

Britvic Pension Plan

Appendix 1

Investment Policy Implementation Document (“IPID”)

June 2025

1. Introduction

The Statement of Investment Principles (SIP) of the Britvic Pension Plan (the “Plan”) sets out the guiding principles upon which the Plan’s investments are based. The purpose of this IPID is to provide details of the specific investments in place alongside other information relevant to the management of the investments.

This Investment Policy Implementation Document (“IPID”) relates solely to the Defined Benefit Section of the Plan and a separate IPID has been prepared for the Defined Contribution Section of the Plan.

2. Defined Benefit Section

2.1 Strategic Management

The Trustee Directors undertook a review of the Plan’s investment strategy during 2024 and 2025. The changes agreed as part of this review, which are summarised below, will be implemented during 2025.

- Removed the 5% allocation to Property, following the full sale of the Plan’s UK Residential Property mandate managed by M&G in July 2024;
- Aligned the strategic weight to Private Debt and Multi-Asset Credit to the actual asset allocation;
- Reduced the Emerging Market Debt allocation from 8% to 5% of total assets, following the agreement to sell the Plan’s holdings in the BlackRock Emerging Markets Debt – Local Currency fund;
- Increased the allocation to UK Buy and Maintain Credit by 5% to 35%.

The target benchmark allocation of the Plan’s assets between the major asset classes is detailed in the table below.

	%
Liability Hedging	40.0
UK Buy and Maintain Credit	35.0
Emerging Markets Debt	5.0
Multi-Asset Credit	16.0
Private Debt	4.0

The Trustee Directors will undertake a further review of the Plan's investment strategy in 2025 to ensure it remains appropriate taking into account the 2025 actuarial valuation, the Funding Code and the Plan's investment objectives. The SIP and IPID will be updated accordingly to reflect any changes agreed.

2.2 Target Manager Structure

The Trustee Directors have put in place a manager structure comprising the following mandates. The Insight mandates are invested in a bespoke QIAIF structure, which allows the Directors' discretion to agree investment objectives, guidelines and restrictions specific to the Plan's portfolios. All other mandates are invested via Pooled Funds.

Manager	Target Assets %	Mandate	Type	Benchmark (Target)
Insight	40.0	Liability Hedging	Passive	Bespoke benchmark
Insight	35.0	UK Buy and Maintain Corporate Bonds	Active	Markit iBoxx GBP Collateralized and Corporates (25% Sector Cap) Index
Mercer	16.0	Multi-Asset Credit	Active	50% BofAML Global High Yield Constrained Hedged Index 50% S&P/LSTA US Leveraged Loan Hedged Index
Schroders	5.0	Emerging Market Debt – Total Return	Active	1/3 of each JP Morgan Index: EMBI Global Diversified GBI EM Global Diversified CEMBI Broad Diversified
ICG ^(a)	4.0	Private Debt	Active	Absolute Return of 9% p.a. (gross of fees)

All targets are measured over rolling three-year periods.

^(a) The ICG Private Debt allocation is expected to reduce over time as capital is distributed back to the Plan. A decision on the future course of the 4% strategic allocation is under consideration as part of the ongoing investment strategy review.

2.3 Liability Hedging

In 2025, the target interest rate and inflation hedge ratios for the Liability Hedging Portfolio were increased to 100% on the gilts + 0.25% p.a. basis. Insight will review the hedge periodically and rebalance to the target if it is outside the ranges specified in the guidelines agreed by the Trustee Directors.

Insight have scope within this mandate to choose instruments to efficiently manage the hedge. For example, they may choose to hedge using gilts or swaps depending on which instrument is considered to offer more attractive yields, taking into account any transaction costs and the expected ongoing funding and management costs. The aim of this is efficient management of the hedge rather than active management i.e. the primary objective is maintaining the target hedge level and profile within the agreed limits rather than adding value through instrument selection.

2.4 Pension Funding Partnership

In 2012, the Trustee Directors entered into a Pension Funding Partnership ("PFP") arrangement with the Plan's sponsor as a way of reducing the pension deficit. The Plan's interest in the PFP will end on 31 March 2026, and the interest is backed by Company assets. The interest will generate an annual income of c. £5m from coupon payments and capital of £30,000 per annum will be returned to the Plan. On the 31 March 2026 the Plan will receive a final payment equal to the lesser of £104.58m and the deficit in the Plan at that point, as calculated on the then Technical Provisions basis (expected to be a self-sufficiency basis), with a minimum payment of £80,000.

Upon a Company default, the Trustee Directors will be able to take control of the partnership and effect the sale of the assets, and the Plan will receive the lower of:

- (1) The amounts received from disposal of the assets;
- (2) £105m less £30,000 x number of years that have elapsed; and,
- (3) The Plan's deficit on a solvency basis at that time.

2.5 Additional Voluntary Contributions ("AVCs")

Additional Voluntary Contributions for those who were active members of the Defined Benefit Section, and are now active members of the Defined Contribution Section, can be made through Prudential if they were already contributing to that arrangement prior to 10 April 2011, and have continued to do so thereafter.

In all other cases, Additional Voluntary Contributions can be made to the Defined Contribution Section (DC Choice).

3. Rebalancing Policy

The objective of the rebalancing policy is to maintain the Plan's split between the major asset classes broadly in line with the investment strategy allocation set out in section 2.1. Action will only be taken when the strategic ranges have been breached to avoid incurring unnecessary transaction costs.

For the avoidance of doubt, the PFP holding will be ring-fenced from the Plan's investable assets and thus will not be used for the purpose of rebalancing.

Rebalancing reviews are to be carried out (at least) on a quarterly basis (based on quarterly valuations) and cashflows used to manage the strategic splits where appropriate.

If a range is breached, rebalancing should be undertaken to take the position back to around halfway between the edge of the range and the benchmark. This approach will result in lower transaction costs than rebalancing fully to the central benchmark, but the risk implications of not rebalancing fully will be limited. Therefore, if overweight, rebalance to the upper mid-point; if underweight, rebalance to the lower mid-point.

The Trustee Directors retain discretion on the decision of whether to rebalance, taking into account market conditions, investment fund liquidity and other financially material factors at the time of review.

3.1 Benchmarks and Permitted Ranges for Strategic Asset Classes

	Target	Range	Lower Mid-Point	Upper Mid-Point
Liability Hedging	40.0%	35.0% - 45.0%	37.5%	42.5%
Buy and Maintain Credit	35.0%	30.0% - 40.0%	32.5%	37.5%
Emerging Markets Debt	5.0%	3.0% - 7.0%	4.0%	6.0%
Multi-Asset Credit	16.0%	12.0% - 20.0%	14.0%	18.0%
Private Debt ^(a)	4.0%	n/a	n/a	n/a

(a) The private debt mandates are in run-off. Due to this and their illiquid nature, rebalancing ranges are not appropriate.

3.2 Process

Using the most recent quarterly valuation, or more recent valuation if available, establish if the asset split is outside the permitted strategic asset class ranges specified in Section 3.1. If any asset class has moved outside its permitted range, subject to Trustee discretion, then effect transactions to bring the assets back towards the upper/lower mid-point.

If no rebalancing is required but new cashflows are to be invested/disinvested, the Trustee Directors should take into consideration the most underweight/overweight asset class and the size/cost of the investment/disinvestment.

The Trustee Directors make investment decisions after taking note of recommendations made by the investment consultant. Sometimes the rating accorded by the investment consultant will be downgraded after the investment has been made. On such occasions the Trustee Directors may take one of these alternative actions:

- Continue investing as before;
- Continue to hold the investment but cease further investment; or
- Dispose of the investment.

In deciding which of these actions to take, the Trustee Directors will weigh up the prospects of out-performance, the risks of continuing to hold, the cost of switching and the choice of alternative recommended investments.

3.3 Discretion

While this rebalancing policy sets out the general principles, the Trustee Directors could exercise discretion under special circumstances, for example if it is known that a strategy change is pending, that there will be a bulk transfer or if general market conditions and other financially material factors impact the case for rebalancing at the time of review.

4. Cashflow Policy

The Trustee Directors will determine the direction of net cashflow based on advice from Mercer at each Investment Committee meeting. The policy agreed will be implemented until the subsequent Committee meeting where the cashflow policy will be re-considered.

When deciding upon the cashflow policy, the Trustee Directors will take the following into account on a quarterly basis:

- The Plan's asset allocation relative to the strategic benchmark and ranges set out in 3.1 above.
- Potential collateral requirements for the liability hedging mandate;
- Potential drawdowns or distributions from the private debt allocation;
- Known/likely transfer value settlements;
- Any impending risk reduction contributions or PFP income;
- The operational dealing cycle of the Funds and the costs of investing and disinvesting assets;
- Market conditions and other financially material factors at the time of review.

5. Advisors

5.1 Custodian

The role of a custodian is to ensure the safe-keeping of the assets and facilitate all transactions entered into by the appointed investment managers. The Trustee Directors are not responsible for the appointment of the custodian of the assets contained within the various pooled fund investments.

5.2 Actuary

The Actuary performs a valuation of the Plan at least every three years, in accordance with regulatory requirements. The latest actuarial valuation was performed as at 31 March 2022 by the Scheme Actuary while the actuarial valuation as at 31 March 2025 is in progress at the time of writing. The main purpose of the actuarial valuation is to assess the extent to which the assets cover the accrued liabilities and agree the employer's contribution rate.

Laura Amerasekera of Willis Towers Watson Limited is the appointed Scheme Actuary.

5.3 Investment Consultant

Whilst the day-to-day management of the Plan's assets is delegated to investment managers, all other investment decisions including strategic asset allocation and selection and monitoring of investment managers is based on

advice received from the Investment Consultant. Mercer Ltd has been appointed for this purpose.

5.4 Performance Measurement

The Investment Consultant measures the performance of each manager quarterly, and provides a written report to the Trustee Directors. The Investment Consultant also attends the Investment Committee meetings and provides qualitative information to assist with monitoring the investment managers. The Investment Committee reviews the performance of all managers and meets them to discuss their performance, activity, and any wider issues as appropriate.

6. Fee Structures

The investment managers levy fees based on a percentage of the value of the assets under management. The Scheme Actuary and the Investment Consultant typically work on the basis of time cost; however, in certain circumstances a fixed fee will be agreed.

DB Section

Manager	Asset Class	Fees (AMC)
Insight	Bespoke LDI mandate	Management Fee - ^(a) 0.05% p.a. Unfunded Gilt Exposure Fee - 0.01% p.a.
Insight	Cash (held within Bespoke LDI Mandate)	0.06% p.a.
Insight	Cash (held outside Bespoke LDI Mandate; used for cashflow purposes)	0.08% p.a.
Insight	Buy and Maintain Credit	0.15% p.a. (first £50m) 0.10% p.a. (next £50m) 0.09% p.a. thereafter
Schroders	Emerging Market Debt – Total Return	0.46% p.a. (first £25m) 0.42% p.a. (next £25m) 0.38% p.a. thereafter
Mercer	Multi-Asset Credit Strategy	0.12% p.a.
ICG	Private Debt – SDP II	0.325% p.a. ^(b)
ICG	Private Debt – SDP III	0.85% p.a. ^(b)

^(a) Based on value of liabilities hedged, net of Buy & Maintain allocation

^(b) Performance related fee also applies above a hurdle rate of 4%.

Insight fee terms subject to a 5% discount and a minimum fee of £300,000 p.a., both applied across the combined LDI and buy & maintain credit mandates.