have concluded that the formulaic outcomes of the various incentive schemes are appropriate. However, the Executive Directors have decided to waive their right to the small bonus payment which would have been payable to them.

The incentive performance targets and achievement against them, as set at the commencement of the year, are detailed in the Annual Report on Remuneration.

The outcomes for 2019/20 are:

- The formulaic outcome for bonus for the Executive Directors is 3.5% of salary for Simon Litherland and 3.0% for Joanne Wilson; however as noted above they have waived their rights to any bonus payment.
- The 2017 LTIP awards partially vested; 25% of the performance shares under award have vested owing to Britvic's strong three year TSR performance placing the company in the top quartile of the peer group, resulting in full vesting of that element. 75% of the PSP award is measured against EPS and this element will lapse in full.
- The 2017 share options awarded under the Executive Share Option Plan (ESOP) lapsed in full as the lower threshold of the EPS growth range of 3% to 8% per year was not met.

Looking ahead to 2020/21

The key points to highlight are as follows:

- Given the overwhelming positive encouragement from the shareholder consultation, we are introducing non-financial measures into the annual bonus scheme for the 2020/21 financial year effective from 1 October 2020 and they will account for 30% of the total bonus opportunity. We believe a 30% non-financial weighting is appropriate and gives us the ability for greater alignment with our Healthier People, Healthier Planet strategy.
- Awards of share options and performance shares will be made after the AGM in January 2021. The Committee has decided that EPS and relative TSR remain the best measures for the long-term share plans, albeit the weighting of the relative TSR measure on the PSP will be increased to 50%, measured against the FTSE 250 (excluding investment trusts). The Britvic share price has remained resilient and therefore awards will continue to be made at the usual levels. The Committee has determined that before the target range for EPS is set, it should review the first quarter's trading and the latest assessment of any continuing measures to control the pandemic. The EPS range will be announced in the RNS following the AGM in January when the awards are made.
- 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. The Chairman and the NEDs will not take any increase this year.

The outlook for FY21 remains challenging with the uncertainty in the business climate coupled with continuing limited visibility around Brexit and its potential impact. The Committee has therefore delayed the setting of full-year targets until the end of the first quarter, and is satisfied that the targets it will set for both the annual bonus and LTIP will represent an appropriate level of challenge and stretch for the executives, reflect the impact of the restrictions implemented to control the COVID-19 pandemic and be in line with our principles. The Committee is considering setting annual bonus targets separately for the first six months and the second half of the financial year. 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.

We will re-commence our work on reviewing our Directors' Remuneration Policy in the coming year, which will be put to a vote at the 2022 AGM. We will again consult with major shareholders and proxy agencies and welcome your feedback. The Committee is mindful of the implications of the 2018 Code and other guidance which will be considered when setting the new policy.

The remainder of the Directors' Remuneration Report comprises:

- A summary of the remuneration outcomes for 2019/20 and the application of the Remuneration Policy for 2020/21 on pages 89 – 97.
- The Directors' Remuneration Policy, which is subject to a binding vote at the January 2021 AGM, pages 92 – 97.
- The Annual Report on Remuneration, which is subject to an advisory shareholder vote at the January 2021 AGM and sets out the details of payments made to Directors in respect of the year ended 30 September 2020 on pages 98 – 106.

I look forward to receiving your support for both the Annual Report on Remuneration and the Directors' Remuneration Policy at the January 2021 AGM. If you have any questions on Executive remuneration, please feel free to contact me at investors@britvic.com.

SUE CLARK
REMUNERATION COMMITTEE CHAIR
25 November 2020

Remuneration at a glance

Our remuneration principles

Our Directors' Remuneration Policy is designed to support our overall vision to become the world's 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. In particular, the mix of share options and performance shares is designed to ensure that Executives are only rewarded for superior market performance and the realisation of our vision. This is further reinforced by meaningful shareholding guidelines 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 2019/20

Through the implementation of the Directors' Remuneration Policy and principles, the total remuneration received for 2019/20 by Executive Directors is as follows:

	Fixed pay			Performance related pay ¹			Total	
	Salary £'000	Benefits £'000	Pension £'000	Total fixed pay £'000	Annual bonus £'000	LTIP £'000	Total performance related pay £'000	£'000
Executive Directors								
Simon Litherland	639.1	14.2	157.2	810.5	0.0	249.1	249.1	1,059.6
Joanne Wilson	395.0	11.8	26.7	433.5	0.0	0.0	0.0	433.5

Notes:

1 Variable pay outcomes are summarised in the tables on page 90.

Directors' Remuneration Report continued

Summary of performance related pay for 2019/20

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	50%	£142.3m	£197.8m	£201.8m	0.0%	0.0%
Net revenue	20%	£1,444.5m			0.0%	0.0%
Net revenue from innovation	10%	£1,560.5m	£1,592.0m	£1,606.8m	25.0%	2.5%
Adjusted free cash flow	20%	£64.8m			0.0%	0.0%
		£60.0m	£69.6m	£77.1m		
		£73.2m				
		£115.0m	£120.0m	£130.0m		
		2.5%				
Total	100%	0%	50%	100%		2.5%

Notes:

- Adjusted profit before tax & amortisation (PBTA) – profit before tax and adjusting items.
- Net revenue – net revenue performance on a constant currency basis.
- Net revenue from innovation – net revenue from innovation products on a constant currency basis.
- 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.

ii) Long-term incentives

Shown below are the outcomes versus the performance conditions set and vesting levels for the 2017 PSP and 2017 ESOP:

ESOP

Measure	Weighting	Threshold	Target	Maximum	% maximum vesting achieved
EPS	100%	-6.5%	3.0% CAGR	8.0% CAGR	0.0%

PSP

Measure	Weighting	Threshold	Target	Maximum	% maximum vesting achieved
EPS	75%	-6.5%	3.0% CAGR	8.0% CAGR	0.0%
TSR	25%		Median	Upper quartile	25.0%
			25.0%		
Total	100%	0%		100%	25.0%

Summary of implementation of the 2021 Directors' Remuneration Policy

The table below shows how the Directors' Remuneration Policy will be implemented for the two Executive Directors for 2021:

Policy element	Simon Litherland (CEO)	Joanne Wilson (CFO)	Key changes from previous Directors' Remuneration Policy
Base salary	£659,057 2.5% increase.	£404,875 2.5% increase.	
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 70% of salary to maximum 140% of salary.	Target 60% of salary to maximum 120% of salary.	
Annual bonus measures	For 2020/21, the following performance metrics and weightings apply to the bonus: 30% adjusted PBT, 20% total net revenue 20% adjusted free cash flow and 30% from strategic and non-financial measures.		Inclusion of non-financial/strategic measures. The Committee is considering setting annual bonus targets for the first six months and the second half of the financial year.
ESOP	Maximum 300% of salary with a two year post vest holding period, awarded in market priced options.	Maximum 200% of salary with a two year post vest holding period, awarded in market priced options.	
ESOP measures	100% EPS with targets to be announced in the RNS confirming the award following the AGM in January 2021.		Three years will remain the usual performance period.
PSP	Maximum 150% of salary with a two year post vest holding period.	Maximum 100% of salary with a two year post vest holding period.	
PSP measures	50% based on EPS with targets to be announced in the RNS confirming the award following the AGM in January 2021. 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 usual performance period.
Payment for threshold performance	For the annual bonus, 0% of maximum will be awarded. For the ESOP and PSP, 20% of maximum will be awarded.		
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 or an error in the assessment of the satisfaction of a performance condition.		
Shareholding requirement	200%	200%	
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.		Introduction of post cessation shareholding requirements for shares awarded following the AGM in January 2021.

Our overall approach to remuneration

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 is similar to the one approved by shareholders in 2018 but has been updated to reflect corporate governance developments, good practice and the company's environmental and social responsibilities.

Directors' Remuneration Policy

2020/21 DIRECTORS' REMUNERATION POLICY

The table below sets out the company's Directors' Remuneration Policy that will be presented to shareholders at the 2021 AGM and, subject to shareholder approval, will take effect for the 2020/21 financial year.

Given the extraordinary circumstances of the last financial year the Committee has sought to minimise the changes implemented for this policy. Although normally there is no intention to revise the policy more frequently than every three years, a further policy review will be conducted to ensure that it remains aligned with the company's strategy, appropriately positioned against the market and aligned with corporate governance requirements. The Committee will consult with the company's major shareholders in spring 2021 prior to submitting the policy for approval again in 2022. The Remuneration Committee worked with its advisors to develop the new policy and, at the appropriate points, sought the view of the CEO 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.

Element and link to strategy	Operation	Maximum opportunity and payment at target	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.	While 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 GB 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
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 or car allowance paid in cash. The company car rental cost would not exceed £10,800 and a cash allowance would not exceed £10,634 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 GB 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 GB 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

Element and link to strategy	Operation	Maximum opportunity and payment at target	Performance measures
Annual bonus To motivate employees and incentivise delivery of annual performance targets.	Annual bonuses are paid in cash after the end of the financial year to which they relate. Targets are normally set at the beginning of the performance period and are assessed at the end of each 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 or an error in the assessment of the satisfaction of a performance condition	Target and maximum opportunities are: • 70% and 140% of base salary for the CEO • 60% and 120% 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 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 budgets and analyst consensus forecasts, with maximum payout requiring performance well ahead of budget.
LTIP – ESOP and 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.	ESOP – Allows for grants of market value options. Awards normally vest after three years, subject to performance conditions. A two year holding period then applies following the vesting period to provide further alignment with shareholders. Options expire 10 years following the grant date. PSP – 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. No ESOP awards may be granted to Executive Directors from 1 October 2021 under this policy.	ESOP – The maximum opportunities are: • 300% of base salary for the CEO • 250% of base salary for the CFO PSP – The maximum opportunities are: • 150% of base salary for the CEO • 100% of base salary for the CFO Under the ESOP and 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 measured over the performance period 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 ESOP grants made in 2020/21, performance will be measured using an EPS performance condition. For PSP grants made in 2020/21, 50% of performance will be measured using the same EPS performance condition as for the ESOP, 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.

Directors' Remuneration Policy continued

Element and link to strategy	Operation	Maximum opportunity and payment at target	Performance measures
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 this 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
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 GB. 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.
Chairman and NED fees To attract and retain experienced and skilled NEDs.	The fees paid to the Chairman are determined by the Committee, while the fees of the NEDs are determined by the Board with affected persons absenting themselves from the discussions as appropriate. Annual fees are paid to the Chairman and other NEDs on a four weekly basis. Additional fees are paid to NEDs who are members of, and who chair, a Committee and to the SID. NED 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. NEDs do not participate in company incentive arrangements, and do not receive any form of pension provision. NEDs 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 NED 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

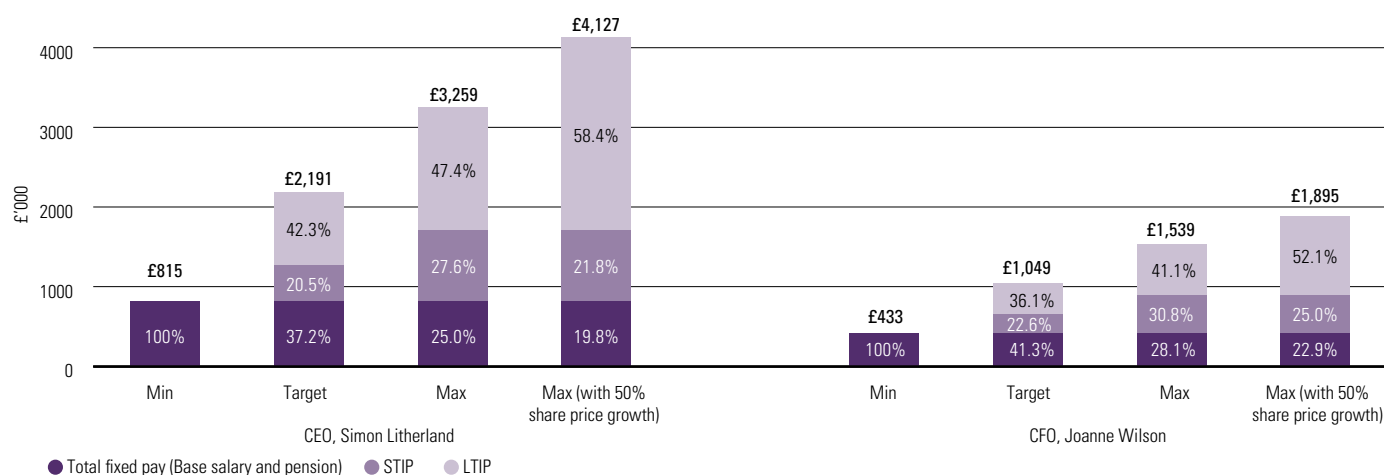
Illustration of the application of the Directors' Remuneration Policy for 2020/21

As described in the remuneration principles section on page 89, 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 any change in share price and roll-up of dividends.

Illustration of the application of Directors' Remuneration Policy

The chart has been prepared using the following assumptions:

- Base salary as of 1 October 2020
- Benefits reflect those estimated to be paid in 2020/21
- Target bonus is calculated at 50% of maximum opportunity
- Target vesting for the PSP is 60%, being the mid-point between threshold and maximum vesting level
- Options awarded under the ESOP are valued on the standard market value for options of 30% of the face value of award. A target vesting of 60% values the ESOP award at 18% of the maximum value
- LTIP at 50% share price growth is calculated as the sum of (150% of maximum PSP award) + (50% of maximum ESOP 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. GB employees have rights under the GB 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 90 leaders globally each year. Approximately 25 leaders also receive options under the ESOP. Performance conditions for both 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.

Directors' Remuneration Policy continued

Remuneration Policy notes

Key changes to the Directors' Remuneration Policy

The key changes to the Directors' Remuneration Policy from the policy approved by shareholders at the 2018 AGM are to align the remuneration structure with best practice expected by shareholders and wider stakeholders. The changes are summarised as follows:

- That the CEO's pension provision be aligned to the rate available to the general workforce by the end of December 2022 at the latest and any newly appointed Directors' to be workforce aligned upon appointment to the Board
- Introduction of a two year post cessation shareholding guideline

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. Details on implementation of the Remuneration Policy for all employees can be found on page 95.

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 Company has not consulted with employees when drawing up this Directors' Remuneration Policy. The Committee is, however, kept regularly updated on pay and conditions across the Group and has reference to average pay increases and the average salaries for the wider employee population. These metrics are considered by the Committee when reviewing the remuneration for Executive Directors. Workforce engagement activity is described on pages 72 – 73 and remuneration was among the topics discussed informally with colleagues during the Rugby visit. This and external market data are the main remuneration comparison measurements that are taken into account when developing remuneration policy.

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.

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 140% of base salary
Normal LTIP awards (ESOP and PSP)	- Awards would be made under the LTIP plans in line with the Directors' Remuneration Policy - Under the ESOP, maximum opportunity would not exceed 300% of base salary - Under the PSP, maximum opportunity would not exceed 150% of base salary
Additional LTIP awards (ESOP and PSP)	- On the recruitment of an executive the Committee may make a one-off performance linked award under the ESOP and PSP subject to the below limits. Any awards above the normal award levels as set out in the main policy table will only be used to compensate for awards forgone from previous employment - Under the ESOP an award of up to 500% of base salary may be made in a year to an executive (inclusive of the normal annual award that would be granted to an executive) - Under the PSP an award of up to 200% of base salary may be made in a year to an executive (inclusive of the normal annual award that would be granted to an executive)
Replacement awards	The Committee will normally seek to avoid using replacement awards. However where, in exceptional circumstances, 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 any additional LTIP awards made as set out above
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. It is the policy that these will apply to any future Director.

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
NEDs	- The NEDs do not have service contracts but instead have letters of appointment for a three year term - On termination NEDs 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.

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
ESOP and PSP	- 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.

Role and responsibilities

The Committee's terms of reference are in line with the 2018 UK Corporate Governance Code and can be found at www.britvic.com/governance. The revised Code came into effect from January 2019 and have therefore applied to Britvic for the first time for the financial year under review.

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 64.

The Key agenda items the Committee discussed during the year included:

- Review and approval of the 2018/19 Directors' Remuneration Report
- Approval of the 2018/19 annual bonus outcomes, subject to final accounts being approved by the Board
- Approving the terms of the 2019/20 annual bonus scheme including the choice of measures and setting of targets
- Update on Executive Directors' shareholding requirements
- 2020 salary reviews for the Executive Directors and Executive Committee members
- Review of share dilution from share schemes and their fulfilment
- Commencement of the Directors' Remuneration Policy review including potential changes to structures and measures
- An update from the Committee's advisers on the market following the pandemic
- Consideration of feedback from shareholders on the proposed Directors' Remuneration Policy
- Approve the measures (but not the targets) for the 2020/21 annual bonus scheme and the 2020/21 ESOP and PSP awards

Advisors

PwC advised the Committee at the commencement of the financial year and FIT Remuneration Consultants LLP (FIT) were appointed as the independent advisor to the Committee in December 2019 following a competitive tender process. PwC advises the company on other non-remuneration related matters and the company received no other advice from FIT. Both advisors are members of the Remuneration Consultants Group (the professional body for executive remuneration consultants). Both advisors charged their fees partly on a fixed fee basis and partly on a time and expenses basis. PwC's fees in respect of advice to the Committee in the year under review were £10,000 and FIT's fees were £124,047.

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 2021

The Remuneration Policy outlined on pages 89 – 97 will be effective subject to shareholder approval at the AGM in January 2021, 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 2021, in line with the wider UK employee population.

	2020 base salary £'000	2021 base salary £'000	Increase
Simon Litherland	643.0	659.1	2.5%
Joanne Wilson	395.0	404.9	2.5%

Benefits and pension

Implemented in line with Policy.

Annual bonus

Implemented in line with Policy.

The target award amounts for the CEO and CFO are 70% and 60% of base salary respectively, with corresponding maximum award values of 140% and 120% 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 2020/21 annual bonus will include a strategic/non-financial element to incorporate objectives relating to our Healthier People, Healthier Planet strategy.

Accordingly, the bonus measures¹ and weightings for 2020/21 are:

- Adjusted PBTA (30%)
- Total net revenue (20%)
- Adjusted free cash flow (20%)
- Non-financial and strategic measures (30%)

The Committee is considering setting annual bonus targets for the first six months and the second half of the financial year. 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. Targets and 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 currency basis.
- Total net revenue – measured on a constant 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 currency basis plus measures aligned to our Healthier People, Healthier Planet strategy

Long-term incentive plans (ESOP and PSP)

The ESOP and PSP awards to be made in 2021 in respect of 2020/21 will remain in line with the current remuneration policy and the proposed policy. It is expected that the CEO's awards will comprise a 300% of salary award under the ESOP and 150% under the PSP. The CFO's award will be made up of a 200% of salary ESOP award and a 100% of salary PSP award. Reflecting the share price recovery from the initial COVID-19 impact and the fact that it is trading broadly in line with the level it was at two years ago, the award levels are expected to be the same as those that applied in the prior year although, 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.

When considering the value of the award to the Executives, the methodology is explained on page 95. The maximum potential value of ESOP awards is valued at 30% of the face value, reflecting that no gain is made unless share price growth is achieved in addition to the performance conditions.

ESOP awards and half of 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 EPS targets will be disclosed in a stock exchange announcement at the time of grant.

Awards vesting under the ESOP and PSP will be subject to a two year post vest holding period.

Annual Report on Remuneration continued

Single total figure of Directors' remuneration (subject to audit)

Chairman and NEDs

Details of the total fees paid to NEDs and the Chairman for the year ended 29 September 2019 and 30 September 2020 are set out in the table below. The NEDs' basic fee increased by 1.5% on 1 January 2020 from £57,502 to £58,365. Increases were awarded to the Chairman of 2.5% from £240,000 to £246,000. The Chairs of the Audit and Remuneration Committees were increased by £2,000 from £9,000 to £11,000. The Senior Independent Director fees were increased by £1,000 from £9,000 to £10,000.

	Basic fee £'000		Remuneration Committee Chair fee £'000		Audit Committee Chair fee £'000		Senior Independent Director fee £'000		Total fees paid £'000	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
John Daly	244.5	240.0		–		–		–	244.5	240.0
Suniti Chauhan	58.1	57.2		–		–		–	58.1	57.2
Sue Clark	58.1	57.2	10.5	9.0		–		–	68.6	66.2
William Eccleshare	58.1	57.2		–		–		–	58.1	57.2
Ian McHoul	58.1	57.2		–	10.5	9.0	9.8	9.0	78.4	75.2
Euan Sutherland	58.1	57.2		–		–		–	58.1	57.2

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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Salary	639.1	623.5	395.0	23.5
Benefits	14.2	18.0	11.8	0.7
Pension	157.2	153.4	26.7	1.5
Total fixed pay	810.5	794.9	433.5	25.7
Annual bonus	0.0	409.0	0.0	–
LTIP ^{2,3}	249.1	2,554.0	0.0	–
Total performance related pay	249.1	2,953.0	0.0	–
Replacement awards	–	–	–	706.3
Grand total	1,059.6	3,747.9	433.5	732.0

Notes:

1 The details of Joanne Wilson's replacement awards were set out in last year's report and the shares awarded are disclosed in the Directors' shareholding table on page 103.

2 2019 LTIP values restated based on the share price at vesting of 867.85p on 2 December 2019.

3 2020 LTIP values based on the average share price over the last quarter of 2020 of 819.73p.

i) Base salary – Corresponds to the amounts earned during the year

During the year under review, Simon Litherland received a salary increase of 2.5% in line with the wider employee population. Joanne Wilson's salary remained unchanged during the year.

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, for Simon Litherland, 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	157.2	0.0	157.2
Joanne Wilson	21.4	5.3	26.7

Simon Litherland's normal retirement date is March 2024 and Joanne Wilson's normal retirement date is September 2035. 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.

The cash allowance payable to the Executives reflects contributions the company would have made to the DC section of the plan, less a deduction to ensure that the cash allowance is cost neutral to the company from a National Insurance perspective.

- 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. The balance between pension contribution and cash payment was amended in April 2020 to take account for the revised HMRC annual allowances. The cash received in the year was 5.4% of pensionable pay.

iv) Annual bonus – Corresponds to the total bonus earned under the bonus plan in respect of 2020 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. Although bonuses are normally paid wholly in cash, the Executive Directors waived their rights to any payments for the 2019/20 performance period.

Performance measure	Weighting % of bonus maximum	Performance required for threshold payout £'000	Performance required for target payout £'000	Performance required for maximum payout £'000	Actual performance £'000
Adjusted PBT	50%	197.8	201.8	209.8	142.3
Net revenue	20%	1,560.5	1,592.0	1,606.8	1,444.5
Net revenue from innovation	10%	60.0	69.6	77.1	64.8
Adjusted free cash flow	20%	115.0	120.0	130.0	73.2
Total	100%				

Performance measure	2020 maximum bonus opportunity % of salary		2020 bonus earned % of salary		2020 bonus earned £'000	
	CEO	CFO	CEO	CFO	CEO	CFO
PBT	70.0%	60.0%	0.0%	0.0%	–	0.0
Net revenue	28.0%	24.0%	0.0%	0.0%	–	0.0
Free cash flow	28.0%	24.0%	0.0%	0.0%	–	0.0
Net revenue from innovation	14.0%	12.0%	3.5%	3.0%	22.4	11.9
Total	140.0%	120.0%	3.5%	3.0%	22.4	11.9

v) Long-term incentives – Corresponds to the vesting outcome of the 2017 ESOP and PSP with three-year performance periods ended 30 September 2020

2017 ESOP	Performance conditions and targets set	Maximum potential value	Performance outcome	Level of award vesting % of maximum	Total value of vesting £'000	Number of shares
Simon Litherland	Threshold vesting for EPS growth of 3% p.a.		(6.5)	0	0	0
	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.					

2017 PSP	Performance conditions and targets set	Maximum potential value	Performance outcome	Level of award vesting % of maximum	Total value of vesting £'000	Number of shares
Simon Litherland	EPS (75% weighting):		(6.5)	0	0	0
	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.		Upper quartile	25%	249.1	30,389
	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.					

Notes:

- 1 A share price estimate of 819.73p 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.
- 2 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.
- 3 Threshold vesting for this award is set at 20% of maximum for both PSP and ESOP.

Annual Report on Remuneration continued

Scheme interests awarded during the year

The following tables set out the ESOP and PSP awards granted to the CEO under the LTIP during the year under review (2019/20). All awards are subject to performance conditions and were granted on 4 December 2019. 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 growth of 3% p.a.	60%	300% of salary	1,881.9	3 years ending 30 September 2022
	Maximum vesting for EPS growth of 8% p.a.				
Joanne Wilson	Vesting is on a straight line basis between threshold and maximum.	40%	200% of salary	790.0	
	Exercise price for the options is 819.70p.				

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 (75% weighting):	30%	150% of salary	940.9	3 years ending 30 September 2022
	Threshold vesting for EPS growth of 3% p.a.				
Joanne Wilson	Maximum vesting for EPS growth of 8% p.a.	20%	100% of salary	395.0	
	Vesting is on a straight line basis between threshold and maximum.				
	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.				

Notes:

- 1 The share price used to determine the award levels for the PSP and ESOP was 963.0p as at the date of grant, based on the average of the preceding three days.
- 2 The Committee will also consider underlying ROIC over the performance period when assessing the vesting of the PSP to ensure that it remains satisfactory.
- 3 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.

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 2020. 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 412% of salary. The CFO was appointed on 9 September 2019 and currently has a shareholding of 27% 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 2020

	Ordinary shares		Performance shares	Share options		Shares without performance conditions	
	Total shares	% of salary	Subject to performance conditions	Subject to performance conditions	Vested but unexercised	Exercised in the period	Subject to service conditions
John Daly	15,000						
Simon Litherland ^{1,2}	314,154	412	337,280	646,676	487,094	752,789	
Joanne Wilson ^{1,3}	12,572	27	41,983	82,035			28,838
Suniti Chauhan							
Sue Clark	16,703						
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 2020 of £642,983 for the CEO and £395,000 for the CFO.
 - On 4 February 2020 Simon Litherland exercised 708,820 share options under the Executive Share Option plan and 43,969 nil cost options under the Performance Share plan. The share price on the date of exercise was 941.057p and the exercise price of the share options was 331.59p in respect of 120,691 options, 427.52p in respect of 357,881 options and 664.50p in respect of 230,248 options. The total gain realised on the exercise was £3,623,577.
 - On 11 May 2020 Joanne Wilson received the first tranche of 23,360 shares pursuant to her buy-out award agreement of which 11,018 shares were sold at 720.50p to cover tax and National Insurance, retaining 12,342 shares.

As at the date of this report, Simon Litherland and Joanne Wilson had both acquired a further 48 shares through the Share Incentive Plan since the year end.

Outside appointments

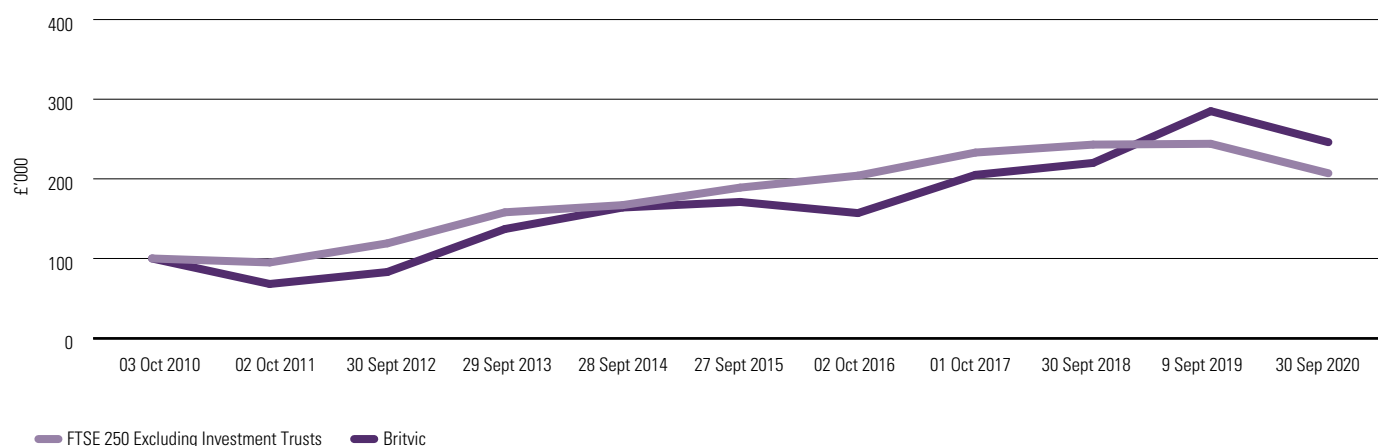
Executive Directors are allowed external appointments with the permission of the Board. Simon Litherland is a Non-Executive Director of Persimmon plc, for which he received £57,000 in fees in the year to 30 September 2020.

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 2020. 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 Trust Index) is a relevant index for total shareholder return as it represents a broad equity index in which the company is a constituent member.



Annual Report on Remuneration continued

Remuneration history for CEO from 2011 to 2020

£'000	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Simon Litherland total single figure of remuneration	n/a	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
Paul Moody total single figure of remuneration	1,819.7	670.1	1,412.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Bonus (% of maximum)	0.0%	0.0%	98.6% for Simon Litherland, 0% for Paul Moody	72.2%	53.3%	80.6%	82.1%	88.9%	46.9%	0.0%
LTIP (% of maximum)	89.6% (ESOP 86.0%, PSP 91.0%)	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%)

Percentage change in remuneration of the Directors

The table below shows how the percentage change in the directors' salaries, benefits and bonuses between 2019 and 2020 compared with the percentage change in the weighted average of each of those components for all full-time equivalent employees based in GB. The GB employee workforce was chosen as a suitable comparator group as the directors are based in GB (albeit with a global role and responsibilities) and pay changes across the Group vary widely depending on local market conditions.

Element	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:

¹ Joanne Wilson was employed for less than a month in FY19 and so no comparator is provided.

² The decrease in taxable benefits reflects the provision of free private healthcare to employees (lowering the taxable benefit), proportionally impacts the CEO less than the general workforce.

³ Bonuses for GB-based employees for 2019/20 are driven by the discretionary arrangements in supply chain where some bonuses have been paid, and so have reduced employee bonuses by less than the CEO's has reduced.

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 2020 and the CEO's salary and salary and benefits as detailed in the single figure table. The Company has decided to use the prescribed Option B methodology when calculating the pay ratios. This is the first year of publication under the regulations and 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.

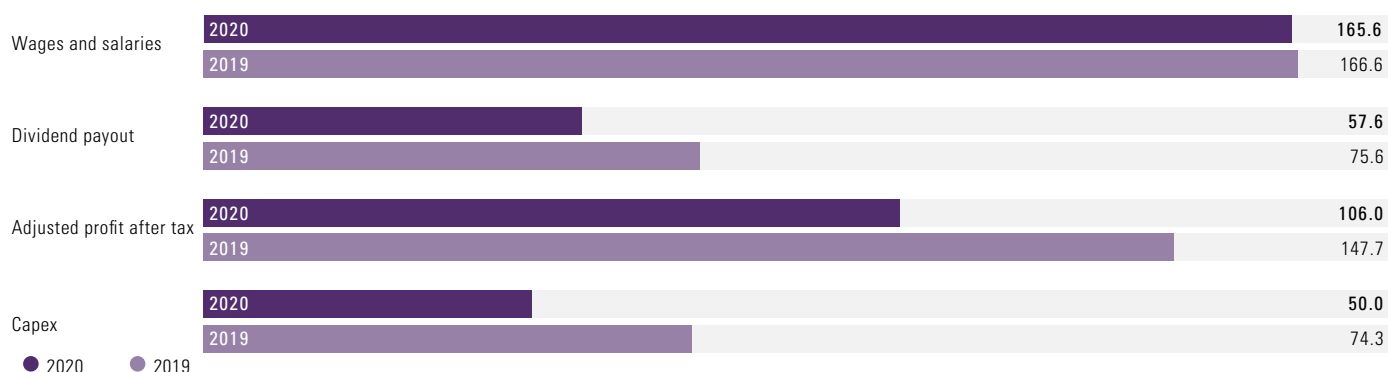
Year	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020 salary	20:1	18:1	13:1
2020 total remuneration	31:1	28:1	20:1

	Salary	Total Remuneration
CEO	£639,062	£1,059,550
25th percentile employee	£31,181	£34,520
Median employee	£36,118	£38,118
75th percentile employee	£50,865	£54,327

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.

Corporate Governance

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 NEDs' 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)
John Daly	27 January 2015	35
Simon Litherland	14 February 2013	12
Joanne Wilson	9 September 2019	12
Ian McHoul	10 March 2014	29
Suniti Chauhan ¹	29 November 2017	1
Sue Clark	29 February 2016	17
William Eccleshare ¹	29 November 2017	1
Euan Sutherland	29 February 2016	17

Executive Directors' contracts operate on a 12 month rolling notice basis.

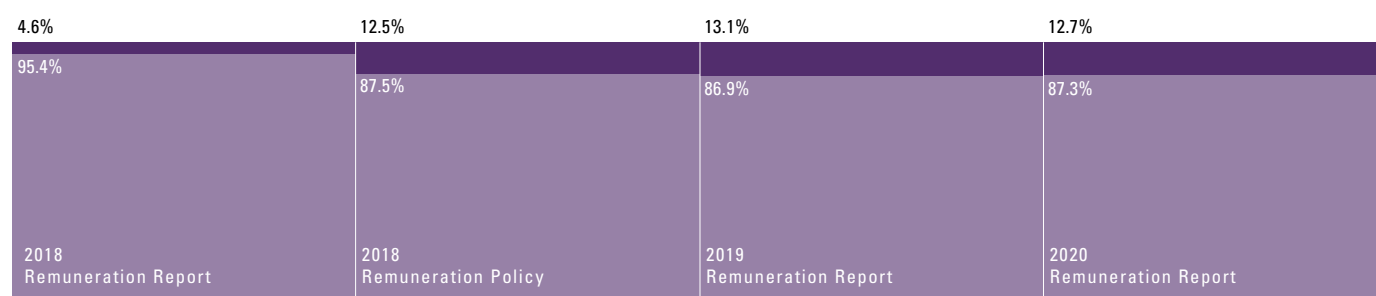
¹ The notice periods of Suniti Chauhan and William Eccleshare are shown as 1 month remaining as at the date of this report. They have both already signed new letters of appointment which will be effective on 29 November 2020 for 36 months.

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 four years at the relevant AGMs and the binding vote on the Directors' Remuneration Policy at the 2018 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
2020 Remuneration Report	172,582,297	25,171,913	7,172,538
2019 Remuneration Report	174,473,526	26,341,914	1,081,841
2018 Remuneration Policy	172,687,645	24,644,840	193,481
2018 Remuneration Report	187,072,865	8,960,245	1,492,855

SHAREHOLDER VOTING OUTCOME



■ For ■ Against

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 2020.

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 61 – 106.

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 1 – 60
Financial risk management	CFO's review	Pages 48 – 51
	Note 25 to the accounts	Pages 160 – 163
Employment of disabled persons	Sustainable Business	Page 37
Employee engagement	Sustainable Business	Pages 37 – 38
Engagement with suppliers and customers	Delivering value to our stakeholders	Pages 15 – 16
	Sustainable Business	Page 41
Greenhouse gas emissions	Sustainable Business	Page 45

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 103
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Operations and performance

Dividends and dividend waiver

The Group's profit before taxation attributable to the equity shareholders amounted to £111.2m (2019: £110.3m) and the profit after taxation amounted to £94.6m (2019: £80.9m). The Directors deferred the decision to pay an interim dividend in July 2020, following the impact of COVID-19.

Subject to shareholder approval, the Directors have proposed a final dividend of 21.6p (2019: 21.7p) per ordinary share payable on 3 February 2021 to shareholders on the register at the close of business on 18 December 2020, giving a total dividend in respect of 2020 of 21.6p (2019: 30.0p), a decrease of 28% 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

On 20 October, we announced that Britvic has a new and exclusive 20-year franchise bottling agreement with PepsiCo for the production, distribution, marketing and sales of its carbonated soft drink brands in Great Britain, including the Rockstar Energy brand. We also announced on 20 October Britvic's intention for all plastic bottles in GB to be made from 100% recycled plastic (rPET) by the end of 2022, three years earlier than originally planned, and ahead of the previous target of 50%.

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 40 – 47 and in our Section 172 statement, which can be found on pages 20 – 21.

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 2020, the company's issued share capital comprised 266,916,062 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 2020, the Trustees held 1.08% (2019: 1.14%) of the issued share capital of the company.

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 0.14% (2019: 0.44%) of the issued share capital as at 30 September 2020.

Major shareholders

At 30 September 2020, 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:

	Number of ordinary shares	Percentage of voting rights
APG Asset Management NV	17,841,191	6.68%
FMR LLC	17,626,443	6.60%
M&G Investment Management Ltd	14,193,560	5.32%
Invesco Ltd	13,336,906	4.99%
Blackrock Inc	12,122,118	4.54%
Incentive AS	11,514,148	4.31%
The Vanguard Group Inc	11,480,381	4.30%
Ameriprise Financial Inc	8,042,567	3.01%

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. Each policy is assigned to a global policy owner who is responsible for ensuring that the policy is kept up to date and is properly implemented. Local policy owners are responsible in different countries to ensure that policies are amended in line with requirements of local regulation. 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 57). In addition, during the course of the financial year 2020, Britvic conducted an internal review of its anti-bribery and corruption adequate 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.

There was one Speak-Up report received in the financial year 2020 alleging an undeclared conflict of interest relating to a member of management at the Rugby plant and relationships with certain suppliers. A separate allegation was received that a Britvic supplier had provided services to the same member of management for personal gain but had charged the costs to Britvic. A formal independent investigation was undertaken for each of the allegations and the conclusion of this investigation was that on both matters, there was no evidence to support the claims made by the whistleblower, although the potential conflict of interest should have been disclosed at the outset. A number of process improvements were recommended and implemented as a result of the investigation.

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 60. 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, many different jurisdictions.

Political donations

No political donations were made by the Group and its subsidiaries during the financial year (2019: nil).

Annual General Meeting

The 2021 AGM will be held on Thursday 28 January 2021 at 11.00am at the company's head office at Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire, HP2 4TZ as a closed meeting due to the ongoing restrictions and limitations on public gatherings imposed by the UK Government. Shareholders are encouraged to vote by appointing the Chair as proxy and will be unable to attend in person. The Board encourages shareholders to submit questions in advance to investors@britvic.com and by 6.30pm on Tuesday 26 January 2021 which will be answered on the company's website following the AGM. The Board will monitor the situation in relation to the AGM with particular regard to any changes to the UK Government restrictions and guidelines and other factors relating to the health and safety of shareholders and the Board. The Board will consider opening up the AGM if it believes it appropriate to do so having regard to such factors. 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 www.britvic.com/agm.

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 64 – 65 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 103. 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 25 November 2020.

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 Financial Reporting Standards (IFRSs) as adopted by the European Union, 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 their profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- In respect of the Group financial statements, state whether IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance
- In respect of the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 parent company'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 its financial statements comply with the Companies Act 2006 and, with respect to the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and Group and hence for taking reasonable steps for the prevention of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, 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. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 64 – 65. 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

Responsibility statement of the Directors in respect of the Annual Report

The Directors confirm that to the best of their knowledge:

- The consolidated financial statements prepared in accordance with IFRSs as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and profit of the 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 as a whole, together with a description of the principal risks and uncertainties that they face; and
- Having taken into account all matters considered by the Board and brought to the attention of the Board during the year, the Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable. The Directors believe that the disclosures set out in this Annual Report provide the information necessary for shareholders to assess the company's performance, business model and strategy.

On behalf of the Board

SIMON LITHERLAND
CHIEF EXECUTIVE OFFICER
25 November 2020

JOANNE WILSON
CHIEF FINANCIAL OFFICER
25 November 2020

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 2020 and of the group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by 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, and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of Britvic plc which comprise:

Group	Parent company
Consolidated income statement for the 52 week period ended 30 September 2020	Company balance sheet as at 30 September 2020
Consolidated statement of comprehensive income/(expense) for the 52 week period ended 30 September 2020	Company statement of changes in equity for the 52 week period ended 30 September 2020
Consolidated balance sheet as at 30 September 2020	Related notes 1 to 15 to the financial statements including a summary of significant accounting policies
Consolidated statement of cash flows for the 52 week period ended 30 September 2020	
Consolidated statement of changes in equity for the 52 week period ended 30 September 2020	
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 Financial Reporting Standards (IFRSs) as adopted by 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 below. We confirm we are independent of the group and parent company 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 principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 54 to 59 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 51 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 110 in the Directors' responsibilities statement about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 60 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	- Inappropriate revenue recognition through manual journal entries - Management override of internal controls over customer discounts - 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 - The assessment of the carrying value of goodwill and indefinite lived assets - Going concern - Distributions made other than in compliance with the Companies Act
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 and EMEA. - The components where we performed full audit procedures accounted for 105% of the group's profit before tax before adjusting items, 87% of revenue and 87% of total assets. The specific accounts for components where we performed specified procedures accounted for 13% of total assets.
Materiality	Overall group materiality of £7.1m which represents approximately 5% of profit before tax before adjusting items, as defined on page 190.

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.

The risks noted below are discussed in the Audit Committee Report on page 86 and in the accounting policy notes on pages 125 to 137.

RISK – INAPPROPRIATE REVENUE RECOGNITION THROUGH MANUAL JOURNAL ENTRIES

Refer to the Audit Committee Report (page 86); and note 5 of the group financial statements

Description of risk

The group has reported revenue of £1,412m (2019: £1,545m). 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.

There is therefore a risk that management may override controls to intentionally misstate revenue by recording fictitious revenue transactions through inappropriate manual journal entries.

Our response to this risk

- We understood the group's revenue recognition policies (refer to pages 128 and 129) and assessed the design effectiveness of key controls and how they are applied.
- At all full scope locations, 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 and Brazil components 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, 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.

Within International Standard on Auditing (UK) 240 there is a presumption that there are risks of fraud in revenue recognition. We evaluated that the revenue transactions or assertions which give rise to such risks in the current period are those noted above.

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 £107.3m that remain open as at 30 September 2020.

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 tested the operating effectiveness of the controls in respect of long term discounts in France.
- We held bi-annual meetings with the customer account teams within the largest component, GB, to update our knowledge of the status of customer negotiations and the process by which discounts have been recorded.
- 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 both the general ledger and rebate transaction front-end system levels. 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.
- 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.
- For the GB component 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.
- For the France and Brazil components, 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 validated the assumptions used in determining the customer claims provision in GB were appropriate by corroborating to supporting evidence.
- We obtained direct confirmation of the terms of specific rebate agreements from a sample of customers within the GB business.
- 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.

For EMEA, a specified procedures component, we used a subject matter expert to assist in the design and performance of certain procedures over the rebate balances in the income statement and balance sheet. This included:

- testing a sample of rebate balances to ensure they were appropriately accounted for in accordance with the terms of the arrangements agreed with the customers and based on sales to those customers where relevant;
- direct confirmation of a sample of year end customer debtor and rebate balances and where no responses were received, alternative procedures were performed;

- testing a sample of post year end credit notes to ensure that the rebates had been recorded in the correct period; and performing year on year analytical review of the rebate balances for a sample of the largest customers.

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 – 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

Refer to the Audit Committee Report page 86; and note 34 of the group financial statements

Description of risk

There are a number of significant complex and non-routine transactions which have taken place during the year. These significant transactions involve complex accounting and multiple events during the same period which increases the risk of accounting and/or disclosure errors.

Sale of the French juices business

The sale of the French juices business was completed on 30 September 2020. There was a significant impairment recognised in 2019 and the completion of this deal has resulted in a loss on disposal of £5.3m recognised in 2020. There were additional complexities due to the carve out of the assets and liabilities to be disposed from the French business unit at 30 September 2020.

Acquisition of The Boiling Tap Company

The acquisition of The Boiling Tap Company completed on 6 June 2020. There is judgement in the identification and valuation of the acquired intangible assets, as well as the valuation of the contingent consideration which is dependent on the future financial performance of The Boiling Tap Company.

Our response to this risk

- We understood the group's process for accounting for these transactions and assessed the design effectiveness of key controls and how they are applied.

Sale of the French juices business

- We reviewed the final signed deal documentation and reconciled the accounting entries to this documentation and, with the support of the France component audit team, confirmed the correct assets and liabilities had been disposed from the consolidated balance sheet.
- We reviewed the previous assumptions relating to the fair value of the assets and liabilities being sold and confirmed these were updated appropriately.
- We inspected the bank statements to confirm the receipt of the cash before year end, following completion of the deal.
- We reviewed the appropriateness of the disclosures in the year end financial statements for compliance with IFRS requirements.

Acquisition of The Boiling Tap Company

- We reviewed the final signed deal documentation and reconciled the accounting entries to this documentation, including directly tracing the cash payments to bank statements.
- We performed sample testing on the opening balance sheet and agreed assets and liabilities to supporting evidence as at 6 June 2020.
- Management engaged a third party specialist to support the identification and valuation of intangible assets. We engaged our valuations specialists to form an independent view and compared this with management's valuation of the identified assets.
- We assessed the forecast financial information, based on historical performance and recent forecasts that included the potential impact of COVID-19 on future performance, including the impact on the value of intangible assets and contingent consideration.
- We reviewed the disclosures in the financial statements (note 34) for compliance with IFRS 3 requirements. We noted that management has not finalised the accounting for the acquisition given the uncertainty in the trading environment and these disclosures are highlighted as provisional.

Key observations communicated to the Audit Committee

Based on our procedures, we consider the group's accounting and conclusions in respect of the significant complex and non-routine transactions to be fairly stated. The transactions are appropriately disclosed in the financial statements.

RISK – THE ASSESSMENT OF THE CARRYING VALUE OF GOODWILL AND INDEFINITE LIVED ASSETS

Refer to the Audit Committee Report (page 86); 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 uncertainty that the current macroeconomic environment presents to forecasting on which the impairment assessment relies, this risk is greater in FY20. Our risk was focused on the most sensitive CGUs being Britvic Brands Ireland and Britvic Brazil. An impairment of £8.4m was recognised in the period relating to the Counterpoint Ireland business.

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 2020 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 2021 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 which include an estimate of the impact of the COVID-19 pandemic.

- 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.
- We have performed sensitivity analysis over key assumptions to understand the impact of reasonable changes in assumptions on the impairment models and conclusions.
- 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 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.

RISK – GOING CONCERN

Refer to the Audit Committee Report (page 86); and note 3 of the group financial statements

Description of risk

The impact of COVID-19 on the group's trading and cash flows, particularly in relation to the GB and Ireland Out-of-Home channel, resulted in increased risks to the going concern basis of preparation compared with previous periods. In assessing whether the financial statements should be prepared on the going concern basis, the directors are required to consider all available information about the future for a period of at least 12 months from the date of approval of the financial statements. The directors have considered a going concern period through to the end of March 2022. In conducting their assessment, the directors have concluded that there are no material uncertainties that may cast significant doubt over the group's ability to continue as a going concern. A further description of this assessment is included in the accounting policies.

Our response to this risk

- We obtained management's going concern assessment and understood the process undertaken by management to evaluate the operational and economic impacts of COVID-19 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 obtained evidence to support the changes in the group's financing arrangements in the period, including the refinancing of the group's revolving credit facility to November 2025 and the additional £150m of private placement notes issued in the year. 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 uncertainties arising from COVID-19 and the group's experience since social restrictions were eased in summer 2020 and noting that a further lockdown period has been announced since the year end. We corroborated the assumptions in management's forecasts to the actual experience during the year. We also confirmed whether the group's forecasts in the going

concern assessment were consistent 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-June 2020, be present for a further 12-months, including consideration of reduced costs from controllable mitigating actions, the group would not breach its covenant or liquidity requirements in the going concern period.
- We assessed the appropriateness of the group's disclosure concerning the going concern basis of preparation in accordance with the accounting standards.
- The audit procedures performed to address this risk were performed by the group audit team.

Key observations communicated to the Audit Committee

Based on our independent modelling, which considered what would have to happen to compromise the group's ability to meet liquidity and covenant requirements during the going concern period and whether that was plausible, and our assessment of the mitigating actions that could be taken by management, we are satisfied that the directors' conclusion that there are no material uncertainties over the group's ability to continue as a going concern is appropriate and the associated disclosures are in accordance with the accounting standards.

RISK – DISTRIBUTIONS MADE OTHER THAN IN COMPLIANCE WITH THE COMPANIES ACT

Refer to the Audit Committee Report (page 86); and note 12 of the company financial statements

Description of risk

During the year it was identified that certain distributions relating to dividend payments in FY12, FY13, FY18 and FY19 were not made in accordance with the Companies Act 2006. The distributions made other than in compliance with the Companies Act arose as a result of failings to comply with Company Law in the following areas: distributions when insufficient distributable reserves were available; and failure to file interim accounts with the Registrar (where these were needed as relevant accounts to support a distribution).

Our response to this risk

- We obtained the analysis of reserves and distributions performed by management and tested the accuracy of the underlying data.
- We discussed the matter with the group's external legal advisors and checked the advice was consistent with the requirements of the Companies Act 2006. We checked the accounting considerations underpinning the legal advice were consistent with relevant accounting guidance in Tech Release 02/10.
- We traced each of the transactions and distributions to the relevant accounts that were filed with Companies House. We corroborated to supporting evidence the timing of transactions and distributions to ensure the completeness of distributions identified that were made other than in compliance with the Companies Act.
- We checked that the disclosures in the accounts regarding the presentation of equity, earnings per share and certain related party transactions were appropriate and in compliance with Accounting Standards.

Key observations communicated to the Audit Committee

The financial statements appropriately disclose the distributions made other than in compliance with the Companies Act and the remedial actions taken by the Company.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity 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 entity.

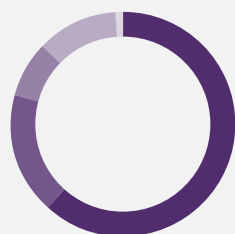
In assessing the risk of material misstatement to the group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we performed full scope audit procedures on the 2 group level functions, we selected 4 trading components covering 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. For 4 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 105% (2019: 103%) of the group's profit before tax before adjusting items, 87% (2019: 90%) of the group's revenue and 87% (2019: 91%) of the group's total assets. The specific accounts for components where we performed specified procedures accounted for 12% of total assets. A number of loss making components were not assigned a full or specific scope which results in our coverage of profit before tax before adjusting items exceeding 100%. The scoping of the audit compared to the prior year is summarised as follows;

	2020			2019		
	Revenue	Profit before tax before adjusting items	Total assets	Revenue	Profit before tax before adjusting items	Total assets
Full scope audit	87%	105%	87%	90%	103%	91%
Specific scope audit	–	–	–	2%	3%	1%
Specified audit procedures	–	–	12%	–	–	–
Other components	13%	(5%)	1%	8%	(6%)	8%
Total Group	100%	100%	100%	100%	100%	100%

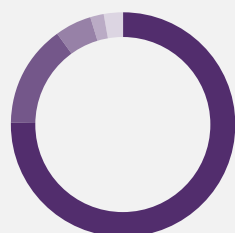
Of the remaining components that together represent -5% of the group's profit before tax before adjusting items, none are individually greater than +/-5% of the group's profit before tax before adjusting items. For these components, we performed other procedures, including analytical review, testing 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.

REVENUE



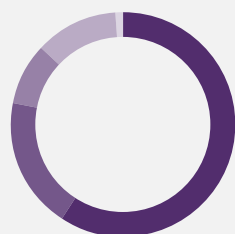
● GB & Group wide functions (Full scope)	63%
● France (Full scope)	16%
● Brazil (Full scope)	8%
● Specific procedures (Ireland and EMEA)	12%
● Other components	1%

PROFIT BEFORE TAX ADJUSTING ITEMS



● GB & Group wide functions (Full scope)	83%
● France (Full scope)	16%
● Brazil (Full scope)	6%
● Specific procedures (Ireland and EMEA)	-2%
● Other components	-3%

TOTAL ASSETS



● GB & Group wide functions (Full scope)	60%
● France (Full scope)	18%
● Brazil (Full scope)	9%
● Specific procedures (Ireland and EMEA)	12%
● Other components	1%

Changes from the prior period

Our scoping has changed from the prior year with specified procedures performed over the Ireland business (2019: full scope). This change was the result of our risk assessment procedures and the significance of the entity to the group. Additional specified procedures have also been performed over the EMEA, Northern Ireland and Counterpoint Ireland components following our risk assessment procedures. Specified procedures were performed over inventory and trade receivables across all entities to address COVID-19 related risks. Furthermore, specific rebates testing was also performed at the EMEA component.

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 3 components where the work was performed by component auditors, in France and 2 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 and EMEA businesses, in addition to the audit of the group functions. These full scope components and the components covered by specified audit procedures represent 81% of the group's profit before tax before adjusting items, 75% of group revenue and 72% of total assets.

As the COVID-19 pandemic and lockdown restrictions occurred midway 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 Britvic 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 2020.

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.

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 £7.1 million (2019: £9.3 million), which is approximately 5% of profit before tax before adjusting items (2019: 5% of profit before tax before adjusting items). We believe that profit before tax before 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 £111.2m as per the Annual Report
Adjustments	Add adjusting items before tax of £35.7m per the Annual Report
Materiality	Materiality set at £7.1m represents approximately 5% of profit before tax before adjusting items

We determined materiality for the Parent Company to be £9.8m (2019: £6.3m), which is 1.5% (2019: 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 50% (2019: 50%) of our planning materiality, being £3.6m (2019: £4.6m).

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 period, the range of performance materiality allocated to components was £0.7m to £3.1m (2019: £0.9m to £4.1m).

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 £0.35m (2019: £0.5m), 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 to 110 and 187 to 192, 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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report any uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 110** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on pages 82 to 86** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 63** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Financial Statements

Independent Auditor's Report to the members of Britvic plc continued

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 period 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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 110, 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

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity 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 programs 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 programs 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 section above.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed by the company at the AGM on 31 January 2019 to audit the financial statements for the 52 week period ending 30 September 2020 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 15 years, covering the 52 week period ending 1 October 2006 to the 52 week period ending 30 September 2020.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company during the 52 week period ended 30 September 2020 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.

CHRISTABEL COWLING (SENIOR STATUTORY AUDITOR)

for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
26 November 2020

Notes:

1. The maintenance and integrity of the Britvic group plc web site is the responsibility of the directors; the work carried out by the auditor does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Financial Statements

Consolidated income statement

	Note	12 months ended 30 September 2020 £m	Restated* 52 weeks ended 29 September 2019 £m
Revenue	5	1,412.4	1,545.0
Cost of sales		(851.6)	(898.1)
Gross profit		560.8	646.9
Selling and distribution expenses		(229.0)	(229.6)
Administration expenses		(201.1)	(256.1)
Assets held for sale – impairment charge	33	(0.4)	(31.2)
Operating profit	6	130.3	130.0
Finance income	9	2.4	1.0
Finance costs	9	(21.5)	(20.7)
Profit before tax		111.2	110.3
Taxation	10	(16.6)	(29.4)
Profit for the period attributable to the equity shareholders		94.6	80.9
Earnings per share			
Basic earnings per share	11	35.6p	30.6p
Diluted earnings per share	11	35.4p	30.3p

All activities relate to continuing operations.

* Please refer to note 3 for details of reclassification restatement.

Consolidated statement of comprehensive income/(expense)

	Note	12 months ended 30 September 2020 £m	Restated* 52 weeks ended 29 September 2019 £m
Profit for the period attributable to the equity shareholders		94.6	80.9
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Remeasurement (losses)/gains on defined benefit pension plans	22	(43.3)	22.1
Current tax on additional pension contributions	10a	–	0.2
Deferred tax on defined benefit pension plans	10a	6.4	(4.2)
Deferred tax on other temporary differences	10a	(0.1)	0.2
		(37.0)	18.3
Items that may be subsequently reclassified to profit or loss			
(Losses)/ gains in respect of cash flow hedges	26	(4.9)	15.0
Amounts recycled to the income statement in respect of cash flow hedges	26	6.6	(7.5)
Current tax on 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	(0.2)	(1.3)
Exchange differences reclassified to profit or loss on disposal of foreign operations	20	(2.3)	–
Exchange differences on translation of foreign operations	20	(38.2)	0.7
Tax on exchange differences accounted for in the translation reserve	10a	(0.6)	(0.2)
		(39.6)	6.5
Other comprehensive (expense)/income for the period, net of tax		(76.6)	24.8
Total comprehensive income for the period attributable to the equity shareholders		18.0	105.7

* Please refer to note 26 for details of restatement.

Financial Statements

Consolidated balance sheet

	Note	30 September 2020 £m	Restated* 29 September 2019 £m
Assets			
Non-current assets			
Property, plant and equipment	13	462.7	494.0
Right-of-use assets	24	78.1	–
Intangible assets	14	409.4	427.8
Other receivables		6.0	6.5
Derivative financial instruments	26	25.2	39.5
Deferred tax asset	10f	4.8	5.6
Pension asset	22	101.8	142.4
		1,088.0	1,115.8
Current assets			
Inventories	16	118.5	141.0
Trade and other receivables	17	335.5	358.0
Current income tax receivables	10c	13.1	5.6
Derivative financial instruments	26	12.1	29.9
Cash and cash equivalents	18	109.2	49.0
Other current assets	22	10.0	–
		598.4	583.5
Assets held for sale	33	20.3	42.1
		618.7	625.6
Total assets		1,706.7	1,741.4
Current liabilities			
Trade and other payables	23a	(358.8)	(412.4)
Commercial rebate liabilities	23b	(107.3)	(98.7)
Lease liabilities	24	(9.6)	–
Interest bearing loans and borrowings	21	(78.7)	(166.3)
Derivative financial instruments	26	(2.2)	(0.7)
Current income tax payable	10c	(2.4)	(4.6)
Provisions	27	(13.6)	(4.1)
Other current liabilities	28	(10.2)	(2.5)
		(582.8)	(689.3)
Liabilities held for sale	33	(0.1)	(28.4)
		(582.9)	(717.7)
Non-current liabilities			
Interest bearing loans and borrowings	21	(586.0)	(517.2)
Lease liabilities	24	(70.2)	–
Deferred tax liabilities	10f	(69.4)	(69.8)
Pension liability	22	(10.7)	(14.9)
Derivative financial instruments	26	(3.3)	(3.1)
Provisions	27	(1.1)	(3.2)
Other non-current liabilities	28	(7.6)	(0.1)
		(748.3)	(608.3)
Total liabilities		(1,331.2)	(1,326.0)
Net assets		375.5	415.4
Capital and reserves			
Issued share capital	19	53.4	53.1
Share premium account		154.1	145.5
Own shares reserve		(3.7)	(10.3)
Other reserves	20	59.8	99.4
Retained earnings		111.9	127.7
Total equity		375.5	415.4

* Please refer to note 3 for details of restatement.

The financial statements were approved by the Board of Directors and authorised for issue on 25 November 2020. They were signed on its behalf by:

SIMON LITHERLAND

JOANNE WILSON

Consolidated statement of cash flows

	Note	12 months ended 30 September 2020 £m	52 weeks ended 29 September 2019 £m
Cash flows from operating activities			
Profit before tax		111.2	110.3
Net finance costs	9	19.1	19.7
Other financial instruments		(0.2)	–
Net impairment/(reversal of impairment) of property, plant and equipment	13	(0.7)	(3.8)
Impairment of right of use assets	24	0.2	–
Impairment of assets held for sale	33	0.4	31.2
Impairment of intangible assets	14	8.1	–
Depreciation of property, plant and equipment	13	43.0	51.7
Depreciation of right of use assets	24	11.0	–
Loss on disposal of property, plant and equipment and intangible assets		4.3	11.9
Amortisation	14	15.9	18.5
Share-based payments charge net of cash settlements	29	0.1	11.3
Net pension charge less contributions	22	(6.9)	(16.4)
Foreign exchange gains		(2.9)	–
Non-cash loss on disposal of assets held for sale	34	0.9	–
Decrease/(increase) in inventory		11.9	(78)
Decrease/(increase) in trade and other receivables		22.4	(20.7)
Increase in other current assets	22	(10.0)	–
(Decrease)/increase in trade, other payables and contract liabilities		(45.3)	4.5
Increase/(decrease) in provisions		8.0	(1.6)
Income tax paid		(21.7)	(23.7)
Net cash flows from operating activities		168.8	185.1
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		–	0.3
Purchases of property, plant and equipment		(43.7)	(67.4)
Purchases of intangible assets		(6.3)	(7.4)
Interest received		0.7	0.9
Divestment of subsidiary	34	13.2	–
Acquisition of subsidiaries, net of cash acquired	34	(2.2)	–
Net cash flows used in investing activities		(38.3)	(73.6)
Cash flows from financing activities			
Interest paid, net of derivative financial instruments		(16.5)	(21.0)
Net movement on revolving credit facility	21	(64.9)	8.7
Other loans repaid	21	(0.1)	(0.3)
Payment of principal portion of lease liabilities	24	(10.2)	–
Payment of interest element of lease liabilities	24	(2.1)	–
Repayment of finance leases	21	–	(0.9)
Partial repayment of 2007 private placement notes	21	–	(77.0)
Repayment of 2009 private placement notes	21	(68.4)	–
Draw down of 2020 private placement notes	21	152.2	–
Other derivative cash payments		(2.5)	–
Issue costs paid	21	(2.6)	–
Issue of shares relating to incentive schemes for employees		6.7	2.2
Purchase of own shares		(2.8)	(8.4)
Dividends paid to equity shareholders	12	(57.6)	(75.6)
Net cash flows used in financing activities		(68.8)	(172.3)
Net increase/(decrease) in cash and cash equivalents		61.7	(60.8)
Cash and cash equivalents at beginning of period		49.0	109.5
Exchange rate differences		(1.5)	0.3
Cash and cash equivalents at the end of the period	18	109.2	49.0

Financial Statements

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 1 October 2018 (as previously reported)		52.9	139.1	(5.4)	(7.2)	12.8	87.3	97.8	377.3
Adjustment on correction of error*	3	–	–	–	–	–	–	3.4	3.4
At 1 October 2018 (restated)		52.9	139.1	(5.4)	(7.2)	12.8	87.3	101.2	380.7
Profit for the period		–	–	–	–	–	–	80.9	80.9
Other comprehensive income		–	–	–	6.0	0.5	–	18.3	24.8
Total comprehensive income		–	–	–	6.0	0.5	–	99.2	105.7
Issue of shares		0.2	6.4	(4.3)	–	–	–	–	2.3
Own shares purchased for share schemes		–	–	(9.0)	–	–	–	–	(9.0)
Own shares utilised for share schemes		–	–	8.4	–	–	–	(7.5)	0.9
Movement in share-based schemes		–	–	–	–	–	–	9.4	9.4
Current tax on share options exercised	10a	–	–	–	–	–	–	0.3	0.3
Deferred tax on share options granted to employees	10a	–	–	–	–	–	–	0.7	0.7
Payment of dividend	12	–	–	–	–	–	–	(75.6)	(75.6)
At 29 September 2019 (restated)		53.1	145.5	(10.3)	(1.2)	13.3	87.3	127.7	415.4
Profit for the period		–	–	–	–	–	–	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

* Please refer to note 3 for details of restatement.

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 2020 (the prior financial year comprised the 52 weeks ended 29 September 2019).

The financial statements were authorised for issue by the Board of Directors on 25 November 2020.

2. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and with the Companies Act 2006 applicable to companies reporting under IFRS.

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 financial statements, a range of scenarios including a view of severe but plausible levels of 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 2022, along with an assessment of the impact of key risks defined in the viability statement, including Brexit, that could reasonably arise in the period, and our proposed responses.

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 2022. March 2021 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 severe but plausible scenarios modelled, and after taking mitigating actions available in H1 including the phasing of certain A&P and Capex into H2 our forecasts did not indicate a breach at any point. This is also the case for September 2021.

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.

For each of our markets we have sensitised the revenue, profit and cash flow impact of reduced trading activity in our Out-of-Home channel and a negative impact of changes in product mix, including lower on-the-go volumes, for the At-Home channel. The scenarios are most sensitive to the assumptions made for GB and Ireland where exposure to the Out-of-Home channel is greater. France and Brazil are predominantly At-Home markets and therefore drive less sensitivity.

A key judgement applied is the likely time period of restrictions on trading activity in the Out-of-Home channel, and the possibility that restrictions will persist throughout 2021. The most severe scenario includes an assumption that a level of restrictions will remain in place until October 2021 with Out-of-Home outlets only gradually returning towards pre-COVID levels at the beginning of FY22.

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 some of the savings from strategic restructuring completed during FY20 and the rephasing of A&P and non-essential capex into the second half of FY21.

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 are within management control.

As at 30 September 2020, the consolidated balance sheet reflects a net asset position of £375.5m. In 2020 we re-financed our £400m bank facility with a maturity date of November 2025 and approximately £625m of private placement notes, at contracted rates, with maturity dates between 2020 and 2035. £65m of the private placement notes have a maturity date before February 2021. Undrawn facilities as at 30 September were approximately £400m and the RCF also offers an accordion facility of £200m, with lender consent. In all scenarios modelled our liquidity requirements are well within the £400m RCF facility.

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 Expenses) in all of our lending agreements. At 30 September 2020, the net debt position was £520.4m, our covenant net debt EBITDA ratio was 2.4x and our covenant net interest EBITDA ratio was 11x.

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 financial statements.

Financial Statements

Notes to the consolidated financial statements continued

3. Accounting policies continued

Impact of COVID-19 on financial statements at 30 September 2020

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 2020.

Impairment reviews of goodwill and intangible assets have been performed for each cash-generating unit using cash flow projections and sensitised based on the severe scenarios reviewed for the going concern review. Please refer to note 15 for the outcome of these considerations.

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 adopted in the current period

Initial adoption of IFRS 16 – 'Leases'

IFRS 16, the new financial reporting standard on accounting for leases replacing IAS 17, was adopted on 30 September 2019 using the 'modified retrospective' transition approach, meaning that comparative financial information at 29 September 2019, including disclosures, has not been restated. IFRS 16 eliminated the classification of leases as either operating leases or finance leases for the lessee and, instead, introduced a single lessee accounting model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17.

Impact on lessee accounting

Applying IFRS 16, the Group:

- a) Recognises right-of-use assets and lease liabilities in the consolidated balance sheet, on transition at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments.
- b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated income statement;
- c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (leases less than £3,600) the Group recognises lease expenses on a straight-line basis as permitted by IFRS 16.

The Group has used the following practical expedients when applying the modified retrospective to leases previously classified as operating leases under IAS 17:

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognise right-of-use assets and lease liabilities for certain leases for which the lease term ends within 12 months of the date of initial application.

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17).

The most significant IFRS 16 judgements and estimations involve the selection of an appropriate incremental borrowing rate to calculate the lease liability. Where possible, lease payments are discounted using the interest rate implicit in the contract. Alternatively, the Group's incremental borrowing rate is used. Further judgement was needed in determining the commencement date and duration of leases, these have been based on the dates within the lease contract, or in the case of the Rugby Combined Heat and Power (CHP) plant asset, when management assessed that the leased asset was available for use for its intended purpose.

Impact on lessor accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

Financial impact of initial application of IFRS 16

The effect of adopting IFRS 16 on the statement of financial position at 30 September 2019 was as follows:

	Total £m
Assets	
Property, plant and equipment	(0.8)
Right-of-use assets	43.1
Other receivables	(1.3)
Assets held for sale	6.5
	47.5
Liabilities	
Lease liabilities	(42.6)
Interest bearing loans and borrowings	1.0
Provisions	0.6
Liabilities held for sale	(6.5)
	(47.5)
Net assets	–

As at 29 September 2019, the Group had non-cancellable operating lease commitments of £51.9m. See below for a reconciliation between operating leases recognised as at 29 September 2019 and leases recognised under IFRS 16 as at 30 September 2019.

	Total £m
Operating lease commitments at 29 September 2019	
Within one year	7.9
After one year but not more than five years	15.8
After more than five years	28.2
Total	51.9
Additional lease commitments identified at 29 September 2019	8.1
Lease payments relating to renewal periods not included in operating lease commitments at 29 September 2019	5.8
Undiscounted operating lease commitments	65.8
Discounted operating lease commitments*	48.1
Less lease liabilities recognised within disposal groups held for sale	(6.5)
Add finance leases reclassified from interest bearing loans and borrowings	1.0
Lease liability at 30 September 2019 (note 24)	42.6

* The weighted average incremental borrowing rate applied on transition was 2.4%.

IFRIC 23 'Uncertainty over income tax treatments'

The new interpretation is effective for the Group for the period commencing 30 September 2019. The Interpretation clarifies application of recognition and measurement requirements in IAS 12 'Income Taxes'. There was no material impact on the Group's financial statements.

Restatement of expenses in the income statement

The Group has reclassified certain marginal expenses between selling and distribution and cost of sales to provide a more accurate split of costs in line with income statement categories.

Costs identified were more aligned to cost of sales in nature, for example, marginal production costs, certain employee costs and utility costs.

	As reported 2019 £m	Reclassification £m	Restated 2019 £m
Revenue	1,545.0	–	1,545.0
Cost of sales	(734.0)	(164.1)	(898.1)
Gross profit	811.0	(164.1)	646.9
Selling and distribution expenses	(393.7)	164.1	(229.6)
Administration expenses	(256.1)	–	(256.1)
Assets held for sale – impairment charge	(31.2)	–	(31.2)
Operating profit	130.0	–	130.0

Financial Statements

Notes to the consolidated financial statements continued

3. Accounting policies continued

Restatement of tax balances

As part of continuous control improvements being undertaken, a detailed review of historical tax balance sheet positions was carried out. This highlighted that errors had arisen in calculating the tax charge predominantly due to incorrect recognition of historical prior year adjustments from 2015-2018. As a result, the current income tax receivable at 29 September 2019 was understated by £4.2m. The affected line items are current income tax receivables, deferred tax liabilities and retained earnings.

Given the errors date back to years prior to 2019 the opening 2019 balance sheet has been corrected by restating each of the affected financial statement lines items as follows:

	As reported 29 September 2019 £m	Correction £m	Restated 29 September 2019 £m
Current income tax receivables	1.4	4.2	5.6
Deferred tax liabilities	(69.0)	(0.8)	(69.8)

Capital and reserves

Retained earnings	124.3	3.4	127.7
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	As reported 1 October 2018 £m	Correction £m	Restated 1 October 2018 £m
Current income tax receivables	2.3	4.2	6.5
Deferred tax liabilities	(62.5)	(0.8)	(63.3)

Capital and reserves

Retained earnings	97.8	3.4	101.2
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New internal controls have subsequently been implemented to prevent or detect future errors occurring.

Revenue recognition

The Group recognises revenue from the sale of soft drinks to the wholesale market. 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 BOGOFs, 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.

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, 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. Commercial rebate liabilities were described as contract liabilities in previous financial statements but have been renamed to better reflect the nature of the liability and to clarify that the Group has no outstanding performance obligations in respect of these liabilities.

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 to 20 years
Vehicles (included in plant and machinery)	5 to 7 years
Equipment in retail outlets (included in fixtures, fittings, tools and equipment)	5 to 15 years
Other fixtures and fittings (included in fixtures, fittings, tools and equipment)	5 to 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 are classified as other liabilities in the balance sheet (see note 28).

Financial Statements

Notes to the consolidated financial statements continued

3. Accounting policies continued

Business combinations and goodwill continued

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 cash-generating units 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 Cash Generating Unit (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 cash-generating unit retained.

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 cash generating unit 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 time frame 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.

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 repays the advance 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.

Financial Statements

Notes to the consolidated financial statements continued

3. Accounting policies continued

Financial liabilities continued

At amortised cost

Financial liabilities at amortised cost, including bank 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 Groups 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 their 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.

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.

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.

Financial Statements

Notes to the consolidated financial statements continued

3. Accounting policies continued

Taxation continued

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, as well as 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.

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

The Group has applied IFRS 16 using the 'modified retrospective' transition approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policies applicable from 30 September 2019 (IFRS 16)

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 (i.e., below £3,600). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight line basis over the lease term.

Policies applicable prior to 30 September 2019 (IAS 17)

Leases in which substantially all the risks and rewards of ownership of the leased asset are retained by the lessor are classified as operating leases by the Group. Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Any lease incentives received are credited to the consolidated income statement on a straight-line basis over the term of the leases to which they relate.

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).

Interest bearing loans and borrowings

Interest bearing loans and borrowings are initially recognised in the balance sheet at fair value less directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses arising on the repurchase, settlement or other cancellation of liabilities are recognised respectively in finance income and finance cost.

On a refinancing any unamortised financing charges are accelerated through the consolidated income statement.

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.

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 derivative financial instruments and hedging policy for further detail (see note 26).

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.

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Notes to the consolidated financial statements continued

3. Accounting policies continued

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, with the exception of our Norwich site whereby the sale is expected to complete in winter 2022 due to activities that the buyer needs to complete.

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 and interpretations not 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:

		Effective date – periods commencing on or after
International Financial Reporting Standards (IFRS)		
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Annual Improvements 2018-2020		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
Amendment to IFRS 16 Leases	Covid-19 Related Rent Concessions	1 January 2020
Amendments to IFRS 3	Definition of a Business	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 17	Interest Rate Benchmark Reform	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards		1 January 2020

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 2020 these intangible assets have a remaining useful life of 22 years. As at 30 September 2020 the franchise agreement itself had a remaining contract life of 5 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 the post balance sheet event (note 35) whereby in October 2020 Britvic 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

On 12 November 2019, the Board of Directors announced its decision to enter into an exclusive discussion with Refresco over the potential sale by Britvic of its three juice manufacturing sites in France, its private label juice business, and the Fruité brand. Transactions relating to the sale were classified as a disposal group held for sale in the 2019 financial statements. Management applied judgement around the future costs to sell and the allocation of goodwill to the business sold. On the 30 September 2020 the transaction completed and the assets were successfully transferred to Refresco.

During 2020 assets within the Counterpoint ROI business and the land and buildings relating to our Norwich manufacturing site were reclassified into assets held for sale.

The Board considered these transactions to meet the criteria to be classified as held for sale at the balance sheet date for the following reasons:

- The assets are available for immediate sale and can be sold to the buyer in its current condition.
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification, except for those activities to be completed that are beyond the control of the Group.
- A potential buyer has been identified and negotiations as at the reporting date are at an advanced stage.

For more details on the Norwich asset held for sale refer to note 33 and for details of the French disposal refer to note 34.

The Boiling Tap Company acquisition accounting

The consideration for the acquisition of The Boiling Tap Company (TBTC) includes deferred consideration of £6.9m payable in May 2021 which has been discounted to fair value at the date of acquisition and subsequently measured at amortised cost.

Contingent consideration, resulting from business combinations, is also valued at fair value at the acquisition date as part of the business combination and subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. Contingent consideration with an estimated fair value of £5.2m was recognised at the acquisition date. The initial accounting for the acquisition is provisional at the end of the reporting period due to the significant uncertainties posed by COVID-19 on the valuation of intangible assets and contingent consideration. In line with IFRS 3 the acquisition accounting may be subject to revision during the 12 months following the acquisition date. The maximum consideration to be paid is £6.0m if operating profit targets are achieved during an earn-out period. The key judgements take into consideration the probability of meeting future performance targets given the current economic environment and the discount rate (see note 34 for details).

The deferred and contingent consideration are classified as other liabilities in the balance sheet (see note 28).

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 cash generating units to which the goodwill/intangible asset has been allocated. The value in use calculation requires an estimate of the future cash flows expected to arise from the cash-generating unit 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.

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Notes to the consolidated financial statements continued

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.

For management purposes, the Group is organised into business units and has five reportable segments. GB Carbs and GB Stills segments have been aggregated and are presented as GB for the year ended 30 September 2020 following a review of operating segments as follows:

- 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. However, Group financing (including finance costs) and income taxes are managed on a Group basis and are not allocated to reportable segments.

12 months ended 30 September 2020	GB £m	Brazil £m	Rest of world (RoW)				Total £m
			Ireland £m	France £m	International £m	Total RoW £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 & 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							(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.

** Included within 'selling and distribution costs' in the consolidated income statement.

*** See non-GAAP reconciliations on page 190 for further details on adjusting items.

The 'Rest of world' subtotal includes Ireland, France and International. The 2019 comparative table below has been updated to reflect this subtotal.

52 weeks ended 29 September 2019	GB			Brazil £m	Rest of world (RoW)				Total £m
	GB stills £m	GB carbs £m	Total GB £m		Ireland £m	France £m	International £m	Total RoW £m	
Revenue from external customers	281.8	663.6	945.4	124.8	175.8	244.9	54.1	474.8	1,545.0
Brand contribution	120.5	259.0	379.5	28.3	52.0	80.0	11.3	143.3	551.1
Non-brand advertising & promotion*									(10.5)
Fixed supply chain**									(108.0)
Selling costs**									(83.0)
Overheads and other costs*									(135.5)
Adjusted operating profit***									214.1
Net finance costs									(19.2)
Adjusting items***									(84.6)
Profit before tax									110.3

* 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 page 190 for further details on adjusting items.

Geographic information

Revenues from external customers

The analysis below is based on the location where the sale originated.

	2020 £m	2019 £m
United Kingdom	929.8	998.9
Republic of Ireland	121.6	148.7
France	234.1	250.8
Brazil	113.1	124.8
Other	13.8	21.8
Total revenue	1,412.4	1,545.0

Non-current assets

	2020 £m	2019 £m
United Kingdom	490.5	489.1
Republic of Ireland	126.9	135.9
France	190.2	190.8
Brazil	70.7	111.5
Other	0.4	1.1
Total	878.7	928.4

Non-current assets for this purpose consist of property, plant and equipment, intangible assets and other receivables.

6. Operating profit

This is stated after charging/(crediting):

	2020 £m	2019 £m
Cost of inventories recognised as an expense	747.6	887.2
Write-down of inventories to net realisable value	1.2	0.4
Research and development expense	7.9	7.6
Net foreign currency exchange differences	(2.5)	1.4
Depreciation of property, plant and equipment	43.0	51.7
Depreciation of leased assets	11.0	–
Amortisation of intangible assets	15.9	18.5
Impairment of leased assets (note 24)	0.2	–
Impairments of intangibles* (note 14)	8.1	–
Net (reversal of impairment)/impairment of property, plant and equipment (note 13)	(0.7)	(3.8)
Loss on disposal of property, plant and equipment and intangible assets	4.3	11.9
Government grants	(4.6)	(3.5)
Operating lease payments – minimum lease payments	–	9.9
Loss on divestment of subsidiary** (note 34)	5.3	–
Assets held for sale impairment charge*** (note 33)	0.4	31.2

* Disclosed in the income statement within administration expenses.

** Relates to the sale of part of the French business which was disposed of on 30 September 2020.

*** 2020 impairment charge relates to part of the Counterpoint business designated as held for sale (2019: related to part of the French business which was held for sale as at 29 September 2019 and was disposed on 30 September 2020).

7. Auditor's remuneration

	2020 £m	2019 £m
Audit of the Group financial statements	0.2	0.2
Audit of subsidiaries	1.1	0.9
Total audit services	1.3	1.1
Audit related assurance services	0.2	0.3
Total non-audit services	0.2	0.3
Total fees	1.5	1.4

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Notes to the consolidated financial statements continued

8. Staff costs

	2020 £m	2019 £m
Wages and salaries	165.6	166.6
Social security costs	24.3	26.3
Net defined benefit pension (income)/expense (note 22)	(1.0)	5.0
Defined contribution pension expense	12.0	8.4
Expense of share based compensation (note 29)	0.5	11.3
	201.4	217.6

	2020 £m	2019 £m
Directors' emoluments	1.8	2.8
Aggregate gains made by Directors on exercise of options	0.2	2.0

The average monthly number of employees during the period was made up as follows:

	2020 No.	2019 No.
Distribution	334	365
Production	2,154	2,317
Sales and marketing	1,316	1,430
Administration	656	683
	4,460	4,795

9. Finance income and costs

	2020 £m	2019 £m
Finance income		
Bank deposits	1.5	1.0
Ineffectiveness in respect of fair value hedges	0.9	–
Total finance income	2.4	1.0
Finance costs		
Bank loans, overdrafts and loan notes	(18.5)	(20.2)
Interest on lease liabilities*	(2.1)	–
Total interest expense	(20.6)	(20.2)
Other finance costs	(0.6)	–
Ineffectiveness in respect of fair value hedges	(0.1)	(0.5)
Unwind of discount on contingent consideration (note 34)	(0.2)	–
Total finance costs	(21.5)	(20.7)
Net finance costs	(19.1)	(19.7)

* Interest on lease liabilities includes interest per note 24 as well as interest on lease liabilities classified within liabilities held for sale during the year.

10. Taxation

a) Tax on profit on continuing operations

	2020 £m	Restated 2019 £m
Income statement		
Current income tax		
Current income tax charge	(17.7)	(28.4)
Amounts over provided in previous years	2.2	0.9
Total current income tax charge	(15.5)	(27.5)
Deferred income tax		
Origination and reversal of temporary differences	(2.6)	(3.2)
Amounts over provided in previous years	1.5	1.3
Total deferred tax charge	(1.1)	(1.9)
Total tax charge in the income statement	(16.6)	(29.4)

	2020 £m	Restated 2019 £m
Statement of comprehensive income/(expense)		
Current tax on additional pension contributions	–	0.2
Deferred tax on defined benefit plans	6.4	(4.2)
Deferred tax on cash flow hedges accounted for in the hedging reserve	(0.2)	(1.3)
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)	(0.2)
Deferred tax on other temporary differences	(0.1)	0.2
Total tax charge in the statement of comprehensive income/(expense)	5.5	(5.5)
Statement of changes in equity		
Current tax on share options exercised	1.4	0.3
Deferred tax on share options granted to employees	(1.4)	0.7
Total tax credit in the statement of changes in equity	–	1.0

b) Reconciliation of the total tax charge

The tax expense in the consolidated income statement is lower (2019: higher) than the standard rate of UK corporation tax of 19.0% (2019: 19.0%). The differences are reconciled below:

	2020 £m	Restated 2019 £m
Profit before tax	111.2	110.3
Profit multiplied by the UK average rate of corporation tax of 19.0% (2019: 19.0%)	(21.1)	(20.9)
Non deductible expenses	(3.0)	(8.5)
Non taxable income and other beneficial items	11.0	–
Impact of change in tax rates on deferred tax liability	(3.2)	(0.3)
Current tax/deferred tax rate differential	0.3	0.6
Tax over provided in previous years	3.7	2.2
Overseas tax rate differences	(2.7)	(2.5)
Movement in deferred tax not recognised	(1.6)	–
	(16.6)	(29.4)
Effective income tax rate	14.9%	26.7%

Due to a change in the structure of the disposal of assets in France, a loss on disposal of these assets has been recognised in 2020, whereas no tax benefit was recognised against the impairment of these assets in 2019. This is reflected in non-taxable income and other beneficial items.

Also included in beneficial items is the net impact of changes in deferred tax balances arising from the downstream merger of the Brazilian holding company into the operating companies.

During the year the UK government announced that the corporation tax rate would remain at 19%, effective from 1 April 2020, rather than 17% previously announced. As a consequence, deferred tax balances have been remeasured at the higher rate, being the rate at which they are now expected to unwind in the future, resulting in an increased tax charge for the year.

A reduction in the overall overseas tax rate difference reflects the changing profit mix in overseas jurisdictions.

Prior year adjustments mainly relate to the release of uncertain tax positions from the remeasurement of probable outcomes or where the relevant statute of limitation has passed, and changes in deferred tax on fixed assets.

Movements in deferred tax not recognised relates to trading losses in Ireland for the business which has been transferred to assets held for sale and excess amortisation in Brazil following the merger.

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Notes to the consolidated financial statements continued

10. Taxation continued

c) Income tax

	2020 £m	Restated* 2019 £m
Income tax recoverable	13.1	5.6
Income tax payable	(2.4)	(4.6)
	10.7	1.0

The net income tax receivable has increased partially due to movements in uncertain tax provisions and an increased receivable in France where previous payments on account now exceed the income tax due as a result of taxable losses arising from the disposal of assets. It is expected that these recoverable amounts will be used to reduce payments in future periods.

* As part of continuous control improvements being undertaken, a detailed review of historical tax balance sheet positions was carried out. This highlighted that errors had arisen in calculating the tax charge predominantly due to incorrect recognition of historical prior year adjustments from 2015 – 2018. As a result, the current income tax receivable at 29 September 2019 was understated by a total £4.2m and the deferred tax liability was understated by £0.8m. See note 3 for further details.

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 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

	2020 £m	Restated* 2019 £m
No deferred tax asset has been recognised in respect of unused tax losses and other temporary differences of:	23.4	1.1

* See above and note 3.

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 amounts to £23.4m (2019: £1.1m).

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.

f) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2020 £m	Restated* 2019 £m
Deferred tax liability		
Accelerated capital allowances	(18.9)	(17.9)
Intangible assets	(26.8)	(31.4)
Post employment benefits	(28.3)	(33.1)
Other temporary differences	(1.0)	–
Deferred tax liability	(75.0)	(82.4)
Deferred tax asset		
Employee incentive plan	3.1	6.4
Unutilised losses incurred in overseas jurisdictions	7.3	7.9
Other temporary differences	–	3.9
Deferred tax asset	10.4	18.2
Net deferred tax liability	(64.6)	(64.2)

* See above and note 3.

Deferred tax assets have been recognised in respect of intangible assets in Brazil, to the extent that future taxable profits are in excess of those arising from the reversal of existing taxable temporary differences. There are expected to be sufficient future operating profits to enable the deduction of amortisation of intangibles.

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.

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:

	2020 £m	Restated 2019 £m
Net deferred tax assets	4.8	5.6
Net deferred tax liabilities	(69.4)	(69.8)
	(64.6)	(64.2)

* See above and note 3.

The deferred tax included in the consolidated income statement is as follows:

	2020 £m	Restated 2019 £m
Employee incentive plan	(1.9)	0.9
Accelerated capital allowances	(1.8)	(2.2)
Post employment benefits	(2.4)	(2.0)
Intangible assets	7.7	1.6
Movement in losses in overseas jurisdictions	0.1	0.1
Other temporary differences	(2.8)	(0.3)
Deferred tax charge	(1.1)	(1.9)

The movements in employee incentive plans reflect the reversal of tax deductions on expected future benefits on employee share plans. The increase in deferred tax movement on intangible assets mainly relates to the recognition of the tax base on intangible assets as a result of the downstream merger in Brazil.

The increase in other temporary differences relates to the release of acquisition contingencies in Brazil.

11. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the period attributable to the equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS 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 period 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 EPS computations:

	2020 £m	2019 £m
Basic earnings per share		
Profit for the period attributable to equity shareholders	94.6	80.9
Weighted average number of ordinary shares in issue for basic earnings per share	265.9	264.5
Basic earnings per share	35.6p	30.6p
Diluted earnings per share		
Profit for the period attributable to equity shareholders	94.6	80.9
Effect of dilutive potential ordinary shares – share schemes	1.3	2.4
Weighted average number of ordinary shares in issue for diluted earnings per share	267.2	266.9
Diluted earnings per share	35.4p	30.3p

The Group has granted share options to employees which have the potential to dilute basic EPS in the future which have not been included in the calculation of diluted EPS as they are antidilutive for the periods presented (see note 29).

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Notes to the consolidated financial statements continued

12. Dividends paid and proposed

	2020 £m	2019 £m
Declared and paid during the period		
Equity dividends on ordinary shares		
Final dividend for 2019: 21.7p per share (2018: 20.3p per share)	57.6	53.6
Interim dividend for 2020: nil per share (2019: 8.3p per share)	–	22.0
Dividends paid	57.6	75.6
Proposed		
Final dividend for 2020: 21.6p per share (2019: 21.7p per share)	57.7	57.6

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 1 October 2018 net of accumulated depreciation and impairment	112.6	27.3	226.3	65.4	88.2	519.8
Exchange differences	0.5	–	0.1	–	–	0.6
Additions	5.8	0.1	13.6	7.5	41.9	68.9
Reclassification	24.8	4.5	53.5	12.7	(97.3)	(1.8)
Disposals at cost	(0.5)	(0.2)	(72.4)	(10.8)	(0.1)	(84.0)
Transfer to assets held for sale (note 33)	(21.8)	–	(48.4)	(1.9)	–	(72.1)
Impairment reversal	3.8	–	–	–	–	3.8
Depreciation eliminated on disposals	0.2	0.2	62.6	9.1	–	72.1
Depreciation charge for the period	(4.4)	(1.2)	(32.7)	(13.4)	–	(51.7)
Transfer depreciation of assets held for sale (note 33)	10.9	–	26.5	1.0	–	38.4
At 29 September 2019 net of accumulated depreciation and impairment	131.9	30.7	229.1	69.6	32.7	494.0
Reclassification to leased assets on adoption of IFRS 16 (note 3)	–	–	(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 for the period	(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
At 29 September 2019						
Cost (gross carrying amount)	176.8	48.5	448.4	214.8	32.7	921.2
Accumulated depreciation and impairment	(44.9)	(17.8)	(219.3)	(145.2)	–	(427.2)
Net carrying amount	131.9	30.7	229.1	69.6	32.7	494.0

* Additions for the year ended 30 September 2020 include £0.1m of property, plant and equipment resulting from the acquisition of The Boiling Tap Company Limited (note 34).

14. Intangible assets

	Trademarks £m	Franchise rights £m	Customer lists £m	Software costs £m	Goodwill £m	Other £m	Total £m
At 1 October 2018	147.3	18.1	45.6	24.4	203.3	0.8	439.5
Exchange differences	0.8	–	0.5	(0.1)	0.8	–	2.0
Additions	–	–	–	7.6	–	–	7.6
Reclassification	–	–	–	1.9	–	–	1.9
Disposals at cost	–	–	–	(13.2)	–	–	(13.2)
Transferred to assets held for sale (note 33)	–	–	(0.2)	–	(4.5)	–	(4.7)
Amortisation eliminated on disposals	–	–	–	13.2	–	–	13.2
Amortisation charge for the period	(2.6)	(0.7)	(6.8)	(8.0)	–	(0.4)	(18.5)
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)	–	–	4.8	–	6.6	3.8	15.2
Additions	–	–	–	6.2	–	–	6.2
Reclassification	–	–	–	–	–	–	–
Disposals at cost	–	–	–	(0.2)	–	–	(0.2)
Amortisation eliminated on disposals	–	–	–	0.1	–	–	0.1
Amortisation charge for the period	(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	30.9	24.6	194.6	3.9	409.4
At 30 September 2020							
Cost (gross carrying amount)	176.2	26.9	82.5	103.8	259.6	5.1	654.1
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	30.9	24.6	194.6	3.9	409.4
At 29 September 2019							
Cost (gross carrying amount)	184.2	26.4	84.4	97.9	259.0	1.7	653.6
Accumulated amortisation and impairment	(38.7)	(9.0)	(45.3)	(72.1)	(59.4)	(1.3)	(225.8)
Net carrying amount	145.5	17.4	39.1	25.8	199.6	0.4	427.8

Trademarks

Britvic Ireland and Britvic France

All trademarks 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 2020 these intangible assets have an average remaining useful 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 2020 these intangible assets have a remaining useful life of 22 years. As at 30 September 2020 the franchise agreement itself had a remaining contract life of 5 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.

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14. Intangible assets continued

This is further supportable by the post balance sheet event (note 35) whereby in October 2020 Britvic 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: £17.7m (2019: £19.2m)

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 2020 these intangible assets have a remaining useful life of 10 years.

Britvic Ireland: £2.8m (2019: £7.5m)

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 2020 these intangible assets have a remaining useful life of between 1 and 7 years.

Britvic Brazil: £5.7m (2019: £12.4m)

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 2020 these intangible assets have a remaining useful life of between 1 and 5 years.

The Boiling Tap Company: £4.7m (2019: £nil)

Customer lists recognised on acquisition of The Boiling Tap Company (note 34) relate to those customer relationships acquired. These intangible assets have been allocated useful economic lives of 14 years. At 30 September 2020 these intangible assets have a remaining useful life of 14 years.

Software costs

Software is capitalised at cost. As at 30 September 2020 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 The Boiling Tap Company (note 34). The TBTC technology has an estimated total useful economic life of 14 years and at 30 September 2020 has a carrying value of £3.7m and a remaining useful economic life of 14 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.

At the prior year end, there was an allocation of goodwill to 'Assets held for sale' related to the part of the French business being disposed of (see note 33).

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 cash-generating units:

	2020 £m	2019 £m
Goodwill CGUs		
Britvic GB		
Orchid	6.0	6.0
Tango	8.9	8.9
Robinsons	38.6	38.6
Britvic Soft Drinks business (BSD)	7.8	7.8
The Boiling Tap Company (note 34)	6.6	–
Britvic Ireland	18.0	22.1
Britvic France	86.7	89.5
Britvic Brazil	22.0	31.1
	194.6	204.0

	2020 £m	2019 £m
Trademarks with indefinite lives		
Britvic Ireland CGUs		
Britvic	4.5	4.4
Cidona	6.0	5.9
MiWadi	9.3	9.1
Ballygowan	23.9	23.4
Club	15.4	15.1
Total Ireland	59.1	57.9
Britvic France CGUs		
Teisseire	51.8	50.8
Moulin de Valdonne	4.3	4.2
Pressade	4.9	4.8
Total France	61.0	59.8
Total trademarks with indefinite lives	120.1	117.7

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 Ebba and Bela Ischia. 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.

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 and Brexit.

The applicable pre-tax discount rate for cash flow projections is:

	At 30 September 2020	At 29 September 2019
Britvic GB	7.4%	7.7%
Britvic Ireland	7.0%	7.1%
Britvic France	7.5%	8.7%
Britvic Brazil	12.0%	13.5%

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. Marginal contribution is based on financial budgets approved by the Britvic plc Board. 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 approved by management 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.

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15. Impairment testing of intangible assets continued

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 2020	At 29 September 2019
Britvic GB	2.1%	1.5%
Britvic Ireland	2.5%	2.9%
Britvic France	2.0%	1.5%
Britvic Brazil	2.0%	2.2%

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 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. During the period there has been a reallocation of the Britvic Ireland goodwill, with the portion allocated to Counterpoint impaired during the year.

Other than the goodwill held in Britvic Brazil and the Britvic Stills trademark (the intangibles brand name for Britvic juice and mixers) in Ireland the directors do not consider that a reasonable possible change in the assumptions used to calculate the value in use of remaining goodwill and intangible assets could result in any impairment.

Britvic Brazil is seen as a growth market where maturity is not expected for a number of years. Sensitivity analysis was performed to assess the impact of a reasonable change in key assumptions to the headroom of £4.9m. A 0.6% increase in discount rate or a reduction of the long term growth rate of 0.8% would result in an impairment of £0.1m.

The Britvic brands trademark in Ireland (juice and mixers) is particularly exposed to the On-Trade channel and the impact of COVID-19 restrictions. Sensitivity analysis on the headroom of £0.7m was performed and a volume reduction of 10%, which has been modelled as part of our scenario analysis for the potential impact of COVID-19, would result in a £0.1m impairment charge. A 0.7% increase in discount rate or a reduction of the long term growth rate of 0.9% would also result in an impairment of £0.1m.

16. Inventories

	2020 £m	2019 £m
Raw materials	51.5	59.6
Finished goods	55.3	69.6
Consumable stores	10.5	11.4
Returnable packaging	1.2	0.4
Total inventories at lower of cost and net realisable value	118.5	141.0

17. Trade and other receivables (current)

	2020 £m	2019 £m
Trade receivables	295.0	318.1
Other receivables	16.3	11.2
Prepayments	24.2	28.7
	335.5	358.0

Trade receivables are non-interest bearing and are generally on credit terms usual for the markets in which the Group operates. 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 1 October 2018	4.3	–	4.3
Exchange differences	0.1	–	0.1
Charge for period	1.7	–	1.7
Utilised	(0.6)	–	(0.6)
Unused amounts reversed	(0.1)	–	(0.1)
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

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.
- 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 2020 is as follows:

	Total £m	Days past due					
		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%

At 29 September 2019 the Group used a simplified provision matrix to evaluate credit risk exposure on the Group's trade receivables in their entirety. The ageing analysis of trade receivables at 29 September 2019 is as follows:

	Total £m	Neither past due nor impaired £m	Past due but not impaired				
			< 30 days £m	30 – 60 days £m	60 – 90 days £m	90 – 120 days £m	> 120 days £m
Net carrying amount	318.1	264.4	28.5	5.3	3.4	2.3	14.2

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.

Discount factoring

The Group has certain trade receivables which are subject to a discount factoring arrangement. The Group has derecognised these receivables to the extent it has received consideration from the factoring bank and has no continuing involvement in the transferred receivables. For further details see policy for transferred receivables in note 3.

As at 30 September 2020 receivables totalling £32.8m were assigned under these programmes (2019: £39.9m) and £20.6m (2019: £24.9m) of receivables from customers were derecognised. At 30 September 2020, £0.2m (2019: £5.1m) 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).

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18. Cash and cash equivalents

	2020 £m	2019 £m
Cash at bank and in hand	56.2	28.2
Deposits	53.0	20.8
Cash and cash equivalents in the statement of cash flows	109.2	49.0

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 2020 the Group had available £400.0m (2019: £333.0m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. These facilities have a maturity date of February 2024.

Where available, the Group operates cash pooling arrangements whereby the net cash position across a number of accounts is recognised for interest purposes.

19. Share capital

	No. of shares	Value £
Issued, called up and fully paid ordinary shares		
At 1 October 2018	264,606,911	52,921,382
Shares issued relating to incentive schemes for employees	903,826	180,765
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

The issued share capital is wholly comprised 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, 369,448 shares (2019: 1,180,721 shares) are own shares held by an employee benefit trust. This equates to £73,890 (2019: £236,144) 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.

20. Other reserves

	Restated* Hedging reserve £m	Translation reserve £m	Merger reserve £m	Restated* Total £m
At 1 October 2018	(7.2)	12.8	87.3	92.9
Losses in the period in respect of cash flow hedges	15.0	–	–	15.0
Amounts recycled to the income statement in respect of cash flow hedges	(7.5)	–	–	(7.5)
Deferred tax in respect of cash flow hedges	(1.3)	–	–	(1.3)
Current tax on cash flow hedges booked to the hedging reserve	(0.2)	–	–	(0.2)
Exchange differences on translation of foreign operations (note 26)	–	0.7	–	0.7
Tax on exchange differences accounted for in the translation reserve	–	(0.2)	–	(0.2)
At 29 September 2019	(1.2)	13.3	87.3	99.4
Losses in the period in respect of cash flow hedges	(4.9)	–	–	(4.9)
Amounts recycled 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

* Please refer to Note 26 for details of restatement.

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 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

	2020 £m	2019 £m
Current		
Finance leases	–	(0.7)
Bank loans	(0.1)	(66.9)
Private placement notes	(79.2)	(99.2)
Less: unamortised issue costs	0.6	0.5
Total current	(78.7)	(166.3)
	2020 £m	2019 £m
Non-current		
Finance leases	–	(0.3)
Bank loans	–	(0.1)
Private placement notes	(588.6)	(518.0)
Less: unamortised issue costs	2.6	1.2
Total non-current	(586.0)	(517.2)
Total interest bearing loans and borrowings	(664.7)	(683.5)

Total interest bearing loans and borrowings comprise the following:

	2020 £m	2019 £m
Finance leases	–	(1.0)
2009 notes	–	(96.5)
2010 notes	(90.5)	(94.7)
2014 notes	(123.3)	(127.7)
2017 notes	(175.0)	(175.0)
2018 notes	(121.3)	(120.6)
2020 notes	(154.3)	–
Accrued interest	(3.4)	(2.7)
Bank loans	(0.1)	(67.0)
Capitalised issue costs	3.2	1.7
	(664.7)	(683.5)

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21. Interest bearing loans and borrowings continued

Analysis of changes in interest-bearing loans and borrowings

	2020 £m	2019 £m
At the beginning of the period	(683.5)	(769.1)
Net movement on revolving credit facility	64.9	(8.7)
Other loans repaid	0.1	0.3
Partial repayment of private placement notes*	90.3	77.0
Draw down of 2020 private placement notes	(152.2)	–
Issue costs	2.6	–
Reclass of finance leases on adoption of IFRS 16 (note 3)	1.0	–
Repayment of finance leases	–	0.9
Amortisation of issue costs and write-off of financing fees	(1.1)	(0.3)
Net translation gain and fair value adjustment	13.9	15.8
Accrued interest	(0.7)	0.6
At the end of the period	(664.7)	(683.5)
Derivatives hedging balance sheet debt**	35.1	68.3
Debt translated at contracted rate	(629.6)	(615.2)

* During the year ended 30 September 2020, the 2009 USPP 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 2020, the Group does not have any outstanding sterling denominated bank loans. Sterling denominated bank loans outstanding at 29 September 2019 had an average interest rate of 1.74%. Euro denominated loans outstanding at 30 September 2020 attract interest at an average rate of 0% (2019: 0.56%) and Brazilian Real denominated loans outstanding at 30 September 2020 attract interest at an average rate of 3.60% (2019: 3.36%).

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 2020 – December 2022	\$113m	US\$ fixed at 4.04% – 4.14%
2014	February 2021 – February 2024	£35m	UK£ fixed at 3.40% – 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.

22. Pensions

Net asset/(liability) by scheme

	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					101.8
Pension liability					(10.7)
Net asset/(liability)					91.1
	2019				
	GB £m	ROI £m	NI £m	France £m	Total £m
Present value of benefit obligation	(779.7)	(106.0)	(35.3)	(5.0)	(926.0)
Fair value of plan assets	906.7	94.8	50.7	–	1,052.2
Transfer to assets held for sale (note 33)	–	–	–	1.3	1.3
Net asset/(liability)	127.0	(11.2)	15.4	(3.7)	127.5
Pension asset					142.4
Pension liability					(14.9)
Net asset/(liability)					127.5

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. 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 was expected to make a payment to the BPP of £15m by 31 December 2019.

However, the Group is seeking clarity through the court 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 has now been granted leave to appeal that judgment. This is expected to be heard in 2021.

Pending the outcome of the appeal hearing, the Trustee of the BPP agreed that the Schedule of Contributions be amended to the effect that £10.0m be paid into a blocked account by 30 September 2020 (held on the balance sheet as 'Other current assets') and £5.0m by 2 October 2020. Future deficit funding payments of £5.0m per annum will also be paid into the blocked account. Subject to the outcome of the legal appeal and actuarial certification on funding requirements, the monies in the blocked account will return to the Group and/or be paid to the BPP as a contribution, taking into account any change in future pension increases. The Group's latest triennial valuation as at 31 March 2019 was completed during the year. The outcome of these activities has an impact on the level of future cash contributions made by the company.

The contributions required are determined based on the secondary funding deficit revealed at the last triennial actuarial funding valuation, currently at 31 March 2019. The secondary funding deficit will always differ from the accounting valuation surplus/deficit above.

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.

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22. Pensions continued

In addition when comparing the surplus/deficit, consideration of the different dates of valuations need to be taken into account. The accounting valuation is assessed at the current balance sheet date of 30 September 2020, whereas the contributions agreed were based on the funding valuation at 31 March 2019.

The amount recognised as an expense in relation to the BPP defined contribution scheme in the consolidated income statement for 2020 was £10.8m (2019: £10.2m).

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 on going 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 2020 was £1.0m (2019: £0.8m).

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.

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 2020 no additional contributions were paid (2019: £1.5m).

The amount recognised as an expense in relation to the Northern Ireland defined contribution scheme in the consolidated income statement for 2020 was £0.1m (2019: £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 2020 is £12.0m (see note 8) and includes £0.1m which relates to schemes for entities within the Group in addition to those mentioned above.

Net defined benefit pension benefit/(expense)

	2020 Total* £m	2019 Total £m
Current service cost	(1.5)	(1.8)
Net interest on net defined benefit asset/(liability)	2.5	2.8
Past service cost	–	(6.0)
Net benefit/(expense)	1.0	(5.0)

* Movements 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).

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

	2020 Total* £m	2019 Total £m
Actual return on scheme assets	21.2	197.4
Less: Amounts included in net interest expense	(18.0)	(24.7)
Return on plan assets (excluding amounts included in net interest expense)	3.2	172.7
(Losses)/gains due to demographic assumptions	(35.9)	13.4
Losses due to financial assumptions	(3.8)	(163.4)
Experience losses	(6.8)	(0.6)
Remeasurement (losses)/gains taken to the statement of comprehensive income	(43.3)	22.1

* Movements 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).

Movements in present value of benefit obligation

	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	

	2019 GB £m	ROI £m	NI £m	France £m	Total £m
At 1 October 2018	(658.2)	(87.6)	(30.2)	(4.0)	(780.0)
Current service cost	–	(1.4)	–	(0.4)	(1.8)
Past service cost	(5.9)	–	(0.1)	–	(6.0)
Member contributions	–	(0.3)	–	–	(0.3)
Interest cost on benefit obligation	(19.1)	(1.8)	(0.9)	(0.1)	(21.9)
Benefits paid	31.4	1.9	1.1	0.1	34.5
Remeasurement (losses)	(127.9)	(16.8)	(5.2)	(0.6)	(150.5)
At 29 September 2019	(779.7)	(106.0)	(35.3)	(5.0)	(926.0)
Weighted average duration of the liabilities	20 years	24 years	21 years	15 years	

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22. Pensions continued

Movements in fair value of plan assets

	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

	2019			
	GB £m	ROI £m	NI £m	Total £m
At 1 October 2018	739.2	82.2	45.5	866.9
Interest income on plan assets	21.7	1.6	1.4	24.7
Return on scheme assets excluding interest income	157.2	11.7	3.8	172.7
Employer contributions	20.0	0.9	1.2	22.1
Member contributions	–	0.3	–	0.3
Benefits paid	(31.4)	(1.9)	(1.2)	(34.5)
At 29 September 2019	906.7	94.8	50.7	1,052.2

Principal assumptions

The assets and liabilities of the pension schemes were valued on an IAS 19 (Revised) basis at 30 September 2020, by Towers Watson (BPP and the French schemes), Invesco (BIPP) and Buck (BNIPP).

Financial assumptions

	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*

	2019			
	GB %	ROI %	NI %	France %
Discount rate	1.80	1.00	1.95	0.33 – 0.69
Rate of compensation increase	–	2.00	–	2.00 – 3.00
Pension increases	1.80 – 2.85	–	1.80 – 2.10	–
Inflation assumption	3.05	1.10	2.10	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:

	2020 GB Years	2020 ROI Years	2020 NI Years	2019 GB Years	2019 ROI Years	2019 NI Years
Current pensioners (at age 65) – males	21.6	21.7	21.0	21.0	21.5	21.0
Current pensioners (at age 65) – females	24.4	24.1	23.7	23.6	24.0	23.6
Future pensioners currently aged 45 (at age 65) – males	23.0	24.0	22.4	22.4	23.9	22.4
Future pensioners currently aged 45 (at age 65) – females	25.9	26.1	25.3	25.1	26.0	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 £77.9m	Decrease by £11.0m	Decrease by £3.5m	Decrease by £0.4m
	Decrease by 0.5%	Increase by £86.2m	Increase by £12.8m	Increase by £3.8m	Increase by £0.4m
Inflation rate	Increase by 0.25%*	Increase by £28.0m	Increase by £2.1m	Increase by £1.2m	Increase by £0.2m
	Decrease by 0.25%*	Decrease by £21.1m	Decrease by £2.1m	Decrease by £1.3m	Decrease by £0.2m
Longevity rates	Increase by 1 year	Increase by £38.7m	Increase by £3.1m	Increase by £1.4m	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

	GB £m	ROI £m	NI £m	Total £m	2020 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

	GB £m	ROI £m	NI £m	Total £m	2019 Total %
UK equities	–	1.1	–	1.1	0
Overseas equities	19.6	17.8	–	37.4	4
Properties	30.2	–	–	30.2	3
Corporate bonds	415.8	–	7.5	423.3	40
Fixed interest gilts	–	55.4	–	55.4	5
Diversified funds	–	–	27.4	27.4	3
Liability-driven investments	430.8	–	14.4	445.2	42
Cash and other assets	10.3	20.6	1.4	32.3	3
Total	906.7	94.8	50.7	1,052.2	100

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Notes to the consolidated financial statements continued

22. Pensions continued

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 (current)

	2020 £m	2019 £m
Trade payables	214.3	265.1
Other payables	9.3	11.6
Accruals	44.3	52.8
Other taxes and social security	90.9	82.9
	358.8	412.4

Trade payables are non-interest bearing and are normally settled on 60 – 90 day terms.

Trade payables include £11.2m (2019: £19.9m) 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:

	2020 £m	2019 £m
Rebate accruals	107.3	98.7

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 use judgement to determine the lease term when measuring lease liabilities. At 30 September 2020, 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.

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	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 period	(5.3)	(3.1)	(2.6)	(11.0)
Impairment charge	(0.2)	–	–	(0.2)
At 30 September 2020 net of accumulated depreciation	68.6	5.8	3.7	78.1

* Right-of-use asset recognised on adoption of IFRS 16, see note 3.

Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Total £m
At 30 September 2019, on adoption of IFRS16 (note 3)	42.6
Exchange differences	(0.3)
Acquisitions (note 34)	0.3
Additions*	46.1
Accretion of interest	2.0
Payment of principal element of lease liabilities	(8.9)
Payment of interest element of lease liabilities	(2.0)
At 30 September 2020	79.8
Current	9.6
Non-current	70.2
At 30 September 2020	79.8

* Additions include £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 undiscounted cash flows for this asset were previously included within the capital commitments disclosed at 29 September 2019 (note 31).

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:

	2020 £m
Depreciation of right-of-use assets	11.0
Impairment of right-of-use assets	0.2
Interest expense on lease liabilities* (note 9)	2.1
Total amount recognised in profit or loss	13.3

* Lease liabilities interest expense includes £0.1m in respect of lease liabilities classified within disposal groups held for sale.

The Group had total cash outflows for leases of £12.3 million during the year ended 30 September 2020, including £1.4m related to leases classified within disposal groups held for sale.

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24. Leases continued

Comparative disclosures required by IAS 17

On 30 September 2019 the Group adopted IFRS 16 Leases using the modified retrospective approach. Accordingly, prior year financial statements and disclosures have not been restated. Lease disclosures required by IFRS 16 for the year ended 30 September 2020 are presented above and the lease disclosures required by the predecessor standard, IAS 17, are presented below.

Operating lease commitments

Future minimum lease payments under non-cancellable operating leases were as follows:

	2019		
	Land and buildings £m	Other £m	Total £m
Within one year	4.0	3.9	7.9
After one year but not more than five years	10.5	5.3	15.8
After more than five years	28.1	0.1	28.2
	42.6	9.3	51.9

Finance lease commitments

Future minimum lease payments under finance leases were as follows:

	2019 £m
Within one year	0.7
After one year but not more than five years	0.3
	1.0

Due to the timing of the expiry of the finance lease commitments, there was no material difference between the total future minimum lease payments and their fair value.

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 is exposed to commodity price risk and share price risk. The policies for managing these risks are approved by the Board of Directors and are as summarised below.

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 2020 after taking into account the effect of these instruments, approximately 80% of the Group's gross debt was at a fixed rate of interest (2019: 53%).

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 instruments).

	Increase/ (decrease) in basis points	Effect on profit before tax £m	Effect on equity £m
2020			
Sterling	200	(0.8)	63.6
	(200)	0.8	(69.4)
Euro	200	0.3	9.5
	(200)	(0.3)	(11.5)
2019			
Sterling	200	(2.9)	44.6
	(200)	2.9	(52.5)
Euro	200	(2.1)	3.3
	(200)	2.1	(3.5)

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 2020 the Group had hedged 75% (2019: 73%) 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
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)	–
2019			
Sterling/euro	10	1.7	(6.5)
	(10)	(1.7)	6.5
Sterling/US dollar	10	0.1	(1.5)
	(10)	(0.1)	1.5
Euro/US dollar	10	0.9	(1.2)
	(10)	(0.9)	1.2
US dollar/Brazilian real	10	0.9	–
	(10)	(0.9)	–

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 frozen concentrated orange juice. The Group uses commodity swaps to hedge commodity price risk on a proportion of its sugar requirement. 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.

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25. Financial risk management objectives and policies continued

The Group's bank facility was refinanced during the year. It is a £400m multi-currency, five-year facility. It has a maturity date of February 2025 with the option of two 1-year extensions subject to lender consent and is unsecured. As at 30 September 2020, the Group had no outstanding borrowings under this facility (2019: £67.0m) under this facility. In addition to this facility the Group had £0.1m of outstanding external borrowings all of which were secured (2019: £0.2m all of which were secured).

The table below summarises the maturity profile of the Group's financial liabilities at 30 September 2020 based on contractual undiscounted payments and receipts including interest:

	Less than 1 year £m	1 to 5 years £m	> 5 years £m	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	8.4	–	18.7
Other financial liabilities	1.0	1.4	–	2.4
	467.7	220.8	583.6	1,272.1
	Less than 1 year £m	1 to 5 years £m	> 5 years £m	Total £m
2019				
Bank loans	66.9	0.1	–	67.0
Private placement notes	115.6	206.7	389.3	711.6
Derivatives hedging private placement notes – payments	77.3	89.5	73.6	240.4
Derivatives hedging private placement notes – receipts	(82.2)	(93.2)	(74.7)	(250.1)
	110.7	203.0	388.2	701.9
Trade, other payables and rebate liabilities (excluding other taxes and social security)	429.5	–	–	429.5
Finance leases	0.7	0.3	–	1.0
Other financial liabilities	0.4	–	–	0.4
	608.2	203.4	388.2	1,199.8

In respect of the private placement notes, the periods when the cash flows are expected to occur (as shown by the tables above) and when they are expected to affect the consolidated income statement are the same.

Details with regard to derivative contracts are included in note 26.

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 2020 was £529.0m (2019: £524.0m) compared to a carrying value of £500.8m (2019: £503.9m). The fair value of the Group's fixed rate interest-bearing borrowings and loans are 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:

	2020 £m	2019 £m
Financial assets		
Cash and cash equivalents	(109.2)	(49.0)
Derivatives hedging balance sheet debt (note 21)	(35.1)	(68.3)
Financial liabilities		
Interest bearing loans and borrowings (note 21)	664.7	683.5
Adjusted net debt	520.4	566.2
Equity	375.5	415.4*
Capital	895.9	981.6*

* Refer to note 3 for details of restatement.

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.

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Notes to the consolidated financial statements continued

26. Derivatives and hedge relationships

As at 30 September 2020 the Group had entered into the following derivative contracts:

	2020 £m	2019 £m
Consolidated balance sheet		
<i>Non-current assets: derivative financial instruments</i>		
Fair value of the USD GBP cross currency fixed interest rate swaps*	22.3	30.1
Fair value of the USD GBP cross currency floating interest rate swaps***	2.9	9.3
Fair value of forward currency contracts	–	0.1
	25.2	39.5
<i>Current assets: derivative financial instruments</i>		
Fair value of the USD GBP cross currency fixed interest rate swaps*	5.1	0.6
Fair value of the USD GBP cross currency floating interest rate swaps***	5.2	26.9
Fair value of the GBP euro cross currency floating interest rate swaps**	–	0.3
Fair value of forward currency contracts*	1.6	2.1
Fair value of forward currency contracts	0.2	–
	12.1	29.9
<i>Current liabilities: derivative financial instruments</i>		
Fair value of forward currency contracts*	(0.2)	(0.4)
Fair value of forward currency contracts	(0.6)	(0.2)
Fair value of the GBP euro cross currency floating interest rate swaps**	(1.4)	(0.1)
	(2.2)	(0.7)
<i>Non-current liabilities: derivative financial instruments</i>		
Fair value of the GBP euro cross currency fixed interest rate swaps**	(1.7)	(3.1)
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)	–
	(3.3)	(3.1)

* 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
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
		Notional maturity profile			
		Carrying amount £m	Less than 1 year £m	Greater than 1 year £m	Total £m
2019					
Cross currency swaps	Cash flow hedge	30.7	–	108.3	108.3
Cross currency swaps	Fair value hedge	36.2	71.9	35.6	107.5
Cross currency swaps	Net investment hedge	(2.9)	71.8	31.0	102.8
Forward currency contracts	Cash flow hedge	1.7	84.9	7.0	91.9
Commodity swaps	Cash flow hedge	–	2.5	–	2.5

Cash flow hedges

Forward currency contracts

The forward currency contracts hedge the expected future purchases in the period to March 2021 and have been assessed as part of effective cash flow hedge relationships as at 30 September 2020.

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 the cash flow hedge has been tested for effectiveness and as a result a £nil (2019: £nil) has been recognised in the income statement in respect of ineffectiveness.

Cash flow hedge net unrealised gains/(losses) and related deferred tax assets/(liabilities):

	Net unrealised 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)
	Net unrealised gain/(loss) within equity £m	Related deferred tax asset/(liability) £m
2019		
Forward currency contracts	1.7	(0.4)
2010 cross currency swaps	(1.7)	0.3
2014 cross currency swaps	(1.2)	0.2

Fair value hedges

Cross currency interest rate swaps

At the beginning of the year, the Group had a number of cross currency interest rate swaps in respect of the 2009 and 2010 USPP Notes. These instruments swap the principal and interest from fixed rate US dollar into floating rate sterling (the '2009 and 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.

During the year, the 2009 USPP Notes were repaid in full, and therefore at 30 September 2020, the company's cross currency interest rate swaps relate solely to the 2010 USPP Notes.

The fair value movements on the 2009 and 2010 USD GBP cross currency interest rate instruments are recorded in the consolidated income statement, with a corresponding adjustment to the carrying value of the Notes where the hedge is deemed effective.

The decrease in fair value of the 2010 cross currency interest rate swaps, excluding maturities, of £2.0m (2019: £0.6m increase) has been recognised in finance costs and offset with a similar gain on the 2010 USPP notes of £1.9m (2019: £0.1m loss). The net loss of £0.1m (2019: £0.5m gain) represents the ineffective portion on the hedges of the debt.

Net investment hedges

2009 and 2010 GBP EUR cross currency interest rate swaps

These instruments swap sterling liabilities arising from the 2009 and 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.

During the year, the instruments related to the 2009 USD GBP cross currency interest rate swaps were settled in full, and therefore at 30 September 2020, the instruments remaining relate solely to the 2010 USD GBP cross currency interest rate swaps.

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 (2019: £nil).

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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

	2020 £m	Restated* 2019 £m
Consolidated statement of comprehensive income		
<i>Amounts recycled to the income statement in respect of cash flow hedges</i>		
Forward currency contracts**	(0.2)	1.5
2007 cross currency interest rate swaps***	–	(1.0)
2010 cross currency interest rate swaps***	2.3	(2.7)
2014 cross currency interest rate swaps***	4.5	(5.3)
	6.6	(7.5)
<i>(Losses)/gains in the period in respect of cash flow hedges</i>		
Forward currency contracts and interest rate swaps	(1.6)	(1.0)
2007 cross currency interest rate swaps	–	1.1
2010 cross currency interest rate swaps	(1.8)	4.5
2014 cross currency interest rate swaps	(1.5)	10.4
	(4.9)	15.0
<i>Exchange differences on translation of foreign operations</i>		
Movement on 2009 GBP euro cross currency interest rate swaps	3.2	(0.5)
Movement on 2010 GBP euro cross currency interest rate swaps	–	(0.4)
Movement on FX swaps designated as net investment hedges	(2.4)	–
Movement on euro loans designated as net investment hedges	(1.2)	0.1
Exchange movements on translation of foreign operations	(37.8)	1.5
	(38.2)	0.7

* Amounts related to the 2007 cross currency interest rate swaps are restated as set out below.

** Offsetting amounts recorded in cost of sales.

*** Offsetting amounts recorded in finance income/costs.

Restatement

The Group has restated the 2019 consolidated statement of comprehensive income and the above note to correct a disclosure error related to the 2007 cross currency interest rate swaps. There is no impact of the restatement on the total other comprehensive income reported for 2019. The previously reported amounts are reconciled to the restated amounts as follows:

	As previously reported £m	Correction £m	Restated £m
Consolidated statement of comprehensive income			
<i>Amounts recycled to the income statement in respect of cash flow hedges</i>			
Forward currency contracts	1.5	–	1.5
2007 cross currency interest rate swaps	32.7	(33.7)	(1.0)
2010 cross currency interest rate swaps	(2.7)	–	(2.7)
2014 cross currency interest rate swaps	(5.3)	–	(5.3)
	26.2	(33.7)	(7.5)
<i>(Losses)/gains in the period in respect of cash flow hedges</i>			
Forward currency contracts	(1.0)	–	(1.0)
2007 cross currency interest rate swaps	(32.6)	33.7	1.1
2010 cross currency interest rate swaps	4.5	–	4.5
2014 cross currency interest rate swaps	10.4	–	10.4
	(18.7)	33.7	15.0

27. Provisions

	Restructuring £m	Other £m	Total £m
At 1 October 2018	5.7	4.3	10.0
Provisions made during the year	1.0	–	1.0
Provisions utilised during the year	(2.5)	(1.2)	(3.7)
Unused amounts reversed	–	(0.1)	(0.1)
Exchange differences	–	0.1	0.1
At 29 September 2019	4.2	3.1	7.3
Provisions derecognised on adoption of IFRS 16	–	(0.6)	(0.6)
Reclassification	(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
Current	11.0	2.6	13.6
Non-current	–	1.1	1.1
At 30 September 2020	11.0	3.7	14.7
Current	3.8	0.3	4.1
Non-current	0.4	2.8	3.2
At 29 September 2019	4.2	3.1	7.3

Restructuring provisions

Restructuring provisions at 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. These costs also include provisions relating to the closure of our Norwich site.

Other provisions

Other provisions at 30 September 2020 primarily relate to provisions that have arisen due to the early exit of contractual obligations in Ireland and 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 5 years. The impact of discounting was deemed to be immaterial.

28. Other liabilities

	2020 £m	2019 £m
Deferred consideration	6.9	–
Contingent consideration	5.3	–
Forward contracts to purchase own shares	4.9	–
Other	0.7	2.6
	17.8	2.6
Due less than one year	10.2	2.5
Due after more than one year	7.6	0.1
	17.8	2.6

Deferred and contingent consideration

The consideration for the acquisition of The Boiling Tap Company includes deferred consideration of £6.9m payable in May 2021 and contingent consideration of £5.3m 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). 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 pay-out will be met.

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 share 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.

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Notes to the consolidated financial statements continued

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 12 months ended 30 September 2020, including National Insurance, is £0.5m (2019: £11.3m). 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 (2019: £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.

	2020 No. of shares	2020 Weighted average fair value	2019 No. of shares	2019 Weighted average fair value
Annual free shares award	241,426	880.6p	323,363	838.7p
Matching shares award – 1 free share for every ordinary share purchased	85,418	827.9p	86,131	865.9p

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.

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.

Options granted in 2019

Options granted in 2019 were as per the options granted in 2020 outlined above.

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.

The following table illustrates the movements in the number of share options during the period:

	Number of share options	Weighted average exercise price (pence)
Outstanding at 1 October 2018	4,997,912	618.7
Granted	844,872	826.3
Exercised	(398,524)	563.0
Lapsed	(818,861)	696.2
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
Exercisable at 30 September 2020	1,804,080	586.1

The weighted average share price for share options exercised during the period was 960.6p (2019: 862.4p).

The share options outstanding as at 30 September 2020 had a weighted average remaining contractual life of 5.4 years (2019: 5.6 years) and the range of exercise prices was 331.6p – 963.0p (2019: 221.0p – 902.0p).

The weighted average fair value of options granted during the period was 111.8p (2019: 101.5p).

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.

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 2015.

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.

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.

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 2019

Awards granted in 2019 were as per the three awards in 2020 outlined above.

The following tables illustrate the movements in the number of PSP shares and nil cost options during the period:

Number of shares and nil cost options subject to specific conditions	TSR condition	EPS condition	Continued employment condition
Outstanding at 1 October 2018	458,357	2,868,075	382,532
Granted	131,697	861,275	65,152
Exercised	(73,011)	(327,362)	(141,326)
Lapsed	(99,072)	(688,565)	(27,515)
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
Weighted average remaining contracted life in years for nil cost options outstanding at:			
30 September 2020	1.2	1.2	–
29 September 2019	2.2	1.7	–

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.

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Notes to the consolidated financial statements continued

29. Share-based payments continued

The following table lists the inputs to the model used in respect of the PSP awards and ESOP options granted during the financial year:

	2020	2019
Dividend yield (%)	3.43%	3.41%
Expected volatility (%)	20.05%	21.40%
Risk-free interest rate (%)	0.56%	0.8%
Expected life of option (years)	3 – 5	3 – 5
Share price at date of grant (pence)	792.0 – 963.0	805.0 – 890.0
Exercise price (pence)	776.2 – 963.0	820.0 – 902.0

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Future awards

Awards of share options and performance shares will be made after the AGM in January 2021. The Remuneration Committee has decided that EPS and relative TSR remain the best measures for the long-term share plans, albeit the weighting of the relative TSR measure on the PSP will be increased to 50%, measured against the FTSE 250 (excluding investment trusts).

The Committee has determined that before the target range for EPS is set, it should review the first quarter's trading and the latest assessment of any continuing measures to control the pandemic. The EPS range will be announced in the RNS following the AGM in January when the awards are made.

30. Notes to the consolidated cash flow statement

Changes in liabilities arising from financing activities

	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 2019 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.

	2018 £m	Cash flows £m	Exchange differences £m	Change in fair value £m	Accrued interest £m	Other £m	2019 £m
Interest bearing loans and borrowings (note 21)	(769.1)	122.6	(9.3)	(8.3)	(18.9)	(0.5)	(683.5)
Net derivative assets related to financing activities ¹	72.5	(33.7)	–	25.3	–	–	64.1
Other assets and liabilities related to financing activities ²	0.1	–	–	–	–	–	0.1
Net liabilities arising from financing activities	(696.5)	88.9	(9.3)	17.0	(18.9)	(0.5)	(619.3)
Other finance expenses paid		1.6					
Issue of shares relating to incentive schemes for employees		(2.2)					
Purchase of own shares		8.4					
Dividends paid to equity shareholders		75.6					
Net cash flows used in financing activities		172.3					

1. Total net derivative assets in the balance sheet at 29 September 2019 are £65.6m, of which £64.1m relate to financing activities and £1.5m relate to operating activities (2018: total of £73.5m, of which £72.5m relate to financing activities and £1.0m relate to operating activities).

2. Other assets and liabilities comprise financial assets and liabilities whose cash flows are presented within financing activities and are composed of firm commitments related to the USPP notes.

31. Commitments and contingencies

Capital commitments

At 30 September 2020 the Group has commitments of £5.0m (2019: £58.5m of which £52.0m related to the CHP plant) relating to the acquisition of new plant and machinery.

Contingent liabilities

The Group had no material contingent liabilities at 30 September 2020 (2019: 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 EMEA Limited	Marketing and distribution of soft drinks	England and Wales ¹	100
Britvic Soft Drinks Limited	Manufacture and sale of soft drinks	England and Wales ¹	100
Robinsons Soft Drinks Limited	Holding company	England and Wales ¹	100
Orchid Drinks Limited	Brand licence holder	England and Wales ¹	100
Red Devil Energy Drinks Limited	Brand licence holder	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 Pensions Limited	Dormant	England and Wales ¹	100
Britvic Property Partnership	Pension funding vehicle	Scotland ⁵	100
Britvic Brands LLP	Pension funding vehicle	England and Wales ¹	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 Finance Partnership LLP	Financing company	England and Wales ¹	100
Robinsons (Finance) No.2 Limited	Financing company	England and Wales ¹	100
The Boiling Tap Company Ltd	Design, installation and maintenance of Integrated tap solutions	England and Wales ³	100
Britvic Scottish Limited Partnership	Pension funding vehicle	Scotland ⁵	100
Britvic Finance Limited	Financing company	Jersey ⁴	100
Britvic Irish Holdings Limited	Holding company	Republic of Ireland ⁶	100
Britvic Ireland Limited	Manufacture and marketing of soft drinks	Republic of Ireland ⁶	100
Britvic Northern Ireland Limited	Marketing and distribution of soft drinks	Republic of Ireland ⁶	100
Aquaport Limited	Supply of water-coolers and bottled water	Republic of Ireland ⁶	100

Financial Statements

Notes to the consolidated financial statements continued

32. Related party disclosures continued

Name	Principal activity	Country of incorporation	% equity interest
Britvic Americas Limited	Marketing and distribution of soft drinks	Republic of Ireland ⁶	100
Britvic Ireland Pension Trust DAC	Pension trust company	Republic of Ireland ⁶	100
Robinsons (Finance) Limited	Financing company	Republic of Ireland ⁶	100
Counterpoint Wholesale (Ireland) Limited	Wholesale of soft drinks to the licensed trade	Republic of Ireland ⁶	100
Counterpoint Wholesale (NI) Limited	Wholesale of soft drinks to the licensed trade	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
Fruité Entreprises SAS	Holding company	France ⁹	100
Fruité SAS	Manufacture and sale of soft drinks	France ¹¹	100
Bricfruit SAS	Manufacture and sale of soft drinks	France ¹⁰	100
Unisource SAS	Manufacture and sale of soft drinks	France ¹²	100
Teisseire France SAS	Manufacture and sale of soft drinks	France ⁹	100
Teisseire Benelux SA	Marketing and distribution of soft drinks	Belgium ¹³	100
Empresa Brasileira de Bebidas e Alimentos SA	Manufacture and sale of soft drinks	Brazil ¹⁴	100
Bela Ischia Alimentos Ltda	Manufacture and sale of soft drinks	Brazil ¹⁵	100
Britvic Asia PTE. Ltd	Holding company	Singapore ¹⁶	100
Britvic India Manufacturing Private Limited	Non-trading	India ¹⁷	100
Britvic International Support Services Limited	Dormant	England and Wales ¹	100
Greenbank Drinks Company Limited	Dormant	England and Wales ¹	100
The Really Wild Drinks Company Limited	Dormant	England and Wales ¹	100
H. D. Rawlings Limited	Dormant	England and Wales ¹	100
R. White & Sons Limited	Dormant	England and Wales ¹	100
Idris Limited	Dormant	England and Wales ¹	100
The Southern Table Water Company Limited	Dormant	England and Wales ¹	100
Britvic Corona Limited	Dormant	England and Wales ¹	100
Britvic Beverages Limited	Dormant	England and Wales ¹	100
Sunfresh Soft Drinks Limited	Dormant	England and Wales ¹	100
The London Essence Company Limited	Dormant	England and Wales ²	100
Hooper, Struve & Company Limited	Dormant	England and Wales ¹	100
British Vitamin Products Limited	Dormant	England and Wales ¹	100
Britvic Healthcare Trustee 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
Knockton Limited	Dormant	Republic of Ireland ⁶	100
Britvic Munster Limited	Dormant	Republic of Ireland ⁶	100

1 Registered office: Breakspear Park, Breakspear Way, Hemel Hempstead, HP2 4TZ

2 Registered office: 9 Roding Road, Beckton, London, E6 6LF

3 Registered office: 1 New Street, London, EC2M 4TP

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: La Jaunaie-44690, Chateau-Tebaud, France. Subsidiary was sold on 30 September 2020

11 Registered office: Z.I. Les Afforêts 74800, La Roche-Sur-Foron, France

12 Registered office: Z.I. de la Mouline 34440, Nissan-Lez-Enserune, France. Subsidiary was sold on 30 September 2020

13 Registered office: Rue de l'Echauffourée 1, 7700 Mouscron, Belgium

14 Registered office: Avenida Consul Joseph Noujaim 40, Pina, Recife, Pernambuco, CEP 51110-150, Brazil

15 Registered office: Rodovia MG 285-KM 77, sem número, Centro, CEP 36780-000, Astolfo Dutra/MG, Brazil

16 Registered office: 80 Robinson Road #17-02, Singapore 068898, Singapore

17 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 Committee. The compensation payable to key management in the period is detailed below.

	2020 £m	2019 £m
Short-term employee benefits	3.5	4.9
Post employment benefits	0.5	0.5
Share-based payments	0.6	5.2
	4.6	10.6

See note 8 for details of Directors' emoluments.

The Group proposes to enter 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). Execution of the deed of release is subject to approval of resolutions at the company's forthcoming AGM. 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.

33. Assets held for sale

Assets held for sale at 30 September 2020 relates to the following:

- On the 8 October 2020, contracts were exchanged for the sale of the Britvic Norwich production site (jointly owned with Unilever). Under IFRS 5, the Norwich land and buildings, forming part of the Group's GB operating segment, have been reclassified as assets held for sale given the asset was available for sale in its present condition and the sale is highly probable. The sale is expected to complete in winter 2022 due to activities that the buyer needs to complete.
- Following a strategic review by the Board of its Irish wholesale business, Counterpoint ROI (which forms part of the Ireland operating segment) is expected to be entering into an asset purchase agreement as part of a disposal of the business and as such certain assets have been transferred to assets held for sale. The Board expect any sale to complete within the next 12 months.

Assets held for sale at 29 September 2019

On 12 November 2019, the Group announced its decision to enter into exclusive discussions with Refresco over the potential sale by Britvic of its three juice manufacturing sites in France, its private label juice business, and the Fruité brand. The proposed sale was subject to a consultation process with the relevant employee representatives and also subject to competition clearance by the French Competition Authority, both of which were completed during the year ended 30 September 2020. The disposal took place on 30 September 2020 resulting in the removal all related Assets and Liabilities Held for Sale from the balance sheet. Please refer to disposal note 34 for further detail.

In accordance with IFRS 5 the major classes of assets and liabilities classified as held for sale are:

	2020 £m	2019 £m
Assets		
Intangible assets (note 14)	–	4.7
Property, plant and equipment (note 13)	116.8	33.7
Right-of-use assets	0.1	–
Inventories	2.8	11.7
Trade and other receivables	1.0	23.2
Total assets held for sale	20.7	73.3
Impairment charge	(0.4)	(31.2)
Assets held for sale	20.3	42.1
Liabilities		
Trade and other payables	–	(26.4)
Lease liabilities	(0.1)	–
Pension liability (note 22)	–	(1.3)
Deferred tax liability	–	(0.7)
Liabilities directly associated with disposal group	(0.1)	(28.4)
Net assets directly associated with disposal group	20.2	13.7

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Notes to the consolidated financial statements continued

34. Acquisitions & Disposals

Acquisitions

On 6 June 2020, the Group acquired 100% of the issued share capital of The Boiling Tap Company Ltd (TBTC), an Integrated Tap System (ITS) business that supplies high quality taps to 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'.

The initial accounting for the acquisition is provisional at the end of the reporting period due to the significant uncertainties posed by COVID-19 on the valuation of intangible assets and contingent consideration. The acquisition accounting may be subject to revision during the 12 months following the acquisition date.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of TBTC at the date of acquisition were as follows:

	2020 £m
Assets	
Intangible assets: technology (note 14)	3.8
Intangible assets: customer relationships (note 14)	4.8
Property, plant and equipment (note 13)	0.1
Right-of-use assets (note 24)	0.4
Inventories	0.6
Trade and other receivables	0.6
Cash and cash equivalents	0.4
Total	10.7
Liabilities	
Trade and other payables	(0.6)
Lease liabilities (note 24)	(0.1)
Current income tax payable	(0.2)
Other liabilities	(0.2)
Non-current deferred tax liability	(1.6)
Non-current lease liabilities (note 24)	(0.2)
Total	(2.9)
Total identifiable net assets at fair value	7.8
Goodwill arising on acquisition	6.6
Purchase consideration	14.4

The goodwill arising on acquisition of £6.6m has been 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 TBTC will generate revenue and the replacement cost of TBTC's assembled workforce. Workforce is not separately capitalised on the balance sheet under IFRS but is a component of goodwill.

None of the goodwill recognised is expected to be deductible for income tax purposes.

Intangible assets identified separately from goodwill are technology of £3.8m and customer relationships of £4.8m, which have each been allocated a useful economic life of 14 years.

Purchase consideration

The purchase consideration is comprised as follows:

	2020 £m
Cash	2.3
Deferred consideration liability	6.9
Contingent consideration liability	5.2
Total consideration	14.4

Analysis of cash flows on acquisition

	2020 £m
Transaction costs of the acquisition (included in cash flows from operating activities)	0.3
Net cash acquired with the subsidiary (included in cash flows from investing activities)	(0.4)
Net cash paid to acquire subsidiary (included in cash flows from investing activities)	2.3
Net cash outflow on acquisition	2.2

Deferred and contingent consideration

Deferred consideration of £7.1m (fair value £6.9m) will be paid, subject to two financial stress tests which management expect to be met, to the previous owners in May 2021.

As part of the purchase agreement there is an element of contingent consideration which comprises additional cash payments to the previous owners of TBTC of the following amounts if operating profit targets are achieved during an earn-out period:

- £3.0m (fair value £2.7m) in the first year
- A further £3.0m (fair value £2.5m) in the second year

The earn-out period will commence when normal trading conditions have resumed post COVID-19, with the time frame to be agreed between Britvic and the former shareholders of TBTC, but is expected to span the financial years from 2021 to 2023. As at 30 September 2020, management anticipate the commencement of the earn-out period to begin during 2021.

In addition, on acquisition, an employee incentive scheme was created with a scheme duration of three years. During the year ended 30 September 2020 an associated charge of £0.5m has been incurred. Additional costs of up to £4.0m are expected to be incurred over the duration of the scheme, subject to the achievement of performance criteria.

As at the acquisition date, the fair value of the deferred and contingent consideration was estimated to be £12.1m. The acquisition date fair value reflects management's expectation that achievement of the performance targets is highly probable, and the fair value has been determined using a discounted cash flow method. The fair value of the deferred and contingent consideration at 30 September 2020 reflects the unwinding of an element of the discount due to the passage of time.

A reconciliation of the fair value measurement of the deferred and contingent consideration liability is provided below:

	£m
At 6 June 2020	12.1
Unwinding of discount (note 9)	0.2
At 30 September 2020	12.3

Deferred and contingent consideration are recorded within other liabilities in the consolidated balance sheet (see note 28).

From the date of the acquisition, TBTC contributed £0.6m of revenue to the Group, and a loss before interest and tax of £0.2m, relating to intangible asset amortisation as included as part of adjusting items on page 190. If the combination had taken place at the beginning of the year, revenue would have been £2.0m, with a loss before interest and tax of £0.2m.

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Notes to the consolidated financial statements continued

34. Acquisitions & Disposals continued

Disposals

On the 30 September 2020 the Group completed the transaction with Refresco to dispose 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 relating to foreign exchange gain on the disposed business recycled through the Income Statement. The costs associated with the disposal have been included within adjusting items on page 190.

	2020 £m
Assets	
Intangible 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 gain recycled through 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. Post balance sheet events

In October 2020 Britvic 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.

Company balance sheet

	Note	30 September 2020 £m	29 September 2019 £m
Non-current assets			
Investments in group undertakings	5	706.9	706.8
Other receivables		0.8	2.5
Derivative financial instruments	9	25.2	39.4
Deferred tax asset		0.1	0.4
		733.0	749.1
Current assets			
Trade and other receivables	6	664.8	576.3
Derivative financial instruments	9	10.7	27.8
Cash and cash equivalents		33.5	–
Other current assets	15	10.0	–
		719.0	604.1
Current liabilities			
Bank overdraft		–	(14.7)
Trade and other payables	7	(85.3)	(76.2)
Interest bearing loans and borrowings	8	(120.6)	(317.9)
Derivative financial instruments	9	(1.4)	(0.2)
Other current liabilities		(3.2)	(2.5)
		(210.5)	(411.5)
Net current assets		508.5	192.6
Total assets less current liabilities		1,241.5	941.7
Non-current liabilities			
Interest bearing loans and borrowings	8	(586.0)	(516.8)
Derivative financial instruments	9	(3.2)	(3.1)
Other non-current liabilities		(1.7)	–
		(590.9)	(519.9)
Net assets		650.6	421.8
Capital and reserves			
Issued share capital	10	53.4	53.1
Share premium account		154.1	145.5
Own shares reserve		(3.7)	(10.3)
Hedging reserve		(0.6)	(2.3)
Merger reserve		87.3	87.3
Retained earnings*		360.1	148.5
Total equity		650.6	421.8

* 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 £285.0m in the period (2019: £121.3m).

The financial statements were approved by the Board of Directors and authorised for issue on 25 November 2020. They were signed on its behalf by:

SIMON LITHERLAND

JOANNE WILSON

Financial Statements

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 1 October 2018	52.9	139.1	(5.4)	(8.4)	87.3	100.9	366.4
Profit for the period	–	–	–	–	–	121.3	121.3
Movement in cash flow hedges	–	–	–	7.3	–	–	7.3
Deferred tax in respect of cash flow hedges	–	–	–	(1.2)	–	–	(1.2)
Total comprehensive income	–	–	–	6.1	–	121.3	127.4
Issue of shares	0.2	6.4	(4.3)	–	–	–	2.3
Own shares purchased for share schemes	–	–	(9.0)	–	–	–	(9.0)
Own shares utilised for share schemes	–	–	8.4	–	–	(7.5)	0.9
Movement in share based schemes	–	–	–	–	–	9.4	9.4
Payment of dividend	–	–	–	–	–	(75.6)	(75.6)
At 29 September 2019	53.1	145.5	(10.3)	(2.3)	87.3	148.5	421.8
Profit for the period	–	–	–	–	–	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

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 and should be read in conjunction with the information provided under 'Derivative financial instrument and hedging' in notes 3, 25 and 26 to the consolidated financial statements.

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 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 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 members 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, widely used, 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).

Financial Statements

Notes to the company financial statements continued

1. Significant accounting policies, judgements, estimates and assumptions continued

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.

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 2020, 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 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.

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 and interpretations not applied

See note 3 to the consolidated financial statements for details of new standards and interpretations not 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 £285.0m in the period (2019: £121.3m).

Financial Statements

Notes to the company financial statements continued

4. Directors' remuneration

The remuneration of the Directors of the company is borne by another Group company.

	2020 £m	2019 £m
Directors' emoluments	1.8	3.1
Aggregate gains made by directors on exercise of options	0.2	2.0

	2020 £m	2019 £m
Number of Directors accruing benefits under defined benefit schemes	–	–

Further information relating to Directors' remuneration for the 12 months ended 30 September 2020 is shown in the Directors' Remuneration Report on pages 87 – 106.

The average number of employees for the year, including directors, was 2 (2019: 2).

5. Investments in group undertakings

	2020 £m	2019 £m
Cost and net book value at the beginning of the period	706.8	787.0
Capital contribution	0.1	11.4
Group restructuring*	–	(91.6)
Cost and net book value at the end of the period	706.9	706.8

* A project was undertaken during the prior year in order to simplify aspects of the Group structure, which resulted in the redemption of all of the fixed rate redeemable preference shares in the capital of one of the subsidiary companies for an aggregate price of £91.6m.

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

	2020 £m	2019 £m
Loans due from subsidiary undertakings	663.1	576.3
Other receivables	1.7	–
	664.8	576.3

Loans due from subsidiary undertakings are interest bearing, unsecured and repayable on demand. At 30 September 2020, loans due from subsidiary undertakings are stated net of an allowance for expected credit losses of £20.6m (2019: £nil).

7. Trade and other payables

	2020 £m	2019 £m
Amounts due to subsidiary undertakings	84.0	72.3
Accruals and deferred income	1.3	3.9
	85.3	76.2

All of the amounts due to subsidiary undertakings are repayable on demand.

8. Interest bearing loans and borrowings

	2020 £m	2019 £m
Current		
Bank loans	–	66.8
Loans due to subsidiary undertakings	42.0	152.4
Private placement notes	79.2	99.2
Unamortised issue costs	(0.6)	(0.5)
Total current	120.6	317.9
Non-current		
Private placement notes	588.6	518.0
Unamortised issue costs	(2.6)	(1.2)
Total non-current	586.0	516.8

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 2020 – December 2022	\$113m	US\$ fixed at 4.04% – 4.14%
2014	February 2021 – February 2024	£35m	UK£ fixed at 3.40% – 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.

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. Equity derivatives are measured using share prices and yield curves derived from quoted interest rates matching maturities of the contracts. 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.

Financial Statements

Notes to the company financial statements continued

9. Derivative financial instruments

	2020 £m	2019 £m
<i>Non-current assets: derivative financial instruments</i>		
USD GBP cross currency fixed interest rate swaps	22.3	30.1
USD GBP cross currency floating interest rate swaps	2.9	9.3
	25.2	39.4
<i>Current assets: derivative financial instruments</i>		
USD GBP cross currency fixed interest rate swaps	5.1	0.6
USD GBP cross currency floating interest rate swaps	5.2	26.9
GBP euro cross currency floating interest rate swaps	–	0.3
Forward currency contracts designated as part of a cash flow hedge relationship	0.2	–
Forward currency contracts	0.2	–
	10.7	27.8
<i>Current liabilities: derivative financial instruments</i>		
GBP euro cross currency fixed interest rate swaps	(1.4)	(0.2)
	(1.4)	(0.2)
<i>Non-current liabilities: derivative financial instruments</i>		
GBP euro cross currency fixed interest rate swaps	(1.7)	(3.1)
Euro interest rate swaps	(0.1)	–
GBP interest rate swaps	(1.4)	–
	(3.2)	(3.1)

Derivatives designated as part of hedge relationships

As at 30 September 2020 these hedging relationships are categorised as follows:

Cash flow hedges

Cross currency interest rate swaps

At 30 September 2020, 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.

During the year ended 30 September 2020, the cross currency interest rate swaps related to the 2009 USPP Notes were settled.

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 the cash flow hedge has been tested for effectiveness and as a result a £nil (2019: £nil) has been recognised in the income statement in respect of ineffectiveness.

Fair value hedges

Cross currency interest rate swaps

At the beginning of the year, the company had a number of cross currency interest rate swaps in respect of the 2009 and 2010 USPP Notes. These instruments swap the principal and interest from fixed rate US dollar into floating rate sterling (the '2009 and 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.

During the year, the 2009 USPP Notes were repaid in full, and therefore at 30 September 2020, the company's cross currency interest rate swaps relate solely to the 2010 USPP Notes.

The fair value movements on the 2009 and 2010 USD GBP cross currency interest rate swaps are recorded in the income statement, with a corresponding adjustment to the carrying value of the USPP Notes where the hedge is deemed effective.

The decrease in fair value of the 2010 cross currency interest rate swaps, excluding maturities, of £2.0m (2019: £0.6m increase) has been recognised in finance costs and offset with a similar gain on the borrowings of £1.9m (2019: £0.1m loss). The net loss of £0.1m (2019: £0.5m gain) represents the ineffective portion on the hedges of the debt.

10. Issued share capital

The issued share capital is wholly comprised 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.

Issued, called up and fully paid ordinary shares	No. of shares	Value £
At 1 October 2018	264,606,911	52,921,382
Shares issued relating to incentive schemes for employees	903,826	180,765
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

Of the issued and fully paid ordinary shares, 369,448 shares (2019: 1,180,721 shares) are own shares held by an employee benefit trust. This equates to £73,890 (2019: £236,144) 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

	2020 £m	2019 £m
<i>Declared and paid during the period</i>		
Equity dividends on ordinary shares		
Final dividend for 2019: 21.7p per share (2018: 20.3p per share)	57.6	53.6
Interim dividend for 2020: nil (2019: 8.3p per share)	–	22.0
Dividends paid	57.6	75.6
<i>Proposed</i>		
Final dividend for 2020: 21.6p per share (2019: 21.7p per share)	57.7	57.6

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 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 must also determine 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 2020 and 29 September 2019 were comprised as follows:

	2020 £m	2019 £m
Net assets	650.6	421.8
Less:		
– Issued share capital	(53.4)	(53.1)
– Share premium	(154.1)	(145.5)
– Merger reserve	(87.3)	(87.3)
– Other non-distributable reserves*	(85.6)	(83.1)
Distributable reserves	270.2	52.8

* 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.

Past dividends

During the year, the company has 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 have been paid by subsidiaries to the parent company in order to guard against any future non-compliance with the Companies Act.

Financial Statements

Notes to the company financial statements continued

12. Distributable reserves continued

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 claims against the shareholders who received the Relevant Dividends and the directors of the company at the relevant time. The company has no intention of pursuing any such claims. Instead, the company is proposing certain resolutions at its forthcoming AGM 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 includes resolutions to appropriate distributable profits to the Relevant Dividends that have arisen subsequent to each Relevant Dividend. This also includes 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 amounts included within the financial statements have not been restated for the effect of the distributions made otherwise than in accordance with the Act as the company has no intention to pursue shareholders or directors for repayments of the Relevant Dividends and seeks to remediate the situation at the forthcoming 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 on share capital owned as at 30 September 2020 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 2020, the company has £10.0m (2019: £nil) held within 'Other current assets' on the balance sheet. This balance relates 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). See note 22 of the consolidated financial statements for further details.

Additional Information

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: www.britvic.com

This report is available to download via the company's website www.britvic.com/annualreport.

The Britvic Registrar:

Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

Shareholder helpline:
0871 384 2550 (UK callers), +44 121 415 7019 (non-UK callers)

Shareview dealing:
03456 037 037

ISA Helpline:
0345 300 0430

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:
www.equiniti.com, www.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 (USA caller, toll free), +1-201-680-6825 (non-USA caller)

Email:
shrrelations@cpushareownerservices.com

Website:
www.mybnymdr.com

Additional Information

Shareholder information continued

Dividends

2020 dividends

	Payment date	Amount per share
Interim	–	–
Final	3 February 2021	21.6p

Dividend mandates

Shareholders who wish to have their dividends paid directly into a sterling bank or building society account should contact the Registrar for a dividend mandate form or the form can be downloaded from the company's website at www.britvic.com/investors/shareholder-centre/dividends.

Shareholders outside the UK who wish to have dividends paid directly to a bank account in their local currency should contact the Registrar helpline on +44 121 415 7019 as arrangements can be made in over 90 countries.

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.

Dividend reinvestment plan (DRIP)

Shareholders can choose to reinvest dividends received to purchase further shares in the company through the company's DRIP. A DRIP application form is available via the Registrar or via download from the company's website at www.britvic.com/investors/shareholder-centre/dividends.

2020/2021 Financial calendar

Ex-dividend date	17 December 2020
Record date	18 December 2020
Annual General Meeting	28 January 2021
Payment of final dividend	3 February 2021
Interim results announcement	18 May 2021

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 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 www.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, telephone 0345 300 0430.

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 www.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 www.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 2020

Range of holdings	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
1 – 199	473	17.53%	29,419	0.01%
200 – 499	338	12.52%	110,600	0.04%
500 – 999	352	13.04%	239,691	0.09%
1,000 – 4,999	871	32.27%	1,916,104	0.72%
5,000 – 9,999	206	7.63%	1,412,844	0.53%
10,000 – 49,999	168	6.22%	3,911,137	1.47%
50,000 – 99,999	71	2.63%	5,147,800	1.93%
100,000 – 499,999	143	5.30%	33,845,738	12.68%
500,000 – 999,999	33	1.22%	22,397,672	8.39%
1,000,000 plus	44	1.63%	197,905,057	74.15%
	2,699	100.00%	266,916,062	100.00%

Category	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
Private individuals	1,874	69.44%	4,173,486	1.56%
Nominee companies	558	20.67%	214,352,637	80.31%
Limited and public limited companies	212	7.85%	45,203,856	16.94%
Other corporate bodies	51	1.89%	3,184,778	1.19%
Pension funds, insurance companies and banks	4	0.15%	1,305	0.00%
	2,699	100.00%	266,916,062	100.00%

Additional Information

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 periods and to assess trends in financial performance more readily.

These items primarily relate to the loss on disposal of the French juices business, impairment of intangible assets, goodwill and property, plant and equipment in the Counterpoint business, restructuring costs associated with the divestment of part of the French business, employee restructuring costs and other one-off items that are not considered part of business operations as detailed in the notes below. In addition, acquisition related costs such as amortisation of acquired intangibles and the impairment of assets held for sale as part of a disposal 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	12 months ended 30 September 2020 £m	52 weeks ended 29 September 2019 £m
Strategic restructuring – business capability programme	(a)	(1.6)	(33.0)
Strategic restructuring – organisational capability transformation	(b)	(11.3)	–
Credits in relation to the acquisition and integration of subsidiaries	(c)	1.3	1.3
Strategic M&A activity	(d)	(6.3)	(2.5)
Closure of Fruit Shoot multi-pack operations in the USA	(e)	–	(2.1)
Impairment of assets held for sale	(f)	(0.4)	(31.2)
Pension scheme costs	(g)	–	(6.2)
Impairment of Counterpoint assets	(h)	(8.4)	–
Acquisition related amortisation	(i)	(8.8)	(10.4)
Total included in operating profit		(35.5)	(84.1)
Fair value movements	(j)	–	(0.5)
Unwind of discount on deferred consideration	(k)	(0.2)	–
Total included in finance costs		(0.2)	(0.5)
Tax on adjusting items – merger of Brazil entities	(l)	1.6	–
Tax on adjusting items included in profit before tax		13.9	7.4
Total included in taxation		15.5	7.4
Net adjusting items		(20.2)	(77.2)

- a) 'Strategic restructuring – business capability programme' relates to the restructuring of supply chain and the operating model across the Group, initiated in 2016. Of the £1.6m costs in the current year, £2.6m relates to the closure of the Norwich site for site services, advisory and exit costs, offset by a £1.0m credit for the part reversal of a previous impairment charge in relation to the Norwich land and buildings.
- b) 'Strategic restructuring – organisational capability transformation' primarily relates to contract termination costs, consultation fees and employee termination benefits following the implementation of a group wide strategic restructure announced during the year.
- c) 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).
- d) Strategic M&A activity in the year ended 30 September 2020, primarily relates to charges incurred as part of the disposal of our French private label juice business (refer to note 34) and the acquisition of TBTC (refer to note 34). On acquisition of TBTC, an employee incentive scheme was created with a scheme duration of three years. Associated employee incentive payments are expected to be reflected within adjusting items over the associated performance period.
- e) 'Closure of Fruit Shoot multi-pack operations in the USA' costs incurred in the prior year related to assets and inventory write-offs and employee costs.
- f) The current year charge of £0.4m relates to an impairment of Norwich and Counterpoint as a result of moving the assets into held for sale. The prior year charge of £31.2m related to the French disposal.
- g) 'Pension scheme costs' in the prior year relate to a charge resulting from the equalisation of Guaranteed Minimum Pension (GMP) in the GB and Northern Ireland pension schemes and associated pension advisory costs.
- h) During 2020 intangible assets, goodwill and property, plant and equipment relating to the Counterpoint business were impaired.
- i) 'Acquisition related amortisation' relates to the amortisation of intangibles recognised on acquisitions in GB, Ireland, France and Brazil.
- j) 'Fair value movements' in the prior year relates to the fair value movement of derivative financial instruments where either hedge accounting cannot be applied to future transactions or where there is ineffectiveness in the hedge relationship.
- k) 'Unwind of discount on deferred consideration' relates to TBTC acquisition (note 34).
- l) Following the merger of Brazil entities during the year, a deferred tax asset on intangibles has been recognised within the Group.

Adjusted profit

	12 months ended 30 September 2020 £m	52 weeks ended 29 September 2019 £m
Operating profit as reported	130.3	130.0
Add back adjusting items in operating profit	35.5	84.1
Adjusted EBIT	165.8	214.1
Net finance costs	(19.1)	(19.7)
Add back adjusting net finance costs	0.2	0.5
Adjusted profit before tax and acquisition related amortisation	146.9	194.9
Acquisition related amortisation	(8.8)	(10.4)
Adjusted profit before tax	138.1	184.5
Taxation	(16.6)	(29.4)
Less adjusting tax credit	(15.5)	(7.4)
Adjusted profit after tax	106.0	147.7
Adjusted effective tax rate	23.2%	19.9%

Earnings per share

	2020 £m	2019 £m
Adjusted earnings per share		
Profit for the period attributable to equity shareholders	94.6	80.9
Add: Net impact of adjusting items	20.2	77.2
	114.8	158.1
Weighted average number of ordinary shares in issue for basic earnings per share	265.9	264.5
Adjusted earnings per share	43.2p	59.8p
Adjusted diluted earnings per share		
Profit for the period attributable to equity shareholders before adjusting items and acquisition related intangible assets amortisation	114.8	158.1
Weighted average number of ordinary shares in issue for diluted earnings per share	267.2	266.9
Adjusted diluted earnings per share	43.0p	59.2p

Constant currency and like-for-like movements

	Revenue £m	Brand Contribution £m	Adjusted EBIT £m
2019			
52-week period ended 29 September 2019 as reported	1,545.0	551.1	214.1
Like-for-like cost reclassification*	–	12.4	–
Adjustment for FX	(29.1)	(6.9)	(1.8)
2019 like-for-like at constant currency	1,515.9	556.6	212.3

* Reclassification of certain prior year costs in GB (£9.7m) and Ireland (£2.7m) from variable to fixed costs to allow like-for-like comparison with current year.

Additional Information

Non-GAAP reconciliations continued

Free cash flow

	12 months ended 30 September 2020 £m	52 weeks ended 29 September 2019 £m
Net cash flows from operating activities	168.8	185.1
Purchases of property, plant & equipment	(43.7)	(67.4)
Purchases of intangible assets	(6.3)	(7.4)
Interest paid, net of derivative financial instruments	(16.5)	(21.0)
Repayment of principal portion of lease liabilities	(10.2)	–
Repayment of interest element of lease liabilities	(2.1)	–
Repayment of finance leases	–	(0.9)
Free cash flow	90.0	88.4

Adjusted net debt/EBITDA ratio

	12 months ended 30 September 2020 £m	52 weeks ended 29 September 2019 £m
EBITA	165.8	214.1
Depreciation of assets	43.0	45.7
Depreciation of right-of-use assets	11.0	–
Amortisation excl. acquisition related	7.1	8.0
Loss on disposal of property, plant & equipment and intangible assets	4.3	2.3
Reported EBITDA	231.2	270.1
Less payment of lease liabilities as estimate for pre-IFRS16 rental charges	(12.3)	–
EBITDA	218.9	270.1
Adjusted Net Debt	520.4	566.2
12 Month EBITDA (pre IFRS16)	218.9	270.1
Net debt/EBITDA ratio	2.4x	2.1x
Net interest	(19.1)	(19.7)
EBITDA/net interest ratio	11x	14x

Adjusted net debt

	12 months ended 30 September 2020 £m	52 weeks ended 29 September 2019 £m
Cash and cash equivalents	(109.2)	(49.0)
Derivatives hedging balance sheet debt	(35.1)	(68.3)
Interest bearing loans and borrowings	664.7	683.5
Adjusted net debt	520.4	566.2

Glossary

A&P is Advertising and Promotion 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.

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 Group EBITA; adding back depreciation; amortisation; loss on disposal of Property, Plant and Equipment; payment of lease liabilities as estimate for pre-IFRS16 rental charges.

Adjusted net debt is a non-GAAP measure and is defined as Group 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.

ARP is Average Realised Price and is defined as average price per litre sold, excluding factored brands and concentrate sales.

BAME is Black, Asian and Minority Ethnic.

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.

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.

EBITDA is Earnings Before Interest, Taxation, Depreciation and Amortisation.

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, less capex, interest and repayment of lease liabilities.

FVPL is Fair Value through Profit or Loss.

GPTW stands for Great Place to Work and is a methodology process adopted by businesses to measure employee engagement.

HFSS is food and drink that is High in Fat, Salt and/or Sugar.

Innovation is defined as new launches over the last three years, excluding new flavours and pack sizes of established brands.

M&A is Mergers and Acquisitions.

NED is a Non-Executive Director.

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.

Organic is a non-GAAP measure which excludes the impact of the acquisition of The Boiling Tap Company and presented on a constant currency basis.

PBTA is Profit Before Tax and Amortisation.

PET is polyethylene terephthalate plastic.

PPE is Personal Protective Equipment.

PSP is Britvic's Performance Share Plan.

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.

rPET is recycled polyethylene terephthalate plastic.

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.

SID is a Senior Independent Director.

SKU is Stock-Keeping Units.

SSDT is Sugar Sweetened Drinks Tax and is a levy applied on soft drinks manufacturers in the Republic of Ireland.

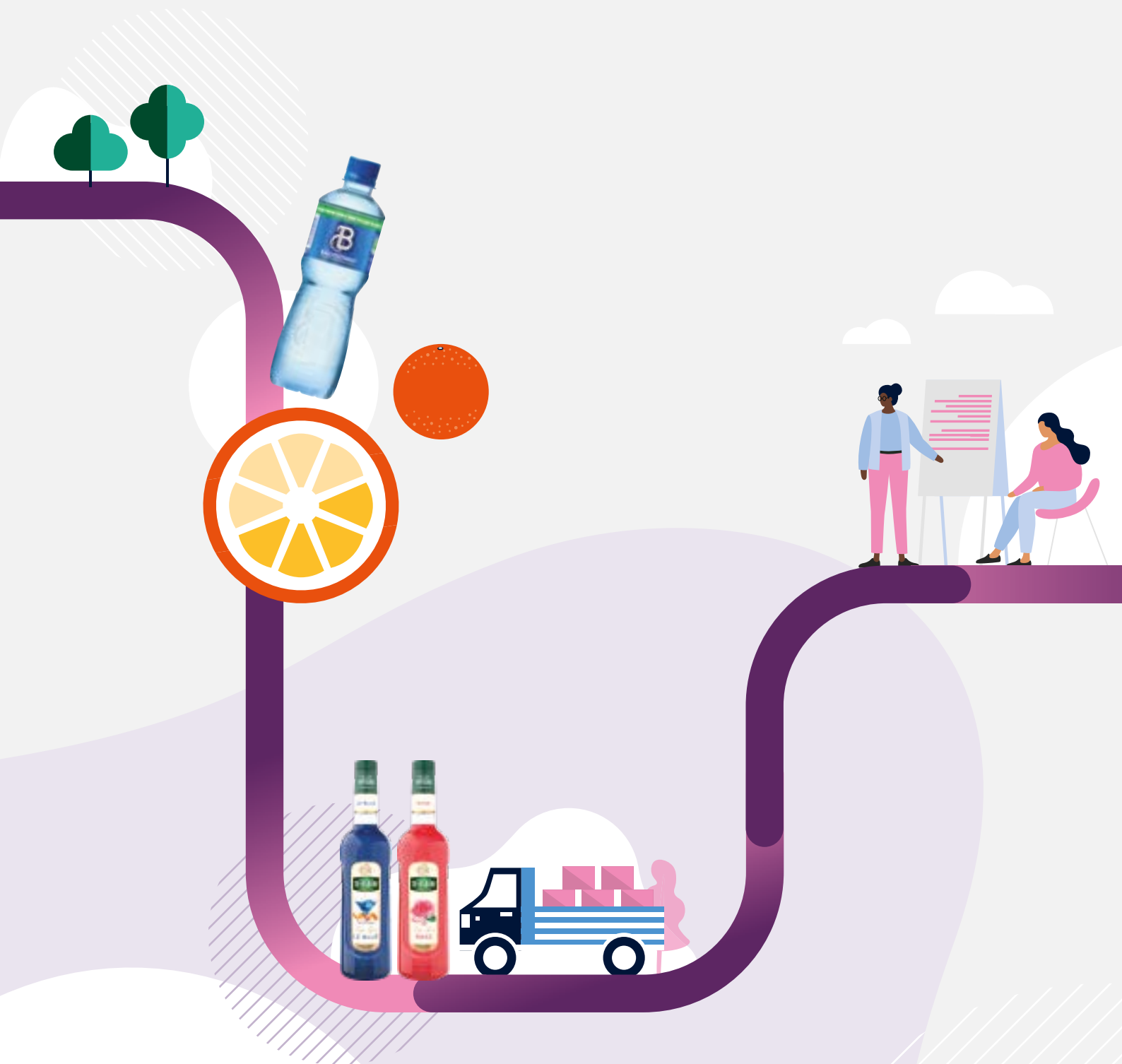
TBTC is The Boiling Tap Company.

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.

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Consultancy, design and production
www.luminous.co.uk



Britvic plc
Breakspear Park
Breakspear Way
Hemel Hempstead
HP2 4TZ
Tel: +44 (0)121 711 1102

www.britvic.com