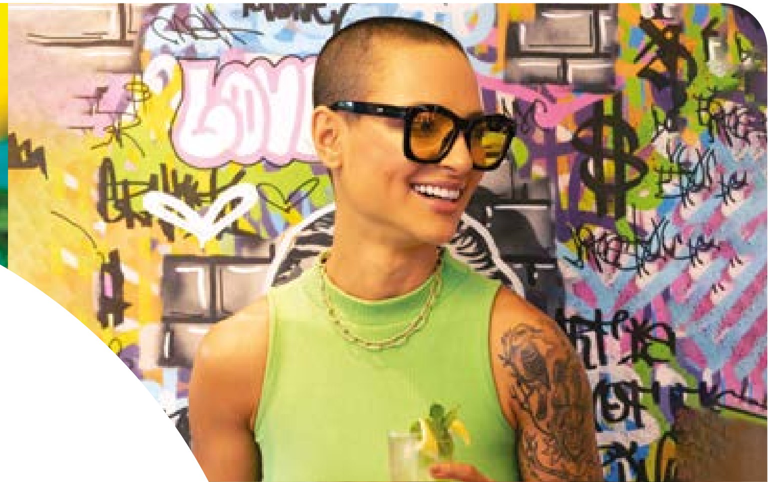


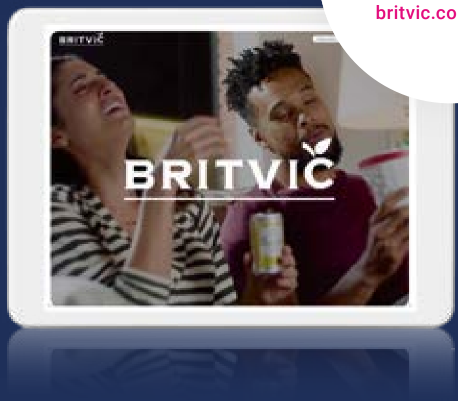
BRITVIC

Enjoying Life's Everyday Moments

Annual Report and Accounts 2022

Dynamic brands people love every day

Britvic is an international business rich in history and heritage. Founded in England in the 1930s, we have grown into a global organisation with 37 much-loved brands sold in over 100 countries. Built on innovation and entrepreneurial flair, our dynamism comes from our people whose unparalleled energy, spirit and creativity keep us constantly in motion, seizing opportunities to innovate sustainably, and drive us forward to create a better tomorrow.



For more information visit our website:
britvic.com/2022

Our purpose, vision and values

Britvic is a purpose-driven organisation with a clear vision and a clear set of values. Our purpose is rooted in everyday life: it is our mission to bring joy to people, everywhere, from all walks of life, through our brands. Equally, we believe the way we do business is fundamental to our success. This means ensuring that our values drive our behaviour and decision making, and that we value People and the Planet equally alongside financial Performance.

Our purpose

Enjoying life's everyday moments

Our vision

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

Our values

We care

We're courageous

Own it

Stronger together

Act with pace

Read more about our strategy on page 24

Read about our approach to sustainability on page 32

In this report

Measuring success

"We have delivered excellent results, with strong growth in volume, revenue and profit, in the face of significant headwinds. Our strategy has momentum, delivering accelerated top-line growth through consistent execution across our portfolio of trusted brands."

Simon Litherland, CEO

Performance

Revenue

£1,618.3m

2022	1,618.3
2021	1,405.1
2020	1,412.4
2019	1,545.0
2018	1,503.6

Why do we measure this?

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

Performance

Underlying revenue increased by 15.5%, adjusted for constant currency and Counterpoint agency brands. Reported revenue increased by 15.2%.

Adjusted EBIT

£206.0m

2022	206.0
2021	176.5
2020	165.8
2019	214.1
2018	206.0

Why do we measure this?

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

Performance

Adjusted EBIT increased by 16.0%, adjusted for constant currency and excluding Counterpoint agency brands. Reported adjusted EBIT increased by 16.7%.

Free cash flow

£128.8m

2022	128.8
2021	132.7
2020	90.0
2019	88.4
2018	39.7

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 £128.8 million, with the increase from 2021 primarily driven by the increase in EBITDA and an improvement in working capital.

Profit after tax

£140.2m

2022	140.2
2021	96.5*
2020	94.6
2019	80.9
2018	117.1

Why do we measure this?

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

Performance

Profit after tax increased by 45.3%, reflecting the increase in adjusted EBIT.

* 2021 restated due to Software as a Service (SaaS) restatement.

Adjusted earnings per share (EPS)

57.3p

2022	57.3
2021	44.3
2020	43.2
2019	59.8
2018	56.3

Why do we measure this?

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

Performance

Adjusted EPS increased by 29.3%, due to higher adjusted EBIT.

Dividend per share

29.0p

2022	29.0
2021	24.2
2020	21.6
2019	30.0
2018	28.2

Why do we measure this?

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

Performance

Dividend per share increased 19.8% due to the adjusted EPS increase and maintaining the 50% payout ratio on underlying earnings.

Measuring success continued

People

Healthier consumer choices (average calories per 250ml)

2022	24.4
2021	24.8
2020	25.5
2019	27.5
2018	31.3

Alignment to strategy

1 2 3 4

Why do we measure this?

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

Employee engagement

77/100

Employee Heartbeat score*

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

Alignment to strategy

1

Why do we measure this?

Ensuring our employees feel energised and happy is not only the right thing to do, but research shows companies with engaged employees perform better.

Employee health, wellness and wellbeing

72/100

Employee Heartbeat score*

"I feel Britvic genuinely cares about my wellbeing"

Alignment to strategy

1

Why do we measure this?

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

Planet

Recycled plastic (rPET) bottles in our British and Irish businesses (exit rate)

19% Great Britain 36% Ireland

2022	22%
2021	29%
2020	4%
2019	<1%

Alignment to strategy

1 2 3 4

Why do we measure this?

Measuring rPET enables the company to track its progress on its journey to a circular economy to ensure packaging never becomes waste.

Water intensity ratio

1.99 m^3/tonne production

2022	1.99
2021	2.05
2020	1.91
2019	2.18
2018	2.14

Alignment to strategy

1 2 3 4

Why do we measure this?

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

Manufacturing energy from renewable sources

57%

2022	57%
2021	54%
2020	47%
2019	46%
2018	28%

Alignment to strategy

1 2 3 4

Why do we measure this?

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

Link to strategy

1. Healthier People, Healthier Planet
2. Build local favourites and global premium brands
3. Flavour billions of water occasions
4. Access new growth spaces

Non-financial information statement

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

Further information about targets, outcomes and impact in these areas can be found in the Sustainable business section on pages 32–64.

Content on human rights can be found on page 48.

Content on anti-bribery and corruption and a description of the company's approach to policy compliance can be found on page 119, and information on the company's business model can be found on pages 22–23.

* Employee Heartbeat is a twice yearly employee survey, providing us with valuable insights on employee engagement, what works well in the organisation, and what can be improved. Employees respond to statements on a five point scale ranging from strongly disagree to strongly agree.

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

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

At a glance

Our global dynamic presence

Our brands bring joy to life's everyday moments. We combine our own leading portfolio with PepsiCo brands which we produce and sell in Great Britain and Ireland under exclusive agreements. Britvic is the largest supplier of branded still soft drinks in Great Britain and the number two supplier of branded carbonated soft drinks in Great Britain. We are an industry leader in Ireland with brands such as MiWadi and Ballygowan, in France with brands such as Teisseire and Pressade, and in Brazil with Maguary, Dafruta and Bela Ischia.

At a glance continued

Great Britain

Great Britain is the birthplace of Britvic plc and home to some of our most iconic brands. Founded in the 1930s as The British Vitamin Products Company, we used soft drinks to bring an affordable source of vitamins to the nation. Today, our purpose is to make life's everyday moments more enjoyable by helping consumers make healthier choices with drinks that taste great and are better for them. With firm favourites such as Fruit Shoot, J2O, Purdey's, Robinsons and Tango, and exclusive agreements to make, market and sell global brands on behalf of PepsiCo, including 7UP, Lipton Ice Tea, Pepsi MAX and Rockstar Energy, Britvic is dedicated to creating and building brands that people can trust.

Read more on page 15

Brazil

Acquiring Brazilian companies Ebba in 2015 and Bela Ischia in 2017, we have developed fruit favourites such as Maguary, Dafruta and Bela Ischia into strong national presences known for innovation. Maguary has a brand heritage that dates back to 1953 and, similar to the European flavour concentrates brands, is consumed by families at home. Category launches in recent years have included Puro Coco, Seleção grape juice and Natural Tea, which are ready to drink formats in the coconut, juice and iced tea categories. More recently the portfolio has expanded with the launch of the Britvic Mixers range and the premium Mathieu Teisseire range of concentrates for cocktails. To support our growth ambitions in Brazil we operate a fruit processing company, Be Ingredient, which provides natural ingredients for both Britvic plc and the export market.

Read more on page 17

Other international

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

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

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

Read more on page 17

	% share by region	Million litres
Great Britain	71%	1,790.8
Brazil	12%	299.3
Other international	17%	428

	% share by region	£m
Great Britain	77%	426.0
Brazil	4%	22.7
Other international	19%	107.0

	% share by region	£m
Great Britain	68%	1,100.4
Brazil	9%	143.0
Other international	23%	374.9


Healthier People


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

How we're helping consumers, employees and communities
britvic.com/healthierpeople


Healthier People continued

Offering healthier consumer choices

We're continuing to focus on providing a wide range of soft drinks to suit all needs and tastes, where there's no choice to make between drinks that taste great and are better for you.

Helping consumers make tastier, healthier choices, Robinsons launched Benefit Drops in four delicious flavours in retail. The mini packs each offer a different added functional benefit, offering consumers a convenient and tasty way to gain additional vitamins while on the move:

- Vitality: Peach, Mango & Passion Fruit with added vitamin B3.
- Immunity: Orange & Guava with added vitamin C.
- Boost: Raspberry, Strawberry & Acai with added B6.
- Focus: Lemon, Lime & Ginseng with added B3 and zinc.

This follows fortification of Robinsons Fruit & Barley with vitamins B and C added to Summer Fruits, Apple & Pear, and Pink Grapefruit and vitamins B, C and D added to Orange and Peach.

In Ireland, the nation's favourite squash brand, MiWadi, added vitamin D to its full range. We also added B vitamins and zinc to the new Club Loaded range and fortified Energise Energy with B vitamins.

Creating an inclusive environment

We take a holistic approach to health in the workplace, recognising that it is a complex blend of the physical, psychological and social.

This year, in our continuing efforts to support women in the workplace, Chief Financial Officer Joanne Wilson launched Britvic's female mentorship programme – Fizz. As the Group continues to look for further ways to support gender equality across the business, the new programme supports 40 women in management across Britain, Ireland and France.

The comprehensive programme consists of workshops on topics including finance, leadership and psychometric profiling, supported by coaching, mentorship, networking and practical projects to support future career growth.

This year, in recognition of our ongoing commitment to creating a workplace where people feel they belong, we were awarded the Incorporated Society of British Advertisers All In Champion status by the Advertising Association. The status recognises our work, from signing up to the Business Disability Forum to rolling out unconscious bias training for our employees. With comprehensive data gathered from over 16,000 advertising and marketing professionals, Britvic is one of the first 100 companies to be recognised.

Supporting young people

In August 2022, Tango announced a three-year charitable partnership with The Prince's Trust, with a promise to donate £100,000 in the first year alone to support young people.

Through this partnership, Tango will raise funds to enable The Prince's Trust to give young people access to more than 5,000 hours of one-to-one support including counselling, education and careers advice – helping to unlock their potential and access potentially life changing career opportunities.

Bringing the partnership to life, Tango launched limited-edition cans of its Orange and Dark Berry Sugar Free flavours featuring the stories of four people helped by the charity. Young people will also find a QR code on the cans which will take them to a site with more information about the support available.

With a goal to inspire more young people, Tango and The Prince's Trust hosted an event at Morley's Chicken Shop in London where people supported by the charity shared their stories and young people could find out more about the support available.

Find out how we're supporting youth employment for students with disabilities and special educational needs on page 38.

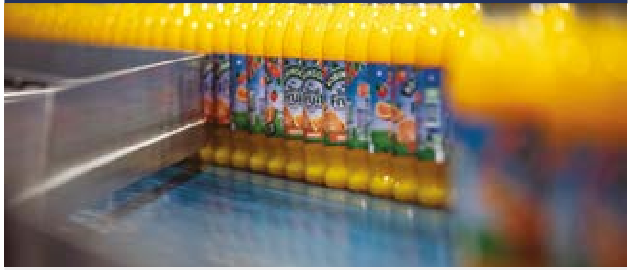
Healthier Planet

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

Our vision for a sustainable future
britvic.com/healthierplanet

Healthier Planet continued

Optimising packaging and delivering Beyond the Bottle



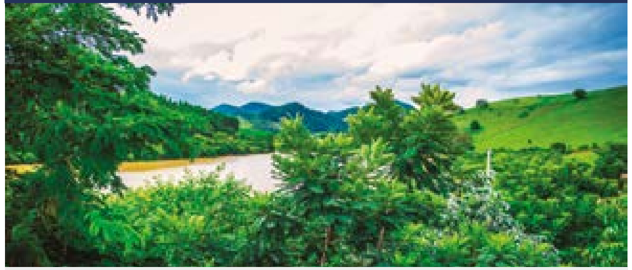
We have taken proactive steps to reduce the environmental impact of plastic packaging across our portfolio as well as exploring opportunities to look beyond plastic and Beyond the Bottle for a non-packaged solution.

All our bottles and cans in Great Britain are fully recyclable, and we continue to reduce our plastic packaging through light-weighting our bottles, removing almost 4,000 tonnes of plastic since 2017.

We've created more concentrated dilutes to enjoy at home and on the go, such as Robinsons Benefit Drops, to increase the number of serves per bottle. We've also eliminated the need for plastic bottles in some circumstances by providing more brands on dispense in hospitality, for example Robinsons in Subway and KFC, and London Essence Freshly Infused founts which use micro-dosing technology to serve premium tonic on dispense in bars and restaurants. These dispense options are far more efficient in terms of packaging weight, water consumption and transportation.

At the same time, we are investing in high tech solutions to deliver sustainable hydration Beyond the Bottle through our Aqua Libra Co Flavour Taps. Find out more on page 46.

Carbon reduction in Brazil



Cutting carbon and increasing efficiency have been priorities for many years and we're committed to achieving net zero carbon emissions by 2050.

Since 2017, Britvic Brazil has substantially reduced carbon emissions. In line with our mission to create a better tomorrow, the benefits of moving to biomass boilers in our factories are evident. This year, a new biomass boiler was installed at the Aracati factory, bringing the number of biomass boilers in Brazil up to five as part of our decarbonisation strategy.

At the start of the year, Britvic Brazil also launched the Britvic forest initiative – a project that helps us bring even more balance to the Astolfo Dutra region. The initiative saw colleagues plant 1,700 saplings in Astolfo Dutra, Minas Gerais, covering 2.5 acres. Each tree represents one Britvic employee in Brazil and is in an area located 5km from the company's factory in the region.

This environmental initiative is supported by Britvic Brazil's quality and agro-industrial purchasing teams and the latest technology which allows employees to monitor the tree growth virtually with the use of drones and Google Earth, and an identification number assigned to each tree.

Water stewardship and biodiversity

Working and collaborating with partners is key to helping us achieve our goals. Since joining forces with The Rivers Trust in 2021, we have worked with them on seven volunteering days – from removing litter found on the banks of the Thames near Battersea to clearing half a mile of dense vegetation along the River Roding.

This year, we announced that we will be supporting two water stewardship projects in partnership with the charity. We're providing £125,000 of funding to the projects which, over the course of three years, will see experts and volunteers undertake river and wetland restoration near two of Britvic's factories in Leeds and Beckton.

As we work to improve biodiversity, Britvic Ireland officially became a member of the All-Ireland Pollinator Plan. Actions will be taken across its Newcastle West site to support biodiversity – this 40 acre protected site is already host to a wide variety of native flora and fauna and the plan will play a part in helping the environment flourish.

Excellent Performance

With a strong portfolio of trusted brands and continued investment in innovation, capacity and capability, our highly talented team has delivered excellent returns to all our stakeholders.

The latest financial performance
britvic.com/investors

Excellent performance continued

Iconic partnership launches

At the start of 2022, we announced our five-year deal with The O2 as the official soft drinks partner. In alignment with The O2's net zero ambitions and Good Vibes All Round initiatives, sustainability sits at the heart of the partnership – with Britvic becoming the first venue partner to introduce 100% recycled materials for all static brand signage across the site.

As we prepared for a summer of sport, Robinsons was named the official partner for The Hundred cricket competition. The three-year agreement saw The Hundred featured on bottles of Robinsons ready to drink and Robinsons branding across eight cricket grounds over the competition.

The partnership was brought to life from June through a ticket promotion to reward consumers – inspiring new audiences to live healthier lives through our brands by keeping well hydrated and getting involved in new activities.

Supply chain investment

Following a series of investments in our British supply chain, including the installation of a new canning line in Rugby and an upgrade of our national distribution centre, we have increased our capability to deliver to customers.

In a year that saw record breaking temperatures across the country, we also saw record breaking deliveries.

With almost four million cases delivered to customers in a single week, teams in our factories and across the supply chain kept the nation hydrated this summer. This achievement is a fantastic display of teamwork in our supply chain and with our partners, delivering for customers all year round.

In Brazil, we contracted a grape processing facility and have installed two additional carton lines to meet increased demand.

In France, we signed a strategic partnership to support Mathieu Teisseire production and meet global demand.

Innovative launches by our brands

The Tango brand has doubled in size in the last five years, becoming the third largest brand in the fruit flavoured carbonates category. Now with a retail sales value of £66 million, the brand has welcomed two new products to its iconic range.

As part of its rotational flavour series, Tango launched the first limited-edition flavour, Tango Berry Peachy Sugar Free. A drink designed to tickle the taste buds and deliver the ultimate in tangy refreshment, the new sugar free flavour offers exciting flavour innovation that meets the needs of health-conscious consumers.

The iconic brand also launched Tango Apple Sugar Free to the popular range, tapping into the growing demand for sugar free products. It captures that same great Apple Original taste that consumers love, but this time it's sugar free.

Exclusive Mathieu Teisseire studios

Our Mathieu Teisseire syrup range is designed to help customers and clients discover and deliver memorable experiences that reflect their style, identity and creativity.

This year, we've continued to expand our collection of Mathieu Teisseire studios in some of the most vibrant cities in the world. At the start of the year, we opened our doors to a new studio in Dubai and over summer welcomed the first guests to our studio in the heart of Paris.

The new flagship studio in France follows the lead of our amazing studios in China, Holland, India, Oman, Saudi Arabia, the United Arab Emirates and Vietnam – where existing and prospective customers are invited to build relationships, educate and collaborate over drinks.

Chairman's statement

Delivering excellent results

"Simon and his team have delivered another set of excellent results and made significant progress on the business' strategic priorities."

When I wrote to you last year, the worst of the COVID-19 pandemic was behind us, and maybe, we thought we were through the worst of things, and life would return to some form of normality. While the pandemic receded, the situation in Ukraine resulted in a hardship that we have not seen for decades. The human cost has been horrendous and has left a lasting impact on many people. This has resulted in economic uncertainty, high inflation and falling consumer confidence. Against this backdrop, Simon and his team have delivered another set of excellent results and made significant progress on the business' strategic priorities. On behalf of the Board, I thank Simon and the entire Britvic team for their dedication and commitment. Their efforts have been the backbone of our success.

Performance

Simon will share more detail in his statement. Still, some of the highlights that have resonated with me include the following:

- The performance of Tango, a famous brand in the UK, has delivered a strong performance with new flavours and original marketing campaigns.
- The supply chain and procurement teams have managed the volatility and uncertainty to keep our brands in front of consumers, while continuing to deliver towards our long-year Healthier People, Healthier Planet strategy.
- The launch of the Aqua Libra Co Flavour Tap combines Britvic's expertise in dispense and flavouring water to create a unique solution for the workplace and retail.
- The success of innovation, such as London Essence Freshly Infused and Ballygowan Hint of Fruit, a leading Irish brand that has entered the flavoured water and already established itself as a major player in the category.
- The portfolio of trusted brands has been able to take and hold significant price.

Chairman's statement continued

Returns to shareholders

The strong cash management of the business, led by our CFO, Joanne, has enabled the Board to propose a final dividend of 21.2p. Combined with the interim dividend, it equates to a full-year dividend of 29.0p, an increase of 19.8% on last year and maintaining our stated 50% pay-out ratio. The strength of the balance sheet and the cash generation prospects also enabled us to launch our first-ever share buyback programme. The £75 million buyback is well underway and expected to complete early in calendar 2023. The combination of the dividend paid and share buyback executed means £106 million has been returned to shareholders this year.

Culture

The Board and the Executive team have a vital role in shaping and embedding a healthy corporate culture, which continued to be a focus. Members of the Board have actively shared their personal and professional experiences with the broader Britvic team.

Employee network groups remain key to shaping our agenda, with each group having an executive sponsor. Our B-Diverse network for Black, Asian and ethnically diverse employees has championed the cause of greater ethnic diversity throughout the business and, following Simon's signing of the CBI's Change the Race Ratio in October, we are publishing Britvic's first ethnicity pay gap report. Britvic is one of the first 100 UK companies to sign the pledge and this sees us leading the way, ahead of peers and legislation.

Directors

The Board's composition brings a range of views and experiences to Britvic. It supports and challenges the Executive team in executing the strategy. As well as regular Board meetings, the Non-Executive Directors are on hand to help Simon and his team throughout the year. While the pandemic prohibited face-to-face shareholder engagement at the last AGM, we made ourselves available to answer shareholder questions during the year.

This year we announced the appointment of Emer Finnan as an independent Non-Executive Director of the company, with effect from 1 January 2022. Emer will serve on Britvic's Audit and Nomination Committees and will take on the role of Audit Committee Chair.

Emer is a qualified accountant who has worked both as an investment banker and a group CFO. She was President, Europe of Kildare Partners, a private equity firm based in London and Dublin, where she was responsible for investment origination in Europe. After qualifying as a chartered accountant with KPMG, she worked in investment banking at Citibank, ABN AMRO and NCB Stockbrokers. In 2005 she joined EBS Building Society in Ireland, becoming its Finance Director in early 2010. In 2012, Emer re-joined NCB Stockbrokers to lead a financial services team in Ireland. She joined Kildare Partners in 2013. Emer is a non-executive director of C&C Group plc.

I am delighted to share that we appointed Hounaïda Lasry as an independent Non-Executive Director of the company, with effect from 29 September 2022. Hounaïda will also serve on Britvic's Nomination and Remuneration Committees.

Hounaïda's executive career was spent at Procter and Gamble, where she has held several local, regional, and global roles over a significant tenure. She has worked across several geographies and consumer sectors, gaining multi-faceted experience in marketing, operational and corporate roles. Most recently, she was Senior Vice President, Skin & Personal Care in Europe, India, the Middle East, and Africa. She also served, for five years, on the non-profit Advisory Board of the Geneva School of Economics and Management, at the University of Geneva.

Ian McHoul stepped down from the Board in May 2022, and more recently, in November, Joanne Wilson, Chief Financial Officer, informed the Board of her intention to take up the role of CFO at WPP plc. Joanne has made a significant and positive impact since joining Britvic three years ago, and on behalf of the Board I would like to thank her for the contribution she has made.

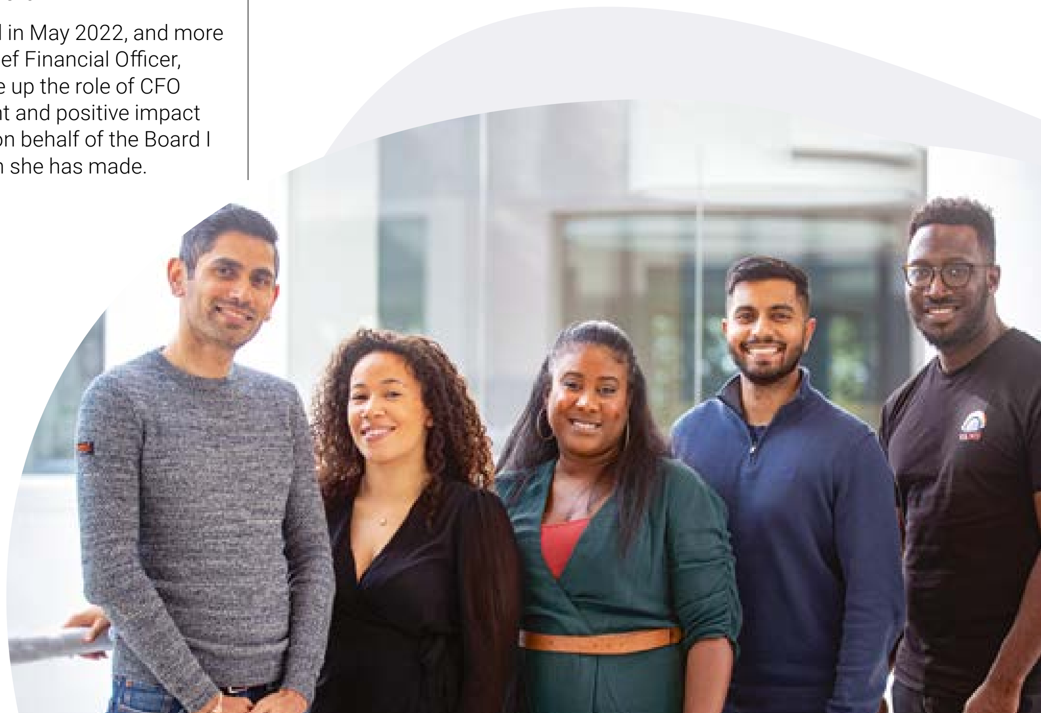
Remuneration

Our approach to reward is to link remuneration with the Group's key strategic objectives, both financial and non-financial, while delivering long-term, superior, and sustainable returns to shareholders. We believe in offering fair compensation, where colleagues' performance reward is determined by the long-term sustainable success of the business. More information on how we ensure that our approach to remuneration supports our strategy is available in the Directors' remuneration report on pages 105—108.

Looking ahead

The AGM will be held on 26 January 2023. Further information is available in the Notice of Meeting, which is available on the Britvic website at britvic.com/agm.

John Daly
Chairman
22 November 2022



Britvic colleagues and B-Diverse members Nitesh Patel, Asha Rödel, Lois Brown, Krish Parmar and Andrew John in October 2021 (from left to right).

Chief Executive Officer's statement

A stronger, better Britvic

"Once again, I am incredibly proud of the entire Britvic team. They have shown agility and resilience to deliver a strong performance."

Performance highlights

Today we report our results for the year ended 30 September 2022. Once again, I am incredibly proud of the entire Britvic team. They have shown agility and resilience to deliver a strong performance, progress our strategic priorities and support each other and our communities in a challenging environment. I want to thank them and their families for their continued commitment.

Despite the significant headwinds we have faced, I am delighted with the performance we have delivered across our key metrics. Underlying revenue grew 15.5% (statutory +15.2%), adjusted EBIT increased 16.0% (statutory +16.7%) and margin increased 10bps (statutory +10bps). Our focus and discipline on cash enabled us to generate a free cash flow of £128.8 million, reducing our leverage ratio to 1.9x, while continuing to invest in the business and return cash to shareholders via both increasing dividends and our first share buyback programme. Our Healthier People, Healthier Planet programme is increasingly embedded in our business and decision making, and we have made further progress against our sustainability metrics. More detail is shared in the review of the year below.

Our strategy is clear and has momentum

We refreshed our strategy in 2019, to ensure the business was well-placed to access growth opportunities in the changing consumer and retail landscape across our markets. Throughout the pandemic, the strategy has served us well and this year, when we have all faced the consequences of the tragic war in Ukraine, it has continued to drive our performance. With a portfolio of market-leading brands, a multi-channel route to market, well-invested supply chain and strong customer relationships, we believe we are well-placed to continue to deliver superior returns to shareholders.

Our future focus remains on four key strategic priorities:

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

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

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

Underpinning this strategy are three critical enablers:

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

Chief Executive Officer's statement continued

Review of the year

Our strategy has driven consistent revenue growth over the past five years of 5.1% compound annual growth rate (CAGR), and this year we have accelerated growth to 15.5%. This was in part due to the soft comparable in the first half of 2021 when lockdown restrictions impacted the hospitality channel and the good weather this summer. We have demonstrated that our portfolio of trusted brands has been able to take and hold significant price, in response to the extensive cost inflation prevalent across our markets. Although France was a particularly challenging environment to recover the inflationary cost pressure we faced. We have successfully executed our joint business plans with our customers, which incorporate branded in-store execution, price and promotional activity, and ensuring on-shelf availability. The strength of our customer relationships has been demonstrated through the recent Advantage Group survey, which measures customer feedback from retailers, wholesalers and suppliers in the UK. We are delighted that Britvic has been ranked in the top three across all of grocery, convenience and wholesale, and first for e-commerce.

We have continued to invest in our business to unlock growth and deliver a great customer, shopper, and consumer experience. The A&P investment we have made behind our compelling physical and digital marketing increased by 6.4%, with a greater proportion directed towards fully consumer-facing activity. Across our markets, we have delivered continued success with innovation, the detail of which is covered in the market highlights below.

Our continued business capability investment in both supply chain and technology makes us better equipped to deliver improved efficiency, price pack architecture flexibility, supply chain resilience and promotional effectiveness. In the supply chain, we invested further in both capacity and capability. In Great Britain, we added an additional can line in Rugby, in addition to the three lines we installed as part of our Business Capability Programme completed in 2019. We are also upgrading the National Distribution Centre to ensure it is well placed for future growth and to deliver improved efficiency. In Brazil, we have added two additional carton lines and contracted a grape processing facility to meet expanding demand. In France, we recently signed a strategic production partnership to support global demand for Mathieu Teisseire, one of our premium brands participating in the cocktail and coffee mixers category.

Our Healthier People, Healthier Planet programme is integral to our strategy. In the year we have continued to make strong progress in most areas. Our employee engagement score has remained firmly above benchmark at 77, and our average calories per serve now sits at 24, well below our 30 calories target. We have continued to improve our water ratio and made further progress on decarbonising the business. On a cumulative basis, we have now delivered a 34% reduction in our Scope 1 and 2 market-based carbon emissions since our baseline year, 2017. We are also pleased with the progress we are making with our suppliers and customers to reduce our Scope 3 carbon emissions.

Great Britain highlights

We have continued to invest in our brands, with highly relevant and effective marketing activation, alongside innovation to broaden our consumer offering. Pepsi MAX was highly visible to consumers through its continued sponsorship of the UEFA Champions League earlier in the year. This summer saw the return of the taste challenge for the first time in person since 2019. The eight-week roadshow toured Great Britain and 70% of participants said they preferred Pepsi MAX compared to the biggest selling full sugar cola. Robinsons' Wimbledon association ended in 2021, and we took our marketing in a new direction this year. The Big Fruit Hunt digital competition ran across the summer, while Robinsons ready to drink sponsored The Hundred cricket. Both campaigns allowed us to engage with more consumers and enabled a more extended activation period in store than before. We continued to extend our brands through flavour innovation, with Berry Peachy for Tango, and reformulated an old favourite, Apple, to be sugar free. We also launched new flavours of Aqua Libra with Blood Orange & Mango and Pepsi with Pepsi MAX Lime.

> "We have continued to invest in our brands, with highly relevant and effective marketing activation, alongside innovation to broaden our consumer offering."

Chief Executive Officer's statement continued

Great Britain highlights continued

Alongside our core brands' growth momentum, we have continued to invest in accessing future growth spaces. Following our acquisition of Plenish in 2021, the brand has been able to leverage our strong customer relationships and brand marketing expertise. Plenish was relaunched in late Q2 with new packaging, highlighting its premium, natural credentials. It also secured significant additional distribution for the plant-based milks and shots ranges. Aqua Libra Co, which we launched last year following the acquisition of The Boiling Tap Company, has used our flavour concentrates expertise to develop a unique tap proposition that offers flavoured water alongside still, sparkling, and hot. It has been building a pipeline of opportunities in both the workplace and retail channels. Our premium tonics and sodas brand, London Essence, has gained share in the retail channel and increased distribution in pubs, bars, and restaurants of both packaged products and our dispense offering, Freshly Infused. London Essence revenue grew 94.8% year on year, with over 1,000 Freshly Infused dispense founts installed and 11,000 points of retail distribution for the packaged format across the retail and hospitality channels.

Everywhere in Britvic, our brand and business investment is underpinned by our ESG agenda: Healthier People, Healthier Planet. This programme ranges from employee wellbeing and healthier consumer choices to community engagement and minimising our packaging, water, and carbon footprint. Across our entire Great Britain portfolio, we exited the year with an average of around 14 calories per serve and are continuing to fortify several of our brands with added health benefits, for example the Robinsons Fruit & Barley range and Robinsons Benefit Drops. Additionally, we have continued in our mission to support young people by joining forces with The Prince's Trust, through select Tango promotions, with the aim of raising £100,000 for the charity in the first year alone. On the planet side, we have continued our partnership with The Rivers Trust, improving waterways close to our sites. We have also made further progress towards our science-based targets on carbon, and the Executive team has recently approved an innovative solution to reduce carbon emissions at our Beckton site using a heat recovery system. This system will decarbonise 70% of the site's heat demand by shifting its heat source away from fossil fuels.

"London Essence is now available in the majority of the top 100 bars in the markets where we are distributed and 34 of the World's Top 100 Bars and Restaurants, from Hong Kong to Barcelona."

15.5%
Underlying revenue growth

£128.8m
Free cash flow

16.4%
Return on invested capital

34%
Reduction in Scope 1 and 2 market-based carbon emissions since 2017

Chief Executive Officer's statement continued

Brazil highlights

We have continued to deliver strong growth in concentrates and ready to drink juices, with Maguary, Dafruta and Bela Ischia performing well in both categories. We have built on the core ranges with recent innovations, such as Dafruta Tropical and Bela Ischia syrups. Our grape juice has also been particularly successful, offering quality products at a competitive price and benefiting from our new grape processing facility to improve margin. Fruit Shoot has also had a particularly successful year. Since launching in Brazil, we have extended the flavour range and launched new pack formats at different price points, specifically to meet the needs of each region. This has included a 150ml carton, which has performed especially strongly.

Coconut water has been more challenging this year, due to import supply issues and rapidly escalating input costs. In response, we have innovated to launch a new coconut nectar with lower raw material content, facilitating more competitive pricing and enabling us to meet value-based consumer demand amid continued high inflation. We also continue to build recent innovations such as Nuts, a non-dairy milk alternative, Natural Tea and Mathieu Teisseire. We continue to expand and adapt our route to market and channel presence to capture the growth opportunities in wholesale/cash and carry and the on-trade.

In terms of Healthier Planet, the confluence of water stewardship and biodiversity is of particular relevance to our Brazil market. We have planted the Floresta Britvic, a reforestation programme that so far covers two and a half acres in Astolfo Dutra, Minas Gerais. Each tree represents one Brazilian Britvic employee and is in an area located 5km from the company's factory in the region. Separately, we have installed a biomass boiler to replace a traditional gas boiler in Aracati, meaning we now have biomass boilers at all four of our Brazilian sites, in turn reducing our carbon emissions by 46% versus last year.

> "We have continued to leverage the strength of our brand portfolio with innovation."

Other international highlights

In Ireland, we have continued to leverage the strength of our brand portfolio with innovation. The Hint of Fruit flavoured water from Ballygowan has been a huge success, achieving nearly 19% market share of the flavoured water category only seven months after launch. Revenue for our flavour concentrates brands, Robinsons and MiWadi, was well ahead of last year. We also entered the energy category with the launch of Club Loaded and the extension of the Energise brand into the stimulant segment. Through a combination of price, mix and promotional management and simplifying the operating model with the closure of Counterpoint last year, the Irish business has delivered a significant improvement in operating margin, in line with our strategy.

In France, we have delivered growth across our entire brand portfolio. We have continued to develop our Teisseire syrups range, with the launch of Teisseire for Soda Machine and Fruits à Diluer containing no added sugars. Teisseire Fruit Shoot has responded to changing consumer preferences by moving to a transparent bottle to broaden appeal and improve recycling rates, and the formulation now contains fruit juice and water without preservatives. We have also launched a range that includes 100% natural ingredients.

Mathieu Teisseire and London Essence have both had an excellent year and I am delighted with their strong momentum. The pandemic interrupted their growth, but we are now seeing great traction globally. As the hospitality industry fully re-opened post-pandemic this year, we have had our first real opportunity to deliver against our growth strategy. Our consumer insight shows that demand for premium, crafted, healthier soft drink experiences is growing, and we are building considerable momentum.

London Essence is now available in the majority of the top 100 bars in the markets where we are distributed and 34 of the World's Top 100 Bars and Restaurants, from Hong Kong to Barcelona. The environmental benefits are compelling as our deliciously distilled botanical flavours are served using micro-dosing technology without the need for packaging or transportation of large volumes of liquid, substantially reducing our packaging per serve and our carbon emissions, in line with our Healthier Planet sustainability strategy, and those of our customers.

Mathieu Teisseire is now available in 20 countries around the world, including Brazil, served in a broad range of outlets from coffee shops and bars to hotels and restaurants. We are growing brand awareness and reputation through our own Mathieu Teisseire studios, where our global brand ambassadors work in partnership with our customers to co-create new drinks recipes using our unique portfolio of syrup flavours, from Blackberry to Tiramisu and run training events for their employees. So far, we have opened studios in Belgium, Thailand, Vietnam, Paris, China, Holland, India, Oman, Saudi Arabia, and the United Arab Emirates, unleashing creativity across the globe.

Chief Executive Officer's statement continued

Looking ahead

Economic forecasts suggest that 2023 will be another challenging year, as inflationary pressures continue, and low consumer confidence is anticipated to persist across our main markets. This makes forecasting demand particularly challenging in the near term.

However, we participate in a resilient and growing category, which continues to outperform broader consumer goods, as it has for many years. Consumption of non-alcoholic beverages continues to increase and, even before the significant inflation of the past couple of years, soft drinks have consistently increased their value ahead of volume. The category is a regular staple and an affordable treat, whose demand has proved resilient in previous economic downturns, with limited down-trading to own label.

Britvic's success is founded upon the breadth of our portfolio of strong, family favourite brands, the depth of our customer relationships, our well-invested infrastructure, our long-term, mutually beneficial partnership with Pepsi and the agility and dedication of our fantastic workforce. Sustainability is embedded in our business and our culture, informing our choices daily. Our strategy is working, and we have well-established drivers to continue our consistent track record of growth.

Near term we have clear priorities to deliver in 2023. With continued high inflation, we will seek to mitigate the impact on our business through both cost efficiency and revenue management to optimise our pricing and promotions. We demonstrated our ability to deliver in this regard in 2022 and we are confident we will do so again in 2023 and beyond. Across our markets we will continue to engage consumers with compelling marketing, exciting innovation and strong in-store feature and display. We will also continue to invest, not only in our brands but also in our people, sustainability and infrastructure.

All this, combined with the momentum we have from our excellent 2022 performance, gives us confidence that despite the considerable headwinds, we will deliver further strategic progress in 2023 and continue to offer superior shareholder returns.

Simon Litherland
Chief Executive Officer
22 November 2022

> "We participate in a resilient and growing category, which continues to outperform broader consumer goods, as it has for many years."

Investment case

Why invest...

1 A portfolio of market leading brands

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

2 A well-invested infrastructure

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

3 A long-term agreement with PepsiCo

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

4 A sustainable business

Britvic's Healthier People, Healthier Planet sustainability ethos underpins every element of our business strategy to ensure that we deliver sustainable value for all our stakeholders, and create a better tomorrow. The roll out of our interactive employee learning programme has continued. A further two modules have been added, focusing on healthier consumer choices and sustainable supply chains.

5 A well-financed and cash-generative business

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

6 A track record of growth

Since the appointment of Simon Litherland in 2013, we have consistently delivered excellent returns for shareholders. While the COVID-19 pandemic interrupted progress in 2020 and 2021, we have continued to generate total shareholder returns significantly ahead of the FTSE 250.

7 A resilient and growing category

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

8 An engaged and agile workforce set up for success

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

Market drivers

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

Cost of living

Consumer disposable income is squeezed as inflation bites

What's happening?

- Inflation was already high coming out of COVID-19 and the Russian invasion of Ukraine has only exacerbated the issues, pushing fuel and energy costs higher still.
- As well as the direct impact on consumers, fuel and energy are used by every supplier of every product – so the indirect impact will continue to be felt at least into 2023.

The impact

- While soft drinks have historically proved resilient during times of economic hardship, these levels of inflation are unprecedented and are prompting significant price rises across the sector.
- There is early evidence that many consumers are adjusting their behaviour by limiting shopping budgets and changing their habits.[1] Discounters are accelerating with Aldi overtaking Morrisons to become the UK's #4 supermarket. It is likely that spend on going out will decrease, impacting out-of-home consumption.

How we are responding

- We are adjusting our promotional programmes and driving efficiencies where possible so we can optimise returns and minimise costs to protect business profitability, while continuing to offer great value to our shoppers.
- Energy saving has become a necessity to contain spiralling costs so we have re-prioritised our capital spend towards multiple energy saving projects across our business. We also have many other cost saving initiatives in progress to contain the impact wherever possible.
- We will continue to invest in our brands as consumers tend to turn to trusted family favourites when under economic pressure.

1. dunnhumby Shopper Thoughts Research – UK, June 2022, page 3.

Responsible brands

Sustainability expectations continue to rise

What's happening?

- Record summer temperatures have underlined the reality and immediacy of climate change. All businesses need to play their part in reducing humanity's impact on the planet.
- Drought conditions have increased public consciousness of water scarcity, as well as drawing further attention to carbon reduction and minimising waste in all its forms.

The impact

- Consumers are increasingly aware of companies' sustainability credentials, though evidence suggests the majority of consumers are not yet prepared to pay higher prices for more sustainable products and services.[2]
- As all companies seek to improve their environmental footprint, competition for resources is increasing, which can also drive up costs and impact the feasibility of achieving targets in the current climate.

How we are responding

- We continue to reduce packaging and packaging weight where we can, while also reducing our reliance on PET plastic for our bottles. We are examining sustainable alternatives to glass and plastic packaging where we can, while also looking beyond the bottle to increase the proportion of our hospitality and workplace business that is delivered via dispense.
- We have focused on upgrading our boilers at key sites with more energy efficient and lower carbon options. Our Brazil factories run on biomass, increasingly sourced from our own fruit waste products. The Executive team has recently approved an innovative solution to reduce carbon emissions at our Beckton site in Great Britain using a heat recovery system. This system will decarbonise 70% of the site's heat demand by shifting its heat source away from fossil fuels.
- Water stewardship goes well beyond reducing the amount of water we use in own operations. We are trialling two projects with The Rivers Trust to replenish water into the catchments of our Leeds and Beckton manufacturing sites.

2. Kantar Eco Segments, September 2022, page 24.

Market drivers continued

Health and wellbeing

Growth in soft drinks continues to be driven by providing healthier consumer choices and on-the-go hydration

What's happening?

- We believe health remains important for consumers, with increased focus on fitness and wellbeing amid continued concerns for defence and immunity following the pandemic.[3]

The impact

- Products which contain fewer calories through low or no sugar, and/or active health ingredients continue to drive growth in soft drinks.[4]
- 96% of our 2022 innovation launches being low or no calorie drinks.

How we are responding

- We continue to make, market and sell soft drinks that offer consumer choice, including healthier choices – both fewer in calories (sugar content) and with the addition of vitamins or other health benefits.
- Where possible, we always promote the healthier option across our soft drinks portfolio, in line with our Healthier People ethos and our marketing code.
- We have fortified products across our portfolio with vitamins to give added functional benefits to our drinks. This year, we launched Robinsons Benefit Drops in four flavours with added vitamins B and C and zinc. In Ireland, we added vitamin D to the full MiWadi range as well as fortifying the Club Loaded range with vitamin B.
- Our new product development focuses on delivering great tasting drinks, that are better for you. This year alone Tango launched two new products to the market, Tango Berry Peachy and Apple, both sugar free, ensuring we meet the needs of health-conscious consumers.

3. Kantar Consumer and Market Trends Great Britain 2022 Update, page 8.
4. Kantar Consumer and Market Trends Great Britain 2022 Update, page 51.

Elevated experiences

Even in a recession, many consumers still seek out affordable quality and distinction

What's happening?

- Despite a cost of living crisis, some consumers continue to signal their desire for premium products that contain higher quality ingredients and offer authentic provenance.
- The COVID-19 induced increase in at-home socialising occasions has stabilised and grown, driving the premiumisation trend in the home.
- The secular decline in overall alcohol consumption continues, with each generation drinking less than the one before.

The impact

- We believe the rise of at-home enjoyment occasions and the shift towards quality, daily treats over high spend events such as foreign holidays are likely to continue in the medium term. Within this context, soft drinks are a relatively affordable treat when disposable income is under pressure.
- A consistent trend towards alternatives to alcohol for adults, connected to the desire to live more holistically healthy lives while still maintaining a premium experience. This is manifesting in both no and low alcohol versions of alcoholic drinks and continued growth in premium soft drinks.

How we are responding

- Britvic continues to offer premium alternatives to mainstream categories, notably with London Essence tonics and sodas and Mathieu Teisseire's premium syrups.
- London Essence Freshly Infused offers a range of premium tonics on dispense. The eye-catching installation uses patented micro-dosing technology to deliver freshly infused botanical tonics. Built-in technology then provides additional benefit by delivering data straight to us in real time.

On-demand living

Pandemic-induced shopping habits appear to have stabilised at higher levels

What's happening?

- From January 2020 to March 2022, the volume of groceries purchased online grew 104%. Total volumes of soft drinks online grew 113%[5] with Britvic outperforming the sector with 121% growth.
- While still strong, volume growth in online purchases has slowed. In financial year 2022, Britvic's participation (% of sales online versus offline) dropped back to 17.2% (-1.1ppts) due to the removal of COVID-19 restrictions. This slowdown was experienced across the online sector, with the total volume of groceries purchased online down 1.1% year on year to 12.4% of all grocery shopping, and the percentage of soft drinks purchased online down 2% year on year to 16% (excluding bottled water).
- Value has remained strong. In financial year 2022, the retail sales value for groceries purchased online was £182.1 million, up 1.2% year on year.

The impact

- Shopping is now more balanced across different store types, both physical and digital, requiring true omni-channel presence to access growth.

How we are responding

- We're working with customers to create mutual value. This year, we ranked number one for e-commerce among FMCG Impulse & Package manufacturers, in the Advantage Group Survey which measures customer feedback from UK retailers, wholesalers and suppliers.
- We're building partnerships to capitalise on growing consumer convenience missions. These include restaurant orders and delivery convenience (e.g. ASDA via Uber Eats).
- To tap into the growing market, 7UP partnered with Uber Eats with an on-pack promotion offering prizes such as Uber Eats vouchers and 50% off a grocery shop.

5. Mintel, Online Grocery Retailing UK 2022, page 9.

Business model

Our competitive edge

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

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

We believe the way we do business is fundamental to our success. This is why our sustainable business practices, which we call Healthier People, Healthier Planet, are embedded in every element of our business model and our growth strategy. We see this approach as integral to Britvic's resilience, to driving growth, to being a force for good in the world, and ultimately delivering value for all our stakeholders.

Consumer insight

The starting point of our business is understanding how we can best meet the diverse requirements of our consumers and customers. We aim to build a longer-term view, understanding emerging trends and the wider context the category operates in, as well as current consumer needs. By putting the consumer and the customer at the heart of what we do, we can innovate and develop brands that consumers love and deliver scalable products and services that maximise the growth opportunity for our customers.

Our insight is underpinned by our Healthier People, Healthier Planet ambitions to help consumers make informed and healthier choices, while minimising the impact on the environment. This means understanding what motivates consumers to make healthier decisions, and making it easier for them to do so through a broad range of great tasting drinks that are better for you.

Sourcing

We are committed to producing high-quality soft drinks that are sourced and manufactured in a fair, ethical and environmentally responsible way. Our sustainable procurement strategy, which aligns with 14 of the UN Sustainable Development Goals, focuses on four core overarching priorities: low carbon supply chain, sustainable packaging, regenerative agriculture, and ethical sourcing.

Collaboration is integral to our strategy. We work closely with our suppliers to understand the environmental and social footprint of our collective activities and we find solutions together to drive efficient use of natural resources, thereby, reducing carbon emissions throughout the value chain.

Read more page 48

Business model continued

Manufacturing and distribution

We have invested in state-of-the-art technology across our manufacturing sites to ensure we are maximising our business capability – volumes, resilience and agility – and operating at the highest standards. We work with specialist distribution companies to transport our products, rather than operate our own fleet of vehicles.

Our employees' safety, health and wellbeing are paramount, as is our commitment to manufacture our drinks in the most sustainable way.

We are committed to significantly reducing the impact of our operations on the environment through the thoughtful and responsible use of natural resources and by transitioning to a low carbon business. We have clear targets for water usage, waste and carbon emissions annually, through our Healthier People, Healthier Planet sustainability strategy.

Acting today will help to create a better tomorrow for future generations.

Customers

Our customers are essential to our business as our main route to market, and as partners on joint business plans where we can create shared value. We share our expertise with our customers to drive category growth and engage regularly with them through face-to-face meetings, conferences, events and webinars. Additionally, we host specific websites for our customers which offer ideas and advice on everything from perfect serves to interpreting and implementing government policy such as the recent High Fat, Salt, Sugar (HFSS) legislation.

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.

Marketing and sales

We invest in and deliver award-winning advertising and marketing campaigns to build brand awareness, drive sales growth, and grow market share. This work is critical to the success of our portfolio of owned brands and the brands we make and market for PepsiCo. Each of our much-loved household brands has a clear identity and purpose and many, such as Teisseire, R. White's, and Ballygowan, have a deep-rooted history going back hundreds of years. It is our privilege, as custodians of these brands, to innovate and grow the brand proposition while simultaneously remaining true to the brand's heritage. Equally, we use our flavour and marketing expertise to create, establish and grow new brands such as Aqua Libra Co and London Essence.

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 packaging, and we always promote and market healthier options in line with our marketing code to encourage people to make healthier choices.

The value we create for our stakeholders

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

Employees

£169.6m

We provide jobs in a diverse and inclusive environment, creating local purchasing power. In 2022, £169.6 million was paid in salaries and wages.

Shareholders

£106m

We returned £106 million to shareholders through our commitment to the dividend and our first ever share buyback programme.

Government

£18.4m

We support the development of public infrastructure, healthcare, education and local services, and this year paid £18.4 million of taxes in the markets where we operate.

Customers

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

Industry

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

Communities

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

Suppliers

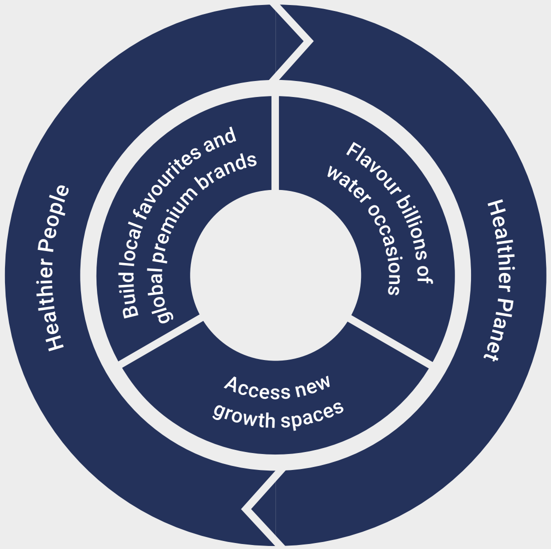
We engage with our national and international suppliers to address challenges and drive positive change through our procurement and supplier quality assurance teams and processes.

Consumers

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

Strategy

Our strategic pillars



Our purpose

Our purpose is dedicated to enjoying life's everyday moments. Britvic is a purpose-driven organisation with a clear vision and a distinct set of values. Our purpose, vision and values sit at the heart of our business, driving us forward to achieve our strategic ambitions and create a better tomorrow. Our purpose is rooted in everyday life: it is our mission to bring joy to people, everywhere, from all walks of life, through our brands. There are so many tiny moments every day, and they can all be made more enjoyable with one of our delicious drinks.

Simon Litherland, CEO of Britvic plc, explains why our purpose is more important than ever: "Uniting behind a common purpose is a powerful driver of performance, innovation and culture. At Britvic, it's our reason to exist, a reason to get up in the morning and get excited about what we're trying to achieve as individuals and as a collective. The thought of people all over the world enjoying our drinks as part of their own special and totally unique everyday moments makes me smile."

Our vision

Our vision is to be the most dynamic soft drinks company, creating a better tomorrow. Our dynamism comes from our people who seize opportunities to innovate and drive us forward. This dynamism enables us to act with pace and agility, fuelling the entrepreneurial spirit that is rooted in our heritage, to push boundaries and make things happen. At the same time, the scale of our business, our credibility within the market, and our dedication to our Healthier People, Healthier Planet sustainability strategy mean we can turn our ideas into commercially successful 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 talented and dedicated workforce is central to our ability to succeed. As we embed our culture and grow our 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, where all our employees feel valued and empowered to thrive.

Our markets

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

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

Critical enablers

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

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

Healthier People, Healthier Planet

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

Doing good while doing well has been at the heart of Britvic's ethos since the creation of our ancestral business — The British Vitamin Products Company — back in the 19th century by chemist Mr Rawlings, our founder. Mr Rawlings started making vitamin drinks and tonics from his shop in Chelmsford to create an affordable source of vitamins for people when diets lacked important nutrients. Like Mr Rawlings, we believe the most pressing challenges facing and shaping society globally are centred around health, individual health and the health of society as a whole, including our environment.

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

Strategy continued

Build local favourites and global premium brands

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

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

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

Flavour billions of water occasions

In each market Britvic offers the leading flavour concentrates brands, including Robinsons, MiWadi, Teisseire and Maguary. We plan to leverage this leadership and expertise in concentrating flavour, along with the strength of our local favourite brands, in each of our markets to collectively flavour billions of new water occasions. The increased consumer focus on health and wellbeing and greater consumption of water provides us with additional large-scale opportunities.

This year, we have extended our presence in work, travel and retail environments since acquiring the newly rebranded Aqua Libra Co in 2020. Aqua Libra Co has a clear purpose to re-invent hydration for good through the elimination of packaging and the use of pioneering technology to deliver pure tasting filtered, chilled and flavoured still and sparkling water with no calories, colours or preservatives from a sleek flavour tap. Each tap is connected to a digital platform which collects information about flavour preferences, and has the capability to adjust the drinks recipes in real time – something that would traditionally take more than 18 months for a packaged product.

The flavour comes from a fully recyclable flavour cartridge and uses micro-dosing technology, developed by Britvic, to flavour and filter water. One small cartridge can create over 1,000 drinks, eliminating the need for 99% of single-use packaging. The drinks are also mixed in situ, meaning heavy volumes of packaged products don't need to be distributed, which saves road miles and reduces the carbon footprint of each drink.

Access new growth spaces

Innovation is central to our commercial growth strategy. Traditionally, this means experimenting with new flavours and categories, and exploring new markets. For example, we acquired Plenish in 2021 to access the growing plant-powered drinks market. We know consumers are increasingly favouring plant-based alternatives, not only for their own health but also for a healthier planet. This year we rebranded Plenish and have expanded its distribution in Great Britain.

Building on this foundation, we're now exploring how people consume our drinks, and where they are buying them.

In terms of how people consume beverages, we're looking Beyond the Bottle which means eliminating the need for packaging. We've traditionally done this by serving our soft drinks on dispense in hospitality which has successfully removed the need for millions of single-use packaging. Building on this space, we've now created premium dispense models including our data-connected Aqua Libra Co taps for workplace and retail settings, and our London Essence founts that employ micro-dosing technology to serve expertly crafted London Essence Co tonics and sodas on tap.

Accessing new growth spaces is not just about what our consumers are buying but where. Technology is a key driver for new customer and consumer propositions. This year we launched our commercial transformation programme, equipping our team with new tools to better manage customer relationships and improve the efficiency and effectiveness of promotional activity.

Stakeholder engagement

Delivering value to our stakeholders

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

Delivering value to our consumers

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

What matters to them

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

How we engage at Board level

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

How we engage across the company

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

How we delivered on feedback this year

This year the team engaged with close to 32,000 consumers globally. The learnings from this are tracked, analysed and shared with our research & development, marketing and quality teams to make sure the consumer remains at the heart of everything we do.

Stakeholder engagement continued

Delivering value to our suppliers

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

What matters to them

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

How we engage at Board level

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

How we engage across the company

We engage with suppliers to address challenges and drive positive change through our procurement and supplier quality assurance teams and processes, as well as through conferences and training sessions for suppliers.

How we delivered on feedback this year

We have partnered with sustainable business rating platform EcoVadis and started rolling this out across our priority suppliers. We have almost 70% of our priority suppliers connected to us through the platform and we will continue to roll out EcoVadis to the rest of our priority suppliers.

Delivering value to our customers

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

What matters to them

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

How we engage at Board level

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

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

How we engage across the company

We are well known for sharing our expertise with customers and helping them navigate fresh challenges and legislative changes. For example, we offer support to businesses via our digital platform, Sensational Drinks.

How we delivered on feedback this year

We continued to support independent licensed, food service and leisure outlets through Sensational Drinks. Businesses can join the digital platform to get free impartial category advice on how to sell more soft drinks. They can also access selling materials such as free point of sale kits, glassware, printed menus, fridge planning tools and digital assets.

Delivering value to our communities

We want the communities in which we operate to thrive.

What matters to them

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

How we engage at Board level

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

How we engage across the company

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

How we delivered on feedback this year

We delivered 482 community volunteering days in Great Britain and Ireland in 2022 to enable our employees to support the causes that mean most to them. We also encouraged employees to fundraise on behalf of a registered charity close to their hearts.

Stakeholder engagement continued

Delivering value to our employees

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

What matters to them

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

How we engage at Board level

The Directors use a variety of channels to engage with employees and give them a voice in the boardroom. Information about the activities undertaken by the Board this year can be found on page 90.

How we engage across the company

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

How we delivered on feedback this year

To increase diversity throughout our business we launched Fizz – a mentorship programme for women in leadership. Our CEO has also signed the CBI's Change the Race Ratio pledge – committing us to increasing racial and ethnic diversity in leadership and publishing our ethnicity pay gap reporting annually.

Delivering value to our shareholders

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

What matters to them

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

How we engage at Board level

The Chairman regularly engages with investors to understand their views on governance and the performance of the company against its strategy. Information about the activities undertaken by the Board this year can be found on page 90.

How we engage across the company

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

How we delivered on feedback this year

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

Section 172 statement

The Board has a duty to promote the success of the company and, under Section 172 of the Companies Act 2006, in doing so it must have regard for a number of matters when making decisions. Additionally, under the Corporate Governance Code the Board must consider the interests of the company's stakeholders.

On pages 26–28, further detail is provided on our key stakeholder groups and how each of them is considered as part of key decisions, along with an insight into how the Board engages with each group.

The purpose of this statement is to demonstrate how those matters are taken into account in decisions made by the Board.

The Board's decision making process is illustrated by the graphic below. The Directors receive training on their duties, including Section 172 and the requirement to consider all factors when making key decisions. Board papers also include a dedicated section setting out how each factor has been considered in the proposal. The Board delegates some of its decision making to the Executive team and individual business unit executive teams through a clear Statement of Authorities policy. Therefore, significant papers presented to these groups will also include reference to Section 172 to ensure that delegated decision making still meets the requirements and that the correct decision making principles are embedded across the business. Accordingly, the examples in this statement include decisions made directly by the Board, and also decisions which have been delegated to others within the business along with the requirement to consider the interests of all stakeholders in decision making.

On pages 30–31, three examples of Board decisions made during the past financial year are summarised, and the Section 172 matters most relevant to those decisions are highlighted. Some Board decisions may require consideration of a particular matter, or a particular stakeholder group, more than others, nonetheless each matter and stakeholder group is considered for each decision made.

The Executive team receives training on Section 172 and Directors' duties to ensure awareness of the Board's responsibilities →

Board information
- Board papers include a table setting out Section 172 factors and relevant information relating to them
- The Board regularly engages with key stakeholders

→ **Board strategic discussion**
- Section 172 factors are considered in the Board's discussions on strategy, including how they underpin long-term value creation
- The Executive team provides information on a timely basis and assurance where appropriate
- The Board ensures that Section 172 factors are taken into consideration in its decision making
- The Board gives due consideration to the potential impacts of its decisions on stakeholders and the wider environment

→ **Board decision**
- The Board is provided with updates and information on the outcomes of its decisions
- Actions are taken as a result of Board engagement and dialogue with key stakeholders

Section 172 statement continued

Stakeholder groups most impacted

Our consumers Our suppliers Our customers Our communities Our employees Our shareholders

New PET plastic line at Beckton

Context

In December 2021, the Board approved the investment in a new PET plastic line at our Beckton site in Great Britain.

Section 172 factors considered

Long-term consequences of the decision

The new PET line will contribute towards meeting our 2025 targets. The additional volume capacity will allow us to increase our share of the immediate consumption market in line with our long-term strategy. Manufacturing of small PET in-house is a strategic value driver and provides long-term supply resilience in a challenging external environment.

Interests of the company's employees

The new line will create additional jobs within the business to operate the line and opportunities for existing employees.

Impact on the community and the environment

While the addition of manufacturing capacity can have an adverse impact on the environment, care has been taken to minimise this throughout the process. The new production line will run at a higher capacity while maintaining a lower energy utilisation than current equipment at the Beckton site which highlights the environmental benefits of using modern equipment. The supplier of the equipment, Krones, is a close partner of Britvic which has sustainability at the heart of its business strategy, and has aligned its 2030 sustainability plans to reduce carbon and contribute to our science-based targets.

Share buyback programme

Context

In May 2022, along with our interim results, we announced that we would commence a £75 million share buyback programme, reflecting the strength in our balance sheet and the confidence in our growth strategy.

Section 172 factors considered

Long-term consequences of the decision

Our strategy for long-term sustainable growth is underpinned by the effective management and utilisation of cash. As both net debt and leverage continued to reduce, we had the option to return cash to shareholders. The share buyback programme balances this opportunity with the existing and planned investment back into the business and the need to ensure we meet our short and long-term profit targets.

Maintaining reputation for high standards of business conduct

The decision to launch the share buyback programme was taken after obtaining expert internal and external opinions on the most effective way to deploy cash, and following engagement with shareholders on the preferred approach. It was then clearly announced externally as part of our interim results. The ability to execute the programme is largely due to our continued focus on cash management, which has allowed us to pay down debt over the past few years, reducing the debt leverage in our business and strengthening our balance sheet.

Acting fairly between members

The ability of the business to manage its cash position in an effective way is clearly in the interests of all shareholders. The share buyback programme is in line with our strategy for long-term sustainable growth and delivering value for our shareholders, and the execution of this strategy will benefit all members. Shareholders who have sold shares since the programme commenced will have received a fair market rate, and remaining shareholders (including many Britvic employees) will now own shares which represent a larger percentage of the business.

Section 172 statement continued

Stakeholder groups most impacted continued

Our consumers Our suppliers Our customers Our communities Our employees Our shareholders

Working Well site renovations

Context

During 2021, we launched a dynamic working policy called Working Well. The aim of Working Well is to ensure Britvic has happy, healthy employees, thriving in a dynamic workplace. This year, and continuing into next year, a key part of the evolution of this journey has been the approval of funds to renovate working spaces across our sites both in Great Britain and other countries (see more on page 37).

Section 172 factors considered

Interests of the company's employees

The improved facilities will clearly benefit of our employees. They have improved the day-to-day experience of working at Britvic, and in doing so promote wellbeing, which is in line with our Healthier People, Healthier Planet goals.

Impact on the community and environment

The investment in our office facilities and sites has put in place the technology and workplaces required to enable hybrid working to be effective. Our office spaces are now focused around collaboration areas, which are linked to technology that enables online meetings. The ease with which employees can now communicate in different locations, whether at our offices, manufacturing sites or home, ensures that they can stay connected wherever they are, reducing the environmental impact of unnecessary travel. For our head office renovation, we also utilised recycled materials where possible and the environmental impact of the works was at the centre of the plans.

Fostering relationships with suppliers and customers

The upgraded offices are also useful collaboration spaces for our customers and suppliers. Since our head offices re-opened in December 2021, numerous customer events and meetings have taken place. The improved facilities across all sites will enable us to foster our relationships with key suppliers and customers who visit our sites regularly.

Sustainable business

Our approach to sustainability

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

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

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

24
calories per serve†
Average calories per serve per 250ml

482
community days
Achieving our 2025 goal three years early

5%
annual reduction in Scope 1 and 2 market-based carbon emissions
Since 2017, our Scope 1 and 2 market-based emissions have reduced by 34%

Sustainable business continued

Summary of performance

Healthier People

Focus area	Sustainable Development Goals	2025 targets	Progress to 2025 goals
Give consumers healthier choices to enjoy everyday moments	3	<30 calories per 250ml serve*	Read more on page 34
Make a meaningful contribution to the communities in which we operate	11, 17	Double employee community days (vs 2020 baseline)	Read more on page 35
Our employees are empowered to be their best selves to deliver great performance	4, 5, 8, 10, 17	85 employee engagement score (vs 2020 baseline)	Read more on page 37
Our employees feel physically and psychologically well	3	> 80 employee wellbeing score (vs 2020 baseline)	Read more on page 36
Healthier Planet			
Create a world where great packaging never becomes waste	9, 11, 12, 13, 14, 15, 17	Reduce packaging per serve by 20% (vs 2020 baseline)** Packaging 100% recyclable in Great Britain All bottles in Great Britain and Ireland to be made from 100% rPET and/or sustainably sourced PET	Read more on page 45
Understand the environmental (water and biodiversity) and social footprint of our supply chain and drive efficient use of natural resources	6, 9, 12, 13, 14, 15, 17	Reduce manufacturing water intensity ratio (m^3/tonne production) by 20% (vs. 2020 baseline)***	Read more on page 47
Transition to a net zero economy by maximising energy efficiency and using renewable energy sources	9, 11, 12, 13, 15, 17	Reduce Scope 1 and 2 carbon emissions by 50% by 2025 (vs 2017 baseline) Reduce Scope 3 carbon emissions by 35% by 2025 (vs 2017 baseline)	Read more on page 49
Indirect contribution Sustainable Development Goals:	1, 2, 7, 16	The UN's goals of no poverty, zero hunger, clean and affordable energy, and peace, justice and strong institutions are not directly influenced by Britvic's business. As such, we have not set specific 2025 targets for these indirect goals.	

* We continue to reduce the calories per serve across our portfolio. While our current average is well below our 2025 goal of <30 calories per serve, the stated goal reflects an expectation that we will see faster volume growth in markets where products tend to have higher average calories per serve.

** 2025 target date removed to ensure that reductions made are carefully balanced with our other packaging and sustainability targets to drive improvement in our overall environmental performance.

*** Restatement of target following restatement of water usage at our French manufacturing site.

sdgs.un.org/goals

Healthier People

Healthier consumer choices

Overview

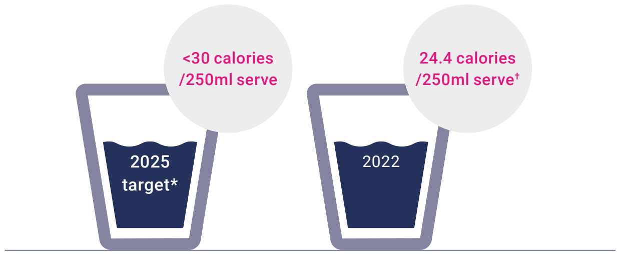
Our Healthier People, Healthier Planet strategy aims to help our consumers make healthier choices and live healthier lives.

As a leading soft drinks business this is reflected in the products we sell and how we market them. We don't believe in taking away choice or telling consumers what to do - we believe in offering a wide range of soft drinks to best suit consumers' needs and taste preferences, while at the same time offering added health benefits.

With no compromise on taste or quality we are committed to reducing calories across our portfolio through reformulation and innovation. We believe we can offer products that go beyond calorie reduction and have the potential to improve people's health more holistically.

Calories per serve

During the year average calories per serve have remained relatively flat. We have seen increased sales of higher calorie products in France and Brazil via our Teisseire, Moulin de Valdonne and Pressade brands as well as the launch of the new Puro Coco brand. These increases have largely been offset by growth across lower calorie products such as Pepsi MAX and 7UP Free as well as reformulation projects and low calorie product launches.



* We continue to reduce the calories per serve across our portfolio. While our current average is well below our 2025 goal of <30 calories per serve, the stated goal reflects an expectation that we will see faster volume growth in markets where products tend to have higher average calories per serve.

In Brazil we have continued to reduce the sugar levels of our products in line with increasing legislation, which requires additional labelling if products contain over 7.5g of added sugar per 100ml. During the year particular focus was on Fruit Shoot, which now meets these requirements. We have reformulated our Club brand in Ireland, where we have reduced the sugar content of our Rock Shandy and Club Lemon products, while in Great Britain our Rockstar Energy brand has been reformulated across the core range.

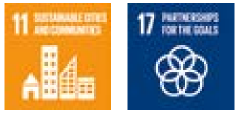
New product launches such as Tango Berry Peachy Sugar Free, Tango Apple Sugar Free and Teisseire Fruits à diluer have ensured we continue to offer great tasting lower calorie alternatives to our consumers. In 2022, 80.3% of all global volume (as consumed) were low or no calorie drinks† and in Great Britain and Ireland it was 89.6% while 96% of our innovation was low or no calorie drinks. With HFSS regulation on the horizon in England we expect 87% of our products sold in our British market to be compliant by the end of calendar year 2022.

Reducing calories in our products is not the only way we help people to enjoy healthier everyday moments. We can improve people's health more holistically by offering products that have wider benefits to those who drink them.

Added vitamins provide a simple way for people to improve their health as part of their everyday lives. We have continued to expand our offering here and have fortified both our MiWadi Single and Double Concentrate ranges and our Robinsons Fruit & Barley range with added vitamins. Following trials last year we have seen further roll out of our Robinsons Benefit Drops range. Vitality with added vitamin B3, Immunity with added vitamin C, Boost with added vitamin B6, and Focus with added vitamin B3 and zinc, provide convenient and tasty ways to gain additional vitamins while on the move.

Consumers are also looking for products that are natural and have no additives. Our Plenish brand helps meet this need and has launched Rise, a further addition to its cold-pressed juices range containing pineapple and pear with spinach, cucumber and a zing of lime. In France, natural remains a key driver for purchase and we have expanded our Pressade Bio range to include no added sugar lines to meet the growing market health trends.

Sustainable business continued
Healthier People continued
Sustainable communities



Overview
We recognise the importance of making a meaningful contribution to our communities. Across our markets we have a variety of programmes and charities that focus on making a difference and giving back. Employee involvement is encouraged and offers an opportunity for people to take pride in the positive impact they and Britvic can make.

Across our British and Irish businesses we offer community volunteering days to employees. Our target is 326 days being used by 2025. This year we recorded 482 days versus 256 last year an increase of 88% achieving our 2025 goal three years early. Volunteering has included tree planting with The Rivers Trust and working in a Barnardo's online hub near our Rugby factory.

As part of our ambition to support employment for vulnerable people we pledged help to Only A Pavement Away, a charity offering training and employment opportunities to people facing homelessness. We have agreed to provide soft drinks to their training cafés, where individuals who want to rebuild their lives can receive on-the-job training and valuable work experience.

In Ireland we continue our MiWadi Trick or Treat for Temple Street campaign encouraging people to host Halloween parties to raise money for the Children's Health Foundation, raising €3.2 million since 2012 for children's health. A further €3,500 was raised for Women's Aid, an organisation that keeps women and children safe from domestic violence, as our B-Empowered network organised 5km runs in Belfast, Dublin and Newcastle West.

We continue our monthly juice donations to local communities in Brazil with product being supplied to Mesa Brasil, the largest food bank network in Latin America as well as a local cancer hospital in Uberlândia near our Araguari factory. Volunteering has helped clean the environment with employees removing litter from the Jaguaribe River and Ceará beaches close to our Aracati site.

In France we remain committed to partnering with Appretis D'Auteuil who offer support, training and learning opportunities to young vulnerable people. Alongside this we have worked with Restos du Cœur de l'Isère providing monthly syrup donations tackling hunger and reducing food waste.

Giving back to our communities
Community days at Britvic give employees the opportunity to give back to society through volunteering.

This year, Deep Athwal, Legal Counsel and B-Diverse Steering Committee member, used one of her community days to support her local Gurdwara — a place of Sikh worship — on Vaisakhi.

Vaisakhi is one of the most important dates in the Sikh calendar that celebrates the founding of the Sikh community and is therefore incredibly busy for the Gurdwara. Deep and other volunteers from her community came together to support the community kitchen – from washing dishes, to serving food and topping up the Robinsons squash.

As well as using a community day to offer a helping hand – Deep also shared a drinks donation, which is available to all employees, with the community kitchen for all to enjoy.

Deep said: "I knew it was going to be one of the busiest days in the Gurdwara, a lot of support would be required from volunteers in the community kitchen, which serves vegetarian meals to all free of charge, regardless of religion, caste, gender, economic status, or ethnicity. People sit on the floor and eat together, and the kitchen is maintained and serviced by community volunteers. I had the opportunity to support in the community kitchen throughout the day, from washing dishes, to serving food and topping up the Robinsons squash!"

Support for Ukraine
Following the Russian invasion of Ukraine, we took swift action to suspend sales in Russia. Since then, Britvic employees have been using volunteering days, making donations and fundraising to help those affected.

A careers support day for Ukrainian refugees was held at our head office. Thirty volunteers provided support and assistance to 50 Ukrainian refugees seeking advice on finding work and starting a new life in the UK. Expertise on job hunting, interviews, LinkedIn and CV writing was provided while laptops were given to all, to support their future job searches.

Briege Leahy, CEO at the Hertfordshire Chamber of Commerce, said: "So many people have had to leave behind their family and friends, their homes and jobs, to escape the shocking Russian attacks. They deserve all our help to be able to find work to have some normality in their lives. It was wonderful to see one of the Chamber's patrons leading the way with this pioneering community event and I hope those who attended found it useful and will be able to find jobs."

Warehouses in Norfolk were used free of charge to coordinate collections destined for the Ukrainian border. Products were also supplied to The White Eagle Club's Polish operation in London as it ran convoys across Europe, and we have made a corporate donation to help support the Red Cross in its humanitarian efforts. In France, Pressade and Fruit Shoot were donated in collaboration with the NGO Solidarités International and its Trucks for Ukraine operation.

Sustainable business continued
Healthier People continued

Health, wellness and wellbeing

Overview
Britvic's employees are critical to the company's success and the Board believes their hard work and dedication should be recognised and rewarded in a fair and consistent way, in accordance with the company's values. The Board reviewed the approach to investing in and rewarding the workforce during the year. In Britvic's local markets, the company provides a package of relevant benefits focused on employee health and wellbeing. In addition, employees are eligible to receive a bonus, typically linked to financial performance, as well as their individual performance. Further information on employees can be found on pages 37—39 and in the Directors' remuneration report on page 105.

We recognise that when employees are healthy, well and safe they can reach their maximum potential. Supporting our workforce to achieve this goal is of paramount importance to Britvic.

Our approach to health in the workplace recognises that it is a complex blend of physical, psychological and social factors. We offer a variety of programmes that support employee wellbeing and encourage healthier lifestyle choices for all of life's everyday moments.

Employee wellbeing*

2025 goal	>80
2022	72

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

Mental wellbeing
Across Great Britain and Ireland wellbeing roadshows have begun to help employees better understand their own mental health and the tools available to them when needed. To date, roadshows have taken place at our Beckton and Leeds sites. These included sessions hosted by our wellbeing warriors and mental health first aiders as well as external partners such as Andy's Man Club. Roadshows will continue next year and visit all sites.

Wellbeing prayer rooms have been opened at our Beckton, Solihull and Hemel Hempstead sites to provide areas of sanctuary for those wanting to practise mindfulness or their religious beliefs.

"At Britvic there are some great in-person and online resources to help this become a reality — but we don't all see and hear about them every day. These wellbeing roadshows are a great opportunity for our colleagues to meet our various network groups and benefit providers and get answers to any questions they may have about the important work they do and the help and support they can offer."

Nigel Paine
Supply Chain and Operations Director

Following successful launches elsewhere, myLife was launched in France. This digital application is an assistance programme that enables employees and their dependants to find additional advice on how to deal with complex work, health, or life situations. It is confidential and offers tailored support in case of need with an experienced advisor available 24/7.

Physical wellbeing
In Brazil, increasing physical activity has been encouraged through a run and ride challenge. Employees record their activity to earn points, which can be exchanged for gifts. Similarly, a steps challenge took place in Ireland for a month with more than 60 employees taking part and over 17.5 million steps being recorded.

Looking after the physical wellbeing of our supply chain employees during this year's extreme temperatures in Europe, as a result of climate change, has been a priority. Adapting shift patterns, and offering increased breaks and additional hydration provided much needed relief.

Health and safety
2022 has been a challenging year for our health and safety performance, especially in our supply chain. The pandemic and the changing world economic situation have tested our resilience and that of our people. Throughout, continuous improvement and driving the zero harm agenda have remained a priority.

Our 2022 accident frequency rate is 1.48 against a target of 0.98. While above target and an increase on last year, we have seen encouraging signs of positive employee behaviour around engagement with health and safety. 10% more hazards were reported year on year and a 58% increase in behavioural safety observations took place. We also recorded 5% fewer non-Britvic employee incidents and have seen the continuous improvement measures we have put in place reduce the severity of the injuries reported in our British supply chain. Additionally, over 300 British supply chain employees participated in over 40 separate safety focus conversations with outputs used to further inform local safety improvement activities and drive positive engagement around health and safety.

Compliance with our internal and external standards remains a vital focus and globally we have commissioned a regulatory compliance tool with dual language legal registers to provide greater connection and compliance visibility. Additionally, in France we completed an ISO 45001 gap assessment and, along with Brazil, this tool is actively supporting the journey towards full certification.

Sustainable business continued
Healthier People continued

Employee belonging

Overview
Just as our drinks enable people to enjoy life's everyday moments, we offer our employees the opportunity to grow and to thrive at Britvic every single day. We are a people organisation, where relationships matter, and everyone feels they can belong. We are proud of our kind and caring culture, and we go out of our way to cultivate the conditions for every employee to do their best work and be their true selves at work. Very often people choose to stay at Britvic for many years, or to rejoin the company even after they've moved on. Frankly, we aren't surprised. There's something very special about Britvic, one team, one purpose and one vision – with big performance and growth ambitions, and an even bigger heart.

Belonging

2025 goal	83
2022	76

Engagement

2025 goal	85
2022	77

To keep us true to our word, since we recast our strategy in 2020, we regularly take the pulse of the organisation through our Employee Heartbeat survey, to measure belonging and engagement, as well as a host of other factors that help us better understand how our employees are feeling. In terms of belonging, we currently have a score of 76, based on responses to the statement: 'I feel a sense of belonging at Britvic'.

Separately, we measure engagement in numerical terms against a range, as well as offering employees the chance to share their thoughts verbatim, in answer to two inputs: the extent to which they are happy working at Britvic and how willing they would be to recommend Britvic as a great place to work. This year our engagement score is 77. Both our belonging and engagement measures are above the global benchmark for consumer companies and also for manufacturing organisations. However, they are not yet as high as we would like them to be, and both have dipped very slightly when compared against our November 2020 baseline. Both are key focus areas for the company going forward – as we understand how critical these components are to the employee experience, especially in these turbulent, post-pandemic times.

Underpinning both employee engagement and belonging sits growth and development. All our permanent employees have regular performance reviews in support of business performance goals and aligned to their individual career development goals. We encourage continuous coaching and development conversations throughout the year. This is supplemented by a suite of online learning tools, on the job training and training provided by external suppliers where and when necessary. More broadly, we each have the tools, agency and support we need to push ourselves to be the best we can possibly be – facilitated by our dynamic ways of working.

Working Well
Our high-performance credo is supported by our dynamic ways of working programme – Working Well. While we always try to accommodate off-site focused working, where and when our work allows, we enjoy coming together to collaborate, connect and socialise. To ensure our places and premises remain future fit, this year we have been gradually renovating and rejuvenating our offices and supply chain sites. We started with redesigning our Brazil and British offices to accommodate hybrid working, while improving on-site technology, facilities and branding. We have also started to upgrade facilities and the look and feel of our estate in Beckton, Leeds, Rugby and Kylemore. In time, this component of our Working Well programme will apply to each of our buildings and premises.

2025 goals	2020 baseline
Gender balanced leadership	40% women in leadership
Increase our Back, Asian and ethnically diverse leadership to 10%*	Black, Asian and ethnically diverse leadership 3%*
Belonging at Britvic > 83**	Belonging at Britvic 77**
Employee engagement of > 85**	Employee engagement of 79**

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

Belonging at Britvic

Our employee-led diversity and inclusion action groups 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.

B-Diverse promotes increased racial, ethnic and cultural diversity in the business and supports Black, Asian and ethnically diverse employees in bringing their true selves to work.

B-Empowered champions gender equality. It supports the attraction, development and retention of great female talent.

B-Proud connects and supports LGBTQ+ colleagues and straight allies.

B-Seen is passionate about Britvic attracting, retaining and championing employees with disabilities and diverse abilities.

Sustainable business continued
Healthier People continued

Supported internships

In partnership with Solihull College & University, we launched our supported internships scheme that offers employment experience to students with disabilities and special educational needs – helping them build the skills and confidence they need to thrive in the workplace.

Pioneered by the College and B-Seen, Britvic's employee network for disability and diverse ability, the first year saw three students with special educational needs including autism, selective mutism and ADHD complete the programme and progress to employment or further studies.

The programme, which has been nominated for a Food and Drink Federation award, is designed to place students with local employers where they can receive training and learn about the world of work. Following a successful first year, both organisations are gearing up to welcome the second cohort in October 2022.

We're also supporting people with special educational needs and disabilities in Ireland. As part of Business in the Community Ireland's Elevate Pledge we've teamed up with the charity KARE to provide opportunities to people with diverse abilities.

Disability, diverse ability and generation

As a member of international disability inclusion campaign, The Valuable 500, Britvic continues to empower employees with disabilities and diverse abilities, and this year joined the Business Disability Forum to gain further support for its ambitions.

As part of our head office redevelopment through our Working Well programme, rooms were designed with the input of members of B-Seen. When designing these rooms, the colour palette, lighting and acoustics were all taken into consideration – resulting in work environments with soundproofing, softer lighting and muted colours to ensure neurodiverse colleagues can thrive.

We continued to work with Solihull College in England and the charity KARE in Ireland to foster inclusive workplaces with educational and employment opportunities for all (see opposite).

In France, Britvic continues in its work to recruit and support colleagues with disabilities, having partnered with a variety of organisations since 2005. Working with Exéco, an association helping companies with their disability policy, our historical partner, Cap Emploi, and specialised recruitment agencies to increase disabled talent in the workforce.

Looking beyond our own workforce, fundamental to the continued success of our business, is the accessibility of our products. This year Britvic's research and development team, in partnership with Sheffield Hallam University, completed the first stage of a world first study on inclusive packaging.

This combines analysis, consumer insights and a specially trained sensory panel, to identify how to make packaging that is easy to open for consumers of all ages with a range of hand size, dexterity and grip strength – unlocking considerable benefits not just for disabled people but for an ageing population (see page 39).

LGBTQ+ inclusion

This year we've seen support for the LGBTQ+ community across different teams and territories – with brands playing a greater role than ever before.

In Ireland, Ballygowan Mineral Water has been a part of Limerick's history since the 1980s. It's a brand that's passionate about its community and this year it was a proud sponsor of Limerick Pride – with employees showing up to support the event and provide hydration to people taking part in the parade.

In Amsterdam, following celebrations at the Amsterdam Pride canal parade, employees chose to use their community days to help clear litter from the waterways – perfectly encapsulating our Healthier People, Healthier Planet approach.

In England, Robinsons offered a 15p donation to LGBTQ+ charities for bottles of Robinsons Fruit Creations Orange & Mango and Lemon & Raspberry sold in Sainsbury's. Funds were split between two charities – Sparkles and akt (formerly the Albert Kennedy Trust) – money that will help support the trans community in its battle against prejudice and guard against the homelessness of young LGBTQ+ people.

For employees in Britain and Ireland, B-Proud held a panel discussion featuring a number of speakers including intersex human rights activist Anick Soni, where everyone could learn more about identity.

This year, the work of B-Proud has been recognised outside of the company – being shortlisted in the best network group category at the Inclusive Company Awards.

Sustainable business continued
Healthier People continued

Inclusive packaging

Before our drinks are manufactured, shipped and sold on shelves, our consumer and sensory science experts analyse the taste and smell of our products.

This year, the team joined forces with Sheffield Hallam University in a ground-breaking world first, to fully test the accessibility of our product packaging.

With consumers living healthier and longer lives, packaged goods need to adapt to the needs of consumers of all ages and abilities. Addressing this, the team developed a set of tests to evaluate the ease of opening packaging, that allows us to compare all stages of the opening process.

Using our sensory panel's knowledge and insightful feedback, the study was conducted over a series of key learning stages that looked at:

- The different bottle opening mechanisms in the market.
- All aspects of wider packaging structure and functionality.
- The extent openability influences the user experience.

These insights allow us to better understand our consumers and how we can help ensure more people enjoy life's everyday moments.

Gender balance

Britvic is committed to achieving gender balance in leadership by 2025 and this year achieved 40% women in leadership globally† (see our inclusivity pay gap reporting on page 40). As part of continued efforts to achieve our goal, this year CFO Joanne Wilson launched Britvic's female mentorship programme to accelerate female talent – Fizz (see page 7).

Our employee network, B-Empowered, led a global celebration for International Women's Day with more than 200 employees attending – showing the importance of gender equality to our business and allowing us to celebrate globally and shine a spotlight on some of the great female talent.

Race, ethnicity and culture

In Britain, Britvic is a member of the Incorporated Society of British Advertisers (ISBA), the industry body that represents brand owners' advertising in the UK. The aim of ISBA is to create an advertising environment that is transparent, responsible, and accountable – essentially one that can be trusted by the public, as well as by the industry and those who regulate it. This year, IBSA launched a new accreditation initiative – All In Champion – to recognise companies who actively embrace equity, diversity and inclusion in their advertising. We were very proud to have been awarded this status in August, and we fully intend to maintain this important accreditation.

We're also proud to support Black Representation in Marketing (BRiM) – the most comprehensive programme yet to accelerate change and improve the inclusion and development of Black talent in our industry. Aligning ourselves with many other UK advertisers, agencies, media owners to incorporate the BRiM Framework into our ways of working has ensured that we have Black representation in our organisation, who we work with, in our marketing and where our communications are seen will create meaningful change.

To increase diverse representation within our workforce we are also proud to be one of the first hundred companies to sign the CBI's Change the Race Ratio pledge – committing us to publish annual ethnicity pay gap reporting (see page 41).

For current employees, we realised in the approach to Ramadan this year that not all people managers were sufficiently aware of the importance of the festival to Muslims.

So, rather than simply recognise the event, we created an awareness and education toolkit for managers to help them better support employees fasting. This gap was not ideal. However, the company is grateful to the B-Diverse employee network group for identifying it and bringing it to our attention – not only so we could act quickly, but also so we can continue to improve awareness and understanding of cultural diversity more broadly.

As Ramadan came to an end, B-Diverse volunteer put together celebration packs filled with chocolates, balloons and Eid Mubarak cards for all sites across Britain and Ireland so colleagues could celebrate together.

Inclusion pay gap report

“I firmly believe that transparency across our gender and ethnicity pay gaps are critical to any firm’s inclusion and diversity agenda, helping track and measure progress and ensure equitable treatment for all our employees. I am proud that this year we have both the quality of data and confidence in our agenda to be able to voluntarily report our ethnicity pay gap for the first time.”

Elly Tomlins
Chief People Officer

We are pleased to share our gender and ethnicity pay gap for our employees in Great Britain. This enables us to identify actions to support progression and increase the representation of these important stakeholder groups at Britvic.

Context

it is important for us to understand the pay gaps for both gender and ethnicity so we are open and transparent with our colleagues and network groups. These reports give us the information we need to inform our initiatives and actions to help the organisation become more inclusive and diverse.

We are aware of our legal obligations and commitment within Great Britain to produce gender pay gap information for the 1,812 staff who were employed by Britvic on 5 April 2022. We have actively been focusing on initiatives to close this gap. An example of this is the launch of our dedicated female leadership programme which aims to build capability and increase our future pipeline of female talent (see page 7).

This year we have voluntarily expanded this section to include the ethnicity pay gap for our workforce in Great Britain. With 99% of employees in Britain declaring their ethnicity, this gives us a strong foundation for our reporting. Our B-Diverse group, representing the ethnically diverse community, has been actively championing the need for the company to be more transparent in this area. The group works closely with leadership in a mutually supportive way. As part of this collaboration, we have signed up to the CBI’s Change the Race Ratio pledge to formalise our intentions. Our Change the Race Ratio commitments are listed opposite.

The pay gaps show the difference between the average earnings of men and women across the business regardless of the nature of their work as well as the split between white and ethnically diverse employees.

While expanding the reporting to include ethnicity there is also a focus within the organisation on other diverse groups, including the LGBTQ+ community and people with disabilities and diverse abilities. For further details see page 38.

Difference between mean and median

We look at both the mean (average) and the median (middle) for pay gap reporting.

The mean gap is the difference in average hourly pay (adding all pay rates together and dividing by the total number of people).

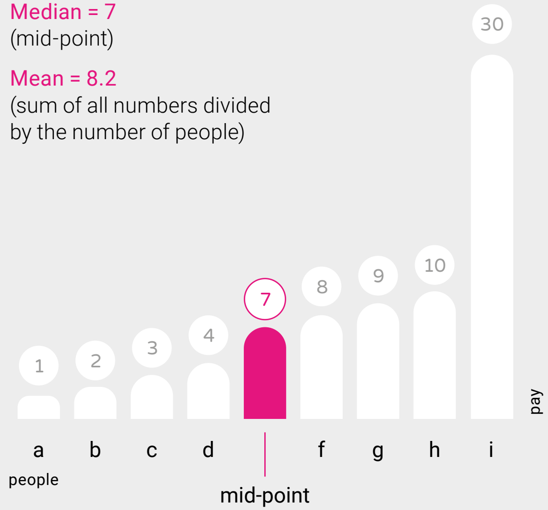
The median pay gap for gender is the difference in hourly pay between the middle paid (the person at the mid-point if you were to line all employees up from low to high) female employee and middle paid male employee.

The median pay gap for ethnicity is the difference in hourly pay between the middle paid white employee and middle paid ethnic employee.

An example of how it works

Median = 7
(mid-point)

Mean = 8.2
(sum of all numbers divided by the number of people)



While both figures are valid measures of central tendency, the median is a better measure to consider when the data being examined is not evenly distributed. Unlike the mean it is not influenced by the outliers at the top and bottom of the distribution.

Change the Race Ratio

Commitments to change:

Ethnically diverse representation in leadership roles is a priority for regulators, investors, consumers and employees. We need to pick up the pace of progress and turn intent into action and change, which is why, in December 2021, we were one of the first 100 companies in the UK to sign up to become a signatory of the CBI's Change the Race Ratio.

Increasing representation

We believe in the value of challenging targets to create focus and measure progress. Our commitments as signatories of the pledge are to:

- Increase racial and ethnic diversity among Board members, with at least one racially diverse Board member by 2024.
- Increase racial and ethnic diversity in senior leadership, with 10% of senior leadership roles held by Black, Asian and ethnically diverse employees in Great Britain and Ireland by 2025.
- Improve transparency through ethnicity pay gap reporting.
- Create an inclusive culture in which talent from all diversities can thrive.

Transparency

We will be transparent about our progress against these targets, providing updates to our employee network groups, in this report and on our website.

Culture

We want everyone to feel that they belong and that the company is inclusive of all its employees. This means allowing ideas to be shared, celebrating our differences and similarities and empowering talent from all diversities to thrive.

Actions this year:

The actions we have taken towards our commitments are shown opposite.

Tackling unconscious bias

- Launching an unconscious bias training course for all employees, with a dedicated module for line managers.
- Continuously tracked and monitored completion of this course to ensure we achieve a high level of participation.
- Introducing a module on unconscious bias awareness within our recruitment process. This educates managers who are hiring on the various different biases that can occur when recruiting talent into the business.

Diversifying recruitment

- Mixed gender shortlists for all new hire candidate lists where possible
- Stipulating all hiring managers complete a mandatory training module on unconscious bias in recruitment before they can post any roles.
- Working alongside diverse partners such as Inclusive Companies and DIAL Global to attract more diverse talent to the business.
- Creating and publishing videos documenting the experiences of diverse Britvic employees and what how they feel working at Britvic.

Increasing education

- Rolling out education and awareness on topics related to ethnically diverse groups. This includes Black History Month, Diwali and many more.
- Running panel discussions on the topic of ethnic diversity and how our employees can create a culture of inclusion.
- Rolling out line manager guidance on supporting employees from ethnically diverse backgrounds.
- Starting to introduce prayer rooms across some of our sites to enable employees to have the space to practise their religious beliefs while at work.

Supporting early careers

- Developing our graduate and apprenticeship programmes to ensure new hires come from more diverse backgrounds.
- Working with the Science Museum in London to create video content to encourage young people to become lab technicians.
- Attending panel discussions aimed at school leavers and university students from ethnically diverse groups.

Sustainable business continued
Healthier People continued

What we have achieved

Gender pay

Since 2018 we have increased our female representation at a leadership level from 33% to 40%† in 2022 and we have an aspiration to achieve equality between men and women by 2025 with a 50/50 split among our leaders.

We have been actively working with our recruitment team and hiring managers so that where possible we have mixed gender shortlists. This has been aided by the capability building introduced in 2021 for hiring managers to ensure that they were fully aware of unconscious bias and the impact this can have during the recruitment process.

We have also introduced our new female leadership development programme called Fizz that builds capability for our existing female leaders as well as our future female leaders. This will enable us to move towards our 50% target by 2025.

Ethnicity pay

As part of our drive to increase our ethnic diversity we have made a conscious effort to focus on our leaders within the business and set ourselves a target of 10% ethnically diverse leaders in the business across Great Britain and Ireland by 2025.

Since 2018 we have progressed from 2% ethnically diverse representation in leadership to 5%† in 2022. We have signed up to the Change the Race Ratio pledge to help focus us on reaching 10% by 2025. We have also adopted the Black Representation in Marketing framework across the business to ensure that this diversity is mirrored in our suppliers, our agencies and across our marketing.

We have launched a new development programme called Accelerate. This supports our leaders in being the best managers they can be and gives them the tools to help them develop their teams - another example of our Healthier People agenda in action.

It is key that we have accurate data and a good representation of how diverse our business is. Therefore, during 2022 we embarked on a project to encourage all of our employees in Great Britain to complete their diversity inclusion data on the system. This included them declaring their ethnicity as well as other facets such as religion and sexual orientation.

To date 99% of the British business have voluntarily declared their ethnicity, which means we have a true reflection of our employees and are able to understand the reason behind the ethnicity pay gap.

As part of our annual process to review talent, pay progression and performance we have now introduced the lens of diversity across four key areas: gender, Black, Asian and ethnically diverse, disability, and LGBTQ+. This ensures that we are removing any bias from our existing processes and that we can achieve our 2025 aspirations.

Our findings

Representation

We lack ethnically diverse representation – particularly at higher levels in the organisation, with only 10% representation in the upper pay quartile compared to 20% in the lower quartile.

Promotions

When promoting employees within the business it is common for them to come in at the entry salary level for that particular role. We have made progress in promoting more ethnically diverse talent, however the tenure of our ethnically diverse talent is shorter. Therefore, when they are compared against employees who have been in the role for a significant amount there is a gap to address.

Unique roles

Roles at a more senior level can vary across specialism. As a result of the difference in the type of role and even the areas of the business, there may be a differences in the salary range.

Environmental context

At Britvic a large proportion of our workforce sits within supply chain and manufacturing, which is typically male dominated and in the lower level paid roles. This will therefore be reflected within the inclusion pay gap data.

What's next?

- We are constantly evolving our current attraction and retention strategy, particularly within our senior manager population where representation is at its lowest. We will be looking at updating our existing career site to make it more attractive and inclusive to all facets of diversity. We will be monitoring and measuring the lifecycle of our recruitment process as well as our internal promotions process to understand the barriers and put actions in place to remove these.
- Our B-Empowered network group, represents the attraction, retention and development of great female talent, will help us raise awareness and educate as well as promote role models within the business. This will enable us to build a secure pipeline of female leaders for the future, moving us further towards our 2025 goal of gender balanced leadership.
- Our B-Diverse network, which represents our ethnically diverse employees, is key to us raising awareness and education across the business in pursuit of achieving our goals in 2023 and beyond.

Sustainable business continued
Healthier People continued

Britvic's pay gap in Britain as at 5 April 2022

This is measured 5 April 2022 in line with government guidance to allow comparison between companies.

1,812
Total employees

31.1%
Female

68.9%
Male

-14.9%
Median gender pay gap

-1.1%
Mean gender pay gap

16.5%
Ethnically diverse*

83.5%
White

14.5%
Median ethnicity pay gap

13.8%
Mean ethnicity pay gap

* We define an employee who does not identify as white as ethnically diverse. This does not include employees who haven't declared their ethnicity or prefer not to say.

Pay quartile gender split (%)

Quartile	Female	Male
Upper quartile	30.7%	69.3%
Upper middle quartile	36.2%	63.8%
Lower middle quartile	24.8%	75.2%
Lower quartile	28.3%	71.7%

During the year a bonus was paid to

85.1%
of females

89.7%
of males

Difference in bonus payments between genders

-32.5%
Median

16.1%
Mean

Sustainable business continued
Healthier People continued

Gender pay gap

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.

Our gender pay gap is skewed towards women which means that the average earnings of women are higher than men. Britvic has a -14.9% median pay difference against the UK average of 15.4% median. The primary driver of this is the structure of our workforce which, in line with the industry we operate in, is weighted towards manufacturing and distribution operations, where the balance of the workforce is predominantly male (70:30).

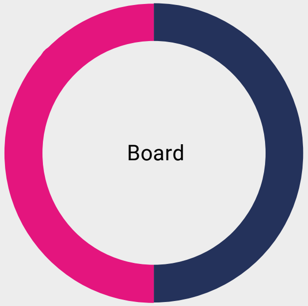
Ethnicity pay gap

2022 is the first year we have reported. We have over 99% ethnicity declaration by employees in Britain which allows us to provide an accurate gap. The main driver of our 14.5% median ethnicity pay gap in Britain is the lack of senior representation. This is a clear focus area going forward.

Label	Gender (Female)	Gender (Male)
Executive	25.0%	75.0%
Senior director	21.1%	78.9%
Director	29.2%	70.8%
Senior manager	40.6%	59.4%
Manager	40.1%	59.9%
Assistant	30.0%	70.0%
Administrator	25.8%	74.2%
Operative	13.2%	86.8%
Overall	31.1%	68.9%

Seniority

Gender diversity as 30 September 2022
Key roles globally



Male	50%	4
Female	50%	4

Male	73%	8
Female	27%	3

Male	60%	221
Female	40%	146

Male	71%	3,106
Female	29%	1,240

Healthier Planet

Reimagining packaging

Overview

We are taking proactive steps to reduce the environmental impact of plastic packaging, and think beyond plastic. With the growth in packaging has come an unintended consequence, packaging waste. More needs to be done about waste and, as an industry leader, we play a crucial role in addressing this issue. We are committed to finding packaging solutions as we aim to create a world where great packaging never becomes waste, and work towards creating a circular economy. We collaborate with our industry peers, government and waste management to improve infrastructure and systems to promote better material recovery, and as part of this we advocate for an industry run deposit return scheme (DRS).

Unfortunately, the global supply of high quality, food grade material has not kept pace with the significant increase in market demand for recycled PET (rPET), which has resulted in slower progress towards our 100% rPET ambition than we had hoped. The vast majority of our small and regular sized plastic bottles, now contain at least 30% recycled content, while our large (1.25 litres and above) bottles remain in virgin PET – though we continue to work with suppliers to include recycled content while also maintaining structural integrity and quality. Taken together, the total percentage of rPET in our bottles across our Great Britain and Ireland portfolio has fallen to 22%† from 29%. We are working hard to find the optimal solution, conscious of not wanting to increase logistics carbon emissions from importing recycled materials from further afield. As well as our desire to minimise environmental impact overall, we are also working to improve supply chain transparency to ensure the highest ethical standards are met, including the sourcing of recycled materials for packaging.

Overall though, we remain committed to increasing rPET content and/or sustainably sourced plastic content across all our packs and product ranges.

Improving the recyclability of packaging is key to ensuring it never becomes waste. 98%† of our packaging in Great Britain and Ireland is currently recyclable and we continue to make changes to make recycling easier for consumers. We have worked in partnership with our label supplier, CCL, to give all bottles Ecofloat sleeves. These separate from the bottle during the recycling process, improving the overall quality of recycled material produced.

In Brazil, we have partnered with eureciclo, Brazil's largest packaging reverse logistics certifier, to take direct action in the recycling process. The partnership aims to increase recycling rates as well as ensuring we meet our legal requirements to collect and recycle at least the equivalent of 22% of packaging that we place on the market. This year, we have recycled 4,570 tonnes of packaging which would have otherwise gone to waste.

Sustainable business continued
Healthier Planet continued

Reimagining packaging continued

We have continued to reduce packaging used to produce and deliver our products where possible. For instance, our Fruit Shoot bottles in France have been light-weighted by 7% while we have worked with Encirc, our glass bottle supplier, to trial replacing plastic pallet shrouds with recyclable straps and single-use cardboard interleaves with reusable alternatives.

Despite this, we recognise that we have not progressed towards our 20% reduction in packaging weight per serve target. After reviewing the target, we still fundamentally believe that reducing packaging is the right thing to do. However, the closure of workplaces and hospitality venues during the pandemic means that alternative pack solutions such as dispense have been slower to grow than initially planned, while conflicting sustainability issues can mean reducing packaging is not always possible. For instance, light-weighting plastic bottles can reduce the amount of usable recycled content while maintaining the structural integrity of the bottle, and moving to renewable materials such as cardboard can increase pack weight, carbon emissions and water usage in the value chain. We believe that reducing packaging per serve is the right ambition, and have decided to remove the deadline for this target to ensure that reductions in packaging weight per serve are carefully balanced as we work towards reducing our total environmental impact.

Deposit return scheme (DRS)

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

The UK's first DRS is set to launch in Scotland in August 2023, and as a founding member of Circularity Scotland, we are working closely with industry and government to ensure this launch is a success. We are also part of the development of the DRS set to follow soon after in Ireland.

Britvic remains committed to an industry-led, not for profit and Great Britain-wide DRS to increase recycling levels, improve recycling quality and quantity, and support the transition to a circular economy. We, and our industry peers, strongly encourage all governments across the country to work more closely, and at pace, to help us deliver these goals.

Raising a toast to sustainability

We recognise the importance of reducing the environmental impact of plastic packaging and becoming a key player in the circular economy. It is our intent that all our packaging is 100% recyclable and has prominent messages encouraging consumers to recycle.

Collaboration is key to achieving this, which is why we have partnered with Just Peel, a print and marketing agency specialising in the drinks trade, to provide 18 million packaging pieces of Pepsi cups, straws and lids for British and Irish customers on PepsiCo's behalf.

Previously, these items had a PET plastic or polyethylene coating which made them difficult to recycle. Moving to Just Peel, these items are now 100% plastic free and 100% recyclable and compostable. The paper is 100% Forest Stewardship certified and manufactured in the UK. Working with a UK-based small and medium-sized enterprise also means road miles and therefore our Scope 3 carbon emissions are reduced.

This collaboration has allowed us to reduce our own carbon footprint, as well as provide our customers and consumers with sustainable on-the-go packaging that can be recycled and reused.

Innovation on tap

A key tenet of our packaging transformation plan is to provide consumers and customers with solutions beyond the bottle when they are on the go, at work, and in bars and food outlets. Developing solutions that offer sustainable hydration to consumers while reducing plastic remains key to transforming our portfolio.

This year, we introduced the Aqua Libra Co Flavour Tap. Ideal for workplaces, hospitality and retail – the sleek tap uses state-of-the-art technology to dispense still, sparkling and flavoured water with zero calories and reduces packaging waste by 99%. Each tap comes with technology that learns from consumers in real time and adjusts the flavours offered to meet their palate.

Over the year, we've continued to drive installations of our London Essence Freshly Infused founts in hospitality venues across Great Britain – with over 1,000 taps now in place. As we look to increase the availability of Britvic products on dispense, we're trialling our Britvic Mixers range in a new dispense solution.

Transforming hydration at home, our French syrup brand, Teisseire, has added a new range to its portfolio in Belgium, exclusively for soda machines. With each 350ml bottle flavouring up to seven litres of sparkling water, the new range reduces the water and packaging transported on our roads – helping lower our carbon footprint. Water fountain company, Behring, is also trialling the use of Teisseire fruit concentrate in its water fountains.

Sustainable business continued
Healthier Planet continued

Sustainable supply chain
Overview
Tackling the climate crisis and championing good water and biodiversity stewardship are critical for the future of our planet and for Britvic. This involves responsible consumption of resources within our direct operations and working towards being net positive in all that we do. After all, it is not possible to have healthier people without a healthy climate and natural environment.

Water stewardship and biodiversity

Water is critical for the success and future of our business. From the water in our products to the irrigation of the crops our suppliers grow, we are committed to optimising every drop across our whole value chain. We remain focused on improving the water efficiency in our own sites and will partner with others to reduce our impact on our water catchments.

Water efficiency
Across our sites, water efficiency projects have been delivered to reduce the amount of water we use to produce our products. In doing so, our water ratio decreased slightly when compared with last year.

Although, this has not led to a significant decrease versus our 2020 baseline, we continue to actively develop plans and implement water efficiency projects to reduce our water usage and support meeting our 2025 target.

	2025 goal	2022	2021	2020
Water intensity ratio (m³/tonne of production) vs 2020 baseline	1.60 (a 20% reduction)	1.99†	2.05	2.01

Across all of our sites in Brazil the focus of initiatives has been capturing and reusing water that would otherwise go to waste. Water from pasteurisers, condensers and our effluent treatment plant has been targeted for capture and treatment. The water can be used for cooling or cleaning, or for on-site facilities such as toilets. Implementation of these projects along with those already in place now means that an estimated 31 million litres of water are recovered and reused annually.

In Great Britain and Ireland, in addition to water reuse projects, we have focused on reducing the amount of water used in our cleaning processes. Detailed analysis has enabled us to optimise the frequency and length of our cleaning cycles so that we use the least water we can while maintaining the quality requirements needed to make our products.

Water stewardship
Water stewardship goes beyond improving efficiency at our sites and requires us to assess, manage and reduce the impacts we are having on our local catchments and in our supply chain.

In Great Britain, we have continued our partnership with The Rivers Trust, working with it to improve the waterways close to our sites. This year we have run six volunteering events with over 125 staff taking part. One such event was at the River Roding near our Beckton site, where a team of employees worked with Thames 21 to improve natural habitats for native wildlife to thrive.

Beyond volunteering events, we have identified two larger projects with The Rivers Trust that we will be supporting with employee time and funding. Planning for a small wetland restoration in Chellow Dene, near our Leeds site, and a larger abstraction prevention project in Wanstead Park, close to our Beckton site, has kicked off with completion of projects expected over the coming years. Both projects will begin our journey to replenish the water we use in our operations.

We have also signed up to The Waste and Resources Action Programme (WRAP) water roadmap, joining 50 leading food and drink organisations looking to take collective action to directly address the climate risk and food security issues surrounding water stewardship. As part of this we are supporting a three-year water stewardship WRAP project in Spain for citrus fruit and juice. This is an important partnership project as we buy a significant amount of our citrus fruit and juice from this area. It aims to improve the water sustainability of the citrus juice supply chain by establishing water stewardship standards and best practice for areas at high risk from drought.

Biodiversity
Protecting biodiversity is fundamental to our business. Without bees there would be no fruit, and without fruit there would be no Robinsons, MiWadi, Maguary or Teisseire.

At our Newcastle West site, the home of Ballygowan Mineral Water, we have created a biodiversity roadmap. An ecological assessment showed the site is already a site of biodiversity interest, providing habitat for 266 species including newts, kestrels and otters, and there is potential to attract more local species over time. The biodiversity roadmap will generate action plans with the ultimate aim of attracting and protecting local flora and fauna while raising biodiversity awareness with employees. A first step of the roadmap is Britvic Ireland being accepted into the All-Ireland Pollinator Plan, which will involve the creation of habitats that will help bees thrive at our Newcastle West site.

Meanwhile in Brazil, the Floresta Britvic or Britvic Forest began to grow. Employees took part in a reforestation project, which planted 1,700 tree seedlings covering 2.5 acres in Astolfo Dutra, Minas Gerais. Each tree represents one Brazilian Britvic employee and is in an area located 5km from the company's factory in the region. The reforestation will continue to expand, aiming to mirror company growth over the coming years.

Sustainable business continued
Healthier Planet continued

Creating a sustainable supply chain

Overview

The impact we have on the environment and the communities in which we operate expands well beyond our operations. The ingredients and materials we source, how we service our customers, and how our products are delivered to the consumer all form part of our extended supply chain.

The global nature and scale of our supply chain make it essential that we develop strong and collaborative relationships with our suppliers and partners. By doing so, we can have greater confidence in the ethical and environmental practices across our entire supply chain and work together to reduce our collective impacts.

Working with sustainable suppliers

We have partnered with EcoVadis, a sustainability assessment platform, to assess the sustainability performance of our suppliers and drive continuous improvement. This year our procurement team introduced EcoVadis to its strategic supplier base, requiring it to subscribe to the platform and connect with Britvic. More than 80 strategic suppliers have completed this requirement, representing approximately 70% of spend and Scope 3 carbon emissions. This will enable more transparent conversations about progress towards our combined people and planet goals and identify areas for targeted improvement. In the coming year, we plan to roll EcoVadis out to a wider proportion of our supply base and make this a minimum requirement when working with us. Consistent with our expectations of suppliers, we have undertaken the same assessment and plans to work on our own improvement.

86.5%

of direct suppliers linked on Sedex

80

of our strategic suppliers have had their sustainability performance assessed via EcoVadis

Across Brazil, our specialist agronomist field team works with our local fruit growers to provide information, innovation and techniques to improve yields, fruit quality and sustainable practices. This year, working with fruit growers, we have increased the reuse of our industrial organic waste as compost and significantly reduced the use of pesticides since 2017 in the production of conventional acerola. Additionally, a feasibility study was conducted to understand the potential implementation of semi-mechanised acerola harvests.

Ethical sourcing

We are committed to sourcing the materials we need and the ingredients of our drinks in a responsible manner and continually strive for the highest ethical standards, holding our suppliers and partners to the same criteria. Our approach is guided by international conventions and standards, including the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. We extend our ethical sourcing policy to our suppliers and other trading partners, and compliance is monitored through our responsible sourcing programme. We are proud to confirm the percentage of direct suppliers linked to us on Sedex, the ethical supply chain data platform, was 86.5% across the Group, while 100% of our active suppliers identified as high risk have had Sedex Member Ethical Trade Audits (SMETA) carried out in 2022. Our own operations undergo SMETA (social) every three years. For transparency, these audit reports are published on the Sedex platform for our customers to view with whom we have been requested to link and share our data.

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

Zero waste to landfill

The world is using the planet's resources more quickly than they can naturally regenerate. As the world population grows, pressure on these resources will continue to increase, making it essential we use them more efficiently. We are committed to following the waste hierarchy principles, reducing waste at source, and maximising recycling and reuse.

In Ireland, potential waste has been put to good use by donating our short dated stock to Fareshare Northern Ireland which has helped provide over 13,000 meals.

By following these principles, we now recycle, reuse or compost 72% of all our waste and have once again achieved zero waste to landfill globally in our direct operations.

Sustainable business continued
Healthier Planet continued

Path to net zero

Overview

We have set ambitious targets accredited by the Science Based Targets initiative and are publicly committed to reducing Scope 1 and 2 market-based emissions by 50% and Scope 3 emissions by 35% by 2025, aligned to the 1.5°C pathway. Britvic will be net zero by 2050. We are fully committed to our science-based targets and we are exploring a range of opportunities to reduce our carbon emissions through three main activities: improving energy efficiency in our operations, utilising low carbon technology and energy sources, and working in partnership with our key suppliers to reduce carbon emissions in our supply chain.

Scope 1 and Scope 2 carbon intensity ratio (market-based, tCO_2e/thousand tonnes production)

Scope 1 and Scope 2 market-based emission (tCO_2e)*

* For full information see page 62

This year our Scope 1 and 2 market-based emissions have seen a 5% reduction when compared with last year. On-site initiatives to reduce energy usage as well as investment in low carbon technology have helped lower our Scope 1 and 2 market-based carbon manufacturing intensity ratio by 6%. Since 2017, our Scope 1 and 2 market-based emissions have reduced by 34%.

At our Aracati site in Brazil, we installed a new biomass boiler replacing a traditional gas boiler. This now means we have five biomass boilers at Brazilian sites and reduced absolute carbon emissions for Britvic Brazil by 46% versus last year and 77% since 2017.

Across our British sites we have seen six energy saving initiatives carried out. These have ranged from efficiency projects such as insulating pipework and efficient lighting systems, through to changes to operational processes and equipment. The Executive team has also recently approved an innovative solution to reduce carbon emissions at our Beckton site using a heat recovery system. This system will decarbonise 70% of the site's heat demand by shifting its heat source away from fossil fuels.

Challenging existing processes has provided carbon savings for our Ireland business. Traditionally Robinsons has been pasteurised, an energy intensive process, during manufacturing. Our Research & Development and quality teams worked in partnership to test and prove that pasteurisation was not required, with no impact on the quality, safety and taste of the product. We are exploring how we can replicate this learning elsewhere.

In France, we are one of 40 companies selected to become a partner of the Agence de l'Environnement et de la Maîtrise de l'Énergie (ADEME) and to benefit from free tailored support to decarbonise. This partnership provides an opportunity to further our thinking and reduce our natural gas and electricity consumption over the medium and long term.

Scope 3 emissions represent the largest part of our carbon footprint and therefore one of our biggest net zero challenges. Ingredients, packaging logistics, leased assets and capital goods remain our biggest hotspots.

A detailed roadmap has been developed by our British and Irish procurement team to deliver our 2025 Scope 3 goal. By engaging and working with suppliers we estimate an annualised reduction of 51,000 tCO_2e of Scope 3 carbon was achieved during the year.

To calculate this, we use an internal carbon calculator which is based on CO_2e conversion factors set by BEIS and a notional internal carbon price.

Moving to more local (UK and Europe) based supply chains, changing packs to contain recycled content and switching to more energy efficient ingredients contributed to this reduction. For example, a significant proportion of our sugar volume has moved away from sugar beet to sugar cane. Beet requires a significant amount of energy to process and when compared to sugar cane is more carbon intensive, even after the carbon emission impact of increased logistics. We are working with our suppliers towards sustainable certifications which aligns with our Healthier People, Healthier Planet goals.

Within our Great Britain and Ireland procurement team, more targeted training has been designed and delivered to upskill on carbon management. Procurement category managers have learnt how to measure the carbon impact of their buying decisions and what actions they can take to help achieve our Scope 3 science-based targets.

Reducing Scope 3 emissions with suppliers

Encirc is a key supplier of glass bottles as well as co-packing some of our products. We have a new manufacturing agreement for our 500ml Robinsons cordials. Previously, the glass bottles and the product were manufactured separately in Northern Ireland and Cheshire requiring additional transport. By moving all production to Encirc in Cheshire we have been able to remove over 300 lorry journeys, reducing our estimated Scope 3 emissions by up to 22,000 CO_2e over three years.

Communication, education and engagement

Overview

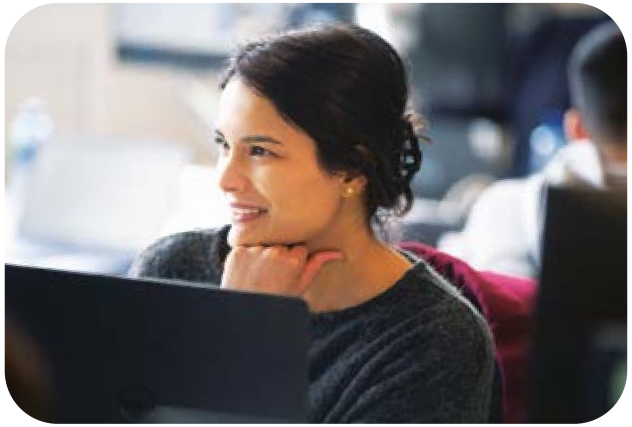
Stakeholder engagement creates open and meaningful discussion that helps to shape and steer our strategy enabling us to remain an agile business, reacting to and maximising opportunities as they arise while protecting us against emerging threats. By engaging with stakeholders, we ensure we are best placed to continue to deliver sustainable value for our business, now and in the future.

During the year we conducted an external survey for our British and Irish businesses to directly gather the views and opinions of 66 external stakeholders. These included customers, suppliers, investors, NGOs and industry bodies. The opportunity for open dialogue was appreciated by stakeholders who broadly felt our Healthier People, Healthier Planet strategy was focusing on the material issues that matter. There was a recognition that we are at the relatively early stages in some areas of our sustainability journey, which was coupled with an acknowledgement of our ambition and the progress we have made to date.

Employee engagement

The roll out of our employee learning programme has continued. A further two modules have been added to the library of resources, focusing on healthier consumer choices and sustainable supply chains. Each module is bespoke and includes best practice examples from across the business, making them relevant to our employees. Modules have been rolled out globally across both Brazil and France.

Beyond online learning, a lunch and learn session was run to keep the business up to date with our progress towards our Healthier People, Healthier Planet targets and provide an opportunity to ask questions to the sustainable business team.



In addition, we have run an employee survey to gather feedback on our Healthier People, Healthier Planet strategy. Employees were able to highlight specific things we are doing well and comment on where we could do better. Feedback will be used to identify opportunities to further integrate sustainability across the business, develop programmes and practices to accelerate our progress and refine our Healthier People, Healthier Planet strategy.

Customer engagement

We continue to engage our customer base either through direct contact, trade bodies or events in Great Britain, with a focus on people, climate and packaging circularity including the Scotland DRS scheme due to go live in August 2023. Across our other businesses, engagement has been adapted to the local challenges and opportunities in those markets.

Investor engagement

As well as CEO and CFO engagement, our Investor Relations Director and Director of Sustainable Business have engaged with over 60 institutions representing 13% of our share capital. Investor roadshows, sell side conferences and visits to our Rugby manufacturing site have all increased engagement with our investors. Key topics of discussion confirm we are focusing on the right material challenges of healthier choices, packaging, water and carbon reduction with sustainable sourcing and biodiversity increasing in focus compared with last year.

Supplier engagement

See supplier engagement on page 48.

Consumer engagement

Achieving our Healthier People, Healthier Planet goals will not be possible without influencing consumer behaviour. It is our responsibility to help consumers understand and make choices that are better for themselves and society.

Our marketing code was updated to include sustainability claims guidelines. These ensure that any claims we use follow a set of rules and sign-offs so they avoid greenwashing, are accurate and evidenced and do not mislead the consumer.

We continue to partner with Co-op and Water Unite to provide micro contributions from sales of Robinsons and Fruit Shoot to fund clean water projects. This year, the partnership was recognised at the Co-op Pioneer Awards, winning the Marketing Campaign of the Year award.

We also supported Heart Radio's Help for Hunger Appeal to raise awareness of food insecurity across the UK. The campaign encourages people including our employees to volunteer or donate to their local food bank.

Industry bodies

Paul Graham, Managing Director of our Great Britain business, is President of the British Soft Drinks Association, which continues to lead important work preparing the industry for the implementation of a deposit return scheme in Scotland in August 2023. We continue to support the work of the Food and Drink Federation, which connects the UK's largest manufacturing sector with government and stakeholders to create the right conditions to grow, invest and employ.

In Ireland, Managing Director Kevin Donnelly remains Chair of the FDI Prepared Consumer Foods Council and this year was voted onto the board of Deposit Return Scheme Ireland.

Sustainable business continued
Healthier Planet continued

Task Force on Climate-related Financial Disclosures (TCFD) alignment

This table outlines how we have reported in line with the recommendations of TCFD and where we will need to improve. We continue to partner with external climate experts to make progress to align further with TCFD recommendations demonstrating our clear commitment to our climate-related goals. The order of the table reflects the order in which we report on each recommendation.

Disclosure level: ● Full ◖ Partial

TCFD recommendation		Alignment	Page
Governance			
1. Describe the Board oversight of climate-related risks and opportunities.	●	Yes, we are aligned on these recommendations.	52–53
2. Describe management's role in assessing and managing climate-related risks.	●		
Strategy			
3. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	●	Yes, we have described risks and opportunities for our business in Great Britain, Brazil and other international businesses where we operate, as well as the impact of those risks and opportunities on our strategy. We have commenced modelling and intend to refine this analysis with a view to including a quantitative analysis of the impact in future disclosures.	54–60
4. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	●		
5. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	●		
Risk management			
6. Describe the organisation's processes for identifying and assessing climate-related risks.	●	Yes, we are aligned on these recommendations.	61
7. Describe the organisation's processes for managing climate-related risks.	●		
8. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	●		
Metrics and targets			
9. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	●	Yes, including partial disclosure of those Scope 3 categories we can track accurately. We are further developing generally accepted industry-specific greenhouse gas efficiency targets to cover all risks and opportunities and measuring our performance against these – therefore we are only partially compliant with recommendation 11.	62–64
10. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks.	●		
11. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	◖		

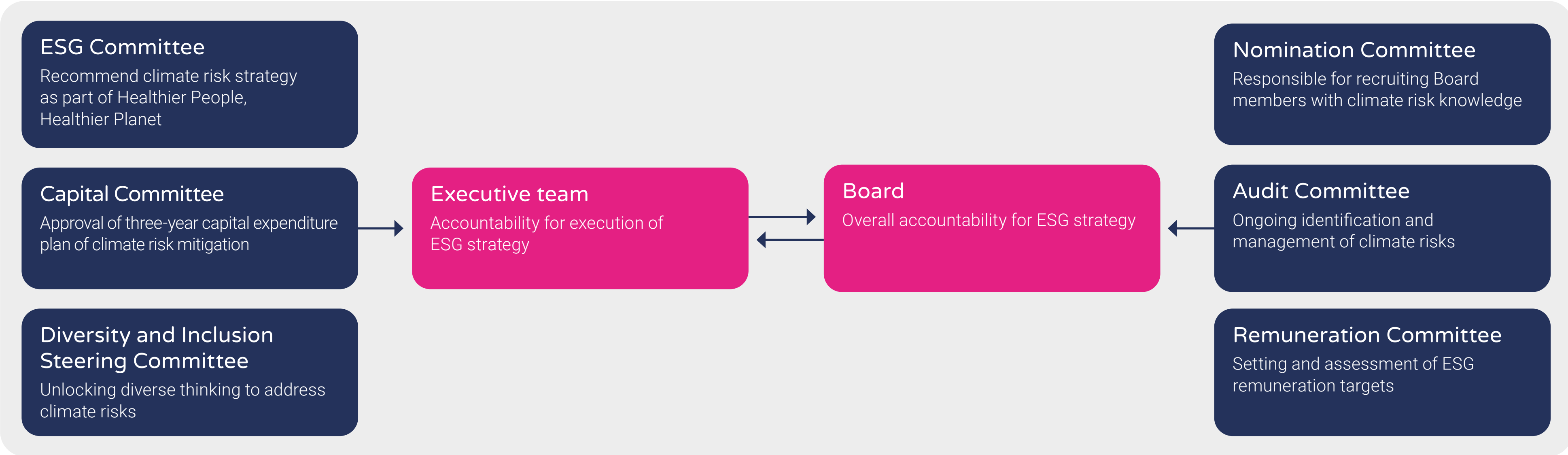
Sustainable business continued

Healthier Planet continued

Governance

We have adopted the TCFD's recommendations for governance, summarised on page 51.

1. Board oversight of climate-related risks and opportunities



The impact of climate risk is included within our Healthier People, Healthier Planet strategy for which the Board has overall accountability with execution of this strategy delegated to the Executive Committee. The impact of climate change risk on the business and our impact on climate is reviewed by both the ESG Committee and the Audit Committee. The ESG Committee meets quarterly and is chaired by our CFO, who also represents our Healthier People, Healthier Planet strategy at Board level. In her role as Chair of the ESG Committee, the CFO shares both financial and non-financial performance against key performance indicators with the Board at each Board meeting. Additionally, the agenda for each Board meeting is balanced across People, Planet and Performance, the three lenses through which we manage our business. Agenda items include updates from subject matter experts within the business on climate risk and decarbonisation, sustainable sourcing, water and packaging solutions, innovation to develop our portfolio of healthier consumer choices and changing availability of ingredients due to climate change and external developments, including regulations.

These conversations are in addition to discussions on our strategic priorities of flavouring billions of water occasions, accessing new growth spaces, and building local favourite and global premium brands which are significant to our Healthier People, Healthier Planet strategy. During the process of ratifying decisions made by the Executive Committee, the Board has the opportunity to challenge thinking, for example scrutinising mitigating actions to address climate risk including decarbonising our operations, the agreement to move from water management to water stewardship, and reducing virgin plastic packaging.

The Audit Committee is responsible for providing oversight and governance of the Group's internal controls and risk management, which encompass environmental, social and governance. Climate change is included as a principal risk and in our risk register as part of the broader sustainability risk and we assess its impact carefully, including water risk impact on our manufacturing footprint and sourcing of ingredients as well climate-related changes to consumer and customer preferences. The internal audit function provides information to the Committee at each of its meetings to enable it to review the effectiveness of risk management and adequacy of internal controls. The internal audit function has conducted a number of reviews covering ESG risks, including climate risk, and form a key pillar in the development of the risk-based internal audit plan.

Members of the Board have experience from several consumer goods companies with strong track records on climate change and sustainability. William Eccleshare chaired the ESG taskforce at Clear Channel until 31 December 2021. Sue Clark, Chair of our Remuneration Committee, was Corporate Affairs Director of SABMiller plc, where she oversaw the implementation of global ESG initiatives.

The sustainable business environment is fast moving, so to ensure Board knowledge remains up to date, members have received training from Will Day, sustainability advisor and fellow of the University of Cambridge Institute for Sustainable Leadership.

Pre-reads and presentations shared with the Board, frequently contain educational elements, including best practice from peer companies and views of all key stakeholders, including NGOs through our ESG stakeholder materiality research.

Sustainable business continued

Healthier Planet continued

Governance continued

2. Management's role in assessing and managing climate-related risks and opportunities

Given the importance of climate change, our Executive Committee has overall responsibility for climate-related risks and our Healthier People, Healthier Planet strategy. Meeting quarterly, our ESG Committee is accountable for understanding and responding to climate-related risks and opportunities identified through our ongoing climate risk assessment as well as managing the progress towards our key sustainability and climate change targets.

Major plans of action, investment and 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, as appropriate, for energy efficiency, low carbon investments and water savings. The ESG Committee is also responsible for reviewing our greenhouse gas emissions disclosures and understanding what intervention is required to ensure we accomplish our science-based greenhouse gas reduction targets.

The members of the ESG Committee include leaders and decision makers from across the business who are able to influence the strategic decision making and implementation of our People, Planet and Performance goals. The cross-representation demonstrates the interconnected nature of our climate risk management and broader sustainability strategy, ensuring all areas of the business are represented.

Following each ESG Committee, an executive debrief is generated and shared, both verbally and in writing, with the Executive Committee. The debrief highlights topics to be aware of, ESG intelligence from outside the organisation, including competitor and customer climate risk actions, and progress against the annual non-financial targets.

In addition to the ESG Committee debrief, our absolute usage and efficiency ratios for both carbon and water are included within our internal monthly information pack, together with effluent, zero waste to landfill and the use of recycled PET. This enables a balanced view of monthly reporting across financial and non-financial metrics, as well as brand equity monitoring.

Climate mitigating actions taken during the year include the approval of funding for the implementation of decarbonisation technology at sites in our Brazilian, Irish and British manufacturing sites, combined with water saving measures and increased investment behind Aqua Libra Co, a business-to-business tap solution that eliminates the need for single-serve packaging of water and flavoured water.

The priority for managing climate change is reflected in remuneration for our top 100 executive leaders and decision makers, with 20% of the short term bonus determined by meeting Healthier People, Healthier Planet objectives, which is directly impacted by climate change and water stewardship mitigating actions.

ESG Committee members	Board	Executive Committee	GB Executive	Leadership team
Chief Financial Officer	✓	✓		
Chief People Officer		✓		
Chief Marketing Officer		✓		
Director of Great Britain Supply Chain			✓	
Chief Procurement Officer				✓
Director of Audit and Risk				✓
Corporate Affairs Director				✓
Director of Sustainable Business				✓
Director of Commercial Sustainability, Great Britain				✓

Strategy

We have adopted the TCFD's recommendations for reporting on strategy.

3. Identification of climate-related risks and opportunities over the short, medium and long term

In response to TCFD requirements, Britvic has divided climate risk into two broad categories – physical risk relating to extreme weather events and long term chronic shifts in global temperatures and precipitation, and transition risk relating to changes in regulation, carbon pricing, consumer and customer demand changes and reputational damage. Over the last two years, we have worked with an external agency to accelerate our understanding of these risks to our business. As part of this process the sustainable business and audit and risk teams, together with the third-party agency, conducted climate risk and opportunity workshops with each of the markets where we have manufacturing facilities. We also hosted workshops with our sales, marketing, procurement and finance teams.

Engaging key stakeholders, these workshops involved explaining climate-related impacts and resilience and understanding the current impacts of climate change to project future risks and opportunities. The output culminated in the identification of physical and transition risks and opportunities and high-level scenario modelling of material risks and business impacts for each of the climate pathways.

From the identified impacts, four material risks and opportunities were selected for deep-dive risk modelling and financial impact analysis. The financial impact analysis models included the physical risks of water and sourcing of juice raw materials, the transition risks of energy availability and carbon taxation, and changes to consumer and customer preference. The modelling conducted by the external agency used business growth forecasts, market research, commodity pricing forecasts and climate forecasts to create ranges of financial impacts.

There are many varying factors affecting how climate change will impact the world, so it is difficult to quantify the timing and impact of climate risks and opportunities on our business. With the data available, three different modelling methodologies were used, across the four business risks.

Sustainable business continued
Healthier Planet continued

Strategy continued
3. Identification of climate-related risks and opportunities over the short, medium and long term continued

The models developed during this process included different data sources, both historical and projected, and as such include levels of ambiguity and uncertainty, which require further refinement as we operationalise these within the business. Consequently, this report focuses on qualitative impacts only, to provide a sense of the level of thinking we have conducted as a business. We will continue to build climate thinking and the development of risk metrics into our financial modelling in the years ahead, to drive a level of consistency that will be helpful both for the business and our stakeholders. Despite this variability, from the scenario analysis we have undertaken and the mitigating actions we are taking, climate change is not expected to have a material impact on the financial results of our business in the short to medium term.

We undertook climate risk and opportunity analysis under three climate scenarios outlined in the table below. The table in section five summarises the four principal risks identified under these three scenarios.

Early policy action: smooth transition	Physical risks	Transition risks
There is early decisive action within society to reduce global emissions as well as coordinate policy action towards a low-carbon economy. The outcome of this scenario is action sufficient to limit global warming to well below 2°C aligned to the Paris Agreement RCP2.6* as outlined by the International Panel on Climate Change (IPCC).	Physical risks will be the least extreme under this scenario.	Under this scenario we will experience high transition risks, unless mitigated.
Late policy action: disruptive transition		
There is a delay in implementing the policy response required to reduce global emissions. This leads to a more severe implementation response around 2030 to compensate for the late transition. The outcome of this scenario is actions to limit warming to 2°C in line with RCP2.6* as outlined by the IPCC.	Physical risks will be slightly higher than the smooth transition scenario due to limiting warming to 2°C instead of well below.	This scenario presents the most significant transition risks given the speed and severity of the response required.
No policy action: business as usual		
This scenario highlights the global impacts of a failure by governments to introduce policy interventions to limit global emissions. Under this scenario we see global temperatures increase to above a 3-4°C level of warming in line with RCP8.5* as outlined by the IPCC.	The most extreme physical risk impacts.	Limited transition risks expected due to lack of policy changes and regulation.

* Representative concentration pathway.

Our current internal time frames reflect the planning cycle. Short term refers to the in-year annual operating plan and budget and medium term refers to the three-year strategic planning cycle. In the modelling being developed by our external providers the time horizons have been extended with short term in the models referring to 2022—2023, medium term referring to 2024—2035 and long term referring to 2036—2050. As we embed climate risk thinking into our business, alongside the anticipated BEIS guidance on resilience statements, we anticipate an evolution of the time period reflected in our viability statement.

Physical risk impacts are beginning to impact the business now including water availability in Brazil, and raw material sourcing of key ingredients globally. Section five below, describes these risks in more detail and how we are mitigating them.

Sustainable business continued

Healthier Planet continued

Strategy continued

3. Identification of climate-related risks and opportunities over the short, medium and long term continued

While not material to the Group, our Brazilian business is projected to experience the impact of physical risks in the shorter term, in particular water scarcity, which impacts power generation as well as production. The Brazil team continues to work with our stakeholders to develop and execute mitigation plans to manage and monitor these risks.

The transition risks facing the British and international markets are greater than physical risks. This is due to earlier anticipated policy actions, where governments in those markets have committed to net zero. Examples include carbon pricing and the introduction of deposit return schemes for packaging. Customers and consumers in these markets are also increasingly conscious of the climate impact of their buying choices, evidenced by customer net zero commitments, which is expected to affect sales over the longer term.

During the process of better understanding the impact of climate change on our business, we have identified transition opportunities. These fall principally into two groups. Firstly, those expected to come about due to the society-wide drive towards decarbonisation, such as developing more sustainable products to meet shopper demand for lower carbon products over the medium term. Secondly, those opportunities expected to come about through mitigating risk, including decarbonising our supply chain, making our factories more energy efficient and using alternative sources of energy — see section five for more detail.

4. Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning

In preparing the financial statements, the Directors have considered the medium and longer term cash flow impacts of climate change on a number of key estimates within the financial statements, including:

- The impact of climate change on the going concern period and viability of the Group over the next three years.
- The forecasts of cash flows used in impairment assessments for the value in use of non-current assets including goodwill.

Our sustainability strategy is called Healthier People, Healthier Planet, in recognition that one cannot exist without the other. Healthier Planet includes reducing our impact on climate, water and biodiversity stewardship, and reimagining packaging, all of which form part of our approach to address and mitigate for climate change.

Healthier People, Healthier Planet is a key tenet of our corporate strategy, one of four interconnected strategic pillars: flavouring billions of water occasions, accessing new growth spaces, and building local favourite and global premium brands.

As part of the annual planning process, the Britvic business units submit a Healthier People, Healthier Planet annual operating plan. For Healthier People, this is reflected in the development of added benefits and calorie reduction for consumers, together with employee wellbeing and engagement programmes. For Healthier Planet planning, our focus includes energy reduction, water saving and waste management programmes which are mirrored in the capital expenditure plans.

Furthermore, the three-year strategic planning process includes a rolling capital expenditure plan. This is particularly important for investment allocation to decarbonisation and water saving projects which are often multi-year in nature.

Our research and development programme is primarily focused on medium and long term opportunities to create liquids and packaging that are better for our consumers and better for the planet.

All the above planning processes include feedback from key stakeholders, in particular customers who are working to reduce climate risk to their own businesses in parallel with us.

The table in section 5 gives an overview of the material climate risks to our business, the expected time frame, and our current mitigating actions.

Fruit and juice sourcing

The impacts of climate change are already being felt across our fruit juice supply chain. This year we have seen lower yields of some key ingredients and more farmers moving to grow a smaller variety of climate resilient crops which has led to shortfalls in the volumes of fruit juice we have received.

To prevent disruption to production we have turned to the expertise of our technical product development team. By reformulating products to switch to less impacted fruits and by changing the product fruit juice ratios, it has ensured we are able to reduce the impact on production, across brands such as J2O and Tango, while maintaining the same taste and meeting regulatory requirements.

To increase the resilience of our fruit juice supply chain to the impacts of climate change our procurement teams are increasing the number of suppliers we source juices from and are partnering with suppliers in different geographies to reduce the risks posed by extreme weather in a particular region.

Sustainable business continued
Healthier Planet continued
Strategy continued

4. Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning continued

Transition opportunities
Our strategic pillars, mentioned above, present climate transition opportunities. These are split into commercial opportunities that may come about with the society-wide drive to address climate change, and other opportunities derived through the mitigation of climate risks.

Risk mitigation opportunities

Sustainable procurement
The development of sustainable procurement and agriculture programmes can reduce the impact of our value chain on climate change and improve business reliance through a reliable network of better for the planet suppliers.

Decarbonising manufacturing
Increasing investment behind renewable energy reduces the business' reliance on fossil fuels and associated carbon taxes. Further carbon, cost and resilience benefits would be achieved through water saving programmes.

Commercial opportunities

Lower emission products: flavouring billions of water occasions
Leverages our expertise in flavoured concentrated soft drinks, offering consumers tasty, healthy hydration while reducing the movement of water and the associated packaging and logistics environmental impacts, both major elements of our Scope 3 carbon emissions. Developing lower emission products may increase demand from consumers and customers looking to reduce their impact on climate change (carbon, packaging and water) and in turn improve our reputation with key stakeholders. Additionally, switching some ingredients and flavours may reduce our Scope 3 emissions as we work towards our science-based targets.

Accessing new growth spaces
Reflects our move into the plant-powered milk and healthy fruit shot categories, as we seek to benefit from increasing consumer demand for better personal and better planetary health, a direct mitigation control for the consumer preference risk, highlighted in section five. Consumers are increasingly looking for products that use less packaging and our Aqua Libra Co tap business can be part of this solution with no packaging involved at the point of consumption, reducing the Scope 3 impact of packaging.

Building local favourite and global premium brands
Includes our partnership with PepsiCo, where our focus is low calorie, great tasting drinks and working to ensure packaging never becomes waste. Our plastic packaging is 97% recyclable and we are moving further by increasing the recycled content of PET plastic bottles and cardboard packaging. Moving to recycled PET bottles and supporting the introduction of deposit return schemes helps create a circular economy, reducing our Scope 3 carbon emissions, and aligning our brands with customer and consumer trends for more sustainable packaging.

Sustainable business continued

Healthier Planet continued

Strategy continued

5. Describe the organisation's strategy resilience, taking into consideration different climate-related scenarios

Our strategy takes a People, Planet and Performance lens and, as such, climate change and climate adaptation are at the heart of the business strategy. The work we have carried out confirmed that we are focused on the right climate risks as a business. From the scenario analysis we have completed, executing our Healthier People, Healthier Planet strategy together with the mitigating actions we are taking, brings a high degree of confidence in the long term health and sustainability of the business. The table below highlights the climate resilience of our strategy in the context of the material risks we have assessed.

To better understand the financial impact of our significant climate risks and opportunities, we undertook a quantitative scenario analysis exercise to model the potential impacts, extremes and differences of our risks and opportunities under our three climate scenarios – see section three. The output of the scenario analysis will inform our planning and prioritisation of future business strategies, investments, and the establishment of policies to improve our business resilience and ensure we continue to deliver for all stakeholders.

Link to strategy: 1 Healthier People, Healthier Planet 2 Build local favourites and global premium brands 3 Flavour billions of water occasions 4 Access new growth spaces

	Physical risks		Transition risks	
	Water stress	Fruit and juice sourcing	Energy and carbon pricing in the value chain	Consumer and customer preferences
Strategic pillars	1 2 3 4	1 2 3 4	1	2 3 4
Risk description	Reduced availability of water impacts our ability to manufacture and sell soft drinks. Furthermore, a reduction in water quality requires greater treatment to meet our quality standards for manufacturing, compounding the water stress faced by our business.	Extreme weather events have the potential to cause damage to key suppliers, particularly in the agriculture supply chain, and may impact our ability to source raw materials, e.g. sugar, fruit and fruit juices.	New regulation increasing the cost of carbon emissions is expected to ensure governments meet the goals set out in the Paris Agreement. This will increase the cost of products and services both purchased and sold by Britvic. Potential carbon emission caps, and requirements to offset our emissions, are increasingly expensive, with changing definitions and expectations.	Customers have their own climate change targets and expect support in the delivery of these goals. This could lead to greater demand for lower emission products, such as replacement of sugar with artificial sweeteners and reduction of the intensity of other inputs such as energy and ingredients. Increasingly consumers expect brands to be better for the environment and future purchasing decisions may be influenced by those products with lower carbon and water footprints.
Methodology	The model assesses the impact of exceptional droughts as defined by SPI drought classifications across our key business units coupled with the scale of water stress at each location (using the WRI Water Stress Tool and KMNI Climate Explorer Tool). An exceptional drought would result in two to six months of water usage restrictions. The financial impact was calculated by extrapolating our 2020 net revenue consumption in line with Britvic growth projections.	The model assesses the future of crop pricing risk based on combining our current spend on five key ingredients and factoring in the long term impact that climate change would have on yield and therefore price, while allowing for inflation. The historical relationship of crop yield impact and price was examined using Mintec and Nielson data coupled with the IIASA Global Hotspots Explorer findings on the impact of climate change by region. The model considered the long term smoothed impact on prices not the short term volatile impacts of crop yield failure.	The model extrapolates our current energy usage and factors in increasing energy consumption in line with Britvic growth projections. This is combined with an internationally established dataset (REMIND-MAgPIE) that forecasts electricity and natural gas costs by market. Energy intensity is forecast to remain static and does not consider internal reductions strategies we may pursue.	This model used publicly available research to understand how customer and end consumer sustainable purchasing preferences change over time. Demographic changes combined with the survey results into customers' and end consumers' likely reaction to Britvic not meeting sustainability expectations provided a missed revenue % over time calculation. The financial impact of missed revenue is calculated by extrapolating our 2020 net revenue assumptions in line with Britvic growth projections and multiplying it by the missed revenue %.
Britvic risk	As a soft drinks company, water is vital to our business, and to every single one of our brands – from bottled water and flavouring billions of water occasions to Beyond the Bottle and everything in between. We also use it to clean, cool, and preserve our products during the production process. Additionally, it is critical to growing many of the ingredients, the fruit, barley and sugar that go into our brands.	As leader in flavoured concentrated drinks, a reliable supply of fruit juice is critical to our business resilience. In addition to water, our main raw ingredients are fruit juices, concentrates, sugar and other sweeteners. Climate change presents a risk of changing crop yields, which could consequently lead to higher prices.	We emit carbon as part of our operations and could therefore experience an increase in operating costs in the near term should a higher carbon pricing mechanisms be implemented. This is mirrored in the supply chain, which we estimate to account for over 90% of our total emissions.	Increasing awareness and concern about climate change are expected to impact customer and consumer shopping decisions. As an insight driven business, we are focused on offering consumers the choice of products that meet their needs, including their desire for products that are better for the planet.

Sustainable business continued
Healthier Planet continued

Strategy continued
5. Describe the organisation's strategy resilience, taking into consideration different climate-related scenarios continued

Link to strategy: 1 Healthier People, Healthier Planet 2 Build local favourites and global premium brands 3 Flavour billions of water occasions 4 Access new growth spaces

	Physical risks		Transition risks	
	Water stress	Fruit and juice sourcing	Energy and carbon pricing in the value chain	Consumer and customer preferences
Strategic pillars	1 2 3 4	1 2 3 4	1	2 3 4
Unmitigated risk and time frame	The highest financial impact is experienced under the business as usual and disruptive late transition scenarios. Under this scenario we anticipate an increasing number of droughts coupled with increased severity of droughts, which will deplete groundwater and reservoir storage levels. When combined with changing rainfall patterns we expect tighter restrictions on water usage, especially where issues of competing supply arise. Our Brazil market is already experiencing the physical risk of water stress. The country's reliance on hydro-electricity as a renewable source of energy also poses a risk. In our other markets, the impact of water risk is expected in the disruptive late transition and the business as usual scenarios.	The highest financial impact is experienced under the business as usual transition scenario as the 3°C of projected temperature increase leads to a shift in rainfall patterns and elevated CO_2e concentrations affecting crop yields adversely. A lower impact is anticipated under a smooth, early scenario due to reduced climate stress through delivering on the 1.5°C warming in the Paris Agreement, leading to greater and more consistent crop yields than business as usual. Through our scenario analysis, we assessed the risk to orange, passion fruit, apple and sugar sourcing, which we source from multiple geographies. Sourcing from regions in South America and Southeast Asia shows a particularly high risk, especially for passion fruit and apple. Further, supply pressures from acute events such as extreme droughts could create significant additional cost impacts for fruits, increasing volatility.	There is a double energy price risk as Britvic faces the risk of increased cost pass-on from suppliers as well as from our own energy consumption for production. Under all climate futures, there is an increase in pricing of electricity and gas. Electricity pricing has the highest projected increase in the short and medium term (from now to 2035) under the smooth and delayed climate scenarios. It is mainly due to significant additional demand on the grid due to electrification and grid strains in a transition to renewables. Gas prices are the most volatile under the delayed climate scenario. This is due to the need to remove fossil fuels from the energy mix in order to meet a net zero targets. The risk of carbon pricing is expected to be greater in our British and European businesses as governments in these markets are expected to regulate sooner than the governments in other jurisdictions. Suppliers producing packaging materials are very energy intensive and likely to pass on higher energy costs.	The highest financial impact is experienced under an early smooth transition scenario. Lower impact under disruptive late transition scenario due to the slower shift in preferences from 2020 to 2030. Under business as usual, there is limited financial impact as it is assumed that the current level of sustainable purchasing is maintained. The generation with the highest sustainable purchasing preference is young millennials (1989-1996) at 54%. Generation Z has the lowest level of sustainable purchasing preference at 39%. This is assumed to be due to affordability and the perception of sustainable choices being more expensive. This risk is expected to be greater in our British and European businesses where there is a higher proportion of environmentally aware consumers and customers.

Sustainable business continued
Healthier Planet continued

Strategy continued
5. Describe the organisation's strategy resilience, taking into consideration different climate-related scenarios continued

Link to strategy: 1 Healthier People, Healthier Planet 2 Build local favourites and global premium brands 3 Flavour billions of water occasions 4 Access new growth spaces

	Physical risks		Transition risks	
	Water stress	Fruit and juice sourcing	Energy and carbon pricing in the value chain	Consumer and customer preferences
Strategic pillars	1 2 3 4	1 2 3 4	1	2 3 4
Mitigation one	Timebound water stewardship roadmap.	Further assessment of understanding the changes in crop yield.	Energy mix.	Stakeholder engagement.
Progress	**Water stewardship roadmap:** We have developed a roadmap to guide the business to greater water stewardship. This includes commercial opportunities, driving efficiency within our operations, developing a more catchment-based approach to water stewardship, and the fourth and final pillar of engagement with key stakeholders and subject matter experts to better understand the role of our industry to protect water resources for today and tomorrow. **Risk mapping:** As we move from water management to water stewardship, we have used the World Wildlife Fund (WWF) water risk tool to assess the water risks at each of our manufacturing sites and these, together with the recommendations, have been shared with each of the site managers. Work is in progress to conduct similar risk assessments with our key suppliers.	**Supplier collaboration:** To understand the impact of climate change on the sourcing of our ingredients, including working with The Waste and Resources Action Programme (WRAP) on a three-year project to monitor oranges farming in a key sourcing region of Spain. **Research and development:** Our liquid development team is looking to reformulate products which use lower carbon ingredients, using an impact assessment tool, and those which include raw materials that are anticipated to be more severely impacted by climate change.	**Lower carbon energy:** We have already switched all electricity to renewable electricity with the purchase of renewable electricity certificates of origin. The exception to this is electricity generated by the combined heat and power plant in our largest manufacturing site, Rugby, which is powered by natural gas. **Hedging:** We hedge our fuel requirements one year ahead and we are working on a number of power purchase agreements to further reduce our fossil fuel energy requirements and reliance on renewable energy certificates, mitigating potential carbon taxation.	**Consumer research:** We conduct consumer research to understand purchase decisions, including the desire for more sustainable products. **External benchmarking:** We participate in sustainability benchmark ratings including CDP, MSCI, Sustainalytics and EcoVadis. **Customer collaboration:** Our commercial teams regularly engage with our major customers to understand their climate strategies and identify areas of collaboration. **Impact assessment:** We are working with a third-party software provider to understand the climate impact of our brands, and inform new brand development and stakeholder engagement. **Marketing code:** We have added a sustainable brand claims process to our marketing code to mitigate potential reputational damage of false green claims accusations.

Sustainable business continued

Healthier Planet continued

Strategy continued

5. Describe the organisation's strategy resilience, taking into consideration different climate-related scenarios continued

Link to strategy: 1 Healthier People, Healthier Planet 2 Build local favourites and global premium brands 3 Flavour billions of water occasions 4 Access new growth spaces

	Physical risks		Transition risks	
	Water stress	Fruit and juice sourcing	Energy and carbon pricing in the value chain	Consumer and customer preferences
Strategic pillars	1 2 3 4	1 2 3 4	1	2 3 4
Mitigation two	Set water stewardship key performance indicators.	Develop objectives and key performance indicators to manage the identified risk of crop yield change.	Energy reduction.	Reimagining packaging.
Progress	**Commercial drivers:** We have a number of research and project trials underway to grow our flavouring billions of water occasions portfolio and reduce both the amount of packaging per serve and the amount of water transported across our logistics network, as water is added at the point of consumption in the consumer's home. **Water efficiency:** We have a goal to improve our water efficiency by 20% by 2025. **Catchment-based approach:** We are in the second year of our partnership with The Rivers Trust and seeking similar arrangements in our other business units. **Engagement:** We have conducted an alliance for water stewardship gap analysis at our Astolfo Dutra factory.	**Sustainable sourcing strategy:** We are mapping our high risk materials with the priority on sustainably sourcing our agro-commodities (juice, sweetener, ingredients). We are encouraging our major suppliers to sign up to science-based targets to align our net zero goals. **Supply chain transparency:** We expect our tier one suppliers to be signed up to Sedex and EcoVadis. **Pesticide reduction:** We have joined the Sustainable Agriculture Initiative to move to a sourcing model that improves water stewardship, protects biodiversity and reduces carbon emissions.	**Science-based targets:** In recognition of our role to mitigate the climate crisis, we were the first UK soft drinks manufacturer to sign up to science-based targets accredited to the 1.5°C pathway. Our goal is to reduce Scope 1 and 2 emissions by 50% and Scope 3 by 35% by 2025, from a 2017 base, and achieve net zero throughout our value chain by 2050. Since 2017 we have reduced our Scope 1 and Scope 2 market-based emissions by 34%. **On-site renewable energy:** During the year we commissioned our fifth biomass boiler in Brazil. In Ireland we are replacing a legacy gas boiler with an electric boiler and we are exploring the use of heat recovery systems across our British sites. **Production process:** Some of our brands contain preservatives to maintain food safety and consumer taste profiles and reduce food waste. In our Irish business we've stopped pasteurising Robinsons squash, without compromising quality, and are now exploring this solution in other factories to reduce energy consumption. **Supplier engagement:** We are engaging with top tier suppliers to understand the impact of climate change on their businesses and their carbon footprints (Scope 3), to identify areas of collaboration to both decarbonise and increase climate change resilience. **Capital expenditure:** We use an internal carbon price, set annually based on the UK ETS price, to assess CapEx proposals.	**Recycled materials:** Our ambition is to use more recycled materials. This is underpinned by our investment in Esterform for the supply of recycled PET bottles. **Dispense:** We are driving packaging-free solutions, such as Aqua Libra Co. **Circular economy:** We are members of Circularity Scotland, and Board member of the Deposit Return Scheme Ireland, as we work to reduce the impact of packaging, a significant element of our Scope 3 carbon emissions.

Sustainable business continued

Healthier Planet continued

Risk management

We have adopted the TCFD's recommendations for reporting on risk management.

6. Describe the organisation's processes for identifying and assessing climate-related risks.

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 risk. Climate risk has been identified as a significant risk to the business for several years prior to the introduction of TCFD. As mentioned in section three, time horizons will be evolved once we have further clarity on the BEIS recommendations.

The ESG Committee is responsible for identifying, managing and monitoring the principal risks relating to 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 in relation to climate-related risk. Similarly, all business units and functions are responsible on a continuous basis for identifying, assessing, mitigating and monitoring the climate-related risks facing the organisation. Further, this includes the embedding of climate-related risk management into key processes across the organisation, from capital investment appraisals to how we sustainably procure. For example, within procurement, climate risk management has been integrated into both the methodology for the development of a sourcing strategy for each category of goods and services, and into the supplier evaluation and selection processes.

Where risks are identified as significant or emerging with high velocity, they are escalated and discussed at the ESG Committee and, where deemed significant to the principal risks facing the organisation, to the Board through periodic reviews. This process is part of our Enterprise Risk Management (ERM) framework, and the sustainable business team works closely with the risk team to both monitor the bottom-up approach and support the top-down. In collaboration with our risk team, a cross-business and cross-functional team worked with external consultants to assess our material risks and the expected time horizons.

On an ongoing basis, in parallel with the scenario analysis, we continue to develop and enhance both our understanding of climate-related risks and our mitigations to these risks.

Across the organisation, we have launched and rolled out a series of learning modules for our employees, bringing to life the key challenges we face, our strategy and how every employee can make a difference. These are a small part of how we are raising awareness and engagement with our employees, who are critical to identifying risks, finding innovative solutions, and delivering our strategic goals.

7. Describe processes for managing climate-related risks

Climate risks are identified and brought to both the ESG Committee and the Audit Committee together with mitigating actions plans. These plans include several objectives and milestones which are tracked by the above committees, enabling course correction where required.

As part of the TCFD process we are reviewing current controls. The areas below highlight some opportunities for enhancement.

1 Lengthen operational planning horizons

With the publication of the BEIS guidelines on resilience statements, Britvic is investigating extending time horizons which may support identification of efficiencies in processes that will ultimately save money, time and resources.

2 Share and standardise best practice

Several internal controls are underway to mitigate against risks, and we see opportunities to strengthen these further, for example the roll out of procurement processes from Great Britain and Ireland to other markets.

3 Commitment and accountability of senior leaders

As we complete our first full TCFD cycle we are defining ownership of climate risks and opportunities to enable climate management, and these are reflected in the annual bonus target for leaders.

4 Decision making forum

The ESG and Audit Committees continue to review the materiality of risks over time and set the recommendations to inform business mitigation to be included in the capital expenditure cycle.

The table in section five shows the mitigating actions we are taking as a business against the four most material risks and our progress to date as we work towards our carbon reduction targets.

8. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

The processes for identifying, assessing, and managing climate-related risks are incorporated within the ERM processes.

As part of the ERM framework, we have a clear approach for defining risk appetite and guidance to support the assessment of materiality, covering likelihood and potential impact across several different parameters (from business interruption and reputational risk to legal and regulatory risk).

As referenced earlier, to improve the effectiveness of managing climate-related risks, it is essential that we raise the awareness, importance and engagement on this topic across our employee base. This is a key component of fostering a culture and environment which can spot and tackle these risks in the right way.

The ERM framework is an ongoing and continuous approach to identify, assess, manage and monitor climate-related risks, but there are also a number of key process areas where we have embedded specific activity-based controls to support effective risk management of climate-related risks within decision making. Examples of these include the incorporation of a carbon calculator for capital projects in excess of £1 million, and the management of climate-related risks within our procurement sourcing strategies.

We have undertaken a number of climate-related risk assessments across the organisation, which have supported the understanding of both the key risks and emerging risks. These assessments range from assessment of water stress across each of our manufacturing locations to the climate-related risks of sourcing across our raw material and ingredient categories. These assessments adopt the same likelihood and materiality thresholds as we have in place within the ERM framework. The materiality thresholds for climate-related risks are either expressed as a business disruption, cost, legal and regulatory or reputational impact. The thresholds for risk impact range from low to significant.

Further, we are working with a third party to critically evaluate how effectively we are embedding climate-related risk management into the organisation to support unlocking further opportunities to drive the continued improvement of our ERM framework.

Materiality thresholds for principal risks are outlined in our risk report on page 73.

Sustainable business continued

Healthier Planet continued

Metrics and targets

We have adopted the TCFD's recommendations for reporting on metrics and targets.

9. Metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process

A full view of our global energy consumption and greenhouse gas emissions data for the last five years can be found below within our SECR disclosure. In addition, we have set approved science-based carbon reduction targets in line with the latest climate science recommendations necessary to meet the goals of the Paris Agreement and limit global warming to 1.5°C, well below 2°C.

This entails absolute reductions of our Scope 1 and 2 market-based emissions by 50%, and our Scope 3 emissions by 35% by 2025. We have also pledged to be a net zero business by 2050. Further details can be found on page 49. We include key climate change-related risk indicators in our risk management strategy to monitor our risk and progress in building resilience and mitigation controls (page 74).

2022 Streamlined Energy and Carbon Reporting

Britvic Scope 1, 2 and 3 emissions 2017-2021

Category	2017/2018 Emissions (tCO_2e)	2018/2019 Emissions (tCO_2e)	2019/2020 Emissions (tCO_2e)	2020/2021 Emissions (tCO_2e)	**2021/2022 Emissions (tCO_2e)**
Scope 1	31,048	28,060	17,885	15,797	**13,006†**
Scope 2 – market-based	17,414	10,191	23,067	22,495*	**23,402†**
Scope 3:					
• Upstream emissions of purchased fuels	NR	NR	2,561	2,841	**2,692†**
• Upstream emissions of purchased electricity and heat	NR	NR	5,247	7,455	**7,173†**
• Transmission and distribution losses	3,236	2,340	1,589	1,519	**1,442†**
• Waste	594	534	604	546	**477†**
• Water supply	1,576	1,633	1,441	667	**668†**
• Effluent	NR	NR	1,203	465	**480**
• Business travel	4,700	4,136	1,959	652	**2,059†**
• Logistics	53,711	52,050	50,744	44,778**	**45,612†**
• Electricity from refrigeration on customer sites	53,114	46,541	45,379	33,693	**25,970†**
Total Scope 1, 2 and 3	165,393	145,486	151,679	130,906	**122,981**

2022 figures refer to the 52 weeks ended 30 September 2022. Please refer to Britvic's 2022 Basis of Reporting available at britvic.com/sustainability/sustainability-reports for fullscope, boundary, and methodology disclosure for our greenhouse gas reporting. This data is independently assured by Ernst & Young LLP.

For our SECR disclosure we have applied the methodology per the Greenhouse Gas Protocol. Scope 1 and 2 figures include all manufacturing and non-manufacturing related emissions. In 2022, our Great Britain operations accounted for 46% of total energy consumption and 83% of total Scope 1 and 2 market-based greenhouse gas emissions.

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

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

Energy efficiency actions

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

Examples include:

- At our Rugby factory we have optimised our pumps to improve efficiency, added chiller controllers to allow most energy efficient sequencing and installed low temperature CO_2 vaporisation.
- At Beckton we switched to LED lighting and improved the insulation of pipework to reduce heat loss.
- At our Crolles factory in France we have improved thermal insulation of the pipe network and removed the requirements for hot cleaning disinfectants.

In summary, we completed more than six different projects in 2022 that are expected to reduce annual energy consumption by 2,000,000 kWh. Looking ahead to 2023, our engineering team has 15 projects in the pipeline. The combined energy savings of these projects is estimated to reduce energy consumption by an additional 16,500,000 kWh saving.

Independent assurance

Britvic plc appointed Ernst & Young LLP to provide limited independent assurance over selected sustainability content within the Strategic Report, as at and for the period ended 30 September 2022. The assurance engagement was planned and performed in accordance with the International Standard for Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information. These procedures were designed to conclude on the accuracy and completeness of the sustainability performance indicators, which are indicated in the Report with an obelus (†).

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

* 2021 Scope 2 market-based emissions restated due to overstatement of carbon emitted at the Combined Heat and Power plant at Rugby.

** 2021 Scope 3 logistics restated due to overstatement of emission factor used to calculate Great Britain emissions.

Sustainable business continued

Healthier Planet continued

2022 Streamlined Energy and Carbon Reporting continued

Britvic Scope 1, 2 and 3 emissions 2017-2021 continued

Total energy consumption by source	2017/2018 MWh	2018/2019 MWh	2019/2020 MWh	2020/2021 MWh	**2021/2022 MWh**
Natural gas	90,317	94,283	70,023	53,746	**48,497**
Liquid petroleum gas	8,876	8,217	5,955	6,232	**6,436**
Diesel	949	710	1,022	374	**328**
Medium/heavy fuel oil	28,044	22,169	1,165	3,184	**964**
Biogas	130	–	–	37	**–**
Total biomass	33,089	48,752	77,380	92,069	**108,988**
Electricity	134,096	123,260	98,862	86,259	**90,632**
Electricity combined heat and power	–	13,913	40,387	36,043	**39,058**
Steam combined heat and power	–	27,074	59,697	50,507	**54,488**

		2017	2018	2019	2020	2021	**2022**
Total energy consumption by source	Great Britain	43%	41%	45%	46%	45%	**46%**
	Ireland	10%	9%	8%	7%	7%	**6%**
	France	18%	17%	14%	13%	6%	**5%**
	Brazil	29%	33%	33%	34%	42%	**43%**

		2017	2018	2019	2020	2021	**2022**
Total Scope 1 and 2 market-based greenhouse gas emissions by source	Great Britain	53%	59%	55%	71%	75%	**83%**
	Ireland	17%	5%	6%	5%	6%	**5%**
	France	11%	13%	14%	13%	8%	**6%**
	Brazil	18%	23%	25%	10%	11%	**6%**

		2017	2018	2019	2020	2021	**2022**
Energy intensity ratios (market-based)	Great Britain	99.0	91.6	109.3	114.1	97.0	**103.2**
	Ireland	101.2	101.1	103.1	100.3	89.7	**85.6**
	France	167.3	169.8	169.6	191.0	201.5	**198.9**
	Brazil	330.7	381.0	448.4	441.2	423.7	**425.9**

		2017	2018	2019	2020	2021	**2022**
Water	Manufacturing water consumption (thousand m^3)	4,406	4,582	4,746	4,188	4,473	**4,484**
	Manufacturing water intensity ratio (m^3/tonne production)	2.07	2.14	2.18	2.01	2.05	**1.99†**
	Manufacturing water effluent (thousand m^3)	2,002	2,112	2,205	1,700	1,708	**1,766**
	Manufacturing water effluent ratio (m^3/tonne production)	0.94	0.99	1.01	0.77	0.78	**0.79**
Waste	% of manufacturing waste diverted from landfill	99%	99%	99%	99%	100%	**100%†**
	% of manufacturing waste recycled or reused	31%	44%	44%	38%	30%	**35%**

Sustainable business continued

Healthier Planet continued

10. Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks

We estimate that our Scope 3 emissions represent over 90% of our total CO_2e emissions. We report Scope 3 emissions that are easily measurable including business travel and the electricity used during refrigeration at our customers' sites. See our Streamlined Energy and Carbon Report on pages 62–63. We continue to work with our suppliers to increase the accuracy of other Scope 3 categories, particularly category 1 (goods and services). We estimate that packaging and ingredients account for over half of our total carbon footprint.

11. Targets used to manage climate-related risks and opportunities and performance

Climate-related risk	Target
Water stress	20% reduction in water ratio by 2025 vs 2020 baseline.
Fruit and juice sourcing	100% of priority ingredients to have water stewardship plans. 100% sustainably sourced sugar.
Energy and carbon pricing in the value chain	Reduce Scopes 1 and 2 by 50% by 2025, Scope 3 by 35% by 2025 (vs 2017) and net zero across all scopes by 2050.
Consumer and customer preferences	All bottles in Great Britain and Ireland to be made from 100% rPET or sustainably sourced PET. 20% reduction in packaging weight per serve. 100% priority tier one suppliers signed up to EcoVadis. 100% direct suppliers linked on Sedex.

Climate-related opportunity	Target
Sustainable procurement	100% of priority ingredients to have water stewardship plans. 100% sustainably sourced sugar. 100% priority tier one suppliers signed up to EcoVadis. 100% direct suppliers linked on Sedex.
Decarbonising manufacturing	Reduce Scope 1 and 2 market-based emissions by 50% by 2025 and net zero across all scopes by 2050.
Lower emission products: flavouring billions of water occasions	Reduce Scope 3 by 35% by 2025 (vs 2017) and net zero across all scopes by 2050.
Accessing new growth spaces	20% reduction in packaging weight per serve.
Building local favourite and global premium brands	All bottles in Great Britain and Ireland to be made from 100% rPET or sustainably sourced PET. <30 calories per 250ml serving.

Chief Financial Officer's review

"We have delivered an excellent performance in the year, despite the headwind of significant cost inflation."

Joanne Wilson
Chief Financial Officer

Overview

We have delivered an excellent performance in the year, despite the headwind of significant cost inflation. All key financial metrics are on a positive trajectory, reflecting the resilience and agility of our business and the Britvic team. Underlying Group revenue increased 15.5% (statutory +15.2%) year on year, with double-digit revenue growth across all our business units.

Adjusted EBIT increased 16.0% (statutory +16.7%) to £206.0 million, resulting in an adjusted EBIT margin of 12.7%, a 10 basis points (bps) improvement year on year. Profit performance reflects improved operating leverage as volumes increased, an improvement in mix and continued discipline on discretionary spend, all of which enabled us to rebuild investment in the business. Adjusted EPS increased 29.3% year on year reflecting the adverse impact in financial year 2021 from the one-off, non-cash revaluation of deferred tax following the enactment of the 6% increase in the UK corporation tax rate.

Our cash performance was strong with free cash flow of £128.8 million, driven by a continued focus on day to day cash management. As a result, we have delivered an adjusted net debt/EBITDA ratio of 1.9x, which is our lowest year end leverage since 2015. The full year dividend equates to 29.0p per share, which represents a year on year increase of 19.8%, maintaining our 50% pay-out ratio. In addition, we launched our first share buyback programme partway through the year with £37.7 million shares repurchased and subsequently cancelled in our financial year 2022.

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

Great Britain	**Year ended 30 September 2022 £m**	Year ended 30 September 2021 £m	% change actual exchange rate
Volume (million litres)	**1,790.8**	1,697.2	5.5%
ARP per litre	**61.4p**	56.3p	9.1%
Revenue	**1,100.4**	956.1	15.1%
Brand contribution	**426.0**	381.0	11.8%
Brand contribution margin	**38.7%**	39.8%	(110)bps

In Great Britain, we have made strong progress with both volume and revenue growing in each quarter of the year. and both the retail and hospitality channels delivering good growth year on year. Across both channels we continue to focus on growing our immediate consumption pack formats. This year immediate consumption revenue increased 20.4% benefitting from the end of COVID-19 restrictions in 2021. ARP was particularly strong, up 9.1%, due to a combination of mix and price realisation. Margin declined due to the lag effect from the timing of price increases in early calendar 2022 to offset the high level of inflation experienced across the full year.

All our scale brands performed strongly. Pepsi, 7UP and Tango, led by low/no sugar variants were all in double digit revenue growth, with Tango +27.2% year on year as a result of increased distribution and successful flavour innovation. J2O and Fruit Shoot benefited from increased socialising compared to 2021, with revenue growth of 32.3% and 15.1% respectively. Robinsons remained in revenue growth, in both squash and ready to drink formats, despite consumers spending less time at home compared to 2021. Rockstar had a challenging year and while the supply issues we highlighted last year have now been resolved, the brand continued to underperform our expectations and revenue declined year on year.

Chief Financial Officer's review continued

Overview continued

Brazil	**Year ended 30 September 2022 £m**	Year ended 30 September 2021 £m	% change actual exchange rate	% change like-for-like at constant exchange rate
Volume (million litres)	**299.3**	288.3	3.8%	3.8%
ARP per litre	**47.8p**	39.6p	20.7%	11.4%
Revenue	**143.0**	114.1	25.3%	15.7%
Brand contribution	**22.7**	21.1	7.5%	(0.9)%
Brand contribution margin	**15.9%**	18.5%	(260)bps	(260)bps

In Brazil, we saw a continuation of strong growth, with revenue at constant currency up 15.7%, which after adjusting for PIS/COFINS tax benefits translates to underlying revenue growth of 17.2%. This was driven by both volume and ARP growth. Our core categories of concentrates and ready to drink juices were in growth, with Maguary, Dafruta and Bela Ischia performing well in both categories. The strongest performance was in Fruit Shoot, +93.0% year on year, primarily due to the growth of the 150ml carton pack format. Coconut water was more challenging, with revenue down 22.9%, due to the continued shortage and high cost of ingredients. Other innovation brands, such as Nuts, Seleção and Natural Tea grew strongly.

Price realisation and mix contributed to a margin improvement in the second half of the year. While underlying margin (excluding PIS/COFINS) in the first half declined 405bps, margin in the second improved, limiting the full-year decline to 260bps.

Other International	**Year ended 30 September 2022 £m**	Year ended 30 September 2021 £m	% change actual exchange rate	% change like-for-like at constant exchange rate
Volume (million litres)	**428.0**	389.9	9.8%	9.8%
ARP per litre	**87.6p**	85.9p	2.0%	6.1%
Revenue	**374.9**	334.9	11.9%	16.5%
Brand contribution	**107.0**	106.4	0.6%	3.0%
Brand contribution margin	**28.5%**	31.8%	(330)bps	(370)bps

Note: Other International consists of France, Ireland, and other international markets. Volumes and ARP include own-brand soft drinks sales and third-party product sales included within total revenue and brand contribution. Concentrate sales are included in both revenue and ARP but do not have any associated volume.

In Ireland revenue increased 18.7% driven by both volume and ARP growth. All brands were in growth, including Pepsi +17.3%, MiWadi +18.4% and Ballygowan +22.7%. In France revenue increased 12.3%, led by Teisseire and Moulin de Valdonne. In other markets we delivered growth across various sub-channels, including Benelux, travel, export, and the Middle East. The decline in brand contribution margin reflects the lag between inflation impacting the P&L and the timing of our price increases landing with customers, together with the particularly challenging retail environment in France with respect to executing our planned price increases in totality in that market.

Fixed costs – pre-adjusting items	**Year ended 30 September 2022 £m**	Year ended 30 September 2021 £m	% change actual exchange rate	% change like-for-like at constant exchange rate
Non-brand A&P	**(10.3)**	(8.3)	(24.1)%	(24.1)%
Fixed supply chain	**(126.0)**	(122.1)	(3.2)%	(3.7)%
Selling costs	**(82.0)**	(75.1)	(9.2)%	(9.0)%
Overheads and other	**(131.4)**	(126.5)	(3.9)%	(5.0)%
Total	**(349.7)**	(332.0)	(5.3)%	(5.9)%
Total A&P investment	**(61.7)**	(58.0)		
A&P as a % of own brand revenue	**3.8%**	4.1%		

Total A&P was £3.7 million higher year on year, as we continued to increase investment in our brands. Fixed supply chain costs increased primarily due to higher energy and carbon dioxide costs, partly offset by co-pack savings as production was brought in-house. Selling costs increased due to the full-year effect of vacancies filled in 2021 and further recruitment through 2022, employee expenses as travel normalised, and wage and salary inflation.

Interest

The net finance charge for the year ended 30 September 2022 is £17.3 million, compared with £17.8 million in the comparative year due to lower net debt levels through the year.

"Since launching in Brazil, we have extended the flavour range and launched new pack formats at different price points, specifically to meet the needs of each region."

Chief Financial Officer's review continued

Adjusting items – pre-tax

In the year, the Group incurred, and has separately disclosed, a net charge of £13.6 million (2021: £24.2 million) of pre-tax adjusting items. Adjusting items comprises:

- Implementation of an accounting policy change following an IFRIC agenda decision in relation to customisation and configuration costs of Software as a Service (SaaS) arrangements which are now expensed as incurred, rather than capitalised. This resulted in charges in the year of £7.5 million relating to IT projects (see notes 3 and 35 of the financial statements for more detail);
- Strategic M&A credit of £1.0 million in relation to the remeasurement and utilisation of historic provisions;
- Strategic restructuring credit of £1.0 million from historical provisions in relation to the closure of the Counterpoint business, offset by costs for the closure of the Norwich site; and
- Acquisition-related amortisation of £8.4 million and other credits of £0.3 million.

Taxation

The adjusted tax charge was £36.1 million (2021: £40.7 million), which equates to an effective tax rate of 20.0% (2021: 27.0%). The statutory net tax charge was £34.9 million (2021: £38.1 million), which equates to an effective tax rate of 19.9% (2021: 28.3%).

Earnings per share (EPS)

Adjusted basic EPS for the year was 57.3p, an increase of 29.3% (at actual exchange rates) on the prior year due to higher operating profits and the adverse impact on the 2021 EPS from an increase in deferred tax following the Government's enacted increase in corporation tax effective from April 2023. Adjusted diluted EPS improved 29.4%. Basic EPS for the year was 52.6p, an increase of 45.5% on last year.

Dividends

The Board is declaring a final dividend of 21.2p per share with a total value of £55.8 million, resulting in a full year dividend of 29.0p (£76.5m). This is in line with our stated 50% pay-out. The final dividend for 2022 will be paid on 8 February 2023 to shareholders on record as of 23 December 2022. The ex-dividend date is 22 December 2022.

Share buyback programme

As announced on 23 May 2022, the company has commenced an initial share buyback programme to repurchase ordinary shares with a market value of up to £75.0 million. The purpose of the programme is to reduce share capital and, accordingly, the shares repurchased are subsequently cancelled. Excluding transaction costs, the company has returned £37.7 million to shareholders via the buyback during the year ended 30 September 2022, with the remaining £37.3 million to be completed during the first half of financial year 2023. Adjusted net debt leverage at 30 September 2022 is 1.9x and within Britvic's long-term policy for leverage to maintain a range of 1.5x to 2.5x.

In the context of Britvic's expected free cash flow and its capital requirements over the next three years, the Board believes it is appropriate to complete the current share buyback. Britvic will continue to review its balance sheet on an annual basis to assess the strength of the balance sheet, in the context of its growth ambitions. The company's dividend policy remains unchanged.

Chief Financial Officer's review continued

Free cash flow

Free cash flow (defined as cash generated from operating activities, plus proceeds from sale of property, plant and equipment, less capital expenditure, interest and repayment of lease liabilities) was an inflow of £128.8m, compared with £132.7 million in the previous year.

Net cash flow from operating activities was £239.6 million compared to £225.3 million in the previous year as a result of increased profit before tax and disciplined cash management during the year.

There was a working capital outflow of £1.3 million (2021: £17.4 million inflow), comprising an outflow from increases in inventory of £26.0 million (2021: £15.4 million outflow), an outflow from increases in trade and other receivables of £56.4m (2021: £44.2m outflow), an inflow from increases in trade and other payables of £84.3 million (2021: £75.5 million inflow), an outflow from decreases in provisions of £3.2 million (2021: £8.5 million outflow) and no change in other current assets (2021: £10.0 million inflow).

The outflow in trade and other receivables and inflow in trade and other payables were due to an increase in purchases as trade increased following the removal of COVID-19 restrictions and a strong quarter four which benefitted from a hot summer across Europe.

The outflow in inventories, which were up year on year, is due to inflation, an increased level of both raw materials and finished goods stock to protect our customer service levels across the Group and further vertical integration of fruit processing in Brazil.

Net tax paid in the year of £18.4 million is higher than the £15.4 million net tax paid in the year to 30 September 2021 as 2021 benefited from a cash tax rebate in France of £7.0 million following the disposal of the juice business.

Capital expenditure increased to £84.6 million (2021: £66.7 million) following deferral of investment during the COVID-19 restrictions.

Treasury management

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

On 30 September 2022, the Group had £962.4 million of committed debt facilities, consisting of a £400.0 million bank facility, undrawn, and a series of private placement notes, with maturities between December 2022 and May 2035. A one-year extension to the maturity of the Group's £400.0 million bank facility was approved by six of the seven lenders in February 2022 extending the maturity of £366.7 million of this facility to February 2027. The remaining £33.3 million will mature in February 2025.

On 30 September 2022, the Group's adjusted net debt, including the fair value of interest rate currency swaps hedging the balance sheet value of the private placement notes, was £474.8 million, which compares with £488.5 million at 30 September 2021. Statutory net debt of £517.7 million (excluding derivative hedges) comprised £604.4 million of private placement notes and £3.5 million of accrued interest, offset by net cash and cash equivalents of £87.6 million and unamortised debt issue costs of £2.6 million.

Chief Financial Officer's review continued

Pensions

On 30 September 2022, the Group had IAS 19 pension surpluses in Great Britain, Ireland and Northern Ireland totalling £138.9 million and IAS 19 pension deficits in France totalling £1.4 million, resulting in a net pension surplus of £137.5 million (30 September 2021: net surplus of £131.6 million).

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

Contributions are ordinarily paid into the defined benefit section of the Plan as determined by the Trustee, agreed by the company and certified by an independent actuary in the Schedule of Contributions. No deficit funding payments were paid during the year except for the £5.0 million annual partnership payment which will continue until 2025. This is being reviewed as part of the triennial valuation as of 31 March 2022, which remains in progress as of the date of approving these financial statements.

Guaranteed Minimum Pension (GMP)

Following the Lloyds GMP equalisation case in October 2018, which ruled that treatment of men and women be brought in line for schemes with a guaranteed minimum pension, the Group recognised a charge of £6.2 million in its 2019 financial statements to provide for the impact of GMP equalisation. In November 2020, a further ruling on the Lloyds case took place requiring that individual transfer payments made since 17 May 1990 would also need to be equalised for the effects of GMP. During the year ended 30 September 2021, the Group recorded a charge of £0.7 million as part of adjusting items for the estimated cost of GMP equalisation arising from this latest judgment and no additional charge was made in 2022.

Joanne Wilson
Chief Financial Officer
22 November 2022

"The company has commenced an initial share buyback programme to repurchase ordinary shares with a market value of up to £75 million."

Risk management

“In a year of considerable change, we have closely managed and monitored our significant risks and delivered strong performance in line with expectations. We have balanced the growing external risk by investing in and delivering improvements to our control environment across our business.”

Joanne Wilson
Chief Financial Officer

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

Overview

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

What we are focused on

We have continued to monitor and assess our principal risks throughout the year, considering the dynamic and challenging external environment that has continued to develop in the last 12 months. We have maintained our focus on the delivery of the risk mitigation plans across the business, supporting the ongoing progression of the control environment.

We have continued developing our approach to integrating climate risk management into our overall Enterprise Risk Management (ERM) framework. We have worked with the sustainability team, undertaking a number of climate-related risk assessments across the organisation, which have supported the understanding of both the key risks and emerging risks facing the organisation. These assessments have adopted the same likelihood and materiality thresholds as we have in place within the ERM framework.

The materiality thresholds for climate-related risks are either expressed as a business disruption, cost, legal and regulatory or reputational impact. We have integrated the management of climate-related risks into a number of our critical processes, and we are continuing to drive the effectiveness of our approach in collaboration with the different teams across the business.

Following a number of changes to our principal risks last year, there have been no new risks added this year, nor any change to the scope of the existing principal risks. However, a number of risks we face continue to evolve, specifically against the backdrop of increasing political and economic uncertainty we are seeing, or expecting to experience, across our markets.

Most notably, we have seen an increase in our principal risks related to the cost and supply of raw materials and our externally focused market risk. We have seen continued supply chain disruption following the COVID-19 pandemic, with industry-wide issues continuing. In the past 12 months, we have seen market disruption impacting the supply of recycled PET (rPET) and carbon dioxide. In addition, increasing commodity and energy inflation continues to significantly impact both our input costs and the resilience of our suppliers.

Our market risk represents how we manage the consequential effects of these input cost increases to our customers and end consumers, and the economic uncertainty and challenges facing our markets has continued to grow in the past 12 months.

Britvic’s risk appetite

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

We have a clear scale for risk appetite which we have embedded both across our principal risks and wider Enterprise Risk Management, encapsulating the likelihood, severity and nature of risk. A principal risk is one that can seriously affect the performance, future prospects or reputation of the company. The risk appetite across our principal risks has been determined and reviewed by the Executive team and approved by the Board. 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 effectively and efficiently manage our risks. Following last year’s updated approach to risk appetite, we have continued to work on embedding this across both our principal risks and business unit/functional risk reviews, assessing the timeframe to reduce the residual risk in line with appetite.

Risk management continued

Our risk culture

The Board sets the risk culture for the business through the risk framework detailed below and by meeting bi-annually to discuss the progress made on our principal risks. Each of the principal risks are owned by a member of the Executive team, who is responsible for the monitoring and oversight of the principal risk on an ongoing basis with the appropriate individuals across the business. This year we have promoted the use of the principal risks in more regular discussions between the risk owners and the Executive team when issues, investment or resource decisions are considered and not limiting this to the bi-annual review of all the principal risks. This has also been extended to the Audit Committee during the year, providing further depth of discussion and review with the risk owner, where the principal risk covering treasury, tax and pensions was reviewed and discussed in the year.

The principal risks are reviewed by the Executive team, considering changes to risk, reviewing and challenging risk appetite and execution of risk improvement activity. This senior involvement ensures that the importance of risk management flows down throughout Britvic with business units, Group functions and project teams all engaged in risk management, demonstrated through, for example, financial scenario planning, business case assessment or project risk reviews. The risk team acts as the conduit to ensure this culture and consistent application of our risk framework are maintained.

Risk management

The risk management framework incorporates both a top down approach to identify the company's principal risks and a bottom up approach to identify operational risks. The Executive team is responsible for identifying, managing and monitoring the principal risks. The Board is accountable for the overall risk management process and determining the effectiveness of the Executive team's risk management.

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

Emerging risk

The Executive team and the Board formally review emerging risks, considering the outputs of the risk management processes and the horizon scanning exercise. Our risk processes continually monitor and assess emerging risks which may impact the organisation. Through both the top down and bottom up risk discussions held across the business, we seek to identify changes in both existing and new risks which may have a significant impact. In addition, the Group risk team conducts horizon scanning, utilising its knowledge and expertise, with input from internal and external sources to identify emerging risks for consideration and review.

The review considered a number of emerging risks facing the organisation. These risks included the impact of the energy crisis on suppliers, customers and consumers, the increased economic risk in the UK and rising interest rates. The energy crisis has the potential to instigate a significant change in behaviours of consumers and increases the credit and viability risk to customers and suppliers. The economic risk in the UK has continued to escalate, with the Bank of England forecasting the UK to fall into recession for the next two years, providing a more challenging macro environment.

While consideration has been given to assessing emerging risks, the review concluded that these risks are adequately captured across our existing broad set of principal risks and as a result no new principal risks are proposed. The current turbulent external environment has served to heighten the external risk around a number of our principal risks. This volatility and uncertainty, due to the current significant political and economic external conditions post-COVID-19, mean that a number of principal risks (market, raw material supply and pricing) are facing significant pressure and may be subject to unexpected change in the short term, reflecting the characteristics of emerging risks.

Priorities for the year ahead

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

We continue with our work to enhance our business continuity arrangements with support from the relevant areas across the Group. We have started with our Irish business unit first this year and are supporting the IT and procurement departments with their own business continuity arrangements.

We are also rolling out a new risk tool, which is part of the business' new system to manage and test our key controls, to make it easier for risk owners to document, assess and continually monitor and manage their risks.

In addition, the risk team plays a significant role in the cross- functional team responsible for our approach to the requirements of the Task Force on Climate-related Financial Disclosures (TCFD). We have challenged the selection of the key risks used in our scenario analysis and support the integration of this activity into our ongoing processes. Next year, we'll continue to support this key area and seek to further embed TCFD into our Enterprise Risk Management framework, to ensure they become part of our longer-term strategic thinking and decision making in the business.

Our principal risks

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

Risk management continued

Risk management framework

Risk management policy, standards and guidelines

Principal risks

Board, Audit Committee and Executive Committee

Top down
Group and strategic-level risk:
- Identification
- Assessment
- Prioritisation
- Management
- Oversight
- Reporting

Includes the identification and management of emerging risks

Lines of defence

First line
Operational management

Second line
Compliance and support functions

Third line
External assurance providers

Risk
1 Risk appetite and assessment

Controls
2 Clear governance
3 Policies
4 Standards procedures and guidance
5 Communications and training
6 Investigations and sanctions

Assurance
7 Monitoring and auditing

Bottom up
Business unit and operational-level risk:
- Identification
- Assessment
- Prioritisation
- Management
- Oversight
- Reporting

Includes the identification and management of emerging risks

Business unit operational risk and compliance committee

Business unit risks

Board
- Reviewing and approving principal risk assessments and output
- Approving the risk appetite

Audit Committee
- Providing oversight of the risk management framework and key activities
- Monitoring and investigation of key control failures
- Auditing of principal risks integrated as part of internal audit planning

Executive Committee
- Monitoring and oversight of changes in principal and emerging risks
- Implementation of proportionate and effective controls to mitigate the risk
- Responsible for the implementation of the risk management framework including drafting of the risk appetite

Operational management
- Responsible for the monitoring and oversight of the bottom up risk assessment, individual risks, mitigating actions and raising emerging risks

Risk management continued

Principal risks and uncertainties

Key:

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

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

No change | Increased | Decreased

Consumer preference: innovation

Link to strategic objective

1 2 3 4

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

Risk owner
Chief Marketing Officer

Change during the year and residual risk
Flavouring billions of water occasions, which is operating as a separate entity to help focus purely on innovation, and innovating to scale are key parts of our 2025 strategic plans.

We have continued to develop and build our innovation pipeline across our markets, for example Robinsons Mini, Aqua Libra Co, Tango Berry Peachy and Tango Apple Sugar Free, Ballygowan Hint of Fruit and Fruit Shoot Brazil.

Impact on the business
If our innovation fails to win and build scale in the marketplace this could weaken existing brands and mean we miss out on accessing new spaces, with impact on both our financials and our reputation with customers and consumers.

Risk mitigation
- Continuous assessment of consumer and customer trends and insights in order to anticipate changes in preferences and adapt our offering accordingly.
- Well-established controls in place with gate process, external competitor reviews and market analysis.
- Acceleration of speed to market in a number of areas with agile techniques to address a more volatile environment.
- Increased participation in rapidly growing energy category through Rockstar and launch of Club and Energise innovations in Ireland.

Health concerns

Link to strategic objective

3 4

Risk description
The continued focus on health and wellness, changing consumer attitudes and the threat of increased regulation, may impact our performance and the wider soft drinks category.

Risk owner
Chief Marketing Officer

Change during the year and residual risk
Health remains key concern despite cost of living pressures and delays to regulation.

Continued focus on portfolio choice with leading low and no sugar offerings and on enhancing our health credentials, e.g. with Benefit Drops and Robinsons Fruit & Barley with added vitamins both in Great Britain.

Impact on the business
This could result in a decline in the soft drinks category and/or our share of it.

Risk mitigation
- Playing an active role in health policy debate with key external stakeholders, policymakers and non-governmental organisations.
- Maintaining transparent stakeholder engagement and lobbying to understand best practice and share intelligence through our active membership of the Food and Drink Federation and the British Soft Drinks Association.
- Healthier People, Healthier Planet strategy to 2025 in place includes public targets on calories per serve, which is monitored and reported on across our markets.

Retailer landscape and customer relationships

Link to strategic objective

1 2 3 4

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

Risk owner
Business Unit Managing Directors

Change during the year and residual risk
Increased inflationary pressure has increased the resilience risk to our customer base.

The strength of our customer relationships has been demonstrated through the recent Advantage Group survey, which measures customer feedback from Retailers, Wholesalers and Suppliers in the UK. We have been ranked in the top three suppliers across all of Grocery, Convenience and Wholesale, and first for e-Commerce.

We have invested in upgrading our commercial systems and processes to allow the team to focus on value add and growth activities.

Impact on the business
Failure to mitigate this risk could lead to reduced margin and returns from customers due to market pressures, pricing not keeping up with input inflation, and not keeping up with consumer trends.

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

Supply chain

Link to strategic objective

1 2 3 4

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

Risk owner
Business Unit Managing Directors

Change during the year and residual risk
Key projects to address resiliency are well underway, with the national distribution centre redevelopment and warehouse management system upgrade, following the completion of a new can line in Rugby, and further improvements in capacity are planned next year.

As a result of the heightened inflationary environment, we see an increased risk of raw material supply disruption.

Impact on the business
Failure to supply required volumes and deliver acceptable customer service levels could limit revenue growth (volume and innovation) as well as increase the risk of adversely impacting customer relationships.

Risk mitigation
- Robust supplier strategy, selection, monitoring and management processes are in place and we are seeking to diversify our supplier base in key areas.
- Enhancement of business continuity planning launched to enhance the visibility of our key dependencies, our key threats and solution design.
- Improvements made to enhance medium to long-term demand and supply forecasting.
- A commodity risk management policy in place, approved by the Board, allowing for the use of standard commodity derivatives to manage the commodity price risk.

Risk management continued

Principal risks and uncertainties continued

Key:

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

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

No change | Increased | Decreased

Sustainability and environment

Link to strategic objective

1 2 3 4

No change

Risk description

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

Risk owner

Chief Marketing Officer

Change during the year and residual risk

Sustainability remains front and centre for all our stakeholders and is the subject of increasing regulatory focus.

We have invested in significant carbon reduction plans with biomass boilers installed in Brazil and we are underway with plans for electric boilers in Ireland and a heat capture system at one of our British sites.

We have completed our identification and modelling of the key climate risks and opportunities as part of TCFD and are working on how we embed risk mitigation actions into business as usual going forward.

Impact on the business

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

Risk mitigation

- Water stewardship plan in place and current year projects on track.
- DRS project team and governance in place with modelling and scenario planning underway and we're working closely with the local administration body to ensure our approach is fit for purpose.
- For more on our approach and progress with our Healthier Planet strategy see pages 45–50.
- Our TCFD disclosure can be found on pages 51–64.

Market

Link to strategic objective

1 2 3 4

Increased

Risk description

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

Risk owner

Business Unit Managing Directors

Change during the year and residual risk

We have delivered strong performance in the past 12 months, with underlying revenue growth of 15.5% and margin expansion of 10bps.

In Brazil, we have seen another year of significant growth, gaining market share in all key categories including kids and coconut water. See page 66 for more on Brazil's performance.

However, the residual risk is increasing due to the cost of living crisis and rising inflationary pressure means that forward category trajectory is more uncertain.

Impact on the business

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

Risk mitigation

- Strategic and annual planning process in place for business units and Group, including both reflection and re-appraisal of market drivers of the strategic plan.
- Regular management reviews to govern, monitor and amend plans, bringing together market, competitor and consumer insight.

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

Link to strategic objective

1 2 3 4

No change

Risk description

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

Risk owner

Business Unit Managing Directors

Change during the year and residual risk

Our total consumer complaint rate per million units sold was 2.61, slightly above the target of 2.30 set for the year.

We have implemented a third party horizon scanning tool enabling us to systematically identify and close gaps in HSE audits across all our sites.

AIB audit performance across Great Britain and Ireland manufacturing was good with our Leeds site achieving their best unannounced audit score to date.

Impact on the business

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

Risk mitigation

- Integrated quality, safety and environment (QSE) management system, Integrity, has been rolled out across all territories. This contains all QSE standards, site procedures and KPI reporting functionality.
- We have a technical specification tool for raw materials and packaging in Great Britain, Ireland and France and are rolling this out to Brazil in the next 12 months.
- Monthly zero harm forum in place, led centrally, for health and safety executive managers to share standards, monitor performance and share best practice.
- Group certification against FSSC 22000 was achieved across British, Irish and French production sites, while Brazil also maintained quality certification against ISO 22000.

Legal and regulatory

Link to strategic objective

1 2 3 4

No change

Risk description

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

Risk owner

General Counsel

Change during the year and residual risk

We have completed the implementation of a system to simplify and standardise our supplier contract creation and are embedding effective contract management practices across the organisation.

The external environment means that residual risk is trending upwards given third party failure and contract default risk, but the strength of our controls means it remains the same as last year.

Impact on the business

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

Risk mitigation

- Retention and investment, via promotions, in the in-house legal function responsible for ensuring compliance with all relevant legislation and regulations. It works closely with the rest of the business and external advisors and other key stakeholders regarding current, and changes to legislation.
- Regular compliance related training in place with data protection, whistleblowing and anti-bribery and corruption conducted this year.
- Horizon scanning process in place supported by two external firms to help the business assess the impact of potential and incoming legislation.

Risk management continued

Principal risks and uncertainties continued

Key:

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

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

No change Increased Decreased

Technology and information security

Link to strategic objective

1 2 3 4

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

Risk owner
Chief Financial Officer

Change during the year and residual risk
We are continuing to strengthen and improve our control environment by enhancing our external security testing and improving our site access controls for third parties. We also continue to invest in our operational technology so we're more aware of active threats and greater testing of our security controls.

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

Risk mitigation
- Cyber risk desktop simulation exercises conducted. Identified continuous improvement actions to further strengthen our control environment are currently been worked on.
- Regular system and client security patching is in place including use of vulnerability scanning to identify security weakness via out of date software or missing security patches.
- Quarterly internal phishing campaigns are run and followed up with training and guidance.
- We have developed an assurance plan across IT to provide objective and external scrutiny of the control environment.

Treasury, tax and pensions

Link to strategic objective

1 2 4

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

Risk owner
Chief Financial Officer

Change during the year and residual risk
Increased external risk driving upward trajectory on interest rates and volatility in foreign exchange. We remain well placed with our current controls, and experienced Treasury team to manage the risks effectively.

We are developing a full and comprehensive understanding of our legal position with respect to the M&B court ruling, in order to evaluate and understand the funding impact should Britvic ultimately lose the power to set an alternative rate of annual pension increase. See more details on our pension scheme on page 68.

The risk score has decreased due to a reduction in tax risk linked to regular testing and resolution of issues following the introduction of the plastic packaging tax.

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

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

Talent

Link to strategic objective

1 2 3 4

Risk description
Risk that the lack of the correct skills and capability and/or workforce resilience impact the business' ability to deliver ambitious plans for our long-term strategy.

Risk owner
Chief People Officer

Change during the year and residual risk
Our employee feedback survey continued this year with 85% response rate achieved this year and over 5,000 individual comments. See pages 36—39 for more detail on Healthier People.

A focus on engagement and wellbeing for all with wellbeing roadshows delivered to all of our sites in Great Britain and Ireland.

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

Risk mitigation
- Identification and retention of key talent through development and reward mechanisms.
- Regular employee surveys take place across the company to obtain employees feedback on a wide range of topics. This leads to constructive actions at both a central and individual team level.
- Internal development programmes are underway to build our talent pipeline. These will support the building of succession health to mitigate attrition risks.

Case studies - changes to risk scores versus prior year

Supply Chain

The raw materials supply and cost risk facing the organisation has increased in the past 12 months. This has been as a result of the high inflationary pressures experienced following on from the impact of COVID-19, and exacerbated following the war in Ukraine. The consequential energy crisis is continuing to fuel inflation both through our direct operations and through our supplier base. We faced quite specific supply risks 12 months ago, for example haulage driver shortages, and these have pivoted, with the war in Ukraine, to a wider energy crisis increasing our overall supplier risk as a result of financial and other pressures. While we have continued to invest in both the procurement functional capability and improvements in key processes and controls in the last 12 months, the residual risk has still continued to grow due to the external market dynamics.

Tax

The tax risk for the organisation has reduced in the past 12 months. This is as a result of continued progress to refine and enhance our internal control environment, increasing the use of shared services and driving greater visibility and oversight of tax affairs. Further, the successful development, testing and go-live of the processes required to support the introduction of the Plastic Packaging Tax evidence the business' capability to adapt and manage change in this area.

Viability statement

In accordance with the UK's Corporate Governance Code, the Directors assessed the viability of the Group, taking into consideration the Group's current financial position, our strategy and business model and the principal risks as set out in the Strategic report. See pages 70–75 which detail how we manage and control the principal risks. The Directors have determined that a three-year period is an appropriate timeframe for the assessment given the dynamic nature of the FMCG sector, and is the same timeframe used for our strategic planning which is updated annually. Beyond this, it becomes much more difficult to accurately estimate growth and cost projections.

The starting point for the viability assessment is the budget along with the strategic and financial plan, which makes assumptions relating to the economic climate in each of our markets, soft drinks category growth, input cost inflation and growth from the Group's value drivers. The most recent budget was updated and signed off by the Board in September 2022. The Board's review includes consideration of the appropriateness of the key assumptions and underlying risks and uncertainties associated with the plan. Over this time horizon, the Group has a strong financing position, with the majority of debt maturing beyond the assessment period. See pages 65–69 for further detail on our financial position.

Our principal risks, by their nature, can also have a significant impact on the delivery of the business' strategic objectives. As a result, our viability model takes into consideration how these risks may be realised and the impact this may have on Britvic's financial resilience, including adherence to our existing debt covenant and liquidity requirements. On their own, none of the principal risk events would cause a significant challenge in the Group's ability to meet its debt covenant and liquidity requirements.

The baseline modelling for the viability assessment has utilised a severe but plausible scenario model from the going concern review, which incorporates a number of our principal risks occurring during this three-year period. As a consequence, the viability modelling start point includes a significant level of principal risk and uncertainty, including:

- Market risk: The severe but plausible modelling includes a reduction in growth assumptions in financial year 2023 and a slow growth recovery thereafter in financial year 2024 and financial year 2025, which is considered to reflect the impact of the assessed risk. This reflects the risk of a global recession, including significant cost inflation, sustained foreign exchange volatility and fiscal tightening. This could result in lost sales through reduced consumer confidence, heightened price sensitivity and increased credit risk across our customers.
- Supply chain including raw material and services risk: The worst case model includes a significant additional amount of cost which can't be passed on or mitigated and so directly impacts our profit figure in financial year 2023. This also reflects the risk related to raw material shortages and increased costs, in part driven by climate change and the adverse impact on crop yields for key ingredients.

The significantly moderated revenue growth and margin delivery versus the Group's strategic plan across financial year 2024 and financial year 2025, is considered to capture an appropriate impact as a result of the following principal risks and uncertainties:

- Retailer landscape and customer relationship risk.
- Health concerns risk and Consumer preference: innovation risk.
- Talent risk.

As a result, we have not mapped further separate risk events to these principal risks. For the remaining principal risks, we have identified those risk events which have been assessed as plausible to occur within the assessment time period. The table below summarises these further separate risk events which have been included in the viability assessment, in addition to those included in the severe but plausible scenario baseline model.

Principal risk	Associated risk event in the viability model
Sustainability and environment	Higher than expected costs associated with the introduction and running of DRS in Scotland. We're working with Circularity Scotland to make the scheme as efficient and successful as possible.
Technology and information security	Cyber attack targeted at one of our warehouse operations affecting production output for a period up to two weeks.
Supply chain	System upgrade failure leads to production disruption for a number of days.
Tax, treasury and pensions, legal and regulatory	Regulatory fine imposed for breach.
Combined scenarios	The highly unlikely event of the combination of all of the above scenarios occurring within the same 12 month period.

Consideration has been given to the impact of climate change, which has identified the increase in regulatory costs as the key sustainability risk within the assessment period. The strategic plan for the Group includes the best estimate of the impacts of climate change on financial performance, as well as the corresponding investment in risk mitigations as part of our Healthier Planet strategy. An in-depth assessment of climate risk has been conducted in the past 12 months, with further analysis of the key risks to be conducted in the upcoming 12 months. See pages 51–64 for an overview of our work on TCFD.

Viability statement continued

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

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

In addition, we have conducted two separate and stringent reverse stress tests to identify the magnitude of revenue decline and unmitigated cost inflation required before the Group breaches its debt covenant. The required reduction was considered extreme and implausible. Based on the results of this analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period to September 2025.

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

Simon Litherland,
Chief Executive Officer
22 November 2022

Chairman's introduction to corporate governance

> "Board agendas are carefully curated across the year to ensure a balance of topics and to reflect the diverse range of stakeholder interests relevant to our long-term strategy."

John Daly
Chairman

Dear Shareholder

I am pleased to present the Corporate governance report for the year ended 30 September 2022. 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.

Board focus in 2022

The graphic on page 90 shows the range of matters brought to the Board, including strong brand and consumer focus, long term strategy as well as in-year performance, and deliberate allocation of time to planet and people topics.

While the Board continues to have dedicated sessions to align on risk appetite and to carry out reviews of principal risks, we are seeking to evolve a more holistic approach, so that each discussion encompasses not only People, Planet and Performance, but more deliberate dialogue about associated risks and opportunities within the topic under review.

Further to the prior year Board effectiveness review, we are also striving to allow time for more open and informal debate in Board meetings, to ensure we spend time thinking about the most important strategic issues facing us.

Future outlook

The Board held in-depth discussions on strategy, taking care to incorporate external views and making the best use of the experience that our Non-Executive Directors bring from the other businesses within which they serve. This detailed analysis reinforced our confidence in our current strategy and its importance across all our markets.

In the coming year, we will welcome a new CFO and focus on further implementation of our plans while steering the business through any potential challenges and capitalising on opportunities as they arise.

Fair, balanced and understandable

The Audit Committee recommended to the Board, following its in-depth review, that this Annual Report and Accounts is, in its opinion, fair, balanced and understandable (see page 101). The Board reviewed the Annual Report and Accounts, drawing on its collective knowledge of the business and updates from management during the year, and the opinion of the Audit Committee, and confirms that the Board believes this Annual Report and Accounts presents a fair, balanced and understandable assessment of the company, and provides shareholders with information necessary to assess the company's position, performance, business model and strategy.

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

John Daly
Non-Executive Chairman
22 November 2022

The UK Corporate Governance Code 2018: our compliance

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

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

1. Board leadership and company purpose	Section	Page
A An effective and entrepreneurial Board promotes the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.	• The Board in 2022	89–93
B Purpose, values and strategy are set and align with culture, which is promoted by the Board.	• Strategy • How governance supports strategy	24–25 89
C Resources allow the company to meet its objectives and measure performance. A framework of controls enables assessment and management of risk.	• Risk management • Internal control and risk management	70–75 102
D Engagement with shareholders and stakeholders is effective and encourages their participation.	• Shareholders • Stakeholder engagement	91 26–28
E Oversight of workforce policies and practices ensures consistency with values and supports long-term sustainable success. The workforce is able to raise matters of concern.	• Employees • Whistleblowing	92–93 102

2. Division of responsibilities	Section	Page
F The Chairman is objective and leads an effective Board with constructive relations.	• Our governance framework	84
G The Board comprises an appropriate combination of Non-Executive and Executive Directors, with a clear division of responsibilities.	• Directors • Our governance framework	87 84
H Non-Executive Directors commit appropriate time in line with their role.	• Directors	87
I The Company Secretary and the correct policies, processes, information, time and resources support Board functioning.	• How the Board works	85–88

3. Composition, succession and evaluation	Section	Page
J There is a procedure for Board appointments and succession plans for Board and senior management which recognises merit and promotes diversity.	• Succession planning and recruitment	96
K There is a combination of skills, experience and knowledge across the Board and its committees. Tenure and membership are regularly considered.	• Board composition: skills and experience	95
L Annual evaluation of the Board and Directors considers overall composition, diversity, effectiveness and contribution.	• Review of Board effectiveness	97–98

4. Audit, risk and internal control	Section	Page
M Policies and procedures ensure the independence and effectiveness of internal and external audit functions. The Board satisfies itself of the integrity of financial and narrative statements.	• Internal audit • External audit • Review of financial statements	102 103 100–101
N A fair, balanced and understandable assessment of the company's position and prospects is presented.	• Review of the 2022 Annual Report and Accounts	101
O Procedures manage and oversee risk, the internal control framework and the extent of principal risks the company is willing to take to achieve its long-term strategic objectives.	• Internal control and risk management • Risk appetite	102 70

5. Remuneration	Section	Page
P Remuneration policies and practices are designed to support strategy and promote long-term sustainable success, with executive remuneration aligned to company purpose, values and strategic delivery.	• Our remuneration principles • 2022/23 Directors' remuneration policy	107 112
Q A transparent and formal procedure is used to develop policy and agree executive and senior management remuneration.	• 2022/23 Directors' remuneration policy	112
R Independent judgement and discretion are exercised over remuneration outcomes taking account of the relevant wider context.	• Remuneration Committee focus areas in 2021/22	106

Board of Directors
as at 30 September 2022

The right skills to deliver our strategy

Key:
A Audit Committee N Nominationation Committee R Remuneration Committee ● Committee Chair

N R

John Daly
Non-Executive Chairman

John was appointed Chairman of the Board in September 2017. He joined the Board as a Non-Executive Director in January 2015 and since September 2017 has been Chair of the Nomination Committee.

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

Simon Litherland
Chief Executive Officer

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

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 (CFO) since September 2019. She is responsible for the finance, strategy, risk and internal audit, procurement, 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.

Joanne resigned as an Executive Director on 8 November 2022 but will continue as CFO until the end of her notice period in 2023.

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

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

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

R N

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 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.

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

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

A N R

William Eccleshare
Senior Independent Director

William was appointed as a Non-Executive Director in November 2017 and as Senior Independent Director in April 2022.

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 was Chief Executive Officer of Clear Channel Outdoor Holdings Inc. until 31 December 2021 and has since served as Executive Vice Chairman. He led the global Out-of-Home advertising business through a major digital transformation. William is also the Chair of the Design Council and the Chair of TeamITG.

External public directorships
Executive Director of Clear Channel Outdoor Holdings, Inc.

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

Board of Directors continued

Key:
A Audit Committee N Nomination Committee R Remuneration Committee ● Committee Chair

A N

Emer Finnan
Independent Non-Executive Director

Emer was appointed as a Non-Executive Director on 1 January 2022 and since May 2022 has been Chair of the Audit Committee.

Skills, competence and experience
Emer is a qualified accountant who has worked both as an investment banker and as a group CFO. She is currently President, Europe of Kildare Partners, a private equity firm based in London and Dublin, where she is responsible for investment origination in Europe. After qualifying as a chartered accountant with KPMG, she worked in investment banking at Citibank and ABN AMRO in London, and then NCB Stockbrokers in Dublin. In 2005 she joined EBS Building Society in Ireland, becoming its Finance Director in early 2010. In 2012, Emer rejoined NCB Stockbrokers to lead a financial services team in Ireland. She joined Kildare Partners in 2013.

Emer holds a Bachelor of Commerce degree from University College Dublin and is a Fellow of the Institute of Chartered Accountants in Ireland.

External public directorships
Non-Executive Director of C&C Group plc and Chair of the Audit Committee.

N R

Hounaïda Lasry
Independent Non-Executive Director

Hounaïda was appointed as a Non-Executive Director on 29 September 2022.

Skills, competence and experience
Hounaïda's executive career has been at Procter and Gamble, where she has held a series of local, regional and global roles over a significant tenure. She has worked across several geographies and consumer sectors, gaining multi-faceted experience in marketing, operational and corporate roles. Most recently she has been Senior Vice President, Skin & Personal Care, Europe, India, Middle East and Africa. She also served for five years on the non-profit Advisory Board of the Geneva School of Economics and Management at the University of Geneva.

In 2017 Hounaïda attended the Business and Sustainability Executive Programme at the University of Cambridge, and was subsequently tasked with driving ESG integration into plans across the business. Hounaïda, who was born in Morocco, has a degree in Marketing and International Trade from the École Supérieure de Commerce de Chambéry and an MBA from Université Pierre Mendès-France.

A N

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 22 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.

External public directorships
Executive Director of Saga plc.

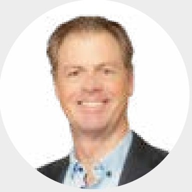
Clare Thomas
Company Secretary and General Counsel

Clare joined Britvic as Company Secretary and General Counsel in September 2013 and is responsible for the legal, company secretarial, estates and QSE teams across Britvic.

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

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

Group Executive team
as at 30 September 2022



Simon Litherland
Chief Executive Officer

See Simon's biography on page 80.

Joanne Wilson
Chief Financial Officer

See Joanne's biography on page 80.

Clare Thomas
Company Secretary and General Counsel

See Clare's biography on page 81.

Matt Barwell
Chief Marketing Officer

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

Matt joined Britvic in 2014 from Diageo plc, a global leader in alcoholic beverages, 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 worked and lived in Italy for a number of years with the company.

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

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

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.

Paul Graham
Managing Director, Great Britain

Paul joined Britvic in September 2012 and was promoted to the role of Managing Director, Great Britain, the following year. He has played a pivotal role in business-shaping milestones, including Britvic's commitment that all plastic bottles in Great Britain and Ireland are to be made from 100% rPET and/or sustainably sourced PET by 2025.

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

Paul is President of the British Soft Drinks Association.

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

Hessel de Jong
Managing Director, Britvic Teisseire International

Hessel joined the business in September 2015 with over 20 years of management experience in the international FMCG industry. He is responsible for Britvic Teisseire International (France, Europe, Americas, Asia, Global Accounts, Middle East, Africa and Export).

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.

Group Executive team continued

Pedro Magalhães
Managing Director, Brazil

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

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

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

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

Steve Potts
Managing Director, Beyond the Bottle

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

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

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 food business. Earlier in his career, he worked for 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.

Sudeep Shetty
Chief Information and Transformation Officer

Sudeep joined Britvic in 2016 and became a member of the Executive team in June 2022. Retaining oversight of IT, data and analytics from his previous role as Chief Information Officer, Sudeep is also responsible for cross-functional transformation programmes.

Sudeep started his career in India as a business analyst for Cognizant, having graduated in mechanical engineering. He moved to London in 2006 on secondment with J.P. Morgan, eventually leading an international business transformation programme for the investment bank. Subsequent roles have seen him develop digital solutions for consumers at M&S, Jack Wills and Selfridges.

Elly Tomlins
Chief People Officer

Elly joined Britvic in February 2022 and is responsible for the design and execution of the people strategy for the Group, including talent management, organisational change and capability, diversity, inclusion and wellbeing, and reward.

Elly has considerable expertise in developing progressive talent strategies, delivering innovative employee experiences, and building and scaling culture transformation. She was most recently VP Culture & People Strategy at Tate & Lyle PLC and formerly the Group Talent & Organisational Development Director and HR Director for Group Functions at Whitbread PLC. She also held a series of international and global roles across talent, inclusion and diversity and organisational change at Thomson Reuters Corporation.

Before entering HR Elly was a management consultant and holds an MA and MPhil in Historical Studies from Cambridge University.

Our governance framework

2,508 shareholders as at 30 September 2022

Board

Non-Executive Chairman
John Daly

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

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

Chief Executive Officer
Simon Litherland

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

Chief Financial Officer
Joanne Wilson

The CFO is responsible for the finance, strategy, risk and internal audit, procurement, 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. She also chairs Britvic's ESG Committee.

Senior Independent Director
William Eccleshare

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

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

Independent Non-Executive Directors
Sue Clark, Emer Finnan, Euan Sutherland, Hounaïda Lasry

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

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

Company Secretary and General Counsel
Clare Thomas

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

Committees

Nomination Committee

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

Audit Committee

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

Remuneration Committee

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

Executive team

CEO | CFO

- Chief Information and Transformation Officer
- Managing Director, Beyond the Bottle
- Chief Marketing Officer
- Chief People Officer
- Managing Director, Brazil
- Managing Director, Britvic Teisseire International
- Managing Director, Great Britain
- Managing Director, Ireland
- General Counsel and Company Secretary

Executive Committees

- ESG
- Diversity & Inclusion
- Tax & Treasury
- Capital
- Healthy People
- Compliance
- Pensions

How the Board works

The role of the Board

The role of the Board is to promote the long-term sustainable success of the company for the benefit of all stakeholders, generating value for shareholders and contributing to wider society. The Board is responsible for setting the long-term business strategy and establishing the company's purpose, vision and values, which together underpin the culture of the business – see pages 24—25 for information about our strategy.

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

Strategy

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

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

Further information on how Board governance supports strategy can be found on page 89.

Performance and monitoring

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

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

Detailed information on Britvic's sustainable business can be found on pages 32—64.

Internal controls and risk management

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

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

Further information can be found in the Audit Committee report on page 102 and the risk management section on pages 70—75.

Culture, leadership and people

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

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

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

Further information on employee engagement can be found on pages 92—93.

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

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

Further information on succession planning can be found on page 96.

Further information on raising concerns can be found on page 102.

Governance, shareholders and stakeholders

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

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

Further information on shareholder engagement can be found on page 91.

Further information on stakeholder engagement can be found on pages 26—28.

How the Board works continued

How the Board operates

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

Matters reserved

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

Committees

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

Terms of reference for each committee can be found at britvic.com/committees. The reports of the committees can be found on pages 94—117.

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

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

Delegation of authority

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

Meetings

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

The Board met seven times during the year as scheduled, excluding sub-committee meetings to approve the financial results. When time-sensitive approvals were required between meetings, the Board authorised sub-committees to be convened as appropriate, or made use of written resolutions.

All meetings were held in person, making use of hybrid facilities via Teams video conference to bring in presenters and other attendees when appropriate.

The Chairman regularly meets with the Non-Executive Directors without the Executive Directors present, both collectively and individually. In addition, the Chairman discusses matters relevant to the Audit and Remuneration Committees with the Chairs of each on a regular basis.

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

Board and committee meeting attendance

Membership and attendance	Board	Audit Committee	Remuneration Committee	Nomination Committee	AGM attendance
John Daly	●●●●●●● 7/7		●●●●● 5/5	●●●● 4/4	✓
Simon Litherland	●●●●●●● 7/7				✓
Sue Clark[1]	●●●●●●● 7/7		●●●●● 5/5	●●● 3/3	✓
William Eccleshare[2]	●●●●●●● 7/7	●● 2/2	●●●●● 5/5	●●● 3/3	✓
Euan Sutherland[3]	●●●●●●○ 6/7	●●○ 2/3		●●●● 4/4	✓
Joanne Wilson	●●●●●●● 7/7				✓
Emer Finnan[4]	●●●●● 5/5	●● 2/2	●● 2/2	●●● 3/3	✓
Hounaïda Lasry[4]	● 1/1		● 1/1		
Former Directors					
Suniti Chauhan	●● 2/2	● 1/1			
Ian McHoul[5]	●●●●○ 4/5	●● 2/2	●●●○ 3/4	●●○ 2/3	✓

1. Sue Clark joined the Nomination Committee during the year.
2. William Eccleshare joined the Audit and Nomination Committees during the year.
3. Euan Sutherland was unable to attend one Board meeting and one Audit Committee meeting due to illness.
4. Emer Finnan and Hounaïda Lasry joined the Board during the year.
5. Ian McHoul was unable to attend one Board meeting, one Remuneration Committee meeting and one Nomination Committee meeting due to illness.

How the Board works continued

Directors

The majority of the Board are independent Non-Executive Directors. The roles of the Chairman and CEO are separate - there is a clear division of responsibilities between the two and the roles may not be exercised by the same individual (see page 84 for descriptions of the roles).

The Nomination Committee reviewed the independence of all Non-Executive Directors during the year and concluded that all current Non-Executive Directors remain independent (see page 96).

Non-Executive Director appointments are initially made 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.

During the year, the Board renewed contracts for Sue Clark and Euan Sutherland for a further three years. Both Sue and Euan have served for six years since their initial appointments.

Details of the Executive Directors' service contracts and the Chairman's and the Non-Executive Directors' letters of appointment are set out in the Directors' remuneration report on page 111. These documents are available for inspection at the registered office of the company during normal business hours and at the AGM.

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

Time commitment and external appointments

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

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

During the year, the Board approved two external appointments. William Eccleshare was appointed as Chair of the Design Council and the Chair of TeamITG. Neither of these appointments are to publicly listed companies and the Board agreed that the time commitment required would not impact William's ability to fulfil his role at Britvic.

Directors' indemnities

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

Conflicts of interest

All Directors have a duty to avoid conflicts of interest, and where they arise to declare conflicts to the Board, including significant shareholdings. The Board considers and, if thought fit, authorises any potential conflict and the conflicted Director may not participate in any discussion or vote on the authorisation.

The Nomination Committee reviewed all declared potential conflicts of interest during the year and made recommendations to the Board as appropriate.

Advice and access to employees

All Directors have access to the advice of the Company Secretary, who is responsible for advising the Board on all governance matters. Directors are also entitled to obtain independent professional advice on any matters related to their responsibilities to the company, at the company's expense.

The Board is authorised to seek any information it requires from any employee of the company, including the Company Secretary, in order to perform its duties.

How the Board works continued

Induction

Newly appointed Directors are offered a tailored, comprehensive and personalised induction programme on joining the Board. Emer Finnan joined the Board in January 2022 and became Chair of the Audit Committee in May 2022. A programme of activities and meetings was carried out over the first few months after Emer joined. A similar programme is being conducted for Hounaïda Lasry.

"The induction programme was excellent, providing me with relevant documents and access to senior personnel across all of the main business functions. This gave me a good understanding of the business which meant that I could add value to the Board from the beginning."

Emer Finnan
Independent Non-Executive Director

Documentation

Copies of relevant company documents were made available early on in the programme including the most recent Annual Report and Accounts, the Group structure chart, the company's articles of association, key policies and recent Board and Executive team minutes and papers.

Face-to-face meetings

Meetings were arranged with the Chairman, the CEO, individual Non-Executive Directors, members of the wider Executive team and Group leadership in order to provide an understanding around culture, values, strategy, recent developments, financials, and key challenges and opportunities.

Strategy

Emer was briefed on current performance and strategy with the CEO and the Chief Strategy Officer.

Investor relations and media view

An overview of investor relations activities, market facing issues and investor sentiment was provided by the Director of Investor Relations and the Director of Corporate Relations.

Governance, risk and litigation

Emer met with the Company Secretary and General Counsel and was given information about Board policies, procedures and processes and an overview of key legal matters.

Site visits

Emer visited the Kylemore factory in Dublin, spending time with the Managing Director, Ireland, and his team. Later in the year she participated in the Board visit to Rugby.

Audit Committee

Emer met with the Chair and members of the Audit Committee outside the schedule of meetings in order to understand the Committee's remit and obtain an overview of topical issues, policies and developments. The Chief Financial Officer gave an overview of current financial performance and outlook, and the Financial Control Framework. Emer also met with the external audit partner, and the Director of Internal Audit and Risk.

Training and development

Continuing training and education is available to all Directors to enable them to fulfil their responsibilities as Directors and to develop their understanding of the business. The Board portal is used as a repository of reference standards, recent articles and papers on a range of relevant topics. The Company Secretary arranges for external speakers to provide training on specific topics as appropriate.

During the year, the Board received training on environmental impact topics including water and carbon from Will Day of the Cambridge Institute for Sustainability Leadership, and discussed the role of the Board in ESG matters. The Board also had training sessions from internal colleagues on cyber security and Brazil market context, and from external legal advisors on directors' duties, Listing Rules and the Market Abuse Regulation.

The Board in 2022

How governance supports strategy

Healthier People, Healthier Planet

The Board's governance role:

The Board ensures that non-financial goals and progress are integrated with all performance decisions and are considered as part of strategy and implementation throughout the business. These include environmental targets, employee wellbeing and impacts on the wider community.

What we considered in 2022

- Received the CFO report every month containing a series of non-financial measures, including rPET, water, carbon, calories per serve, employee engagement and women in leadership.
- Reviewed Healthier People, Healthier Planet performance against goals.
- Reviewed insights from research into how key external stakeholders view our Healthier People, Healthier Planet strategy, both in terms of familiarity and favourability.
- Received and discussed progress on diversity and inclusion measures in the business.
- Reviewed and discussed the outputs of employee surveys and other culture indicators.
- Received regular Quality, Safety and Environment reports.

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 concentrates brands.

What we considered in 2022:

- Received updates on individual concentrates brand plans including Robinsons and Mathieu Teisseire and discussed the unique role of each brand in the flavour billions of water occasions strategy, including current brand performance, future strategy and innovation.
- Received a detailed update from the Beyond the Bottle team outlining progress, innovation and channel, product, customer and competitor updates.
- Monitored performance of concentrates brands throughout the year including relative market shares.

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 2022

- Received and discussed a different brand health review at each Board meeting, including Pepsi, Robinsons, Teisseire, Ballygowan and Plenish.
- Received and reviewed the business response to the changing retail environment in Britain, including an external view from Barclays Capital analysts.
- Considered insights on the British hospitality channel using input from the CGA Business Leaders Survey.
- Monitored performance of local favourites and global premium brands throughout the year including relative market shares.

Access new growth spaces

The Board's governance role:

The Board reviews information on new channels and solutions which anticipate consumer needs and purchasing behaviours, and the technology requirements of the business units.

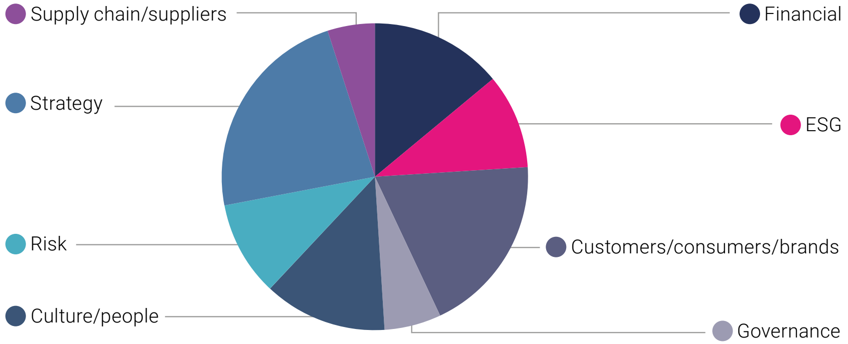
What we considered in 2022

- Received and discussed the CFO report every month containing innovation tracking and market share data.
- Received and supported an M&A strategy review, and considered potential organic and inorganic growth opportunities to access new spaces.
- Reviewed growth potential in British retail and hospitality spaces.
- Received and discussed innovation and progress in the Beyond the Bottle and Brazil business units.
- Reviewed progress on Plenish integration and further plans for the brand.

The Board in 2022 continued

Key activities

The Board was mindful of creating the right balance between considering in-year activities and looking ahead at more strategic matters. The chart below gives an indication of the split of time spent in Board meetings discussing items under various topic headings, but it should be noted that there is increasing crossover between topics as the Board moves to a more holistic approach, for example including risk and ESG matters in discussions on financial performance or brands.



Performance and monitoring

At each meeting, the CFO presented to the Board on activity in the prior period, covering People, Planet and Performance metrics. These included environmental and safety performance against targets, customer service levels, employee engagement, diversity statistics, consumer complaints, accident and safety data, Group and business unit performance for each period, market data, budgets, outlook and cash flow. In addition, the Board received detailed reports on Quality, Safety and Environmental performance twice during the year with opportunity for detailed questions and debate. Investor relations reports detailing market movements and trends were considered at each meeting.

The Board's monitoring of financial performance was informed by in-depth presentations covering individual business units, including Great Britain, Brazil, Britvic Teisseire International and Beyond the Bottle, and brand evaluations including Pepsi, Plenish, Teisseire, Ballygowan and Robinsons. The Board also received presentations covering key stakeholder groups including procurement and supply chain, and consumer insights.

The Board received presentations from the Environmental, Social and Governance (ESG) team covering progress of the Healthier People, Healthier Planet strategy and insights from a comprehensive survey into how key external stakeholders view our Healthier People, Healthier Planet strategy.

The Board reviewed and approved the interim and full year results, including the recommended dividends and market announcements. The Board also reviewed and approved the annual budget and operating plans.

Internal controls and risk management

The Board received presentations from the Director of Internal Audit and Risk twice during the year. These included a comprehensive review and consideration of changes to both existing and emerging risks, including particular attention to risk appetite across the principal risks.

Detailed risk and control reviews were conducted for each of the principal risks, with additional presentations from the Chief Information Officer covering cyber security. The Board also evaluated how the company can continue to improve the effectiveness of its approach to risk management.

The Board received reports at each meeting on any cases raised through the company's whistleblowing provision, and updates on the independent investigations and actions required to resolve issues raised.

The assessment of the company's system of internal controls and risk management is delegated to the Audit Committee, and the Board received verbal updates from the Audit Committee Chair after each Committee meeting. A description of the main features of the company's internal control and risk management systems can be found on pages 70–75, and the Audit Committee's report can be found on pages 99–104. The Board's statement on viability is on page 76–77.

Culture, leadership and people

The Board carried out two sessions on culture and employee engagement during the year, at which the Chief People Officer presented on the Employee Heartbeat framework and results of pulse employee engagement surveys.

The Board was able to see scores analysed by business unit and other thematic splits and understand how results fed back directly into plans to support culture and employee wellbeing and improve engagement still further. The Board also visited manufacturing sites in Rugby and Beckton, and spent time talking to employees from across the business.

The Board reviewed the approach to investing in and rewarding the workforce (see page 36). Further information on Board engagement with employees can be found on pages 92–93 and information on alignment of the Directors' remuneration policy to the wider workforce can be found on page 114.

A half-day session on talent was held in March, during which detailed conversations took place on Executive succession, senior leadership pipeline, talent and capability. A follow up session on talent, leadership and wellbeing was held in July.

The Board also received recommendations from the Nomination Committee on Board and Executive succession.

Governance

The Board received regular updates on the Group's governance practices and procedures and legal and regulatory matters and approved various matters such as the going concern and viability statement, as well as statutory non-financial reports such as the Modern Slavery Act Statement, the Gender Pay Gap Report and annual disclosure of tax strategy.

The Board reviewed and adopted updated Group policies including the Matters Reserved to the Board and the Statement of Authorities governing delegations of authority within the business.

The Board reviewed Non-Executive Director independence and Director conflicts of interest following recommendations from the Nomination Committee, and carried out the annual review of Non-Executive Director fees.

A review of Board and Committee effectiveness was carried out and the Board discussed actions to be taken in the upcoming year to implement its recommendations (see pages 97–98).

The Board considered and approved a number of significant contracts as required by the governance framework.

The Board reviewed and approved the Annual Report and Accounts, having considered compliance against the UK Corporate Governance Code. The Board received external refresher training from Linklaters on Directors' duties, the Listing Rules and the Market Abuse Regulation.

The Board in 2022 continued

Stakeholder engagement

Shareholders

The Board values maintaining strong lines of communication with investors, which it believes should be an ongoing process. The Board's main contact with existing and prospective institutional shareholders is through the Director of Investor Relations, who is responsible for all primary contact with shareholders, potential investors and equities research professionals.

The Chairman regularly engages with investors to understand their views on governance and the performance of the company against its strategy and on any other matters specifically concerning the company. In addition, the Audit and Remuneration Committee Chairs engage with investors on matters relevant to those committees through a variety of channels such as face-to-face and virtual meetings.

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

The Director of Investor Relations and various members of the Executive team engage directly with investors throughout the year, including one-to-one meetings and group meetings, as well as attending conferences both virtually and physically.

The Group's investor reach is global, and the company liaised with investors in the UK, the United States, Canada, France, Italy, Germany, Ireland, Denmark, the Netherlands, Norway and Sweden during the last financial year.

The Board receives reports on investor relations activity from the Director of Investor Relations at each Board meeting and additionally receives regular reports from an independent capital market advisory firm, which provides comprehensive information relating to the company's major shareholders. The Board is also kept up to date with information from any meetings with major shareholders. The Directors discuss such feedback, which influences decisions to actively meet as required with major shareholders on matters specific to the company. The CEO and CFO also meet with both corporate advisors, JPMorgan and Citi, as well as Headland Consultancy for advice and insight related to capital markets and media engagement. Citi gave a presentation to the Board in May, to give insight on the state of the market and how investors see the company.

Private shareholders are encouraged to access the company's website for company reports and business information and to contact the company via email with any queries (investors@britvic.com). Enquiries about specific shareholder matters should be addressed to the company's Registrar, Equiniti, in the first instance – contact information can be found on page 189.

AGM

Prior to the AGM, the Board receives and considers principles of ownership, corporate governance and voting guidelines issued by the company's major institutional shareholders, representative bodies and proxy advisory organisations.

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 2022 AGM was held in London and all resolutions were passed. Shareholders were encouraged to vote by appointing the Chair as proxy if they were unable to attend in person. The Board encouraged shareholders to submit questions in advance and these were responded to individually. The 2023 AGM is again planned to be a physical meeting to be held in London. The Notice of Meeting can be reviewed at britvic.com/agm.

Other key stakeholders

The Board actively encourages and carries out engagement with its key stakeholders and considers this to be paramount to the long-term success and performance of the business. Our Section 172 statement on pages 29–31 explains how Section 172 matters, including engaging with key stakeholders, are taken into consideration by the Board in its decision making.

The Board recognises, along with the company's purpose and values, the contribution the company makes to society, the environment, and to each of its key stakeholders. It seeks to understand the views of its key stakeholders and predominantly engages with those stakeholders through the Executive Directors, who ensure that the Board is kept informed of any key issues or changes.

It also keeps engagement mechanisms under constant review to ensure that they remain effective. Information on how the Board has engaged with key stakeholders during the year can be found on pages 26–28 and information on Board engagement with employees can be found on pages 92–93.

Key shareholder activities

Q1

- Preliminary results 2021 investor meetings
- Engagement with investors ahead of the Annual General Meeting

Q2

- Annual General Meeting
- ODDO BHF European Mid-Cap Conference (virtual)
- Investors visit to Leeds factory

Q3

- Interims 2022 investor meetings
- Deutsche Bank Consumer Conference (Paris)
- Goldman Sachs Consumer Conference (London)
- Investors visit to Rugby factory
- Inter AXS ESG Conference (virtual)

Q4

- UBS consumer conference (virtual)
- Numis PCB investor roadshow (virtual)
- Investor calls and virtual meetings
- Incentive investor event (Oslo)
- Investors visit to Head Office with Berenberg
- Investors visit to Rugby factory

The Board in 2022 continued

Stakeholder engagement continued

Employees

The Board is committed to engaging with employees throughout the company on subjects that affect them, and providing them with updates on the company's performance. The Board has implemented an approach to employee engagement that utilises a variety of mechanisms, covering a broad range of interactions with employees, enabling all Directors to have direct contact with workers in different settings.

The Board acknowledges that, although this is not one of the recommended approaches set out in the 2018 Code, by adopting a range of different engagement practices the Board will be provided with greater opportunities to hear the employee voice in a range of settings. The Board considers this to be more effective than allocating responsibility to a single Director or limiting engagement to an advisory panel, as it opens up possibilities for a wider range of activities.

The Board sets out an engagement plan at the start of each financial year, including in-person site visits, face-to-face meetings and virtual interactions.

Employee Involvement Forum

The Employee Involvement Forum (EIF) provides a formal mechanism for elected representatives of Britvic employees to meet regularly with senior management representatives for the purpose of exchanging information and consulting on issues that have a general impact on business performance for topics such as company strategy, business performance, environmental matters and employment policy. It also provides a mechanism for the ad hoc exchange of information and consultation on issues that impact business performance between elected representatives and senior management as required.

John Daly and Sue Clark attended an EIF meeting in July 2022 and Simon Litherland attended an EIF meeting in August 2022 with Q&A sessions on a number of topics including resourcing to meet our ambition, inflation and the cost of living, Britvic's growth, strategy, ambitions, innovation and market share, reward and recognition, sustainability and Working Well.

John, Sue and Simon fed back to the Board following these sessions and, going forward, different Directors will participate in further EIF meetings each year.

"Our meetings with members of the Board and Simon are vital. It allows us to have an open and honest discussion about the topics that really matter to Britvic employees and with everything going on this year it felt more important than ever. The hot topics were shared and openly discussed. Employees want to feel they are being listened to and we are grateful that Britvic encourages a two-way dialogue at this level."

EIF Chair

Site visits

The Board visited our Beckton factory in November 2021 and our Rugby factory in July 2022 to meet and engage with employees working on the lines and tour the sites. The Board received a supply chain update from the site management teams who highlighted upcoming developments for each site and potential challenges.

During the Beckton visit, the site manager highlighted the exceptional health and safety record and the Board had an informal lunch with employees who had the opportunity to ask the Board questions both individually and in small groups.

At Rugby, the Board received an update on the record production levels over the summer and viewed the new can line and customer ready display units. John Daly led a Q&A session with employees and provided feedback from the Employee Involvement Forum he recently attended.

"The Board came to visit Rugby in July. This coincided with the hottest week on record in parallel with striving to deliver over the busy summer period. It was extremely uplifting for everyone involved to interact with the Board at such a crucial time in the year, to discuss pivotal achievements and future projects, and overall demonstrate the team's hard work and proud commitment to success. The visit significantly boosted morale and left a lasting positive impact for all."

Nicole Webb
Production Unit Manager, Rugby

The Executive Directors visited São Paulo in Brazil and hosted a town hall meeting with the Chief Marketing Officer and the Brazil Managing Director. The meeting with a live audience was broadcast live to 1,700 colleagues. The team talked about their observations of the business and then took questions on a series of topics, from our growth opportunities in Brazil, how to grow our brands and how we were thinking about cultural integration, through to navigating a career as a senior female.

The Board in 2022 continued

Stakeholder engagement continued

Leadership Forum with John Daly

Regular Leadership Forum calls, chaired by Simon Litherland, are held with the 100 most senior Britvic leaders worldwide, to keep the community connected, so they can spend time together for updates on key strategic initiatives and performance, and exchange on specific topics. These interactive online sessions include time for Q&A sessions between the participants. John Daly occasionally joins these calls to share his views and give the leadership population the opportunity to ask questions.

"The Leadership Forum calls are now very interactive. They enable rich, open and constructive conversations. Leadership Forum calls help us stay connected as leaders."

Leadership Forum member

Employee Heartbeat surveys

In November 2020 we introduced our new employee engagement framework – Employee Heartbeat. Twice a year we take the Heartbeat of our people, providing us with valuable insights on employee engagement, what works well in the organisation, and what can be improved. All our employees are given an opportunity to make their voice heard, and an average 87% took the opportunity, giving over 11,000 comments.

Results are released to the Board for discussion following each survey, highlighting the insights gained from Heartbeat, the current business context, and the actions planned. Following this detailed feedback, Board input is taken at these sessions on how we continue to build our culture. The insights gained from the surveys help us plan and adapt for success across our business.

Employee engagement
77/100

Employee health, wellness and wellbeing
72/100

International Women's Day with Emer Finnan

The B-Empowered Network aims to support and enable women at Britvic to reach their potential, thrive within Britvic, add value and be their true authentic self. The network's purpose is to guide Britvic to becoming a gender equal business and reflect the workplace and communities we represent – in practice and culture.

The network organised an International Women's Day virtual event in March 2022, with its theme being Breaking the Bias. Emer Finnan spent time talking to around 125 employees about what bias she had experienced, how she overcame it and her key learnings.

"I was delighted to speak to the Britvic team on International Women's Day on the topic of bias. Bias can be both conscious and unconscious and it's important for people to understand the impact that bias can have, whether intentional or unintentional, in the workplace."

Emer Finnan

All-employee connect calls

The CEO, Simon Litherland, hosts regular global Connect Calls to bring together all Britvic people to update them on key activities that impact and work towards our strategy in all our business units. They are our live global townhalls, and live translation is available to ensure that, no matter where in the world, all Britvic employees are included and are together as one team working towards the same goals.

We have held all-hands Connect Calls with over 1,800 attendees from all areas of the business, covering a range of topics including updates on our People, Planet and Performance agendas and our local brands, and including informative and interactive Q&A sessions with members of the Executive team.

"The Connect Call was very exciting, as always, and I love seeing what is happening in other business units. It is during these calls that I am reminded of the scale of our company."

Britvic employee

Nomination Committee report

John Daly
Nomination Committee report

Committee at a glance
On behalf of the Nomination Committee (the Committee), I am pleased to present its report for the year ended 30 September 2022. The report describes how the Committee has carried out its responsibilities during the year.

Committee members
John Daly (Chair)
Sue Clark[1]
William Eccleshare[1]
Emer Finnan[2]
Hounaïda Lasry[3]
Ian McHoul[4]
Euan Sutherland

1. Sue Clark and William Eccleshare were appointed to the Committee on 26 January 2022.
2. Emer Finnan was appointed to the Committee on 1 January 2022.
3. Hounaïda Lasry was appointed to the Committee on 29 September 2022.
4. Ian McHoul resigned from the Board and all committees on 11 May 2022.

Role and responsibilities
The Committee's role is to provide oversight of the leadership needs of the business, both Executive and Non-Executive, with a view to ensuring the continued ability to compete effectively in the marketplace, implement the strategy and achieve its objectives. The Committee takes into account the challenges and opportunities facing the company and the skills, experience and knowledge required for the future. Key responsibilities include:

- Reviewing the structure, size and composition of the Board and of its committees and making recommendations to the Board on any changes required to meet current and future needs.
- Ensuring that plans and processes are in place for the orderly succession of Directors, Executive team and other members of senior management while overseeing the development of a diverse talent pipeline.
- Identifying and nominating candidates for appointment to the Board for approval by the Board, approving changes to the Executive team, and ensuring that the procedure for appointing Directors is formal, rigorous, transparent, objective and merit based, and has regard for diversity.
- Monitoring the diversity of the Board and senior management and approving any changes to the Global Diversity & Inclusion Policy.
- Reviewing the Non-Executive Directors' time commitment, independence and external appointments, and the annual performance evaluation results relating to the composition of the Board.
- Reviewing annually any conflict declarations by the Directors and any conflict authorisations granted by the Board.
- Making recommendations to the Board concerning suitable candidates for the role of Senior Independent Director.
- Making recommendations to the Board for membership of Board committees.
- Making recommendations on the reappointment of any Non-Executive Director at the conclusion of their specified term of office.
- Making recommendations for the re-election by shareholders of each Director having due regard to their performance, ability and contribution to the Board in light of their skills, experience and knowledge.

The Committee's terms of reference, which are reviewed annually, are available on the company's website at britvic.com/committees.

Committee meetings
The Committee met four times during the year, at three scheduled meetings and at one ad hoc meeting (see page 86 for attendance report). Committee meetings usually take place prior to a Board meeting, and the activities of the Committee and any matters of particular relevance are reported to the subsequent Board meeting.

Committee membership was reviewed as part of the wider consideration of Board and Committee memberships. Changes were recommended following recommendations from the Board evaluation, which noted that it is best practice for all Non-Executive Directors to be members of the Committee. Consequently, Sue Clark and William Eccleshare were appointed to the Committee, and both Emer Finnan and Hounaïda Lasry were appointed to the Committee when they joined the Board.

Nomination Committee report continued

Attendees at each meeting comprise Committee members, who are all independent Non-Executive Directors, and by invitation as appropriate, the CEO, the Chief People Officer and any members of the senior management team the Committee feels necessary for a full discussion on agenda items. External advisors may be invited to attend as and when appropriate.

The Committee in 2022

Board and committee composition

The Committee reviewed the composition of the Board, considering the mix of skills, experience, knowledge and background of the Directors, both as required to fulfil strategic needs going forward and in particular when considering renewal of contracts and potential new appointments. The Committee considered and approved the appointments of Emer Finnan and Hounaïda Lasry as Non-Executive Directors.

The Committee considered the outputs of the Board evaluation that related to the composition of the Board and its committees, which will be fed into future succession planning processes. Committee memberships were considered and changes were made to adapt to the departure and arrival of a number of Directors. Emer joined the Audit Committee and took on the Chair role on the departure of Ian McHoul, and William also joined the Audit Committee when Suniti Chauhan left the Board. Emer also joined the Remuneration Committee in order that it would still fulfil its membership requirements when Ian left, but stepped down on Hounaïda's appointment in order to more evenly spread the workload of the various committees.

The Committee considered and approved the appointment of William Eccleshare to the role of Senior Independent Director on the departure of Ian McHoul from the Board.

Sue Clark and Euan Sutherland completed their second three-year term contracts in March 2022 and the Committee considered and approved their renewal for a further three years. All serving Directors will be put forward for re-election at the 2023 AGM as required by the Articles of Association.

Diversity and inclusion

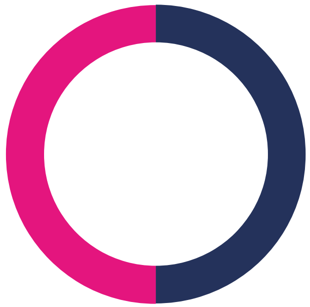
Britvic recognises the importance of diversity at the Board and all levels of the Group. We are committed to increasing diversity across our operations and have a wide range of activities to support the development and promotion of talented individuals, regardless of factors such as gender, age, ethnicity, disability, sexuality and religious belief.

The Board meets the diversity targets set in the Listing Rules with over 40% of the Board being women, one of the senior Board positions being held by a woman and one Board member being from a minority ethnic background. These targets were met on 30 September 2022 and no changes have occurred since then which affect the company's ability to meet the targets. Data on these targets in required standardised form can be found in the Directors' report on page 120.

More information on the company's Diversity & Inclusion Policy and progress against our goals can be found on page 39.

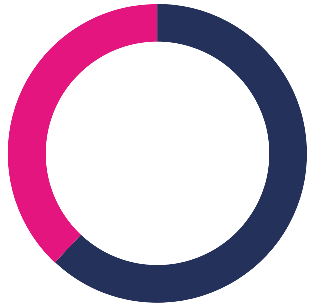
The Committee considered the gender balance of the Executive team and its direct reports and receives information on these from the Chief People Officer on a regular basis. Details can be found on page 44.

Board gender balance



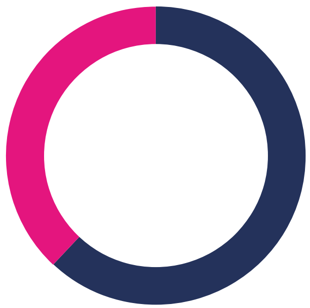
Male	50%
Female	50%

Executive team and direct reports gender balance



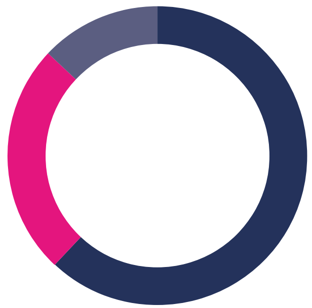
Male	62%
Female	38%

Board tenure



0–4 years	62.5%
4+ years	37.5%

Board composition



Independent Non-Executive Directors	62.5%
Executive Directors	25.0%
Chairman	12.5%

Board skills and experience

International	●●●●●●●● 8/8
Accounting/finance	●●●●●●○○ 6/8
Strategy	●●●●●●●● 8/8
Retail and marketing	●●●●●●●○ 7/8
Consumer	●●●●●●●○ 7/8
Manufacturing	●●●●●○○○ 5/8

Nomination Committee report continued

Succession planning and recruitment

The whole Board reviewed papers presented by the Chief People Officer on succession plans for all members of the Executive team and both short-term and long-term succession are regularly evaluated. Talent is discussed by the full Board at strategy sessions and is also addressed regularly during individual business unit reviews.

Ian McHoul and Suniti Chauhan left the Board during the year with Emer Finnan and Hounaïda Lasry joining. In its review of the composition of the Board, the Committee was mindful of the requirement of the 2018 Corporate Governance Code and that Board appointments must be based on merit and objective criteria, and cognitive and personal strengths while promoting diversity of gender, ethnicity and social background. A wide range of candidates were considered, keeping in mind the requirements for specific roles such as the need for a replacement Audit Committee Chair. The Committee followed a formal, rigorous and transparent process, as described below. The Committee specifically looked to increase the ethnic and gender diversity of the Board as the result of any new appointments.

Further to Joanne Wilson's resignation as an Executive Director in November 2022, identifying the right person to succeed her as Chief Financial Officer will be a focus for early 2023.

Appointment of new Non-Executive Director

Criteria

At the April meeting, the Committee discussed search criteria for a Non-Executive Director position including experience within a substantial international business, experience of strategy development and different business models, and ideally a background in a consumer facing business with a strong digital component. The Committee insisted that diversity of the Board be emphasised in the search.

Search

A number of external search consultancies were assessed, and Russell Reynolds was appointed to lead the search, drawing on expertise in board and NED recruitment. Russell Reynolds has no other connections to the company. Russell Reynolds provided a list of candidates meeting some or all of the criteria and a long-list of strong candidates was generated from this.

Interviews

Six candidates were interviewed initially by the Chairman and Senior Independent Director. Three shortlisted candidates then went on to a second stage interview with the CEO and CFO.

Offer and contract

Further to interviews the preferred candidate, Hounaïda Lasry, was confirmed, and the Committee approved initiation of the offer process.

External appointments

All Directors are required to request approval from the Board before accepting any new external directorship appointments. The Committee reviewed two requests from William Eccleshare during the year, both to non-public companies. After careful consideration of the time commitments required of the roles under review, the Committee recommended approval of his external appointments as Chair of TeamITG and Chair of the Design Council to the Board (see page 87). The Committee also noted William's intention to step down from his role as Vice Chairman on the Clear Channel board on 31 December 2022.

Executive team appointments

The Committee considered and approved the appointment of Elly Tomlins as Chief People Officer, and the appointment of Sudeep Shetty in the newly created role of Chief Information and Transformation Officer.

Conflicts of interest and independence

On behalf of the Board, the Committee reviewed the independence of each Non-Executive Director and is satisfied that all Non-Executive Directors, including the Chairman, remain independent under the definition in the 2018 Corporate Governance Code. Furthermore, the Committee is satisfied that each of the Non-Executive Directors commits sufficient time to meet their Board responsibilities.

All Directors are required to submit an annual declaration of conflicts of interest and to declare any new conflicts as they arise. The Board delegates to the Committee the responsibility for reviewing the procedures for assessing, managing and, where appropriate, recommending the approval of any conflicts of interest to the Board. The Committee reported to the Board that the current procedures are appropriate and that they have operated effectively during the year.

Committee evaluation

Committee members were interviewed by the external reviewers as part of the effectiveness review of the Board and its committees (details of which can be found on pages 97—98). It was noted that having all the Non-Executive Directors present in meetings of the Committee had improved the dialogue on succession and Board composition, particularly with regard to diversity, and there was a consensus that overall Committee effectiveness had improved.

Nomination Committee report continued

Review of Board effectiveness

The Board operates a three-year cycle of evaluations. Year one of the cycle comprises an externally facilitated evaluation, carried out by an independent consultant. This comprises interviews with all Board members and a wide range of other stakeholders including senior management and external advisors such as the external auditor. The input of each participant is kept confidential by the external consultant, allowing for honest and in-depth feedback.

Years two and three build on the outcomes of the year one evaluation, again utilising interviews undertaken by an external consultant. These interviews are with Board members only and the scope is more focused than in year one, and in particular looks at reviewing progress against recommendations.

A year one externally facilitated evaluation was carried out in the summer of 2021 by Bvalco, following their appointment as a new consultant. Bvalco has no other connection to the company. The evaluation covered areas including Board composition and expertise, succession planning, the company's long-term business strategy, stakeholders, culture, risk management and managing through COVID-19.

A follow up year two evaluation was completed in September 2022. Bvalco worked with the Chairman, CEO and Company Secretary to agree the scope of the review, including areas of focus, and then carried out interviews with all Board members. Bvalco analysed the interview outputs and created a report of findings and recommendations, which the Board discussed at the October 2022 meeting. Performance of the committees was also referred to within the discussions.

Findings and outcomes

The 2022 review focused in the first instance on the actions undertaken by the Board in response to the 2021 review, and the Board reflected on where further work was required and how to build on the outputs to continue to develop Board effectiveness. The interviews also obtained more general views on how the Board was performing.

Two key priorities were identified in the 2021 evaluation and continued to be areas of focus for the Board in the 2022 evaluation. These are firstly Board succession planning and composition, and secondly enhancing the effectiveness of the Board through opportunity for more informal discussion and debate. Further details of these priorities and the progress made in 2022 are set out on page 98.

In addition to the Board and Committee reviews, Bvalco collected feedback from the Directors on the Chairman's performance which they shared with the Senior Independent Director. The Senior Independent Director took this feedback into consideration when leading the review of the Chairman's performance with the other Non-Executive Directors. The review noted that the Chairman continues to lead the Board in a thoughtful and insightful manner while encouraging appropriate levels of challenge and debate. He is well respected by both Executive and Non-Executive Directors and ensures that all voices are heard in the boardroom, while steering discussions towards critical issues and decisions.

The Chairman met with the individual Directors, including the CEO and CFO, during the year to get feedback on the business and the Board. Discussions covered each Director's individual performance and the Chairman also asked for feedback to help improve his performance.

"The Board values the opportunity to step back and consider how it can continue to improve. Interviews with an external provider are a great tool to focus on the issues that really matter."

Clare Thomas
Company Secretary and General Counsel

Nomination Committee report continued

Board priority	2022 actions	Progress and 2023 actions
Succession planning at Board level	The Nomination Committee continued to actively review the Board composition and skills, and build on the recruitment processes to set up a diverse pipeline of potential Non-Executive Directors over the next two to five years. The appointments of a new Chair of Audit (Emer Finnan), the Senior Independent Director (William Eccleshare) and a new independent Non-Executive Director (Hounaïda Lasry) were completed.	The skills matrix has been reviewed over the year and used to inform the appointment of two new Non-Executive Directors, Emer Finnan and Hounaïda Lasry. Board gender diversity is now at 50% and the Parker Review diversity target has been met. These new appointments enhance the international breadth of experience of the Board, and bring further strength in areas such as brands, ESG and digital. All Non-Executive Directors are now members of the Nomination Committee, leading to greater alignment on the composition needs of the Board. The Nomination Committee will continue to embrace a proactive approach to skills and Board composition and undertake a rolling plan for frequent Board refreshment.
Succession planning for the Executive team and senior management	The Chairman, the CEO and other Board members continued to review talent and Executive succession and development with dedicated meetings for detailed discussions. There were early stage discussions regarding succession for senior teams to ensure appropriate planning.	The return to regular face-to-face Board meetings has allowed the Board more access to senior management, both in Board and Committee meetings and also more informally outside meetings, which has been helpful for both Board members and management. The Board is conscious of the increasing criticality of the talent pipeline as the business grows, and is focused on playing its part in continuing to develop it. The Board commended the new Chief People Officer on the improved prioritisation of executive succession and talent management discussions at Board level and these discussions are now more regular. She is working proactively with the Executive Directors, the Chairman and the Nomination Committee.
Non-Executive Director engagement – facilitating more open and informal discussion and debate on broader topics	The Chairman, CEO and Company Secretary developed the forward agenda to better facilitate open discussion. All Directors provided input and engaged in setting the 2022 programme of business. The Board invited more external experts to extend and challenge their thinking. There was more time made for informal and Non-Executive Director-only discussions.	Changes to the agenda have been progressive and ensure that deep dives on strategic topics are more regular. The Board has therefore been able to be more challenging and provide more focused support to executive management. Executives are being encouraged to approach the Board for assistance with strategic issues to draw on their experience and skills with key questions and specific dilemmas. This will be done through enhanced guidelines and coaching for presenting to the Board, and specific agenda time set aside after presentations for discussion of the issues raised.
Non-Executive Director engagement – access to business	Board meetings were held at different sites throughout the year to allow Directors to gain a richer perspective of the people and culture. Opportunities were created for the Non-Executive Directors to engage more fully with senior leaders in the business, both formally and informally.	Meetings held at Beckton and Rugby have presented good opportunities to connect with employees at different levels in the business. Further different mechanisms for connecting with the business are being developed for 2023.

John Daly
Nomination Committee Chair
22 November 2022

Audit Committee report

Emer Finnan

Audit Committee report

On behalf of the Audit Committee, I am pleased to present its report for the year ended 30 September 2022. The report describes how the Committee has carried out its responsibilities during the year.

I am delighted to have joined the Britvic plc Board and become Chair of the Audit Committee. I will continue the focus, as in the past, on internal controls, internal audit and the external audit, while addressing any improvements that are required externally or evidenced from internal reviews.

Committee members

Emer Finnan (Chair)[1]
Suniti Chauhan[2]
William Eccleshare[3]
Ian McHoul[4]
Euan Sutherland

1. Emer Finnan was appointed to the Committee on 1 January 2022 and became Chair on 11 May 2022.
2. Suniti Chauhan resigned from the Board and all committees on 31 December 2022.
3. William Eccleshare was appointed to the Committee on 26 January 2022.
4. Ian McHoul resigned from the Board and all committees on 11 May 2022.

The Committee is composed solely of independent Non-Executive Directors. The Board is satisfied that both Ian McHoul and Emer Finnan have 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. During the year, Suniti Chauhan left the Board and her place on the Committee was filled by William Eccleshare. Emer Finnan joined the Board and Committee on 1 January 2022 and took the role of Chair on Ian McHoul's departure from the Board in May 2022.

Role and responsibilities

The Committee's role is to provide oversight of the company's financial and narrative reporting statements, to monitor the effectiveness of systems of internal control and risk management and to monitor the integrity of the Group's external and internal audit processes. Key responsibilities include:

- Reviewing the integrity of the financial and narrative statements, including results and company performance announcements, significant financial reporting issues and judgements which they may contain and recommending these for approval by the Board.
- Providing advice to the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.
- Ensuring compliance with accounting standards and policies, and reviewing and challenging the application of such standards and policies and, if unsatisfied, reporting its views to the Board.
- Establishing procedures to oversee the internal control framework and periodically reviewing the effectiveness of the company's internal audit team and the internal control and risk management systems.
- Reviewing for approval by the Board the company's going concern and viability statements, providing advice to the Board on how the company's prospects have been assessed, taking into account the company's position and principal risks.
- Overseeing the company's relationship with its external auditor, reviewing their activities, conducting the tender process when a new auditor is to be appointed, and making recommendations to the Board on their remuneration for both audit and non-audit services, terms of engagement, independence, objectivity and effectiveness of the external audit process.
- Developing and implementing the company's formal policy on non-audit services, engagement of the external auditor to carry out non-audit services, and assessing whether non-audit services have a direct or material effect on the audited financial statements.
- Reviewing the company's arrangements and procedures for individuals to raise concerns where a breach of conduct or compliance, including any financial reporting irregularity, is suspected, while ensuring appropriate safeguards are in place.

To enable the Committee to discharge its responsibilities, discussions on a broad range of topics and reports were held with management, internal audit and the external auditor throughout the year. This provided the Committee with insight into the progress towards the company's strategic goals, the challenges and risks, and how they are being managed.

The Committee has an open dialogue throughout the year with the Director of Audit and Risk and the external auditor in order to raise challenges and questions to support understanding while sharing experience and an independent perspective.

Audit Committee report continued

Committee meetings

The Committee met three times as scheduled in the year: in November and May to review the Annual Report and Accounts and interim report respectively and to consider the external audit findings, and in September to review the activities of the previous year and the plan for the year ahead, and to consider any emerging issues. At each meeting, the performance and findings of the internal audit team were reviewed, including any outstanding audit actions.

Committee meetings usually take place prior to a Board meeting, and the activities of the Committee and any matters of particular relevance are reported to the subsequent Board meeting. There is time available at each meeting for the Committee to discuss matters with key individuals such as the external audit partner and the Director of Internal Audit and Risk, without others present.

All members of the Committee attended all meetings that they were eligible to join (see page 86 for attendance report). Only Committee members have a right to attend meetings, but the Chairman, the Chief Executive Officer, the Chief Financial Officer, the Group Finance Director, the Director of Internal Audit and Risk, and the external auditor, EY, are invited to attend as appropriate, as well as any other members of the senior management team that the Committee feels necessary for a full discussion of matters on the agenda. Meetings were held in person with presenters and attendees participating via video conference when appropriate.

The Committee's terms of reference, which are reviewed annually, are available on the company's website at britvic.com/committees.

The Committee in 2022

Review of financial statements

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

- Any changes to accounting policies.
- Key accounting judgements – details of significant areas considered are shown in the table on pages 100—101.
- Compliance with relevant legal and financial reporting standards.
- Valuation of goodwill and assets including recoverability of asset carrying values.
- The external audit findings, including any accounting and audit adjustments.

Financial statements and significant areas considered

Going concern basis for the financial statements and viability statement

The Committee reviewed and challenged management's assessment of going concern, longer-term prospects and the viability statement with consideration of forecast cash flows that took into account potential impacts of inflationary pressure and other principal risks. The Committee also considered the Group's financing facilities including twice yearly covenant tests and future funding plans.

Based on this, the Committee confirmed that the application of the going concern basis for the preparation of the financial statements continued to be appropriate and recommended the approval of the viability statement.

Revenue recognition

Revenue recognition is a key area of focus. In particular, the Committee has reviewed management reporting and updates on specific areas including the recognition of certain indirect tax benefits in Brazil and a review of the control environment relating to rebates in EMEA.

Valuation of goodwill and assets

The review of goodwill and intangible assets is based on a calculation of value in use, using cash flow projections based on market measures and financial budgets prepared by senior management and approved by the Board of Directors.

The Committee has considered management reports on potential triggers of impairment and the outcome of sensitivity testing for all areas of the Group, including the potential impact of inflationary pressure, and reviewed the financial statement disclosures.

Adjusting items

Adjusting items are not reported as part of the financial statements but are used in the Annual Report and Accounts to provide clarity on underlying performance for users of the accounts. The classification of adjusting items is defined by a Group policy, as approved by the Committee, and includes items of significant income and expense which, due to their size, nature or frequency, merit separate presentation to allow shareholders to understand better the elements of financial performance during the year. The Committee reviewed and challenged items to be included throughout the year in order to confirm appropriateness.

Audit Committee report continued

Derivative and hedging activities

The Group has derivative instruments which hedge principal and interest flows of US private placement notes, and foreign exchange and commodities. The Committee reviewed the composition of the derivative portfolio and assessed hedge effectiveness in order to be satisfied with the quality of financial statement disclosures.

Taxation

Uncertain tax positions and key activities within the Group were reviewed to ensure that the balance sheet provisions are complete, and that the Group effective tax rate is calculated appropriately.

Defined benefit pension scheme liabilities valuation

The Committee reviewed the assumptions that are provided by the Group's actuaries and used to value the pension liabilities for the four defined benefit schemes. The underlying assumptions based on market conditions and the characteristics of the schemes are reviewed by management and the conclusions reported to the Committee.

Restatement for change in accounting policy for Software as a Service (SaaS) arrangements

The Committee reviewed the updated accounting policy on IAS 38 Intangible Assets accounting for Software as a Service (SaaS) costs as well as the resulting adjusting item and the required restatement and disclosures provided in the financial statements and concluded they were appropriate.

Climate-related financial disclosures in accordance with TCFD

The Committee agreed that the disclosures on pages 51—64 made in response to the recommendations of the Task Force on Climate-related Financial Disclosures are appropriate and that the assumptions used in the financial statements are consistent with these disclosures.

Review of the 2022 Annual Report and Accounts

At the request of the Board, the Committee considered whether the 2022 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides 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.

To form its opinion, the Committee reflected on the information and reporting it received from management and the external auditor and the discussions that took place during the year.

Reviews took place based on information provided by the CFO and her team at each Committee meeting as well as reports from the external auditor based on the outcomes of their half year review and annual audit. The Committee concluded that:

- The financial statements comply with all applicable financial reporting standards and any other required regulations.
- Material areas of significant judgement have been given due consideration by management and reviewed with the external auditor.
- The application of acceptable accounting policies and practices is consistent across the Group.
- The disclosures provided are clear, and as required by financial reporting standards.
- Reporting and commentary provide a fair and balanced view of company performance.
- Any correspondence from regulators received in relation to our financial reporting is considered and disclosures are updated if required.

The Committee subsequently made a recommendation to the Board, which in turn reviewed the report as a whole, confirmed the assessment and approved the report's publication. The Board statement is on page 78.

Fair, balanced and understandable assessment

Fair	Balanced	Understandable
Is the whole story being presented?	Is there a good level of consistency between the narrative in the front section and the financial reporting in the back section of the report?	Is there a clear framework to the report?
Has any sensitive material been omitted that should have been included?	Is the Annual Report considered a document fit for shareholders?	Are the important messages highlighted appropriately throughout the document?
Are the key messages in the narrative reflected in the financial reporting?	Are statutory and adjusted measures explained clearly with appropriate prominence?	Is the layout clear with good linkage throughout in a manner which reflects the whole story?
Are the KPIs disclosed at an appropriate level based on the financial reporting?	Are the key judgements referred to in the narrative reporting and the significant issues reported in the Audit Committee report consistent with the disclosures of key estimation uncertainties and critical judgements set out in the financial statements?	
	How do they compare with the risks that the external auditor plans to include in their report?	

Audit Committee report continued

Internal audit

The internal audit function carries out work across the company, providing independent assurance and advice to help the company identify and mitigate any potential control weaknesses. Both the internal audit and risk management functions have a role in identifying emerging risks that may threaten achievement of the company's strategic priorities.

Prior to the start of the new financial year, the Committee reviewed and agreed the internal audit plan for the upcoming year. The ability to achieve this plan, and the breadth and adequacy of the coverage of the plan across the organisation's principal risks, emerging risks and prior significant findings was also considered. In addition, internal audit has worked with functional teams to develop assurance mapping to identify and assess the adequacy and completeness of the different forms of assurance across key risks. This approach has been utilised across both IT and sustainability to validate and refine the scope of planned internal audit reviews. As a result of continuous monitoring, further changes to the audit plan were reviewed and agreed throughout the year in light of other appropriate factors. The internal audit plan is risk based and takes an independent view of what internal audit considers to be the most significant known and emerging risks facing the business in pursuit of the strategic priorities. The planned audits will assess the adequacy and effectiveness of the internal control environment, identifying weaknesses and ensuring that these are addressed within appropriately agreed timelines.

The internal audit function provides internal audit reports detailing significant audit findings, progress of and any changes to the internal audit plan, as well as updates on agreed management actions to rectify control weaknesses. Where appropriate, the Director of Internal Audit and Risk will provide a deep dive into an issue where either the Committee has requested more information, or the Director feels it is pertinent.

As sites reopened, following the imposed national lockdowns and working restrictions, the 2022 internal audits have been conducted both on site and remotely, as appropriate. A blended approach of both physical and remote auditing has been utilised to deliver the most effective approach. The same approach has been adopted in the development of the financial year 2023 internal audit plan, to ensure that adequate assurance coverage is achieved.

Internal control and risk management

As delegated by the Board, the Audit Committee is responsible for establishing procedures to oversee the internal control framework and review the effectiveness of the company's internal control and risk management systems.

A robust assessment of the emerging and principal risks facing the company is carried out by the Executive team each year. Details of the overall risk management process, including designation of emerging and principal risks, along with a summary of the principal risks and uncertainties, to which the company is exposed, can be found on pages 70—75. In addition, further detailed assessments and scenario analysis of the key climate risks and opportunities facing the organisation, and our mitigation strategies have continued in the past 12 months. Further detail of the work conducted can be found on pages 51—64.

The internal audit function provides information to the Committee at each of its meetings to enable it to review the risk management process to ensure that it is designed to deliver appropriate risk management and effective prioritisation across the Group. The Committee also reviews the adequacy and effectiveness of the Group's internal control procedures, covering financial, operational and compliance controls. Following detailed discussions, it was satisfied that procedures were in place during the year and up to the date of this Annual Report and Accounts, and that such procedures comply with the requirements of the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting published by the Financial Reporting Council.

The Committee, with input and guidance from the internal audit function, monitored any identified areas of weakness or areas for improvement to ensure that they were addressed within agreed time frames. The Committee confirms that no significant failings or weaknesses were identified in the review for the 2022 financial year.

In May 2022, the UK Government Department for Business, Energy and Industrial Strategy (BEIS) published its response to the consultation on strengthening audit, corporate reporting and corporate governance, and establishing a strong, effective and independent regulator.

The proposals fall into five main categories in relation to directors and their responsibilities, audit committees, auditor, regulation of audit, and shareholders and the investor community.

During the course of the year, the Committee reviewed the impact of the reforms and the current approach and progress across a number of key areas, including the development of an enhanced financial control framework.

Viability statement

The Committee reviewed management's work in conducting a robust assessment of those risks which could threaten the business model and the future viability of the company. This assessment included identifying severe but plausible risk events for each of the Group's principal risks as well as considering interdependencies and the overall impact from multiple risks. Additionally, stress testing was carried out, allowing the Committee to model circumstances that could render the business unable to pay its liabilities as they fall due. To support the final conclusion on viability, the assessment also took into account the mitigations available to the company to protect against these downside scenarios.

Based on this analysis, the Committee recommended to the Board that it could make the viability statement on pages 76—77.

Whistleblowing

The Group's whistleblowing policy contains arrangements for an independent service provider to receive, in confidence, reports of breaches of any legal or company policy requirements, via the mySpeakup platform. The Committee reviews these arrangements on a regular basis and confirms that appropriate processes have been in place throughout the year. Any disclosures raised through these arrangements, and the actions taken to investigate and resolve them, are reported to the Board.

The mySpeakup platform allows employees to raise any concerns they may have in confidence and anonymously if they wish. The platform provides a clear audit trail of cases and enables detailed reports to be produced. A number of awareness raising activities were carried out during the year including mandatory online training on whistleblowing for employees in Britain and Ireland and in our international businesses outside of Brazil and France. We expect to roll this out to Brazil and France in 2023.

Audit Committee report continued

External audit

The Committee considered a number of areas in relation to the external auditor, including their performance in discharging the audit and the interim review, their independence and objectivity, and their reappointment and remuneration. The Committee's Chairman had regular contact with the external audit partner outside of Committee meetings without the presence of management.

The external auditor, EY, following its reappointment at the company's AGM in January 2022, 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 parts of the audit remotely, building on processes and techniques developed in prior years which had proved efficient and effective, combined with on-site activities where more appropriate.

EY prepared a comprehensive report of their audit findings at the year end, which they took the Committee through at its meeting in November 2022. 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:

- Robustness of the audit process including the audit team's ability to challenge management.
- Quality of the audit planning, delivery and execution.
- Quality and knowledge of the people and service.
- Effectiveness of communication between the audit team and management.
- Quality of reports and insights particularly at partner level.

The Committee concluded that EY remain effective as external auditor. The Committee also reviewed the independence and objectivity of the external auditor during the year and confirmed that it considers EY to remain independent.

Audit tender

EY has been auditor to the company since its listing on the London Stock Exchange in 2005. Legislation states that no one can act as engagement partner for more than five years and there should be mandatory audit firm rotation after 10 years of engagement although an option exists to extend this for another 10 years with a tender. The audit was last tendered in 2016 when EY were reappointed.

The current lead partner has been in place since the financial year 2018 audit. The Board decided that a tender should be carried out with a view to appointing a new external auditor for the 2023 audit.

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.

Audit tender key activities and criteria

- Request for Information issued and responses received from three firms.
- FRC's AQR assessments of the firms reviewed.
- Tendering parties confirmed after independence reviews, and lead partners selected following interviews with Audit Chair.
- Britvic Selection Committee set up comprising Emer Finnan (Audit Chair), Euan Sutherland (Independent Non-Executive Director), Joanne Wilson (CFO) plus the Group Finance Director, the Director of Audit and Risk, and the GB Finance Director.
- Request for Proposal (RFP) issued and data room populated with relevant material.
- Tendering parties reviewed data room, additional information supplied where requested, and meetings held with business units.
- Written RFP responses provided and presentations made to Selection Committee. The criteria used to judge the responses included:
  - Audit quality and independence.
  - Challenge and professional scepticism.
  - Alignment to our company values.
  - Strength and clarity of audit approach.
  - Value for money.
  - Sustainability credentials.
- Selection Committee recommended preferred audit firm to Audit Committee and Board and formal approval given.
- Feedback sessions held with tendering parties.

Based on the Committee's recommendation, the Board is proposing that Deloitte LLP be appointed to office at the AGM in January 2023. Deloitte joined key meetings during the 2022 year end audit process and undertook a series of planning and transition governance meetings with EY. It is expected that they will present their 2023 audit plan to the Audit Committee following their appointment, with a view to undertaking the 2023 interim review and year end audit.

Audit Committee report continued

Non-audit services

The Committee considers that certain non-audit services should be provided by the external auditor and is responsible for developing and implementing the company's formal policy on the engagement of the external auditor to carry out non-audit services and assessing whether non-audit services have a direct or material effect on the audited financial statements. The company's policy is reviewed regularly by the Committee to safeguard the ongoing independence of the external auditor and ensure that the company complies with the FRC's Ethical Standard.

Control over total non-audit fees is exercised by reviewing spend on all activities proposed or provided by the external auditor and the Committee confirms that these are within scope and the maximum level of fees set out in the FRC's Ethical Standard. The policy states that any non-audit services provided must be pre-approved by the Committee's Chair unless the activity will have a total value of less than £5,000 and falls within the allowed services defined by FRC guidance.

The non-audit fees incurred were disclosed and approved in line with the company's policy and can be found in note 7 to the financial statements on page 147. The ratio of fees for non-audit services to those for audit services for the year was 14.3%, within the 70% cap in the FRC's guidance.

The Committee considered the nature and level of non-audit services provided by the external auditor and was satisfied that the objectivity and independence of the external auditor was not compromised by the non-audit work undertaken during the year.

Committee evaluation

Committee members were interviewed by the external reviewers as part of the effectiveness review of the Board and its committees (details of which can be found on pages 97—98. While the Committee was noted to continue to work effectively, the changes in Chair and other Committee members led to the conclusion that an in-depth evaluation should be postponed to the following year.

Emer Finnan
Audit Committee Chair
22 November 2022

Directors' remuneration report

Sue Clark

Remuneration Committee Chair

Committee at a glance

On behalf of the Remuneration Committee, I am pleased to present the report for the year ended 30 September 2022. This report describes how the Committee has carried out its responsibilities during the year.

Committee members

Sue Clark (Chair)
William Eccleshare
Ian McHoul[1]
Emer Finnan[2]
Hounaïda Lasry[3]

1. Ian McHoul resigned from the Board and all committees on 11 May 2022.
2. Emer Finnan was appointed to the Committee on 1 January 2022 and stepped down on 29 September 2022.
3. Hounaïda Lasry was appointed to the Committee on 29 September 2022.

The operating context during the financial year was seriously affected in the early part by the COVID-19 pandemic and latterly by the impact of the war in Ukraine.

Despite this difficult external environment, Britvic has had an excellent performance and performed well against the stretching targets the Committee set at the start of the year. Revenue has increased by 15.2%, adjusted EBIT grew by 16.7% and Return On Invested Capital (ROIC) increased from 15.0% to 16.4%.

Continued disciplined cash management has allowed us to return value to shareholders by way of the £75 million share buyback announced in May and we are already halfway through the programme. Shareholder returns have been further enhanced through the dividend per share which has been increased by 19.8%.

Highlights from this year include additional production lines in Britain and Brazil to meet consumer demand. Innovation has been very successful with new sugar free Tango flavours and the launch of Ballygowan Hint of Fruit. New growth spaces are a focus area and we have seen the launch of the Aqua Libra Co Flavour Tap and London Essence Freshly Infused being available in over 1,000 outlets, building our presence in the Beyond the Bottle market and drastically reducing the need for packaging.

The Remuneration Committee also set challenging targets for the Healthier People, Healthier Planet scorecard and the CEO and his team have performed well against them. Examples include replacing the gas boiler with a biomass boiler in Arcati, Brazil, the company approving plans for an innovative heat recovery system at Beckton and progress being made on several water reduction projects.

The Committee has been mindful of the impact of inflation on employees and during the year the Chairman and I engaged with employees on a range of topics, including remuneration. Specific activities that the company has undertaken in light of the cost of living crisis include:

- The provision of employee assistance through our myLife Employee Assistance Programme (EAP) which offers expert help to employees on issues such as budgeting and addressing stress to build financial confidence, and which has now been extended to France.
- A wellbeing roadshow that will visit all British and Irish locations showcasing Britvic's range of support and networks, ensuring employees are aware of our offering such as the introduction of GP video call appointments from anywhere and tax efficient products (such as tech equipment and cycles) via salary sacrifice.
- A series of workshops covering pensions and the Share Incentive Plan to ensure employees were aware of their choices and included both participation and withdrawal.

We have increased the budget for financial year 2023 for salary reviews with its distribution being weighted to our lowest paid workers. The level of commitment demonstrated by Britvic's people has again been extraordinary and will be rewarded with cash bonuses and a distribution of free shares to c.2,000 employees. We can confirm that in the UK and Ireland we pay a minimum of the Real Living Wage.

A fuller review of our progress on people and planet can be found on pages 32-64.

Directors' remuneration report continued

Remuneration Committee changes

Emer Finnan joined the Committee in January and Ian McHoul stepped down from the Board in May. Hounaïda Lasry joined the Committee in September, replacing Emer. Ian's contribution has been much valued and as Chair of the Audit Committee he has helped to ensure a close link between the work of both committees. These links will continue through William, appointed as our Senior Independent Director from April, who sits on both committees.

Bonus and Long-Term Incentive Programme (LTIP) in 2022

Annual bonus payouts

Stretching targets for the 2022 annual bonus were set at the beginning of the year, the target ranges (being the thresholds and the maxima for each metric) were deliberately wide to take into account the unpredictability of the external operating environment.

Given the strong performance of the business and the delivery against the company's people and planet targets the outturn for financial year 2022 was 77.6% of maximum resulting in a bonus of 135.8% and 116.4% of salary for the CEO and CFO respectively.

The Committee considered whether any discretion to the formulaic outcome of the short-term incentive was required. However, it decided that the bonus payments reflect not only the achievement of stretching targets, against a very difficult external backdrop, but are also aligned with the experience of stakeholders. (Full details of the short-term bonus are to be found on page 107.)

2019 long-term incentive awards

Share options and Performance Share Plan (PSP) awards were granted in 2019 in line with the remuneration policy operating at the time. The share options were subject to an EPS measure and the PSP awards were subject to EPS and relative TSR (Total Shareholder Return) measures (75% and 25% respectively).

The EPS target which required EPS to grow by between 3% and 8% on an annual compound basis was not met due to the impact of the COVID-19 pandemic which effectively closed the on premise and on the go channels for many months. As a consequence shares subject to the EPS performance test will lapse. The relative TSR outcome placed Britvic at the 32nd percentile delivering an overall 19.3% vesting of the PSP shares awarded. No discretion has been exercised this year in respect of the vesting of the 2019 awards.

Remuneration Committee focus areas in 2021/22

During the year the Committee reviewed and consulted with shareholders on the revised Directors' Remuneration Policy, considered their feedback and recommended a revised policy. We were pleased that this received the support of over 90% of shareholders who voted at the AGM.

The Committee also considered the 2018 ESOP (Executive Share Option Plan) and 2018 PSP schemes vesting in December 2021 and decided to use their discretion over the outcome. As a consequence several shareholders were unable to support last year's Directors' remuneration report.

As Remuneration Committee Chair, I engaged further with shareholders after the AGM to fully understand their concerns.

The Remuneration Committee acknowledges that shareholders have a range of views. However, it believes that it acted fairly and appropriately in the circumstances, and in the interests of all stakeholders.

The principles by which it reviews Executive Directors' remuneration outcomes remain sound, and the approach taken by the Committee is robust. The Committee's objective is always to ensure that remuneration is fair and appropriate.

The Remuneration Committee values its discussions with shareholders and we shall continue to engage with our largest shareholders on Executive Directors' remuneration and to consider their views.

The Committee also held discussions on the war for talent and the competition in the marketplace. To that end it approved the use of retention awards to specific critical roles and individuals.

The application of policy in 2023

The Committee will continue to monitor the impact of the cost of living crisis and take that into account in its deliberations, as well as ensuring the company has remuneration capacity to both retain its best talent and attract new talent.

The key points to highlight are as follows:

- The annual salary increase for all Britvic's employees is effective from 1 January. 70% of the UK workforce will receive an increase of 7.0% and a further 25% will receive at least 6.0%. The CEO's salary and the basic fee for the Chairman and Non-Executive Directors will increase by 4.0%.
- Effective on 1 January 2023 the CEO's pension allowance will reduce from 24.6% to 7.5% of salary in line with the level of the general workforce (the CFO's pension allowance is already at 7.5%).
- The annual bonus performance measures will be unchanged and include PBTA (Profit Before Taxation and Amortisation), net revenue, free cashflow and strategic and ESG measures.
- Awards of performance shares will be made after the final results announcement. The Committee has decided that EPS and relative TSR remain the best measures for the long-term share plans, equally weighted. The relative TSR metric will continue to be measured against the FTSE 250 (excluding investment trusts). The Remuneration Committee also assesses ROIC at the end of the three year performance period.

The remainder of the Directors' remuneration report comprises:

- A summary of the remuneration outcomes for 2021/22 (on pages 107–108).
- The Annual report on remuneration, which is subject to an advisory shareholder vote at the January 2023 AGM and sets out the details of payments made to Directors in respect of the year ended 30 September 2022 (on pages 108–115).

Conclusion

Simon Litherland, his senior leadership team and all our employees are once again to be commended for their commitment and contribution.

The Remuneration Committee believes that the 2022 outcomes on pay are a fair reflection of the company performance. I hope that you will support the Annual Report on remuneration. If you have any questions on executive remuneration, please feel free to contact me at investors@britvic.com.

Sue Clark
Remuneration Committee Chair
22 November 2022

Directors' remuneration report continued

Our remuneration principles

Our Directors' Remuneration Policy is designed to support our overall vision to become the most dynamic soft drinks company, creating a better tomorrow. Our people are at the heart of our business. Our aim is to attract, engage and retain the very best talent from across our global sector. To determine the shape, size and variability of each element of pay the Committee follows five key remuneration principles:

Competitive market positioning and opportunity	To attract, retain and engage the executive talent we need to realise our vision and deliver our strategy and plans, our remuneration arrangements need to be sufficiently competitive but not excessive.
Pay aligned with sustainable long-term performance	The mix between both fixed and variable pay, as well as the balance between rewarding short versus long-term performance, are critical to ensuring 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 LTIP 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 LTIP. Share-based awards are dependent on a balance of absolute and relative growth in long-term value creation for shareholders, and executives are only rewarded for superior market performance and the realisation of our vision. This is further reinforced by meaningful shareholding guidelines, coupled with bonus deferral for executives so that their long-term wealth remains tied to Britvic's sustained long-term success.
Mindful of our wider stakeholder responsibilities	In support of our vision, our Executive Directors' pay arrangements are not only focused on financial returns but also mindful of performance against our wider long-term stakeholder goals and the environment. The Committee takes great care to set appropriate targets across a range of measures. 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 2021/22

Through the implementation of the Directors' Remuneration Policy and principles, the total remuneration received for 2021/22 by Executive Directors is as follows:

	Fixed Pay				Performance related pay [1,2]				
Executive Directors	Salary £'000	Benefits £'000	Pension £'000	Total fixed £'000	Bonus £'000	LTIPs £'000	Total performance pay	Total £'000	LTIP value due to share price growth £'000[3]
Simon Litherland	671.4	20.9	164.3	856.6	911.8	164.4	1,076.2	1,932.8	(30.4)
Joanne Wilson	412.5	18.4	27.4	458.3	480.2	69.1	549.3	1,007.6	(12.8)

1. Variable pay outcomes are summarised in the tables on pages 109–110.
2. One-third of the annual bonus will be deferred into shares with a two-year deferral period to vest in December 2024. 2022 LTIP values are based on the average share price over the last quarter of 2022 of 812.45p.
3. This represents the loss of value driven by the difference between the share price at award of 963.0p and the share price above used for 2022 of 812.45p.

Summary of performance related pay for 2021/22

i) Annual bonus

Shown below are the performance outcomes versus the performance measures set for the annual bonus.

Measure [1]	Weighting	Threshold	Target	Maximum	% Maximum achieved	% Maximum bonus achieved
Adjusted profit before tax and amortisation	30%	£175.4m	£189.2m	£200.4m	55.2%	16.6%
Net revenue	20%	£1,455.6m	£1,624.2m	£1,606.5m	100.0%	20.0%
Adjusted free cash flow	20%	£75.0m	£132.2m	£115.0m	100.0%	20.0%
Innovation	10%	£40.8m	£48.0m	£53.8m	60.3%	6.0%
Healthier People, Healthier Planet	20%		Strategic objectives		75.0%	15.0%
Total	100%	0%	77.6% (50%)	100%		77.6%

1. Definitions of measures are on page 113.

Directors' remuneration report continued

Healthier People, Healthier Planet scorecard assessment (20% of bonus opportunity)

The table below highlights the activities and their achievement that have led the Committee to make their assessment that 75% of the maximum bonus opportunity against the Healthier People, Healthier Planet objectives had been achieved. In reaching this judgement the Committee considered that three critical outcomes had either exceeded, been achieved, or come very close to maximum in water, CO_2 and calories per serve. The Committee also took into account in its assessment that the Board supported the management view that was presented early in the year regarding in particular the quality and availability, as well as the price, of rPET, and that to pursue the targets set would not be in the best interests of all stakeholders.

Deliverable	Financial year 2022 target	Result
Establish and maintain the conditions for high levels of employee engagement.	Financial year 2022 range 78–82 engagement.	77
Ensure Britvic continues to own and lead in providing healthier consumer choices.	The range set of between 28–25 calories per serve, as an average across portfolio.	Average of 24.4 calories per serve achieved.
Achieve 2025 science-based targets on carbon.	Critical projects identified to progress our decarbonisation plans with a combined estimated benefit of between 2,500-4,000 CO_2e tonnes annualised carbon reduction.	All projects on track to deliver estimated total savings of 4,000 CO_2e tonnes.
Deliver 100% rPET commitments in Britain by 2023.	34%–50% rPET exit rate in Britain.	22%
Achieve 2025 water stewardship target.	Critical projects identified to progress our water stewardship plans with a combined estimated benefit of between 350,000m³ - 472,000m³ annualised water savings.	All projects on track, estimated total annualised water savings of 458,000m³.

ii) Long-term incentives

Shown below are the outcomes for the 2019 PSP and 2019 ESOP:

ESOP

Measure	Weighting	Threshold	Maximum	% maximum achieved
EPS (0.0%)	100%	3% CAGR	8% CAGR	0.0%

PSP

Measure	Weighting	Threshold	Maximum	% maximum achieved
EPS (0.0%)	75%	3% CAGR	8% CAGR	0.0%
TSR (77.1%)	25%	Median	Upper quartile	19.3%
Total (19.3%)	100%	0%	100%	19.3%

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

Chairman and Non-Executive Directors

Details of the total fees paid to Non-Executive Directors and the Chairman for the year ended 30 September 2022 and 30 September 2021 are set out in the table below. The Non-Executive Directors received an increase of 2.5% to their basic fees and the fees for Chair of Audit and Remuneration and the Senior Independent Director fee increased by £1,000 p.a, all of which were effective on 1 January 2022.

	Basic fee £'000		Remuneration Committee Chair fee £'000		Audit Committee Chair fee £'000		Senior Independent Director fee £'000		Total fees paid £'000	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
John Daly	**250.6**	246.0	**–**	–	**–**	–	**–**	–	**250.6**	246.0
Suniti Chauhan	**14.6**	58.4	**–**	–	**–**	–	**–**	–	**14.6**	58.4
Sue Clark	**59.5**	58.4	**11.8**	11.0	**–**	–	**–**	–	**71.3**	69.4
William Eccleshare	**59.5**	58.4	**–**	–	**–**	–	**5.5**	–	**65.0**	58.4
Ian McHoul	**36.1**	58.4	**–**	–	**7.1**	11.0	**5.3**	10.0	**48.5**	79.4
Euan Sutherland	**59.5**	58.4	**–**	–	**–**	–	**–**	–	**59.5**	58.4
Emer Finnan	**44.9**	–	**–**	–	**4.7**	–	**–**	–	**49.6**	–
Hounaïda Lasry	**0.5**	–	**–**	–	**–**	–	**–**	–	**0.5**	–

Annual report on remuneration

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 and the prior year. Additional details of each component are set out below the table.

	Simon Litherland (CEO)		Joanne Wilson (CFO)	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Salary	**671.4**	655.0	**412.5**	402.4
Benefits	**20.9**	17.9	**18.4**	15.4
Pension	**164.3**	161.1	**27.4**	26.9
Total fixed pay	**856.6**	834.0	**458.3**	444.7
Annual bonus [1]	**911.8**	778.1	**480.2**	409.6
LTIP [2,3]	**164.4**	624.2	**69.1**	0.0
Total performance related pay	**1,076.2**	1,402.3	**549.3**	409.6
Grand total	**1,932.8**	2,236.3	**1,077.6**	854.3

1. One-third of the annual bonus will be deferred into shares with a two-year deferral period to vest in December 2024.
2. 2021 LTIP values restated based on the share price at vesting of 906.50p on 10 December 2021.
3. 2022 LTIP values based on the average share price over the last quarter of 2022 of 812.45p. No discretion has been exercised by the Committee.

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

During the year under review, both Simon Litherland and Joanne Wilson received a salary increase of 2.5% in line with the wider employee population.

ii) Benefits – corresponds to the taxable value of all benefits paid in respect of the year

Benefits comprise a car allowance, private medical assurance, life assurance and free and matching shares under the Share Incentive Plan.

iii) Pension

The table below sets out the value of the defined contribution (DC) pension contributions and the cash allowances earned by Directors for the year under review.

	Value of cash allowance paid £'000	Value of defined pension contributions £'000	Total value in total single figure table
Simon Litherland	164.3	0.0	164.3
Joanne Wilson	24.4	3.0	27.4

Joanne Wilson contributed to the DC section of the Britvic Pension Plan up to the HMRC annual pension allowance per scheme. The balance of their entitlement is paid as a cash allowance.

- Simon Litherland received a cash allowance of 24.5% of pensionable pay (base salary only).
- Joanne Wilson is entitled to a pension contribution of 7.5% of salary in line with the wider UK workforce. Joanne receives part of the contribution through company contributions into the DC arrangement and the remainder as a cash payment.

iv) Annual bonus – corresponds to the total bonus earned under the bonus plan in respect of 2022 performance

The table below sets out the bonus outcomes that apply to both for CEO and the CFO, and the respective performance targets and actual achieved performance. Bonuses are, as of this year, paid two thirds in cash and one third converted into shares with a two-year deferral period.

Performance measure[1]	Weighting % of bonus maximum	Performance required for threshold payout (0%) £m	Performance required for target payout (50%) £m	Performance required for maximum payout (100%) £m	Actual performance £m
Adjusted PBTA	30%	175.4	187.9	200.4	189.2
Net revenue	20%	1,455.6	1,539.0	1,606.5	1,624.2
Adjusted free cash flow	20%	75.0	90.0	115.0	132.2
Innovation revenue	10%	40.8	46.5	53.8	48.0
Healthier People, Healthier Planet objectives	20%	Strategic objectives			See page 108

1. Definitions of measures are on page 113.

Performance measure	2022 maximum bonus opportunity % of salary		2022 bonus earned % of salary		2022 bonus earned £'000	
	CEO	CFO	CEO	CFO	CEO	CFO
Adjusted PBTA	52.5	45.0	29.0	24.9	194.7	102.7
Net revenue	35.0	30.0	35.0	30.0	235.0	123.8
Adjusted free cash flow	35.0	30.0	35.0	30.0	235.0	123.8
Innovation revenue	17.5	15.0	10.5	9.0	70.5	37.1
Healthier People, Healthier Planet objectives	35.0	30.0	26.3	22.5	176.6	92.8
Total	175.0	150.0	135.8	116.4	911.8	480.2

Annual report on remuneration continued

v) Long-term incentives – corresponds to the vesting outcome of the 2019 ESOP and PSP with three-year performance periods ended 30 September 2022

2019 ESOP	Performance conditions and targets set[1,2]	Performance outcome	Level of award vesting % of maximum	Total value of vesting £'000[3]	Number of shares
Simon Litherland	Threshold vesting for EPS growth of 3% p.a. Maximum vesting for EPS. Growth of 8% p.a. Vesting is on a straight-line basis between threshold and maximum. Exercise price for the options is 963.00p.	(1.2)%	0.0	0.0	0
Joanne Wilson		(1.2)%	0.0	0.0	0

2019 PSP	Performance conditions and targets set[1,2]	Performance outcome	Level of award vesting % of maximum	Total value of vesting £'000[3]	Number of shares
Simon Litherland	EPS (75% weighting): threshold vesting for EPS growth of 3% p.a. Maximum vesting for EPS growth of 8% p.a. Vesting is on a straight-line basis between threshold and maximum.	(1.2)%	0.0	0.0	0
Joanne Wilson		(1.2)%	0.0	0.0	0
Simon Litherland	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.	32nd percentile	77.1	164.4	20,239
Joanne Wilson		32nd percentile	77.1	69.1	8,505

1. 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 and Wetherspoon.
2. Threshold vesting for this award is set at 20% of maximum for both PSP and ESOP.
3. A share price estimate of 812.45p 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.

Scheme interests awarded during the year

The following table sets out PSP awards granted to the CEO and CFO during the year under review (2021/22). All awards are subject to performance conditions and were granted on 28 January 2022. PSP awards are granted as conditional share awards.

PSP	Performance conditions and targets set	Award at threshold vesting (20% of maximum) % of salary	Maximum potential value	Face value of awards £'000	Performance period
Simon Litherland	EPS growth (50% weighting): threshold vesting for EPS of 55.4p at which 20% of the shares shall vest, with straight-line vesting to 59.2p at which 60% of the shares shall vest and then straight-line vesting to 65.0p at which 100% of the shares shall vest. Relative TSR (50% weighting): threshold payout for ranking at median vs the comparator group of the FTSE 250 (excluding investment trusts) and 100% of maximum payout for ranking at or above the upper quartile.	50%	250% of salary	1,688.8	3 years ending 30 September 2024
Joanne Wilson		35%	175% of salary	726.2	

1. The share price used to determine the award levels for the PSP was 874.33p based on the average of the preceding three days prior to grant.
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.

Annual report on remuneration continued

Directors' shareholding requirements and interests in shares

The table below sets out the shareholdings of Directors and connected persons and requirements as at 30 September 2022. A shareholding requirement of 200% of salary for the CEO and 200% for the CFO applies. Under the shareholding requirement both Executive Directors may not sell any vested shares from company awards (except to settle taxes and the payment of exercise prices or following approval by the Committee) until their shareholding requirement has been satisfied.

The CEO was appointed on 14 February 2013 and currently has a shareholding of 463% of salary. The CFO was appointed on 9 September 2019 and currently has a shareholding of 62% of salary.

Executive Directors are required to retain the lower of their holding or a holding of 200% of salary for the first year after they leave Britvic and 100% for the second year.

Interest in shares in the company as of 30 September 2022

	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	20,000	—	—	—	—	—	—
Simon Litherland[1]	368,195	463	430,220	454,551	559,973	—	—
Joanne Wilson[1,2]	30,397	62	181,362	188,162	—	10,475	—
Sue Clark	17,194	—	—	—	—	—	—
William Eccleshare	—	—	—	—	—	—	—
Euan Sutherland	—	—	—	—	—	—	—
Emer Finnan	—	—	—	—	—	—	—
Hounaïda Lasry	—	—	—	—	—	—	—

1. Based on 12-month average share price of 849.55p and salaries as at 30 September 2022 of £675,533 for the CEO and £414,997 for the CFO.
2. On 9 September 2022 Joanne Wilson received the third and final tranche of 10,475 shares at a value of £81,705 pursuant to her buy-out award agreement of which 5,073 shares were sold at 780.00p to cover tax and National Insurance, retaining 5,402 shares.

As at the date of this report, Simon Litherland had acquired a further 53 shares and Joanne Wilson had acquired a further 54 shares, both through the Share Incentive Plan since the year end.

Outside appointments

Executive Directors are allowed external appointments with the permission of the Board. Simon Litherland is a Non-Executive Director of Persimmon plc and Joanne Wilson is a Non-Executive Director of Informa plc. They received fees of £63,750 and £67,324 respectively in the year to 30 September 2022.

Payments made for loss of office (subject to audit)

No payments for loss of office were made during the year.

Payments made to past Directors (subject to audit)

No payments were made to past Directors during the year.

Directors' contracts

Details of the Executive Directors' service contracts and the Non-Executive Directors' letters of appointment are set out below. All Directors' service contracts and letters of appointment are available for inspection at the company's registered office and at the AGM up until the start of the meeting.

Director	Date of appointment	Unexpired term (approx. months) as at date of this report
John Daly	27 January 2015	9
Simon Litherland	14 February 2013	12
Joanne Wilson	9 September 2019	12
Sue Clark	29 February 2016	29
William Eccleshare	29 November 2017	11
Euan Sutherland	29 February 2016	29
Emer Finnan	1 January 2022	26
Hounaïda Lasry	29 September 2022	35

Executive Directors' contracts operate on a 12-month rolling notice basis. Non-Executive Directors' contracts are for fixed periods of three years, which may be renewed for up to a maximum of nine years in total.

Annual report on remuneration continued

2022/23 Directors' Remuneration Policy

The table opposite summarises the company's Directors' Remuneration Policy approved at the 2022 AGM and its application in 2022/23. The full policy wording is set out in the 2021 Annual Report which is available on the company's website.

When implementing the policy the Remuneration Committee considered the company's remuneration principles on page 107 and the six factors listed under Provision 40 of the UK Corporate Governance Code.

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.

Clarity – The new Policy has been summarised clearly and simply with implementation disclosed in the Annual Report.

Simplicity – By having a single Long-Term Incentive Plan, the PSP, incentives are in line with market norms, while providing the necessary alignments to performance, strategy and wider stakeholder interests.

Risk – The Committee has considered talent and behavioural risks when designing the Policy and setting performance targets. The pay decisions made in the year took into account the exposure to operational and strategic risks if the Policy and its implementation fail to reward performance and to retain.

Predictability – Incentive awards are capped as a percentage of salary which limits the scope for unanticipated pay outcomes.

Proportionality – The Policy takes into account the performance of the Executive Directors and this has been summarised in the Directors' remuneration report.

Cultural alignment – The incentive arrangements for the Executive Directors and the measures and targets are cascaded throughout the business. The design of incentives is intended to reinforce a strong performance and inclusive culture, to reward value-creating outcomes which are also achieved in accordance with our people, performance and planet strategy. The use of the ESG scorecard aligned to our Healthier People, Healthier Planet agenda is a good example of this, and 20% of annual bonus opportunity for our top c.100 leaders is aligned to these measures.

Statement of implementation of the Directors' Remuneration Policy in 2023

	Policy element	Simon Litherland (CEO)	Joanne Wilson (CFO)
FIXED PAY	Base salary	£702,554 4.0% increase	£414,997 0.0% increase. Joanne will leave the business in 2023
	Pension	24.6% of base salary paid as a cash allowance up to 31 December 2022. From 1 January 2022 this will be 7.5% of base salary paid as a cash allowance, in line with pension provision for the wider UK employee workforce.	Employer contribution of 7.5% of salary per annum in line with pension provision for the wider UK employee workforce. Part paid as employer contributions to pension and part paid as cash in lieu.
	Benefits	Car allowance of £13,000, family private medical insurance and 4 x basic salary life insurance.	
ANNUAL BONUS	Annual bonus opportunity	Target 87.5% of salary to maximum 175% of salary.	Target 75% of salary to maximum 150% of salary.
	Annual bonus measures	For 2022/23, the following performance metrics and weightings apply to the bonus: 30% adjusted PBTA, 20% total net revenue, 20% adjusted free cash flow and 30% on strategic and non-financial measures. One third of any bonus earned (subject to a de minimis level) will be deferred into shares for two years. These shares will count towards Britvic's shareholding policy. Payment for threshold performance: 0% of maximum will be awarded.	
LONG-TERM INCENTIVE	Performance Share Plan (PSP)	Maximum 250% of salary with a two-year post-vest holding period.	Maximum 175% of salary with a two-year post-vest holding period. No award will be made in December 2022.
	PSP Measures	50% based on EPS targets. Threshold performance will be 57.2p and increasing on a straight-line basis to 100% vesting at 66.3p. 50% based on relative TSR with threshold performance requiring median ranking against the FTSE 250 (excluding investment trusts) comparator group, increasing on a straight-line basis to 100% vesting for upper quartile performance or better. The Committee will also consider underlying return on invested capital (ROIC) over the performance period to ensure that it remains appropriate relative to the EPS delivered. Three years will remain the performance period. 20% of maximum will be awarded for threshold performance.	
	Malus and clawback	Malus and clawback may be applied to annual bonus and LTIP awards in certain conditions where the payment of the bonus resulted from a material misstatement in the company's accounts, an error in the assessment of the satisfaction of a performance condition or in cases of material corporate failure.	
	Shareholding requirement	200% of basic salary. Post-cessation, 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.	

Annual report on remuneration continued

Base salary

Implemented in line with Policy.

The company is cognisant of the impact of the cost of living and in the UK 70% of the workforce will receive an increase of 7.0% and in total over 95% of the workforce will receive over 6.0%. The CEO will receive a salary increase of 4.0%, effective 1 January 2023, to maintain market alignment. As the CFO will be leaving the business no increase is proposed for 2023.

The Remuneration Policy summarised on page 112 will be implemented as follows:

	2022 base salary £'000	**2023 base salary £'000**	Increase
Simon Litherland	675.5	**702.6**	4.0%
Joanne Wilson	415.0	**415.0**	0.0%

Benefits and pension

Implemented in line with Policy.

Annual bonus

Implemented in line with Policy.

The target award amounts for Simon Litherland and Joanne Wilson are 87.5% and 75% of base salary respectively, with corresponding maximum award values of 175% and 150% of base salary.

The Committee reviewed the annual bonus measures in the context of the company's short-term aims and the global pandemic and consulted shareholders on potential changes. Taking on board the feedback received, the 2022/23 annual bonus will continue to include a strategic/non-financial element to incorporate objectives relating to our Healthier People, Healthier Planet strategy.

Accordingly, the bonus measures[1] and weightings for 2022/23 are:

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

1. Performance measures are defined as follows:
   Adjusted profit before tax and amortisation (PBTA) – measured before adjusting items on a constant budgeted currency basis.
   Total net revenue – measured on a constant budgeted currency basis.
   Adjusted free cash flow – measured excluding movements in borrowings, dividend payments and adjusting items.
   Non-financial and strategic measures include net revenue from innovation on a constant budgeted currency basis based on a specific set of brands and sub-brands identified as being critical product launches or in early phases of growth. ESG measures are aligned to our Healthier People, Healthier Planet strategy.

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. Given the setting of targets is against an external volatile backdrop, the Remuneration Committee will, at the end of the three-year performance period, review the out-turn to ensure it is proportionate and aligned to shareholder value creation. The threshold, target and stretching maximum for each measure, together with the performance against them, will be disclosed in the Directors' remuneration report following the end of the financial year.

Performance Share Plan (PSP)

The PSP awards to be made in December 2022 in respect of 2022/23 for the CEO will comprise an award of 250% of salary. As the CFO is under notice, no award will be made in 2022 under the PSP.

Before finalising the awards, the Committee will consider the share price at the time of the award. The Remuneration Committee will ensure that any gains at the end of the three-year performance period are proportionate and aligned to shareholder value creation.

Half the PSP awards will be subject to an EPS measure and the other half of the PSP will be subject to a relative TSR condition (measured against the constituents of the FTSE 250 excluding investment trusts).

The EPS targets at threshold performance will be 57.2p and increasing on a straight-line basis to 100% vesting at 66.3p.

The relative TSR threshold performance will require 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.

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

Annual report on remuneration continued

Alignment of the Directors' Remuneration Policy to the wider workforce

The application 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 table below.

Element	Alignment of policy to the wider workforce
Base salary	Paid in cash and reviewed annually, normally taking effect 1 January. Salaries are set with reference to internal pay levels, as well as local market competitiveness compared with roles of a similar nature and size of responsibility.
Benefits	Britvic provides local market typical benefits focused on employee health and wellbeing. The majority of UK employees participate in the company's flexible benefits plan.
Pension	Subject to local market practice and regulations. Great Britain employees have rights under the Great Britain legacy defined benefit pension arrangement, which is now closed to future accrual (the plan was closed to executives at the same time). A defined contribution pension scheme was introduced following the closure of the defined benefit pension scheme in which UK employees are entitled to participate, with the wider workforce having a maximum employer contribution of 7.5%.
Annual bonus	Approximately 250 leaders and senior managers participate in bonus arrangements with measures aligned to those of the Executive Directors. Typically, employees are eligible to receive a bonus linked to profit and revenue, as well as their individual performance.
Long-term incentives	The PSP is awarded to approximately 100 leaders globally each year. Performance conditions for the awards are linked to those of the Executive Directors.
All-employee share plans	Where possible, in the UK and Ireland and some other international locations, 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.

The Remuneration Committee

The Remuneration Committee has had the opportunity to understand the remuneration of the wider workforce and has been provided with an overview of workforce remuneration and related policies, as well as the alignment of incentives and rewards with culture. Information provided to the Remuneration Committee includes bonus design and targets, the Long-Term Incentive plan, share ownership and Britvic's all-employee share plans to ensure all the decisions on Executive Directors' pay take account of decisions across the Group.

The Chairman of the Board and the Chair of the Remuneration Committee have engaged in conversation with the Employee Involvement Forum on both employee and executive remuneration. The Committee is satisfied that the company's remuneration policies are aligned with those of the Executive Directors, with an appropriate cascade throughout the organisation.

Remuneration Committee membership

The Remuneration Committee is composed of three independent Non-Executive Directors, plus the Chairman of the Board who was independent on appointment. The company Chairman is not present when his own remuneration is discussed. Attendees at each meeting comprised Committee members and, by invitation, as appropriate, the CEO, CFO, Chief People Officer and Director of Reward.

External advisors are also invited to attend as and when appropriate.

During the year, Ian McHoul stepped down from the Board in May, Hounaïda Lasry joined the Remuneration Committee in September, and Emer Finnan attended for one meeting in May.

Role and responsibilities

The Committee's terms of reference are in line with the 2018 UK Corporate Governance Code and can be found at britvic.com/committees. The revised Code came into effect from January 2019.

The Committee has responsibility for the following:

- Reviewing executives' remuneration in terms of the pay policy of the company as a whole, pay and conditions elsewhere in the Group, and the overall cost on behalf of shareholders.
- Determining, within agreed terms of reference, and taking into account corporate performance on environmental, social and governance issues, the remuneration of the Chairman and specific remuneration packages for each of the Executive Directors and other members of the Executive team, including pension rights, any compensation payments and benefits.
- Reviewing workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for Executive Director remuneration.
- Engaging as required with the wider workforce and shareholders on executive pay structures, and how executive remuneration aligns with wider company pay policy.
- Approving the design and operation of the company's incentive arrangements, both short and long term. This includes agreeing the targets that are applied to awards made to senior executives.
- Responsibility for all of the company's employee share plans and the share dilution position.
- Ensuring, via regular reviews, that the company's pay policies remain appropriate and relevant.

Annual report on remuneration continued

Committee meetings

The Committee meets no fewer than three times a year. The attendance of the Committee for each meeting during the year can be found on page 86. The key agenda items the Committee discussed during the year included:

- Reviewed and approved the 2020/21 Directors' remuneration report.
- Reviewed and approved outcomes of the 2020/21 annual bonus.
- Approved the measures for the 2021/22 annual bonus scheme and the 2021/22 PSP awards.
- Received an update on Executive Directors' and Executive Committee members' shareholding requirement in line with policy.
- Approved the 2022 salary reviews for the Executive Directors and Executive Committee members.
- Considered the impact of the pandemic on LTIP targets and outcomes and approved the use of the Committee's discretion to overlay the formulaic result.
- Reviewed and made changes to the Directors' Remuneration Policy including the change to the structure and consideration of feedback from shareholders on the proposal, recommending a new policy for shareholder approval.
- Received an update from the Committee's advisors on the market as it emerged from the pandemic.

Advisors

FIT Remuneration Consultants LLP (FIT) was appointed as the independent advisor to the Committee in December 2019 following a competitive tender process. No other advice from FIT is received. FIT is a member of the Remuneration Consultants Group (the professional body for executive remuneration consultants). The advisor charged its fees partly on a fixed fee basis and partly on a time and expenses basis. FIT's fees in respect of advice to the Committee in the year under review were £77,873.

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.

Annual report on remuneration continued

Remuneration history for the CEO from 2013 to 2022

£'000	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Simon Litherland total single figure of remuneration	1,114.6	1,964.3	3,075.2	1,734.5	2,086.3	2,147.4	3,747.9	1,059.6	2,290.1	**1,932.8**
Paul Moody total single figure of remuneration	1,412.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**
Bonus (% of maximum)	98.6% for Simon Litherland, 0.0% for Paul Moody	72.2%	53.3%	80.6%	82.1%	88.9%	46.9%	0.0%	84.9%	**77.6%**
LTIP (% of maximum)	n/a for Simon Litherland, 0.0% for Paul Moody (ESOP 0.0%, PSP 0.0%)	63.6% (ESOP 69.0%, PSP 50%)	100% (ESOP 100%, PSP 100%)	91.0% (ESOP 100%, PSP 65.8%)	59.4% (ESOP 61.1%, PSP 56.2%)	37.5% (ESOP 33.3%, PSP 50.0%)	78.0% (ESOP 76.0%, PSP 82.0%)	8.3% (ESOP 0.0%, PSP 25.0%)	38.9% (ESOP 33.33%, PSP 50.0%)	**6.4% (ESOP 0.0%, PSP 19.3%)**

Percentage change in remuneration of the Directors

The table below shows how the percentage change in the Directors' salaries, benefits and bonuses between 2020 and 2022 compared with the percentage change in the weighted average of each of those components for all full-time equivalent employees based in Great Britain. The Great Britain employee workforce was chosen as a suitable comparator group as the Directors are based in Great Britain (albeit with a global role and responsibilities) and pay changes across the Group vary widely depending on local market conditions.

	Base salary/fees % [1]			Taxable benefits % [2]			Bonus % [3]		
	2022	**2021**	2020	**2022**	**2021**	2020	**2022**	**2021**	2020
Simon Litherland	**2.5**	2.5	2.5	**16.8**	1.1	(21.1)	**17.2**	n/a	(100.0)
Joanne Wilson	**2.5**	1.9	n/a	**19.5**	0.3	n/a	**17.2**	n/a	n/a
John Daly	**1.9**	0.6	1.9	**n/a**	n/a	n/a	**n/a**	n/a	n/a
Suniti Chauhan	**(75.0)**	0.5	1.6	**n/a**	n/a	n/a	**n/a**	n/a	n/a
Sue Clark	**2.7**	1.2	3.6	**n/a**	n/a	n/a	**n/a**	n/a	n/a
William Eccleshare	**11.3**	0.5	1.6	**n/a**	n/a	n/a	**n/a**	n/a	n/a
Ian McHoul	**(38.9)**	1.3	4.3	**n/a**	n/a	n/a	**n/a**	n/a	n/a
Euan Sutherland	**1.9**	0.5	1.6	**n/a**	n/a	n/a	**n/a**	n/a	n/a
Emer Finnan	**n/a**	n/a	n/a	**n/a**	n/a	n/a	**n/a**	n/a	n/a
Hounaïda Lasry	**n/a**	n/a	n/a	**n/a**	n/a	n/a	**n/a**	n/a	n/a
GB employees	**2.5**	2.8	2.5	**23.1**	1.6	(55.9)	**10.2**	1,385	(62.4)

Notes:

1. The Executive Directors salaries were increased by the same level as the general workforce. The negative base salary changes for Suniti Chauhan and Ian McHoul are due to them standing down from the Board part way through the year. Emer Finnan and Hounaïda Lasry joined the Board during the year. William Eccleshare received additional fees due to his appointment as Senior Independent Director in April 2022.
2. The employee benefits increase was due to the fact that no charge was made for half of the year for private healthcare for 2021 and was a fully taxable benefit for 2022. In addition the Executive Directors received an increase to their car allowances during 2022.
3. The increment in bonus' for the Executive Directors reflects the increase in maximum opportunity as per the Directors Remuneration Policy approved at the 2022 AGM.

Annual report on remuneration continued

Statement of voting outcomes at the Annual General Meeting

The following chart sets out the result from the advisory vote on the Annual statement and Annual report on remuneration for the past three years at the relevant AGMs and the binding vote on the Directors' Remuneration Policy at the 2022 AGM.

Report/Policy		Votes for	%	Votes against	%	Votes withheld
2022	Remuneration Policy	206,798,781	91.7	18,847,778	8.3	639,791
2022	Remuneration report	152,427,246	68.3	70,782,829	31.7	3,077,898
2021	Remuneration Policy	210,107,534	96.3	8,119,609	3.7	639,017
2021	Remuneration report	217,735,800	99.5	1,089,556	0.5	40,805
2020	Remuneration report	172,582,297	87.3	25,171,913	12.7	7,172,538

At the 2022 AGM some shareholders were primarily concerned about the adjustment of the vesting outcomes relating to the 2018 LTIPs. The Committee sought to ensure the LTIPs fulfilled their original intent. It acknowledges that shareholders have a range of views and believes that it acted fairly and appropriately in the circumstances and in the interests of stakeholders. The vesting outcome was not excessive and better represented corporate performance and the contribution of the Executive team.

The Committee was heavily influenced by the trajectory of EPS growth in the first half of the three-year performance period which, had it been maintained, would have resulted in the vesting in 2021 of 67% of the shares linked to EPS. It applied its judgement and determined that the shares linked to the EPS measure should vest at 33.3% of maximum reflecting that the strong EPS performance applied to 50% of the performance period prior to the start of the pandemic.

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 2022 and the CEO's single figure total of remuneration. The company has decided to use the prescribed Option B methodology when calculating the pay ratios. It is envisaged that the ratio will fluctuate year on year and may not always coincide with the underlying performance of the business in a single year.

	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022 total remuneration	57:1	43:1	26:1
2021 total remuneration	67:1	56:1	35:1
2020 total remuneration	31:1	28:1	20:1
2022 salary	24:1	18:1	13:1
2021 salary	22:1	18:1	13:1
2020 salary	20:1	18:1	13:1

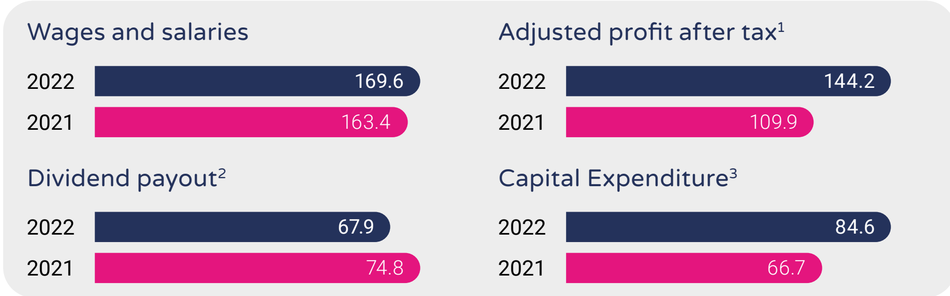
2022	Salary	Total remuneration
25th percentile employee	£27,891	£33,770
Median employee	£37,625	£45,474
75th percentile employee	£53,030	£73,529

The decrease in the total remuneration ratio in financial year 2022 compared with financial year 2021 is driven by the greater decrease in the CEO's variable pay when compared to employees. The company believes the ratio is consistent with pay and progression for employees and reflects the principle of the CEO having a much greater proportion of his pay at risk.

Relative importance of spend on pay

The following chart sets out this information as it applies to the company, comparing figures for the year under review and the previous year. Profit after tax and capital expenditure are also shown below for context:

Distribution statement (£m)



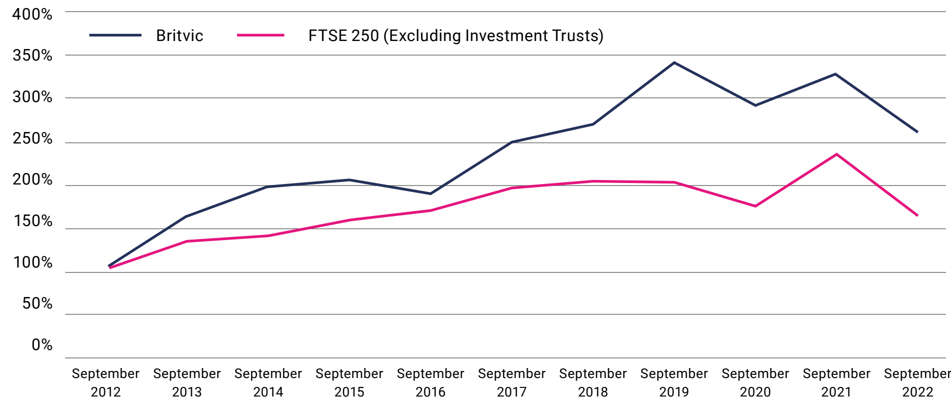
1. Adjusted profit after tax is before the deduction of adjusting items.
2. In 2022 £36.7m also returned to shareholders by way of the share buyback.
3. Capital expenditure is defined as net cash flow from the purchase and sale of both tangible and intangible assets.

Britvic's historical TSR performance growth in the value of a hypothetical £100

The Committee considers the FTSE 250 (excluding investment trusts) is a relevant index for total shareholder return as it represents a broad equity index in which the company is a constituent member.

The graph below shows the TSR for Britvic plc and the FTSE 250 excluding investment trusts over the 10-year period ended 30 September 2022. The table on the opposite page shows total remuneration for the CEO over the same period.

Total shareholder return 2012-2022



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 2022.

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 78–117.

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, which are not located in the Directors' report, can be found:

Indication of future developments	Strategic report	Pages 2–77
Financial risk management	CFO's review Note 25 to the accounts	Pages 65–69 Pages 166–168
Employment of disabled persons	Sustainable business	Page 38
Employee engagement	Sustainable business Governance statement s.172 statement	Pages 37–50 Pages 92–93 Pages 29–31
Engagement with suppliers and customers	Stakeholder engagement Sustainable business	Page 27 Pages 48
Greenhouse gas emissions	Sustainable business	Pages 63–64
Energy consumption	Sustainable business	Pages 63–64
Energy efficiency action	Sustainable business	Pages 62
Acquisition of own shares	Note 19 to the accounts	Page 156

The following sets out where items required under Listing Rule 9.8.4, which are not located in the Directors' report, can be found:

Directors' interests	Remuneration report	Page 111

Operations and performance

Dividends and dividend waiver

The Group's profit before taxation attributable to the equity shareholders amounted to £175.1 million (2021: £134.6 million) and the profit after taxation amounted to £140.2 million (2021: £96.5 million). An interim dividend of 7.8p (2021: 6.5p) per ordinary share was paid on 6 July 2022.

Subject to shareholder approval, the Directors have proposed a final dividend of 21.2p (2021: 17.7p) per ordinary share payable on 8 February 2023 to shareholders on the register at the close of business on 23 December 2022, giving a total dividend in respect of 2022 of 29.0p (2021: 24.2p), an increase of 19.8% on the previous year.

The trustees of the Britvic Share Incentive Plan have elected to waive dividends on shares held under trust relating to dividends payable during the year.

Research and development

The Group carries out research and development necessary to support its principal activities as a manufacturer and distributor of soft drinks.

Events since the balance sheet date

No important events affecting the Group have occurred since year end.

Environmental reporting

The Directors have a responsibility to consider the impact on the environment and the likely consequences of any business decisions in the long term. Disclosures in respect of this are included with the Strategic report on pages 45–64 and in our Section 172 statement, which can be found on pages 29–31.

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 2022, the company's issued share capital comprised 263,300,881 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).
- 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.

Directors' report continued

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 2022, the Trustees held 1.09% (2021: 1.01%) 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 0.41% (2021: 0.06%) of the issued share capital as at 30 September 2022.

Major shareholders

At 30 September 2022, the company had been notified, in accordance with the Disclosure Guidance 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
BlackRock, Inc.	15,131,790	5.75%
Invesco Ltd	14,169,572	5.38%
Incentive AS	13,781,830	5.23%
NN Group N.V.	13,383,912	5.08%
FMR LLC	12,859,081	4.88%
APG Asset Management	10,388,332	3.95%
BNP Paribas	7,952,461	3.02%
M&G Plc	Below 5%	Below 5%

As at 17 November 2022, the company had been notified of the following additional changes in interests:

	Number of ordinary shares	Percentage of voting rights
APG Asset Management	7,241,430	2.75%

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 include ensuring that policies remain relevant, identifying and addressing new policy areas and advising on implementation and monitoring. New employees are required to read and complete training on key policies, and the compliance function runs a rolling programme of updates in order that the workforce, including contractors, review relevant policies at regular intervals.

Anti-bribery and corruption

Britvic has an anti-bribery and corruption policy that applies across the Group. Training is provided to employees through an e-learning platform.

Face to face training is also deployed to relevant areas of the business, including to the Executive team and the Board. Training includes details of the rules and limits around giving and receiving gifts and hospitality and how to record these. Central records are kept by the Company Secretary and reviewed annually. Bribery and corruption risks are addressed within the Group risk management framework under the legal and regulatory principal risk (see page 74).

Britvic also provides a confidential SpeakUp 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.

A number of awareness raising activities were carried out during the year including posters in offices and manufacturing facilities globally, desktop background banners and intranet articles. Mandatory whistleblowing training was implemented for employees in Great Britain and Ireland and certain international sites outside Brazil and France. We are working on introducing this for Brazil and France in 2023.

Two SpeakUp reports related to anti-bribery and corruption have been received year 2022, both of which were concerned with the non-disclosure of potential conflicts in interest.

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. In making this assessment, the Directors have considered the Group's balance sheet position and forecast earnings and cash flows for the period from the date of approval of these financial statements to 31 March 2024. Please refer to note 3 for our basis of preparation accounting policy.

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 76-77.

Branches

As a global Group, interests and activities are held or operated through subsidiaries and branches which are established in, and subject to the laws and regulations of, various different jurisdictions.

Directors' report continued

Governance continued

Political donations

No political donations were made by the Group and its subsidiaries during the financial year (2021: nil).

Annual General Meeting

The 2023 AGM will be held on Thursday 26 January 2023 at 11.00am at the offices of Linklaters LLP, 1 Silk Street, London EC2Y 8HQ. Details of the resolutions to be proposed at the AGM are set out in the separate circular which has been sent to all shareholders and is available on the Britvic website at britvic.com/agm.

Directors

The following were Directors of the company during the year: John Daly, Simon Litherland, Joanne Wilson, Suniti Chauhan (resigned 31 December 2021), Sue Clark, William Eccleshare, Emer Finnan (appointed 1 January 2022), Ian McHoul (resigned 11 May 2022), Euan Sutherland and Hounaïda Lasry (appointed 29 September 2022). Joanne Wilson resigned as an Executive Director on 8 November 2022 but will remain CFO until the end of her notice period in May 2023.

The biographical details of the Directors are set out on pages 80—81 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.

Data on the diversity of the individuals on the Board and Executive team as required by Listing Rule 9.8.6R(10) is set out below, as at a reference date of 30 September 2022. Data is collected by self-disclosure directly from the individuals concerned.

Gender identity or sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	% of executive management
Men	4	50%	3	8	73%
Women	4	50%	1	3	27%
Not specified/prefer not to say	–	–	–	–	–

Ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	% of executive management
White British or other White (including minority-white groups)	7	87.5%	4	10	91%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	1	9%
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	1	12.5%	–	–	–
Not specified/prefer not to say	–	–	–	–	–

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 111. No Director was or is materially interested in any contract, other than under their service contract or letter of appointment, which was subsisting during the year 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.

Governance continued

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.
- 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 22 November 2022.

By Order of the Board

Clare Thomas
Company Secretary
Britvic plc
Company No. 5604923

Statement of Directors' responsibilities

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and company and of the profit or loss of the Group and the company for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
- Provide additional disclosures when compliance with the specific requirements in IFRSs (and in respect of the parent company financial statements, FRS 101) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and company financial position and financial performance.
- In respect of the Group financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the financial statements.
- In respect of the parent company financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and/or the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and enable them to ensure that the company and the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the parent company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' remuneration report and Corporate governance statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Directors' declaration in relation to relevant audit information

The Directors who were members of the Board at the time of approving the Directors' report are listed on pages 80–81. Having made enquiries of fellow Directors and of the company's auditor, each of these Directors confirms that:

- To the best of each Director's knowledge and belief, there is no information relevant of which the company's auditor is unaware.
- Each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information.

Directors' responsibility statement (DTR 4.1)

The Directors confirm that to the best of their knowledge:

- The consolidated financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 (and IFRSs adopted pursuant to Regulation (EC) No 1606/202 as it applies in the European Union), give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole.
- The Annual Report, including the Strategic report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.
- The Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

On behalf of the Board

Simon Litherland
Chief Executive Officer
22 November 2022

Joanne Wilson
Chief Financial Officer
22 November 2022

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 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Britvic plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2022 which comprise:

Group	Parent company
Consolidated balance sheet as at 30 September 2022	Balance sheet as at 30 September 2022
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Statement of cash flows for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 16 to the financial statements including a summary of significant accounting policies
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 36 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 UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group and parent 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.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's going concern assessment and understood the process undertaken by management to evaluate the operational and economic impacts of the ongoing cost of living crisis and other downside scenarios on the group and to reflect these in the group's forecasts.
- We tested the clerical accuracy of the model used to prepare the group's going concern assessment.
- We have assessed whether the going concern period identified by management as the 16 months to March 2024 is appropriate and whether there are any relevant significant events outside of the period that should be included within the going concern assessment.
- We obtained evidence to support the changes in the group's financing arrangements in the period, including the refinancing of £367m of the group's revolving credit facility to February 2027 with £33m maturing in February 2025. 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, including whether those relating to current economic challenges were reasonable and in the case of downside scenarios, appropriately severe, in light of the group's relevant principal risks and uncertainties and our own independent assessment of those risks. We also confirmed that the group's forecasts in the going concern assessment were consistent with those approved by the Board in September 2022 and with other forecasts used by the group in its accounting estimates, including impairment.
- We assessed management's considerations related to potentially material climate change impacts in the going concern period.
- 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.

Independent Auditor's Report to the members of Britvic plc continued

Conclusions relating to going concern continued

- 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 to breach covenants, there would need to be significant adverse cash flows compared to management's most severe downside scenario in the form of CO_2 shortages, failure to meet demand, absorption of inflationary costs and a reduction in volumes, occurring together, without the impact of controllable mitigating actions. This scenario is not considered plausible.
- We assessed the appropriateness of the group's disclosure concerning the going concern basis of preparation in accordance with relevant standards.
- The audit procedures performed to address this risk were performed by the group audit team.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of 16 months from when the financial statements are authorised for issue to 31 March 2024.

In relation to the group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of 6 components and audit procedures on specific balances for a further 3 components. • The components where we performed full or specific audit procedures accounted for 100% of profit before tax and adjusting items, 98% of revenue and 97% of total assets.
Key audit matters	• Inappropriate revenue recognition through manual journal entries • Management override of internal controls over customer discounts • The assessment of the carrying value of goodwill and indefinite lived assets
Materiality	• Group materiality of £9.6m which represents approximately 5% of profit before tax and adjusting items, as defined on page 193.

An overview of the scope of the parent company and group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each component.

In assessing the risk of material misstatement to the group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we performed full scope audit procedures on the two group level functions, including the Parent Company, and we selected four trading components covering operations in Great Britain (GB), France and two Brazil business units ("full scope components"). The full scope components were selected based on their size or risk characteristics. At three further components, Ireland, Northern Ireland and EMEA ("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 audit procedures accounted for 100% (2021: 100%) of the group's profit before tax and adjusting items, 98% (2021: 99%) of the group's revenue and 97% (2021: 99%) of the group's total assets. For the current year, the full scope components contributed 95% (2021: 97%) of the group's profit before tax and adjusting items, 87% (2021: 88%) of the group's revenue and 86% (2021: 87%) of the group's total assets. The specific accounts for components where we performed specified procedures contributed 5% (2021: 3%) of the group's profit before tax and adjusting items, 11% (2021: 11%) of the group's revenue and 11% (2021: 12%) of the group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the group.

	2022			2021		
	Revenue	**Profit before tax before adjusting items**	**Total Assets**	Revenue	Profit before tax before adjusting items	Total Assets
Full scope audit	**87%**	**95%**	**86%**	88%	97%	87%
Specific scope audit	**–**	**–**	**–**	–	–	–
Specified audit procedures	**11%**	**5%**	**11%**	11%	3%	12%
Other components	**2%**	**–**	**3%**	1%	–	1%
Total group	**100%**	**100%**	**100%**	100%	100%	100%

Of the remaining components that together represent 0% of the group's profit before tax and adjusting items, none are individually greater than +/- 5% of the group's profit before tax and adjusting items. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the group financial statements, in addition to the specified procedures for applicable components as detailed above.

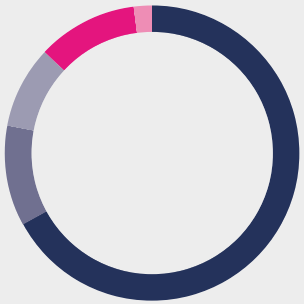
Independent Auditor's Report to the members of Britvic plc continued

An overview of the scope of the parent company and group audits continued

Tailoring the scope continued

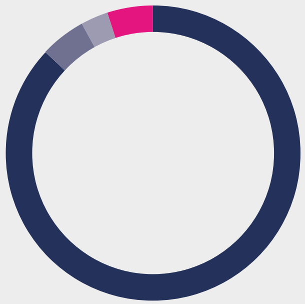
The charts below illustrate the coverage obtained from the work performed by our audit teams.

Revenue



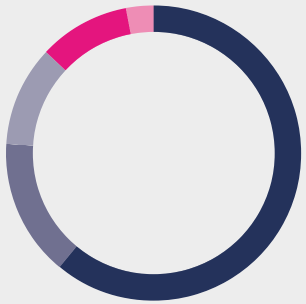
GB & Group Wide Functions (Full Scope)	67%
France (Full Scope)	11%
Brazil (Full Scope)	9%
Specific Scope (Ireland and EMEA)	11%
Other components	2%

Profit before tax and adjusting items



GB & Group Wide Functions (Full Scope)	87%
France (Full Scope)	5%
Brazil (Full Scope)	3%
Specific Scope (Ireland and EMEA)	5%
Other components	0%

Total assets



GB & Group Wide Functions (Full Scope)	61%
France (Full Scope)	15%
Brazil (Full Scope)	11%
Specific Scope (Ireland and EMEA)	10%
Other components	3%

Changes from the prior year

In the prior year we had four specified procedure locations. The Counterpoint business was closed in 2021 and so is no longer in scope. There have been no other changes to our scoping.

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.

The Senior Statutory Auditor leads the audit of the full scope component in the GB business, all specified procedures components in addition to the audit of the group functions. These full scope components and the components covered by specified audit procedures represent 92% of the group's profit before tax and adjusting items, 78% of the group's revenue and 72% of the group's total assets. For the three components where the work was performed by component auditors, in France and two components in Brazil, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the group as a whole.

The Senior Statutory Auditor visited Brazil, meeting with local management and toured a number of retail outlets to evidence different routes to market of locally manufactured products. A group audit director visited France, meeting with local management and attended the closing meeting in person. These visits included discussions with the component teams and a review of their workpapers on audit strategy, risk identification and the results of audit procedures performed.

We supplemented these visits with further interactions with the component teams through the use of video or teleconferencing facilities, including virtual meetings with local France and Brazil management. We held virtual planning meetings before the year end and weekly video conference calls were held with each of our France and Brazil teams from the beginning of October through to the full year results announcement in November 2022. 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.

The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at group level, gave us appropriate evidence for our opinion on the group financial statements.

Independent Auditor's Report to the members of Britvic plc continued

An overview of the scope of the parent company and group audits continued

Climate change

There has been increasing interest from stakeholders as to how climate change will impact Britvic plc. The group has determined that the most significant future impacts from climate change on its operations will be from:

- reduced availability of water impacting the group's ability to manufacture and sell soft drinks;
- extreme weather events causing damage to key suppliers;
- increased costs from emerging regulation such as carbon taxation; and
- changing consumer preferences leading to greater demand for lower emission products.

These are explained on pages 51–64 in the required Task Force for Climate related Financial Disclosures and on pages 73–75 in the principal risks and uncertainties, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

As explained in note 4, governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of UK adopted international accounting standards.

Our audit effort in considering climate change was focused on evaluating management's assessment of the impact of climate risk, physical and transition, and ensuring that the effects of material climate risks disclosed on pages 73–75 have been appropriately reflected in asset values and associated disclosures where values are determined through modelling future cash flows, being goodwill and intangible assets impairment assessment (note 15) and the recoverability of deferred tax assets (note 10). We also challenged the Directors' considerations of climate change in their assessment of going concern (note 3) and viability and associated disclosures.

Whilst the group has stated its commitment to the aspirations of the Paris Agreement to achieve net zero emissions by 2050, the group is currently unable to determine the full future economic impact on its business model, operational plans and customers to achieve this and therefore, as set out above, the potential impacts are not fully incorporated in these financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk – Inappropriate revenue recognition through manual journal entries

Refer to the Audit Committee Report (page 100) and note 4 of the group financial statements.

Description of risk

The group has reported revenue of £1,618m (2021: £1,405m). Given the market focus on the group's revenue performance we consider there to be a risk in relation to the potential overstatement of revenue. In addition, management reward and incentive schemes, which are in part based on achieving revenue and profit targets, may also incentivise management to manipulate revenue recognition in order to help achieve targets of profitability.

Therefore, there is a risk that management may override controls to intentionally misstate revenue by recording fictitious revenue transactions through inappropriate manual journal entries.

Our response to this risk

- We understood the group's revenue recognition policies (refer to page 137) and assessed the design effectiveness of key controls within the revenue recognition process and how they are applied.

For the GB, France, Brazil, Ireland, Northern Ireland and EMEA components, together contributing 98% of the group's revenue we:

- Obtained a population of all journals posted to revenue accounts in the year, 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 a sample of such journals to source documentation to confirm that the entries supported the revenue recognised. We ensured the residual untested population was not material.
- 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 to ensure their validity by agreeing back to source documentation. We ensured the residual untested population was not material.
- Selected a sample of post period end credit notes and obtained corroborating evidence to demonstrate that any credit note related to the audit period had been appropriately recorded.

Key observations communicated to the audit committee

Based on our procedures we have not identified evidence of inappropriate revenue recognition through the posting of manual journal entries.

Independent Auditor's Report to the members of Britvic plc continued

Key audit matters continued

Risk – Management override of internal controls over customer discounts

Refer to the Audit Committee Report (page 100) and note 4 of the group financial statements

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 consider that the risk principally applies to the completeness and valuation of promotional discounts, long term discounts and account development funds of £137.0m that remain open as at 30 September 2022.

Our response to this risk

For all full scope trading components:

- We obtained an understanding of the group's processes for the recognition and management of discounts provided to customers and assessed the design effectiveness of key controls and how they are applied.
- We performed analytical procedures including the correlation of revenue to discounts to assess completeness of discounts.
- We performed hindsight analysis to determine the historical accuracy of management's estimation and any required adjustments to accruals.

For all full scope and specified audit procedures trading components:

- We performed testing on a sample of post year end discount settlements as evidence of the appropriateness of discount accruals recognised at the year end.
- We selected a sample of post year end credit notes and ensured that, where audit evidence demonstrated that the credit note related to the audit period, that these credit notes were appropriately provided for in the financial statements.
- We performed targeted journal entry testing at the general ledger level. Our testing was focused on manual journal entries posted, both to the year end accruals and to the rebate income statement accounts, with a particular focus on journal entries posted close to the year end.
- We tested a sample of long term and promotional discount expenses and account development fund expenses throughout the period and a sample of year end accruals by agreeing balances through to supporting documentation including contractual agreements and ensured that the revenue recognition policies adopted complied with UK adopted International Accounting Standards.
- 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.

We performed specific procedures for the local components tailored for our risk assessment:

- In GB, the largest component;
  - We held bi-annual meetings with the customer account teams to update our knowledge of the status of customer negotiations and the process by which discounts have been recorded.
  - We assessed whether the assumptions used in determining the customer claims provision in GB were appropriate by corroborating to supporting evidence and considering contradictory evidence.
  - We used bespoke data analysis procedures to identify transactions that appeared unusual based on our understanding of the process within the GB business. For those transactions identified, we obtained explanations from management and corroborated this to supporting documentation.
- In GB and EMEA, we obtained direct confirmation of the terms of specific rebate agreements from a sample of customers.
- In France, we tested the operating effectiveness of the controls in respect of certain long term discounts.

Key observations communicated to the audit committee

Based on our procedures, we identified no material instances of inappropriate management override of the discounts in the financial statements.

Risk – The assessment of the carrying value of goodwill and indefinite lived assets

Refer to the Audit Committee Report (page 100); and note 15 of the group financial statements

Description of risk

The group has significant goodwill and other intangible assets including indefinite lived trademarks. There is a risk that the underlying results of the separately identified cash generating units ('CGUs') do not support the carrying value of indefinite life intangible assets and goodwill.

Given the continuing uncertainty that the current macroeconomic environment presents to forecasting, on which the impairment assessment relies, our risk was focused on the CGU's most sensitive to reasonably possible changes in assumptions that could lead to an impairment being Britvic France, Britvic Brazil, Ballygowan and Plenish Cleanse Limited. The goodwill and indefinite lived trademarks attached to these CGUs amounted to £144.0m (2021: £137.1m).

Our response to this risk

- We understood the group's process for preparing an estimate of the recoverable value for each CGU and assessed the design effectiveness of key controls and how they are applied.
- We assessed whether management's identification of cash generating units and level of testing of goodwill was in accordance with IAS 36 by comparing the identified CGUs to internal management reporting demonstrating how the cash flows are monitored. We assessed whether CGU's have been identified based on the lowest level at which largely independent cash inflows are generated.

Independent Auditor's Report to the members of Britvic plc continued

Key audit matters continued

Risk – The assessment of the carrying value of goodwill and indefinite lived assets continued

Our response to this risk continued

- We agreed 2022 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 2023 and beyond to the scenario analysis prepared for use elsewhere in the preparation of the annual report and accounts – e.g., the going concern review and viability assessment. We reconciled these forecasts to the board approved forecasts and understood the rationale for variances.
- We have assessed the key assumptions in the impairment analysis – identified as the discount rates and long term growth rates – using valuation specialists and other information to develop independent expectations for these assumptions. Where specific assumptions were used for a CGU, different to the group wide assumptions of future growth, we obtained additional support for these specific assumptions such as comparison to prior period results and evidence of significant planned marketing activity to support the assumptions.
- We have performed sensitivity analysis over key assumptions to understand the impact of reasonably possible changes in assumptions on the impairment models and conclusions.
- We have assessed how management has considered the impact of climate change within the forecast cash flows.
- We reviewed the disclosures in the financial statements (note 4 and note 15) for compliance with IAS 36 requirements, including the disclosures of CGUs with reasonably possible changes in assumptions that could result in an impairment.

Key observations communicated to the Audit Committee

Based on our procedures, we conclude that the recoverable value of the goodwill and indefinite lived assets exceed their carrying value and that there is no impairment of these assets in the year. 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.

There have been no changes to key audit matters since the prior year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the group to be £9.60 million (2021: £7.95 million), which is approximately 5% (2021: 5%) of profit before tax and adjusting items. We believe that profit before tax and adjusting items is the most relevant measure of the underlying financial performance of the group, as the primary metric used by stakeholders.

Starting basis	Profit before tax of £175.1m as per the Annual Report
Adjustments	Add adjusting items before tax of £13.6m per the Annual Report
Materiality	Materiality set at £9.60m represents approximately 5% of profit before tax and adjusting items of £188.7m per the Annual Report

We determined materiality for the Parent Company to be £10.5 million (2021: £9.9 million), which is 1.5% (2021: 1.5%) of equity. We consider that equity is the most appropriate measure given the parent company is an investment holding company with no revenue. Where procedures were performed as part of the group audit, we performed our procedures to the group materiality level which was lower than the Parent Company materiality.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality be retained at approximately 50% (2021: 50%) of our planning materiality, being £4.8m (2021: £3.9m). We have set performance materiality at this percentage based on our assessment of the risk of material misstatement in the current year.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £1.0m to £4.2m (2021: £0.8m to £3.3m).

Independent Auditor's Report to the members of Britvic plc continued

Our application of materiality continued

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 £0.48m (2021: £0.40m), 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—121 and 189—194 , other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 119;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on pages 76 and 77;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on pages 76 and 77;
- Directors' statement on fair, balanced and understandable set out on page 78;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 70—75;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 102; and
- The section describing the work of the audit committee set out on pages 99—104.

Independent Auditor's Report to the members of Britvic plc continued

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 122, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (UK adopted International Accounting Standards, 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 Britvic plc is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, papers provided to the audit committee and any correspondence received from regulatory bodies.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts. We considered the programmes and controls that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk, including as detailed in the key audit matters relating to inappropriate revenue recognition from manual journal entries and management override of internal controls above. 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. 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, including those over revenue and customer discounts; enquiries of legal counsel, group management, internal audit, divisional management and all full and specified procedures scope management; and focused testing, in relation to the revenue and management override key audit matters.
- Within our group instructions to full scope audit components, we requested that any information that indicates suspected or identified non-compliance with laws and regulations, including fraud or questionable or illegal acts, including questionable payments be communicated to the group audit team as soon as the component team became aware of the information. No such information was communicated to or identified by the group audit team.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the members of Britvic plc continued

Other matters we are required to address

- Following the recommendation of the audit committee we were appointed by the company on 27 January 2022 to audit the financial statements for the year ending 30 September 2022. The period of total uninterrupted engagement including previous renewals and reappointments since Britvic became a standalone entity upon its flotation is 17 years, covering the 52 week period ended 1 October 2006 to the year ended 30 September 2022.
- The audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Christabel Cowling (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
22 November 2022

Consolidated income statement

	Note	Year ended 30 September 2022 £m	Restated* Year ended 30 September 2021 £m
Revenue	5	**1,618.3**	1,405.1
Cost of sales		**(952.4)**	(822.1)
Gross profit		**665.9**	583.0
Selling and distribution expenses		**(266.8)**	(222.1)
Administration expenses		**(206.7)**	(208.5)
Operating profit	6	**192.4**	152.4
Finance income	9	**0.9**	0.9
Finance costs	9	**(18.2)**	(18.7)
Profit before tax		**175.1**	134.6
Income tax	10	**(34.9)**	(38.1)
Profit for the year attributable to the equity shareholders		**140.2**	96.5
Earnings per share			
Basic earnings per share	11	**52.6p**	36.2p
Diluted earnings per share	11	**52.5p**	36.1p

* Restated for new accounting policy relating to Software as a Service arrangements (see note 35).

All activities relate to continuing operations.

Consolidated statement of comprehensive income

	Note	Year ended 30 September 2022 £m	Restated* Year ended 30 September 2021 £m
Profit for the year attributable to the equity shareholders		**140.2**	96.5
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Remeasurement (losses)/gains on defined benefit pension plans	22	**(2.1)**	34.1
Current tax on pension contributions	10a	**0.1**	–
Deferred tax on defined benefit pension plans	10a	**2.3**	(12.0)
		0.3	22.1
Items that may be subsequently reclassified to profit or loss			
Gains in respect of cash flow hedges	26	**56.6**	0.1
Amounts reclassified to the income statement in respect of cash flow hedges	26	**(23.8)**	6.3
Current tax in respect of cash flow hedges accounted for in the hedging reserve	10a	**0.5**	0.2
Deferred tax in respect of cash flow hedges accounted for in the hedging reserve	10a	**(6.8)**	(1.1)
Exchange differences reclassified to profit or loss on disposal of foreign operations	20	**(0.8)**	–
Exchange differences on translation of foreign operations	20	**28.9**	(9.7)
Tax on exchange differences accounted for in the translation reserve	10a	**0.5**	(0.6)
		55.1	(4.8)
Other comprehensive income for the year, net of tax		**55.4**	17.3
Total comprehensive income for the year attributable to the equity shareholders		**195.6**	113.8

* Restated for new accounting policy relating to Software as a Service arrangements (see note 35).

Consolidated balance sheet

	Note	30 September 2022 £m	Restated* 30 September 2021 £m	Restated* 1 October 2020 £m
Non-current assets				
Property, plant and equipment	13	**513.9**	472.4	462.7
Right-of-use assets	24	**68.7**	71.7	78.1
Intangible assets	14	**416.4**	406.5	400.0
Other receivables		**6.0**	5.8	6.0
Derivative financial instruments	26	**45.9**	22.2	25.2
Deferred tax assets	10f	**4.4**	4.0	4.8
Pension assets	22	**138.9**	141.2	101.8
		1,194.2	1,123.8	1,078.6
Current assets				
Inventories	16	**172.0**	135.0	118.5
Trade and other receivables	17	**445.2**	376.1	335.5
Current income tax receivables	10c	**10.9**	7.2	13.1
Derivative financial instruments	26	**38.9**	4.0	12.1
Cash and cash equivalents	18	**87.6**	71.1	109.2
Other current assets		**3.1**	–	10.0
		757.7	593.4	598.4
Assets held for sale	33	**16.8**	16.8	20.3
		774.5	610.2	618.7
Total assets		**1,968.7**	1,734.0	1,697.3
Current liabilities				
Trade and other payables	23a	**(508.8)**	(417.8)	(358.8)
Commercial rebate liabilities	23b	**(137.0)**	(122.3)	(107.3)
Lease liabilities	24	**(8.6)**	(8.9)	(9.6)
Interest-bearing loans and borrowings	21	**(42.2)**	(2.2)	(78.7)
Derivative financial instruments	26	**(11.2)**	(1.4)	(2.2)
Current income tax payables	10c	**(0.2)**	(1.4)	(2.4)
Provisions	27	**(1.9)**	(5.3)	(13.6)
Other current liabilities	28	**(11.1)**	(5.5)	(10.2)
		(721.0)	(564.8)	(582.8)
Liabilities directly associated with the assets held for sale		**–**	–	(0.1)
		(721.0)	(564.8)	(582.9)

	Note	30 September 2022 £m	Restated* 30 September 2021 £m	Restated* 1 October 2020 £m
Non-current liabilities				
Interest-bearing loans and borrowings	21	**(563.1)**	(576.9)	(586.0)
Lease liabilities	24	**(65.3)**	(66.2)	(70.2)
Deferred tax liabilities	10f	**(123.1)**	(98.5)	(68.1)
Pension liabilities	22	**(1.4)**	(9.6)	(10.7)
Derivative financial instruments	26	**(0.4)**	(0.6)	(3.3)
Provisions	27	**(0.9)**	(0.5)	(1.1)
Other non-current liabilities	28	**(5.5)**	(6.2)	(2.4)
		(759.7)	(758.5)	(741.8)
Total liabilities		**(1,480.7)**	(1,323.3)	(1,324.7)
Net assets		**488.0**	410.7	372.6
Capital and reserves				
Issued share capital	19	**52.7**	53.5	53.4
Share premium account		**157.2**	156.2	154.1
Own shares reserve	19	**(7.2)**	(1.5)	(3.7)
Other reserves	20	**106.0**	53.7	59.8
Retained earnings		**179.3**	148.8	109.0
Total equity		**488.0**	410.7	372.6

* Restated for new accounting policy relating to Software as a Service arrangements (see note 35).

The financial statements were approved by the Board of Directors and authorised for issue on 22 November 2022. They were signed on its behalf by:

Simon Litherland **Joanne Wilson**

Consolidated statement of cash flows

	Note	Year ended 30 September 2022 £m	Restated* Year ended 30 September 2021 £m
Cash flows from operating activities			
Profit before tax		**175.1**	134.6
Net finance costs	9	**17.3**	17.8
Other financial instruments		**0.8**	0.6
Depreciation of property, plant and equipment	13	**40.9**	42.7
Depreciation of right-of-use assets	24	**10.9**	10.5
Amortisation	14	**15.6**	14.8
Loss on disposal of property, plant and equipment and intangible assets		**0.9**	2.8
Share-based payments charge, net of cash settlements		**4.2**	3.8
Net pension charge less contributions	22	**(7.6)**	(5.4)
Net foreign exchange differences		**2.0**	0.7
Exchange differences reclassified to profit or loss from other comprehensive income	20	**(0.8)**	–
Increase in inventories		**(26.0)**	(15.4)
Increase in trade and other receivables		**(56.4)**	(44.2)
Decrease in other current assets		**–**	10.0
Increase in trade, other payables and commercial rebate liabilities		**84.3**	75.5
Decrease in provisions		**(3.2)**	(8.5)
Other adjustments for which cash effects are investing cash flows		**–**	0.4
Income tax paid		**(18.4)**	(15.4)
Net cash flows from operating activities		**239.6**	225.3

	Note	Year ended 30 September 2022 £m	Restated* Year ended 30 September 2021 £m
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**–**	0.1
Purchases of property, plant and equipment		**(72.9)**	(56.4)
Purchases of intangible assets		**(11.7)**	(10.3)
Interest received		**0.2**	0.6
Acquisition of subsidiaries, net of cash acquired		**–**	(31.2)
Net cash flows used in investing activities		**(84.4)**	(97.2)
Cash flows from financing activities			
Interest paid, net of derivative financial instruments		**(14.8)**	(15.4)
Other loans repaid	21	**–**	(0.1)
Payment of principal portion of lease liabilities	24	**(9.3)**	(8.7)
Payment of interest portion of lease liabilities	24	**(2.1)**	(1.9)
Repayment of private placement notes, net of derivative financial instruments	21	**–**	(65.4)
Other derivative cash (payments)/receipts		**(0.8)**	1.3
Issue costs paid	21	**(0.3)**	(0.3)
Issue of shares relating to incentive schemes for employees		**1.0**	2.2
Purchase of own shares related to share schemes		**(9.0)**	–
Share buyback programme		**(36.7)**	–
Dividends paid to equity shareholders	12	**(67.9)**	(74.8)
Net cash flows used in financing activities		**(139.9)**	(163.1)
Net increase/(decrease) in cash and cash equivalents		**15.3**	(35.0)
Cash and cash equivalents at the beginning of the year		**71.1**	109.2
Net foreign exchange differences on cash and cash equivalents		**1.2**	(3.1)
Cash and cash equivalents at the end of the year	18	**87.6**	71.1

* Restated for new accounting policy relating to Software as a Service arrangements (see note 35).

Consolidated statement of changes in equity

	Note	Issued share capital £m	Share premium account £m	Own shares reserve £m	Other reserves: Capital redemption reserve £m	Other reserves: Hedging reserve £m	Other reserves: Translation reserve £m	Other reserves: Merger reserve £m	Retained earnings £m	Total £m
At 1 October 2020 (as previously reported)		**53.4**	**154.1**	**(3.7)**	**–**	**0.3**	**(27.8)**	**87.3**	**111.9**	**375.5**
Adjustment on change of accounting policy*		–	–	–	–	–	–	–	(2.9)	(2.9)
At 1 October 2020 (restated*)		**53.4**	**154.1**	**(3.7)**	**–**	**0.3**	**(27.8)**	**87.3**	**109.0**	**372.6**
Profit for the year (restated*)		–	–	–	–	–	–	–	96.5	96.5
Other comprehensive income/(expense)		–	–	–	–	5.5	(10.3)	–	22.1	17.3
Total comprehensive income/(expense)		–	–	–	–	5.5	(10.3)	–	118.6	113.8
Issue of shares		0.1	2.1	(1.5)	–	–	–	–	–	0.7
Own shares utilised for share schemes		–	–	3.7	–	–	–	–	(7.6)	(3.9)
Movement in share-based schemes		–	–	–	–	–	–	–	3.1	3.1
Current tax on share options exercised	10a	–	–	–	–	–	–	–	0.3	0.3
Deferred tax on share options granted to employees	10a	–	–	–	–	–	–	–	0.2	0.2
Transfer of cash flow hedge reserve to inventories		–	–	–	–	(1.3)	–	–	–	(1.3)
Payment of dividend	12	–	–	–	–	–	–	–	(74.8)	(74.8)
At 30 September 2021 (restated*)		53.5	156.2	(1.5)	–	4.5	(38.1)	87.3	148.8	410.7
Profit for the year		–	–	–	–	–	–	–	140.2	140.2
Other comprehensive income		–	–	–	–	26.5	28.6	–	0.3	55.4
Total comprehensive income		–	–	–	–	26.5	28.6	–	140.5	195.6
Issue of shares		0.1	1.0	(1.1)	–	–	–	–	–	–
Share buyback programme	19,20	(0.9)	–	(1.1)	0.9	–	–	–	(36.7)	(37.8)
Own shares purchased for share schemes		–	–	(9.0)	–	–	–	–	3.2	(5.8)
Own shares utilised for share schemes		–	–	5.5	–	–	–	–	(12.5)	(7.0)
Movement in share-based schemes		–	–	–	–	–	–	–	4.1	4.1
Current tax on share options exercised	10a	–	–	–	–	–	–	–	0.3	0.3
Deferred tax on share options granted to employees	10a	–	–	–	–	–	–	–	(0.5)	(0.5)
Transfer of cash flow hedge reserve to inventories		–	–	–	–	(3.7)	–	–	–	(3.7)
Payment of dividend	12	–	–	–	–	–	–	–	(67.9)	(67.9)
At 30 September 2022		**52.7**	**157.2**	**(7.2)**	**0.9**	**27.3**	**(9.5)**	**87.3**	**179.3**	**488.0**

* Restated for new accounting policy relating to Software as a Service arrangements (see note 35).

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 and 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 statements were authorised for issue by the Board of Directors on 22 November 2022.

2. Statement of compliance

The financial statements have been prepared in accordance with the Companies Act 2006 and UK-adopted international accounting standards.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis.

The financial statements have been prepared on a historical cost basis except where measurement of balances at fair value is required as explained in the policies below. The 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

The Directors are satisfied that the Group has adequate resources to continue to operate as a going concern for the foreseeable future and that no material uncertainties exist with respect to this assessment. In making this assessment, the Directors have considered the Group's balance sheet position and forecast earnings and cash flows for the period from the date of approval of these financial statements to 31 March 2024. Further details of the Directors' assessment are set out below.

Following the outbreak of COVID-19 in early 2020, the subsequent global pandemic and implementation of government restrictions on commercial activity and social movement, Britvic implemented a wide range of measures to ensure the ongoing stability and going concern status of the company.

Britvic has proven resilient with volume and revenue now ahead of pre-COVID-19 levels. During the first half of the financial year, almost all COVID-19 restrictions were lifted in the countries that Britvic operates, and the Group's strategy has been built on the plan of living with COVID-19 and no restrictions going forward.

Since the pandemic, the investments the business has made have resulted in more agile and resilient procurement, production and sales capability and we are more able to respond to changed buying and selling patterns as required. Moreover, the business has been able to offset inflationary pressures in 2022 by successfully implementing revenue growth management actions, including price increases and promo optimisations. Inflationary pressures are expected to persist in financial years 2023 and 2024, which will require further price increases and other actions. This has been reflected in Britvic's strategic plan and stress test sensitivities.

As part of the going concern assessment, inflation scenarios have been combined with the potential impact of key risks that could reasonably arise in the period, including supply constraints and increased regulation. These have been modelled to assess the extent to which further mitigating actions would be required, and are all within management control. Mitigating actions can be initiated as they relate to discretionary and investment spend, without significantly impacting the ability to meet demand.

As of 30 September 2022, the consolidated balance sheet reflects a net asset position of £488.0m and the liquidity of the Group remains strong. In the first half of 2022, the Group successfully secured a one-year extension of its £400.0m revolving credit facility with six of the seven participating banks. As a result, £366.7m of this facility now matures in February 2027, with the remaining £33.3m maturing in February 2025. The revolving credit facility remains committed and undrawn at 30 September 2022. The Group's next debt maturity is in December 2022 when $43m of private placement notes mature (£27.8m, net of derivative financial instruments). Both the Group's revolving credit facility and private placement notes have a net debt/EBITDA covenant limit of 3.5x, excluding IFRS 16 impact. Based on the full year adjusted net debt of £474.8m and adjusted EBITDA of £254.5m, the net debt/EBITDA ratio was 1.9x and well within the covenant limit.

Under all the scenarios modelled, including the impact of the share buyback programme, and after taking available mitigating actions, our forecasts did not indicate a covenant breach or any liquidity shortages.

On the basis of these reviews, the Directors consider it is appropriate for the going concern basis to be adopted in preparing the interim report and Annual Report and Accounts.

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 power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- 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 or disposed of during the year are included in the consolidated income statement from the date the Group gains control until the date when the company ceases to control the subsidiary.

New standards, amendments and interpretations adopted in the current year

With effect from 1 October 2021, the Group applied for the first time the standards and amendments as set out below. These amended standards and interpretations have not had a significant impact on the Group's financial statements.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendments to IFRS 16

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the consolidated financial statements continued

3. Accounting policies continued

Change in accounting policy – Software as a Service (SaaS) arrangements

During the year, the Group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software as a Service (SaaS) arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements.

The Group's accounting policy has historically been to capitalise costs directly attributable to the configuration and customisation of SaaS arrangements as intangible assets in the balance sheet, irrespective of whether the services were performed by the SaaS supplier or a third party. The Group has reviewed its SaaS arrangements and has applied the guidance in the agenda decision to determine whether the configuration and customisation expenditure gives rise to an asset, including whether the Group has control of the software that is being configured or customised or whether the configuration or customisation activities create a resource controlled by the Group that is separate from the software. Where these recognition criteria are not met, the Group recognises configuration and customisation costs, along with the ongoing fees to obtain access to the SaaS provider's application software, as operating expenses as the services are received. The new software costs accounting policy is presented in the policies below.

Historical financial information has been restated to account for the impact of the change, refer to note 35. This change in accounting policy has resulted in costs of £7.5m being expensed to administration expenses during the year ended 30 September 2022 that would previously have been capitalised as intangible assets under the former policy (2021: £8.3m). Intangible assets recognised in the balance sheet at 30 September 2021 reduced by £11.8m (1 October 2020: £3.5m). In the statement of cash flows for the 30 September 2022, £9.3m has been presented within net cash flows from operating activities that would previously have been presented within net cash flows used in investing activities under the former policy (2021: £7.0m).

Revenue recognition

The Group principally recognises revenue from the sale of soft drinks to the wholesale market. Other revenue streams are not currently material. Revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customer. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on-selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue is the value of sales, excluding transactions with or between subsidiaries, after the deduction of sales related discounts and rebates, value added tax and other sales related taxes. Rebates to customers are deducted from revenue where the amounts paid are sales related or in relation to a good or service which results in an increase in sales in the customer's outlet and therefore is not distinct from the sale of soft drinks to the customer and comprise:

Long-term discounts and rebates

These discounts are typically for months rather than weeks and are usually part of the trading terms agreed with the customer. Long-term discounts fall into three main categories:

- fixed – a defined amount over a period of time;
- pence per litre/case – a pence per litre/case rebate, based upon volumes sold; and
- percentage of net revenue – a percentage of net revenue, which may have associated hurdle rates.

Short-term promotional discounts

Promotional discounts consist of many individual rebates across numerous customers and represent the cost to the Group of short-term deal mechanics. The common deals typically include Buy One Get One Free (BOGOF), three for two, 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 overrider investment, incentives for purchasing full loads, payment for new store openings, and payment for listing new products).

Where the consideration the Group is entitled to will vary because of a rebate, refund incentive or price concession or similar item, or is contingent on the occurrence or non-occurrence of a future event, e.g. the customer meeting certain agreed criteria, the amount payable is deemed to be variable consideration.

The Group uses the most likely method to reflect the consideration that the Group is entitled to. Variable consideration is then only included to the extent that it is highly probable that the inclusion will not result in a significant revenue reversal in the future. Accruals are made for each individual promotion or rebate based on the specific terms and conditions of the customer agreement. Management makes estimates on an ongoing basis to assess customer performance and sales volume to calculate total amounts earned to be recorded as deductions from revenue.

Commercial rebate liabilities

Commercial rebate liabilities are recognised where, as part of a contract with a customer, the Group has received consideration and expects to return part of that consideration in the form of a rebate against current or future sales invoices.

Government grants

Government grants are recognised where there is reasonable certainty that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. The income from such grants is presented in the financial statements as a deduction from the expense to which it relates.

Notes to the consolidated financial statements continued

3. Accounting policies continued

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Assets under construction are carried at cost. Depreciation of these assets commences when they are ready for use.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, on a straight-line basis, over the useful economic life of that asset as follows:

Plant and machinery	3 – 20 years
Vehicles (included in plant and machinery)	5 – 7 years
Equipment in retail outlets (included in fixtures, fittings, tools and equipment)	5 – 15 years
Other fixtures and fittings (included in fixtures, fittings, tools and equipment)	5 – 15 years

Land is not depreciated.

Freehold properties are depreciated over 50 years.

Leasehold properties are depreciated over 50 years, or over the unexpired lease term when this is less than 50 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are determined by comparing proceeds with carrying amount, and are included in the consolidated income statement in the period of derecognition.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives and residual amounts are reviewed annually and where adjustments are required these are made prospectively.

Business combinations and goodwill

While the original acquisition of Britannia Soft Drinks Limited was accounted for under the merger method, business combinations on or after 4 October 2004 have been accounted for under IFRS 3 'Business Combinations' using the acquisition method. The consideration transferred in a business combination is measured at fair value which includes recording deferred consideration at discounted values where the impact of discounting is material.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (discount on acquisition) is credited to the consolidated income statement in the period of acquisition.

Deferred and contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value of deferred and contingent consideration is based on discounted cash flows and is classified as other liabilities in the balance sheet (see note 28).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

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.

Software as a Service (SaaS) arrangements

SaaS arrangements are service contracts providing the company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received. In a contract where the cloud provider provides both the SaaS configuration and customisation, and the SaaS access over the contract term, the company determines whether these services are distinct from each other or not, and therefore, whether configuration and customisations incurred are expensed as the software is configured or customised (i.e. upfront), or over the SaaS contract term. Specifically, where the configuration and customisation activities significantly modify or customise the cloud software, these activities will not be distinct from the access to the cloud software and are therefore expensed over the SaaS contract term. When implementing SaaS arrangements, costs incurred may include those that relate to the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meet the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least annually and any change accounted for prospectively as a change in accounting estimate.

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.

Notes to the consolidated financial statements continued

3. Accounting policies continued

Intangible assets continued

The carrying values of intangible assets with finite and indefinite lives are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets with indefinite useful lives are also tested for impairment annually, either individually or, if the intangible asset does not generate cash flows that are largely independent of those from other assets or groups of assets, as part of the CGU to which it belongs.

Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether an indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Research and development

Research costs are expensed as incurred. Development expenditure is recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use;
- its intention to complete and its ability to use the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure during development; and
- 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; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Recognition and derecognition

Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in the market-place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

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 to 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.

Notes to the consolidated financial statements continued

3. Accounting policies continued

Financial assets continued

Transferred receivables

The Group has certain trade receivables which are subject to a discount factoring arrangement. Under this arrangement, the Group receives a cash advance from the factoring bank for a proportion of the invoice value less a factoring discount. The Group continues to service the trade receivables including collecting the amounts due from the debtor. Subsequent to the invoice due date, the Group transfers all proceeds collected from the debtor to the factoring bank. The factoring bank has no recourse to the Group in the event of non-payment by the debtor and therefore the Group considers it has transferred substantially all of the risks and rewards associated with the receivable to the factoring bank. Accordingly, the Group derecognises trade receivables in the programme to the extent it has received proceeds from the factoring bank. The factoring discount is recognised as interest expense in the income statement. Amounts collected from customers in respect of receivables that have been derecognised are recognised as a payable to the factoring bank until settled.

Fair value of transferred receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Financial liabilities

The Group classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

Financial liabilities at amortised cost

Financial liabilities at amortised cost, including interest-bearing loans and borrowings, are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Interest-bearing liabilities are subsequently measured at amortised cost using the effective interest method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the balance sheet.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Details about the Group's hedging policies are provided below in the policy for derivative financial instruments and hedging.

The Group has not currently designated any financial liability as at fair value through profit or loss on initial recognition.

Gains or losses on liabilities held for trading are recognised in the income statement.

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Supply chain financing (reverse factoring) arrangements

The Group participates in a supply chain financing (SCF) programme under which certain of the Group's suppliers can elect, on an invoice-by-invoice basis, to receive a discounted early payment from the SCF agent bank or to be paid by the SCF agent bank in line with the invoice's original terms. For those suppliers in the programme, the Group pays the SCF agent bank the full value of the invoices on the original payment terms regardless of whether the supplier has chosen to factor its invoices.

Balances outstanding under the SCF programme are classified as trade payables, and cash flows are included in operating cash flows, since the financing arrangements are agreed between the supplier and the SCF agent bank, and the Group does not provide additional credit enhancement nor obtain any working capital benefit from the arrangement.

Further details of the amounts outstanding under the programme are provided in note 23a.

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.

Notes to the consolidated financial statements continued

3. Accounting policies continued

Fair value continued

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 year, after any adjustments in respect of prior years. It is calculated using taxation rates enacted or substantively enacted by the balance sheet date and is measured at the amount expected to be recovered from or paid to the taxation authorities.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, on all material temporary differences between the tax base of assets and liabilities and their carrying values in the consolidated financial statements.

The principal temporary differences arise from accelerated capital allowances, intangible assets, provisions for pensions and other post-retirement benefits, provisions for share-based payments and unutilised losses incurred in overseas jurisdictions.

Deferred tax assets are recognised to the extent that it is regarded as probable that future taxable profits will be available against which the temporary differences can be utilised.

Notes to the consolidated financial statements continued

3. Accounting policies continued

Taxation continued

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 it occurs. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in the consolidated income statement in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, and gains and losses on curtailments and settlements);
- net interest expense or income; or
- 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

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment reviews.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Notes to the consolidated financial statements continued

3. Accounting policies continued

Group as a lessor continued

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, on demand deposits with banks and other short-term, highly liquid investments with original maturities of three months or less, which are readily convertible into known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the statement of cash flows, bank overdrafts repayable on demand are a component of cash and cash equivalents.

The Group evaluates the nature of any restrictions on cash held in deposit accounts to determine whether the restriction results in the balance ceasing to be available on demand, highly liquid or readily convertible. Where this is the case, the deposit is classified within other assets in the consolidated balance sheet.

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 note 26). See derivative financial instruments and hedging policy for further detail.

Issued share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Upon cancellation, the nominal values of shares cancelled is transferred from share capital to the capital redemption reserve.

Own shares

Own shares represent the shares of the company that are held by an employee benefit trust for the purpose of satisfying employee share plan awards, or which are purchased and held for cancellation as part of a share buyback programme. 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. When own shares are cancelled or are transferred to employees pursuant to share schemes, the cost is transferred from own shares to retained earnings. Where shares are subsequently sold or reissued, the fair value of any consideration received is also included in shareholders' equity.

Assets and liabilities held for sale

The Group classifies assets and liabilities as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification are regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Where there are events or circumstances that extend the period to complete the sale beyond one year and those events or circumstances are beyond the Group's control, the Group will continue to classify an asset (or disposal group) as held for sale where there is sufficient evidence that the Group remains committed to its plan to sell the asset (or disposal group).

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Additional disclosures are provided in note 33.

Notes to the consolidated financial statements continued

3. Accounting policies continued

New standards, amendments and interpretations not yet applied

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below:

International Financial Reporting Standards (IFRS)		Effective date – periods commencing on or after
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 37	Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
Annual Improvements 2018—2020		1 January 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022

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 2022, these intangible assets have a remaining useful life of 20 years.

As at 30 September 2022, the franchise agreement itself had a remaining contract life of three 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 to entry to the Irish soft drinks bottling market.

This is further supportable by Britvic having signed in the previous financial year, a new and exclusive 20-year franchise bottling agreement with Pepsi for the production, distribution, marketing and sales of its soft drink brands in GB, which provides access to a portfolio of global brands, including Pepsi MAX, 7UP and now Rockstar. The GB agreement runs to December 2040.

Intangible assets with indefinite lives

Management has made a judgement that certain intangible assets relating to brands have indefinite lives.

It is expected that the trademarks with indefinite lives will be held and supported for an indefinite period of time and are expected to generate economic benefits. The Group is committed to supporting its trademarks and invests in significant consumer marketing promotional spend.

Assets held for sale

During the year ended 30 September 2020, assets relating to our Norwich manufacturing site were reclassified into assets held for sale.

The Board considers the criteria required to be classified as held for sale has been met at the balance sheet date for the following reasons:

- a contract for the sale of the assets has been signed with the buyer;
- the assets are available for immediate sale and can be sold to the buyer in their current condition; and
- although the sale is not expected to complete within one year, the delay is caused by circumstances beyond the Group's control (such as the time taken for the buyer to obtain certain planning consents) and there is sufficient evidence the Group remains committed to its plan to sell the asset.

For more details on the Norwich asset held for sale, refer to note 33.

Estimates

Post-retirement benefits

The determination of the pension and other post-retirement benefits cost and obligation is based on assumptions determined with independent actuarial advice. The assumptions include discount rate, inflation, pension and salary increases, expected return on scheme assets, mortality and other demographic assumptions. These key assumptions are disclosed in note 22.

Impairment of goodwill and intangible assets with indefinite lives

Determining whether goodwill and intangible assets with indefinite lives are impaired requires an estimation of the value in use of the CGU to which the goodwill or intangible assets have been allocated. The value in use calculation requires an estimate of the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. Further details are given in note 15.

Long-term discounts and rebates

Amounts provided for discounts at the end of a period require estimation; historical data and accumulated experience are 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.

Notes to the consolidated financial statements continued

4. Key judgements and estimates continued

Climate change considerations

The impact of climate change has been considered as part of the assessment of judgements and estimates in preparing the financial statements. This includes consideration of the following:

- the impact of climate change on the going concern period and viability of the Group over the next three years – this is not expected to be material; and
- the impact of climate change on forecasts of cash flows used in impairment assessments for non-current assets including goodwill (see Note 15).

Governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known.

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 (United Kingdom excluding Northern Ireland);
- Brazil;
- Ireland (Republic of Ireland and Northern Ireland);
- France; and
- International.

These business units sell soft drinks into their respective markets. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on brand contribution. This is defined as revenue less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product. Such costs include brand specific advertising and promotion costs, raw materials and marginal production and distribution costs. All other costs, including net finance costs and income taxes, are managed on a centralised basis and are not allocated to reportable segments.

The 'Other International' subtotal comprising the Ireland, France and International reportable segments has been presented to provide linkage to the Chief Financial Officer's Review section of this Annual Report and Accounts.

			Other International				
Year ended 30 September 2022	**GB £m**	**Brazil £m**	**Ireland £m**	**France £m**	**International £m**	**Subtotal £m**	**Total £m**
Revenue from external customers	**1,100.4**	**143.0**	**143.9**	**179.4**	**51.6**	**374.9**	**1,618.3**
Brand contribution	**426.0**	**22.7**	**49.6**	**45.9**	**11.5**	**107.0**	**555.7**
Non-brand advertising and promotion(ii)							**(10.3)**
Fixed supply chain(iii)							**(126.0)**
Selling costs(iii)							**(82.0)**
Overheads and other costs(ii)							**(131.4)**
Adjusted EBIT(iv)							**206.0**
Net finance costs pre-adjusting items							**(17.3)**
Adjusting items(iv)							**(13.6)**
Profit before tax							**175.1**

			Other International				
Year ended 30 September 2021	GB £m	Brazil £m	Ireland £m	France £m	International £m	Subtotal £m	Restated(i) Total £m
Revenue from external customers	956.1	114.1	128.3	164.9	41.7	334.9	1,405.1
Brand contribution	381.0	21.1	46.2	49.7	10.5	106.4	508.5
Non-brand advertising and promotion(ii)							(8.3)
Fixed supply chain(iii)							(122.1)
Selling costs(iii)							(75.1)
Overheads and other costs(ii)							(126.5)
Adjusted EBIT(iv)							176.5
Net finance costs pre-adjusting items							(17.7)
Adjusting items(iv)							(24.2)
Profit before tax							134.6

(i) Restated for new accounting policy relating to Software as a Service arrangements (see note 35)

(ii) Included within 'administration expenses' in the consolidated income statement. 'Overheads and other costs' relate to central expenses including salaries, IT maintenance, depreciation and amortisation (excluding acquisition related amortisation).

(iii) Included within 'selling and distribution costs' in the consolidated income statement.

(iv) See non-GAAP reconciliations on pages 191—191 for further details on adjusting items.

Notes to the consolidated financial statements continued

5. Segmental reporting continued

Geographic information

Revenues from external customers

The analysis below is based on the location where the sale originated.

	2022 £m	2021 £m
United Kingdom	**1,152.8**	1,000.0
Republic of Ireland	**116.8**	103.1
France	**187.0**	173.5
Brazil	**143.0**	114.1
Other	**18.7**	14.4
Total revenue	**1,618.3**	1,405.1

Non-current operating assets

	2022 £m	Restated* 2021 £m
United Kingdom	**614.0**	590.3
Republic of Ireland	**122.0**	119.9
France	**79.6**	176.5
Brazil	**182.1**	63.6
Other	**1.3**	0.3
Total	**999.0**	950.6

* Restated for new accounting policy relating to Software as a Service arrangements (see note 35).

Non-current operating assets for this purpose consist of property, plant and equipment, right-of-use assets and intangible assets.

6. Operating profit

This is stated after charging/(crediting):

	2022 £m	Restated* 2021 £m
Cost of inventories recognised as an expense	**915.3**	759.4
Including write-down of inventories to net realisable value	**1.9**	0.8
Research and development expense	**8.5**	7.2
Net foreign currency exchange differences	**–**	2.8
Depreciation of property, plant and equipment	**40.9**	42.7
Depreciation of leased assets	**10.9**	10.5
Amortisation of intangible assets	**15.6**	14.8
Loss on disposal of property, plant and equipment and intangible assets	**0.9**	2.8
Government grants**	**(5.7)**	(4.4)
Costs of configuring or customising a Software as a Service (SaaS) arrangement*	**7.5**	8.3
Gain on disposal of subsidiary***	**(0.8)**	–

* Restated for new accounting policy relating to Software as a Service arrangements (see note 35).

** Disclosed in the income statement within cost of sales.

*** Gain relates to amounts reclassified to profit or loss from other comprehensive income upon liquidation of Counterpoint Wholesale (Ireland) Ltd.

Notes to the consolidated financial statements continued

7. Auditor's remuneration

	2022 £m	2021 £m
Audit of the consolidated and parent company financial statements	0.3	0.2
Audit of the company's subsidiaries	0.8	1.0
Total audit services	1.1	1.2
Audit-related assurance services	0.2	0.2
Total non-audit services	0.2	0.2
Total fees	1.3	1.4

8. Staff costs

	2022 £m	Restated* 2021 £m
Wages and salaries	169.6	163.4
Social security costs	23.7	21.0
Net defined benefit pension (income)/expense (note 22)	(1.5)	0.4
Defined contribution pension expense	13.4	12.1
Expense of share-based compensation (note 29)	4.2	4.5
	209.4	201.4

* The wages and salaries disclosed for the year ended 30 September 2021 have been restated to include accrued variable performance pay in respect of that financial year of £20.4m. As a result, wages and salaries for the year ended 30 September 2021 have increased from the £143.0m previously reported to the £163.4m shown above. This restatement affects only the above disclosure, with no further impact to the amounts recognised within the financial statements.

	2022 £m	2021 £m
Directors' emoluments	3.2	3.0
Aggregate gains made by directors on exercise of options	–	0.1

No directors accrued benefits under defined benefit pension schemes in either the current or prior year.

Further information relating to Directors' remuneration for the year ended 30 September 2022 is shown in the Directors' Remuneration Report on pages 105–108.

The average monthly number of employees during the year was made up as follows:

	2022 No.	2021 No.
Distribution	332	380
Production	2,106	1,985
Sales and marketing	1,314	1,176
Administration	527	572
	4,279	4,113

9. Finance income and costs

	2022 £m	2021 £m
Finance income		
Bank deposits	0.7	0.9
Hedge ineffectiveness	0.2	–
Total finance income	0.9	0.9
Finance costs		
Bank loans, overdrafts and loan notes	(15.8)	(15.6)
Interest on lease liabilities	(2.1)	(1.9)
Total interest expense	(17.9)	(17.5)
Other finance costs	(0.3)	(0.1)
Hedge ineffectiveness	–	(1.0)
Unwind of discount on deferred consideration (note 28)	–	(0.1)
Total finance costs	(18.2)	(18.7)
Net finance costs	(17.3)	(17.8)

10. Income tax

a) Tax on profit

	2022 £m	Restated* 2021 £m
Income statement		
Current income tax		
Current tax charge	(20.0)	(22.6)
Amounts over provided in previous years	4.7	2.3
Total current tax charge	(15.3)	(20.3)
Deferred income tax		
Origination and reversal of temporary differences	(16.7)	(6.0)
Impact of change in tax rates	(1.3)	(11.2)
Amounts under provided in previous years	(1.6)	(0.6)
Total deferred tax charge	(19.6)	(17.8)
Total tax charge in the income statement	(34.9)	(38.1)

* Restated for new accounting policy relating to Software as a Service arrangements (see note 35).

Notes to the consolidated financial statements continued

10. Income tax continued

a) Tax on profit continued

	2022 £m	2021 £m
Statement of comprehensive income		
Current tax on pension contributions	**0.1**	–
Deferred tax on defined benefit pension plans	**2.3**	(12.0)
Current tax on cash flow hedges accounted for in the hedging reserve	**0.5**	0.2
Deferred tax on cash flow hedges accounted for in the hedging reserve	**(6.8)**	(1.1)
Tax on exchange differences accounted for in the translation reserve	**0.5**	(0.6)
Total tax charge in the statement of comprehensive income	**(3.4)**	(13.5)

	2022 £m	2021 £m
Statement of changes in equity		
Current tax on share options exercised	**0.3**	0.3
Deferred tax on share options granted to employees	**(0.5)**	0.2
Total tax (charge)/credit in the statement of changes in equity	**(0.2)**	0.5

b) Reconciliation of the total tax charge

The tax expense in the consolidated income statement is higher (2021: higher) than the standard rate of UK corporation tax of 19.0% (2021: 19.0%). The differences are reconciled below:

	2022 £m	Restated* 2021 £m
Profit before tax	**175.1**	134.6
Profit multiplied by the UK average rate of corporation tax of 19.0% (2021: 19.0%)	**(33.3)**	(25.6)
Non-deductible expenses	**(2.5)**	(2.9)
Non-taxable income and other beneficial items	**3.8**	2.1
Impact of change in tax rates on deferred tax liability	**(1.3)**	(11.2)
Current tax/deferred tax rate differential	**(3.4)**	–
Tax over provided in previous years	**3.1**	1.7
Overseas tax rate differences	**(0.4)**	(1.7)
Movement in deferred tax not recognised	**(0.9)**	(0.5)
	(34.9)	(38.1)
Effective income tax rate	**19.9%**	28.3%

The total tax charge in 2022 of £34.9m is lower than 2021 despite the higher taxable profits across the group. The main driver of this is the impact of the tax rate change in the prior year. During 2021 the UK Government announced that the corporation tax rate would increase to 25%, effective from 1 April 2023. As a consequence, deferred tax balances were remeasured in 2021 at the rate at which they were expected to unwind in the future, resulting in an increased tax charge for the prior year of £11.2m. During the current year this future change in the tax rate resulted in an additional charge of £1.3m in remeasurement, and an amount of £3.4m resulting from differences between current tax and deferred tax rates on movements in the year.

Non-taxable income and other beneficial items increased in 2022 due to higher tax incentive claims including a full year of enhanced capital allowance claims in the UK.

The increase in tax over-provided in previous years relates to a higher release of uncertain tax positions where the relevant statute of limitation has passed, and the finalisation of estimated tax reliefs in the prior year.

A reduction in the overall overseas tax rate difference reflects the changing profit mix in overseas jurisdictions.

Movements in deferred tax not recognised are in respect of changes in unrecognised trading losses in Brazil.

c) Income tax recoverable and payable

	2022 £m	2021 £m
Income tax recoverable	**10.9**	7.2
Income tax payable	**(0.2)**	(1.4)
	10.7	5.8

The net income tax receivable has increased mainly due to tax over provided in previous years and reduced cash tax payable as a result of enhanced capital allowance claims in the UK.

d) Uncertain tax positions

Where the outcome of jurisdictional tax laws is 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 any tax provisions could potentially result in future cash tax payments; however, these would not be expected to result in an increased tax charge if they have been adequately provided for based on management's best estimates of the most likely outcome.

e) Unrecognised tax items

	2022 £m	2021 £m
Deferred tax asset not recognised in respect of unused tax losses and other temporary differences	**29.1**	21.4

No deferred tax asset has been recognised in respect of losses from current and prior periods and other temporary differences in overseas jurisdictions, which at current exchange rates amount to £29.1m (2021: £21.4m). The increase relates to unrecognised trading losses in Brazil.

Notes to the consolidated financial statements continued

10. Income tax continued

e) Unrecognised tax items continued

All existing tax losses may be carried forward indefinitely. However, in Brazil, losses may only be utilised to the extent of 30% of taxable profit in each year and there is no consolidated tax grouping available. In Brazil, a deferred tax asset on losses is only recognised to the extent that it is probable that there will be sufficient future taxable profits in excess of those arising from the reversal of existing taxable temporary differences.

The Group considers that there will be no direct or withholding tax consequences of future remittances of distributable earnings from overseas subsidiaries and therefore no temporary differences arise in respect of its overseas investments. Accordingly, there is no amount of deferred tax provided or unprovided in respect of investments in subsidiaries.

f) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2022 £m	Restated* 2021 £m
Deferred tax assets		
Employee incentive plan	**3.1**	4.3
Tax losses	**2.6**	3.6
Deferred tax assets	**5.7**	7.9
Deferred tax liabilities		
Accelerated capital allowances	**(46.6)**	(28.7)
Intangible assets	**(27.0)**	(27.6)
Post-employment benefits	**(44.4)**	(46.0)
Other temporary differences	**(6.4)**	(0.1)
Deferred tax liabilities	**(124.4)**	(102.4)
Net deferred tax liabilities	**(118.7)**	(94.5)

* Restated for new accounting policy relating to Software as a Service arrangements (see note 35).

In accordance with IAS 12 all balances giving rise to deferred tax liabilities are recognised in full, whereas deferred tax assets are only recognised to the extent they are recoverable. The increase in 2022 deferred tax liabilities arises predominantly from the additional accelerated capital allowance claims in the UK. The increase in other temporary differences mainly relates to the future unwinding of derivative transactions and the reversal of the deferred tax asset resulting from the Software as a Service restatements (see note 35). The reduction in the deferred tax asset relates to the utilisation of brought forward losses in Ireland and a reduction in the asset related to the employee incentive plan, which is deductible when paid.

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:

	2022 £m	Restated* 2021 £m
Net deferred tax assets	**4.4**	4.0
Net deferred tax liabilities	**(123.1)**	(98.5)
	(118.7)	(94.5)

* Restated for new accounting policy relating to Software as a Service arrangements (see note 35).

The deferred tax included in the consolidated income statement is as follows:

	2022 £m	Restated* 2021 £m
Employee incentive plan	**(0.6)**	0.7
Accelerated capital allowances	**(15.3)**	(9.3)
Post-employment benefits	**(0.6)**	(5.7)
Intangible assets	**0.2**	(0.5)
Movement in unutilised losses	**(1.1)**	(4.7)
Other temporary differences	**(2.2)**	1.7
Deferred tax charge	**(19.6)**	(17.8)

* Restated for new accounting policy relating to Software as a Service arrangements (see note 35).

The deferred tax charge in the income statement has increased to £19.6m in 2022 (2021: £17.8m). Accelerated capital allowance claims in the UK as well as an increase in deferred tax on employee incentive plans offset the higher impact of the UK tax rate change reflected in 2021.

The movement in unutilised losses is due to the offset of brought forward losses in Ireland and France.

The movement in other temporary differences through the consolidated income statement mainly comprises the reversal of a deferred tax asset related to the new accounting policy for Software as a Service arrangements (see note 35).

11. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to the equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to the ordinary equity shareholders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Notes to the consolidated financial statements continued

11. Earnings per share continued

The following table reflects the income and share data used in the basic and diluted earnings per share computations:

	2022	Restated* 2021
Basic earnings per share		
Profit for the year attributable to equity shareholders (£m)	**140.2**	96.5
Weighted average number of ordinary shares in issue for basic earnings per share	**266.5**	266.8
Basic earnings per share (pence)	**52.6p**	36.2p
Diluted earnings per share		
Profit for the year attributable to equity shareholders (£m)	**140.2**	96.5
Effect of dilutive potential ordinary shares – share schemes	**0.5**	0.6
Weighted average number of ordinary shares in issue for diluted earnings per share	**267.0**	267.4
Diluted earnings per share (pence)	**52.5p**	36.1p

* Restated for new accounting policy relating to Software as a Service arrangements (see note 35).

The Group has granted share options to employees which have the potential to dilute basic earnings per share in the future which have not been included in the calculation of diluted earnings per share as they are anti-dilutive for the year presented (see note 29).

12. Dividends paid and proposed

	2022 £m	2021 £m
Declared and paid during the year		
Equity dividends on ordinary shares		
Final dividend for 2021: 17.7p per share (2020: 21.6p per share)	**47.2**	57.5
Interim dividend for 2022: 7.8p per share (2021: 6.5p per share)	**20.7**	17.3
Dividends paid	**67.9**	74.8
Proposed		
Final dividend for 2022: 21.2p per share (2021: 17.7p per share)	**55.8**	47.3

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
Net carrying amount						
At 1 October 2021	120.6	30.9	227.3	60.1	33.5	472.4
Exchange differences	2.8	0.2	3.6	0.7	0.6	7.9
Additions	0.2	0.1	11.2	3.9	60.0	75.4
Reclassification	0.5	0.1	44.4	22.4	(67.4)	–
Disposals at cost	(0.1)	(0.1)	(3.0)	(6.0)	–	(9.2)
Depreciation eliminated on disposals	–	0.1	2.9	5.3	–	8.3
Depreciation charge	(3.5)	(1.4)	(22.2)	(13.8)	–	(40.9)
At 30 September 2022	**120.5**	**29.9**	**264.2**	**72.6**	**26.7**	**513.9**
At 30 September 2022						
Cost (gross carrying amount)	**167.0**	**51.3**	**531.9**	**242.8**	**26.7**	**1,019.7**
Accumulated depreciation and impairment	**(46.5)**	**(21.4)**	**(267.7)**	**(170.2)**	**–**	**(505.8)**
Net carrying amount	**120.5**	**29.9**	**264.2**	**72.6**	**26.7**	**513.9**

Notes to the consolidated financial statements continued

13. Property, plant and equipment continued

	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
Net carrying amount						
At 1 October 2020	122.0	32.4	235.1	60.7	12.5	462.7
Exchange differences	(0.8)	(0.3)	(1.0)	(0.3)	(0.1)	(2.5)
Additions	0.3	0.2	8.7	12.5	35.8	57.5
Reclassification	2.7	–	7.8	4.2	(14.7)	–
Disposals at cost	(0.1)	(0.1)	(5.4)	(10.2)	–	(15.8)
Depreciation eliminated on disposals	0.1	–	4.6	8.5	–	13.2
Depreciation charge	(3.6)	(1.3)	(22.5)	(15.3)	–	(42.7)
At 30 September 2021	120.6	30.9	227.3	60.1	33.5	472.4
At 30 September 2021						
Cost (gross carrying amount)	162.3	50.9	470.3	221.0	33.5	938.0
Accumulated depreciation and impairment	(41.7)	(20.0)	(243.0)	(160.9)	–	(465.6)
Net carrying amount	120.6	30.9	227.3	60.1	33.5	472.4

14. Intangible assets

	Trademarks £m	Franchise rights £m	Customer lists £m	Software costs £m	Goodwill £m	Other £m	Total £m
Net carrying amount							
At 1 October 2021 (restated)	**145.3**	**15.3**	**22.3**	**23.7**	**197.5**	**2.4**	**406.5**
Exchange differences	**5.2**	**0.2**	**1.4**	**0.1**	**6.8**	**–**	**13.7**
Additions	**–**	**–**	**–**	**11.8**	**–**	**–**	**11.8**
Disposals and write-offs at cost*	**–**	**–**	**(5.3)**	**(5.1)**	**(4.2)**	**(0.1)**	**(14.7)**
Amortisation eliminated on disposals and write-offs*	**–**	**–**	**5.3**	**5.1**	**4.2**	**0.1**	**14.7**
Amortisation charge	**(3.5)**	**(0.7)**	**(4.0)**	**(7.2)**	**–**	**(0.2)**	**(15.6)**
At 30 September 2022	**147.0**	**14.8**	**19.7**	**28.4**	**204.3**	**2.2**	**416.4**
At 30 September 2022							
Cost (gross carrying amount)	**171.5**	**26.0**	**76.7**	**115.5**	**262.8**	**4.0**	**656.5**
Accumulated amortisation and impairment	**(24.5)**	**(11.2)**	**(57.0)**	**(87.1)**	**(58.5)**	**(1.8)**	**(240.1)**
Net carrying amount	**147.0**	**14.8**	**19.7**	**28.4**	**204.3**	**2.2**	**416.4**

* During the year the company wrote off the cost and accumulated impairment and amortisation of intangibles related to Counterpoint Wholesale (Ireland) Ltd.

Notes to the consolidated financial statements continued

14. Intangible assets continued

	Trademarks £m	Franchise rights £m	Customer lists £m	Software costs* £m	Goodwill £m	Other £m	Restated* Total £m
Net carrying amount							
At 1 October 2020 (as previously reported)	138.5	16.9	28.1	24.6	192.7	2.7	403.5
Adjustment on change of accounting policy*	–	–	–	(3.5)	–	–	(3.5)
At 1 October 2020 (restated)	138.5	16.9	28.1	21.1	192.7	2.7	400.0
Exchange differences	(6.5)	(0.9)	(1.0)	(0.2)	(5.8)	–	(14.4)
Acquisitions (note 34)	15.7	–	–	–	10.6	–	26.3
Additions	–	–	–	9.5	–	–	9.5
Disposals and write-offs at cost	–	–	–	(0.4)	–	–	(0.4)
Amortisation eliminated on disposals and write-offs	–	–	–	0.3	–	–	0.3
Amortisation charge	(2.4)	(0.7)	(4.8)	(6.6)	–	(0.3)	(14.8)
At 30 September 2021	145.3	15.3	22.3	23.7	197.5	2.4	406.5
At 30 September 2021							
Cost (gross carrying amount)	183.5	25.5	76.4	107.9	259.2	4.0	656.5
Accumulated amortisation and impairment	(38.2)	(10.2)	(54.1)	(84.2)	(61.7)	(1.6)	(250.0)
Net carrying amount	145.3	15.3	22.3	23.7	197.5	2.4	406.5

* Restated for new accounting policy relating to Software as a Service arrangements (see note 35).

Trademarks

Britvic Ireland and Britvic France: £116.4m (2021: £113.7m)

Trademarks in Ireland and France have been allocated an indefinite life. A list of the trademarks held in respect of the Britvic Ireland and Britvic France segments is shown in note 15.

Britvic Brazil: £17.1m (2021: £16.6m)

Trademarks in Brazil have been allocated useful economic lives of 14.3 to 14.8 years. As at 30 September 2022 these intangible assets have an average remaining useful life of 8 years.

Plenish: £13.5m (2021: £15.0m)

The Plenish trademark was acquired on 1 May 2021 and has been allocated a useful economic life of 10 years. At 30 September 2022, this intangible asset had a remaining useful life of 9 years.

Franchise rights: £14.8m (2021: £15.3m)

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 2022 these intangible assets have a remaining useful life of 20 years. As at 30 September 2022 the franchise agreement itself had a remaining contract life of 3 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 to entry to the Irish soft drinks bottling market.

This is further supportable by Britvic having signed in the previous financial year, 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: £13.5m (2021: £15.1m)

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 2022 these intangible assets have a remaining useful life of 8 years.

Britvic Ireland: £1.8m (2021: £2.1m)

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 2022 these intangible assets have a remaining useful life of up to 5 years.

Britvic Brazil: £2.8m (2021: £3.3m)

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 2022 these intangible assets have a remaining useful life of up to 3 years.

Aqua Libra Co: £1.6m (2021: £1.7m)

Customer lists recognised on acquisition of Aqua Libra Co relate to those customer relationships acquired. These intangible assets have been allocated useful economic lives of 14 years. At 30 September 2022 these intangible assets have a remaining useful life of 12 years.

Software costs: £28.4m (2021: £23.7m)

Software is capitalised at cost. As at 30 September 2022 these intangible assets have a remaining useful life of up to 7 years.

Notes to the consolidated financial statements continued

14. Intangible assets continued

Other: £2.2m (2021: £2.4m)

The 'Other' category of intangibles mainly comprises technology recognised on the acquisition of Aqua Libra Co and has an estimated total useful economic life of 14 years. As at 30 September 2022, the technology asset has a carrying value of £2.2m (2021: £2.4m) and a remaining useful economic life of 12 years.

Goodwill: £204.3m (2021: £197.5m)

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.

15. Impairment testing of intangible assets

Carrying amount of goodwill and trademarks with indefinite lives

The carrying amount of goodwill acquired through business combinations and trademarks with indefinite lives recognised as part of fair value exercises on acquisitions are attributable to the following CGUs:

	2022 £m	2021 £m
Goodwill CGUs		
Britvic GB		
Orchid	**6.0**	6.0
Tango	**8.9**	8.9
Robinsons	**38.6**	38.6
Britvic Soft Drinks	**7.8**	7.8
Aqua Libra Co	**4.7**	4.7
Plenish (note 34)	**10.6**	10.6
Britvic Ireland	**17.4**	17.0
Britvic France	**83.9**	82.1
Britvic Brazil	**26.4**	21.8
	204.3	197.5

	2022 £m	2021 £m
Trademarks with indefinite lives		
Britvic Ireland CGUs		
Britvic	**4.4**	4.3
Cidona	**5.8**	5.7
MiWadi	**9.0**	8.8
Ballygowan	**23.1**	22.6
Club	**14.9**	14.6
Total Ireland	**57.2**	56.0
Britvic France CGUs		
Teisseire	**50.4**	49.1
Moulin de Valdonne	**4.1**	4.0
Pressade	**4.7**	4.6
Total France	**59.2**	57.7
Total trademarks with indefinite lives	**116.4**	113.7

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 Bela Ischia Alimentos Ltda (Bela Ischia) and Empresa Brasileira de Bebidas e Alimentos SA (Ebba). Management considers this to be a single CGU based on the integration of Bela Ischia into the overall Britvic Brazil business.

Method of impairment testing

Goodwill and intangible assets with indefinite lives

Impairment reviews of goodwill and intangible assets are undertaken by management annually. Value in use calculations are performed for each CGU using cash flow projections and are based on the latest annual financial budgets prepared by management and approved by the Board of Directors. Management expectations are formed in line with performance to date and experience, as well as available external market data, and reflect the best estimate of future performance after considering the impact of risks, including those of climate change, on the business.

Discount rates reflect management's estimate of the pre-tax cost of capital adjusted where necessary to reflect the different risks of different countries in which the Group operates. The estimated pre-tax cost of capital is the benchmark used by management to assess operating performance and to evaluate future capital investment proposals. The Group has considered the impact of the current economic climate in determining the appropriate discount rate to use in impairment testing.

Notes to the consolidated financial statements continued

15. Impairment testing of intangible assets continued

Method of impairment testing continued

Goodwill and intangible assets with indefinite lives continued

The applicable pre-tax discount rate for cash flow projections is:

	At 30 September 2022	At 30 September 2021
Britvic GB	**10.7%**	7.9%
Britvic Ireland	**9.2%**	7.4%
Britvic France	**10.7%**	7.9%
Britvic Brazil	**16.9%**	14.4%

Assumptions used in value in use calculations

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Volume growth rates – reflect management expectations of volume growth based on growth achieved to date, current strategy and expected market trends, and will vary according to each CGU.

Marginal contribution – being revenue less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product. Key assumptions are made within these budgets about pricing, discounts and costs based on historical data, current strategy and expected market trends.

Advertising and promotional spend – financial budgets are used to determine the value assigned to advertising and promotional spend. This is based on the planned spend for year one and strategic intent thereafter.

Raw materials price, production and distribution costs, selling costs and other overhead inflation – the basis used to determine the value assigned to inflation is the forecast increase in consumer price indices in the relevant market. This has been used in all value in use calculations performed.

Cash flows are based on the latest approved budgets for the following year with growth rate projections in line with the viability statement for financial years 2024 and 2025 and relevant external economic outlook growth rates (IMF country specific data) for financial years 2026 and 2027. The applicable long-term growth rates after 2027 are:

	At 30 September 2022	At 30 September 2021
Britvic GB	**2.1%**	2.1%
Britvic Ireland	**2.5%**	2.5%
Britvic France	**2.0%**	2.0%
Britvic Brazil	**2.0%**	2.0%

Intangible assets with finite lives

Indicators of impairment were identified on intangible assets with finite lives in France, Brazil, Plenish and Ballygowan however no impairment was required to be recognised against these assets.

Results and conclusions

During the current year there has been no impairment to goodwill or intangible assets with indefinite lives. The lifting of COVID-19 restrictions and the associated recovery in trading experienced to date has had a positive impact on headroom in impairment tests but this has been counterbalanced by global inflationary pressures amid rising food and energy prices and disrupted supply chains. Other than as set out below in respect of Britvic Brazil and Britvic France CGUs and Plenish and Ballygowan, the Directors do not consider that a reasonable possible change in the assumptions used to calculate the value in use of cash generating units could result in any impairment.

The five-year cash flow forecasts used to assess the value in use of the Britvic Brazil business assumes that Britvic Brazil is able to continue to grow revenue and operating margins. Should these short-term forecasts not materialise, there is a risk that a reasonable change in discount rate or long-term growth rate could lead to an impairment. The estimated value in use of Britvic Brazil at 30 September 2022 exceeded its carrying amount by £95m. Based on achievement of the forecast cash flows over the five years, an increase in the discount rate of 11.1% or a decrease in the long-term growth rate of 25.5% would result in an impairment of £1m. The changes in rates to result in an impairment would be lower if forecast cash flows are not met.

The five-year cash flow forecasts used to assess the value in use of the Britvic France business assumes that Britvic France is able to continue to grow revenue and operating margins. Should these short-term forecasts not materialise, there is a risk that a reasonable change in discount rate or long-term growth rate could lead to an impairment. The estimated value in use of Britvic France at 30 September 2022 exceeded its carrying amount by £34m. An increase in the discount rate of 1.3% or a decrease in the long-term growth rate of 1.7% would result in an impairment of £1m.

The five-year cash flow forecasts used to assess the value in use of the Plenish business assumes that Plenish is able to continue to grow revenue and operating margins. Should these short-term forecasts not materialise, there is a risk that a reasonable change in discount rate or long-term growth rate could lead to an impairment. The estimated value in use of Plenish at 30 September 2022 exceeded its carrying amount by £7.8m. An increase in the discount rate of 2% or a decrease in the long-term growth rate of 2.5% would result in an impairment of £1m.

The five-year cash flow forecasts used to assess the value in use of the Ballygowan business assumes that Ballygowan is able to continue to grow revenue and maintain operating margins. Should these short-term forecasts not materialise, there is a risk that a reasonable change in discount rate or long-term growth rate could lead to an impairment. The estimated value in use of Ballygowan at 30 September 2022 exceeded its carrying amount by £5m. An increase in the discount rate of 1.3% or a decrease in the long-term growth rate of 1.8% would result in an impairment of £1m.

Notes to the consolidated financial statements continued

16. Inventories

	2022 £m	2021 £m
Raw materials	**78.2**	53.6
Finished goods	**77.5**	67.3
Consumable stores	**15.1**	12.9
Returnable packaging	**1.2**	1.2
Total inventories at lower of cost and net realisable value	**172.0**	135.0

17. Trade and other receivables (current)

	2022 £m	2021 £m
Trade receivables	**399.0**	335.6
Other receivables	**18.5**	18.1
Prepayments	**27.7**	22.4
	445.2	376.1

Trade receivables are non-interest bearing and are generally on credit terms usual for the markets in which the Group operates.

Other receivables include the current portion of net investments in finance leases of £0.6m (2021: £0.4m); see note 24 for further details.

Trade receivables are stated net of allowance for expected credit losses. Movements in the allowance for expected credit losses were as follows:

	Expected credit losses £m
At 1 October 2020	6.0
Exchange differences	(0.1)
Charge for period	2.7
Utilised	(0.8)
Unused amounts reversed	(0.1)
At 30 September 2021	**7.7**
Exchange differences	0.8
Charge for period	2.2
Utilised	(1.4)
Unused amounts reversed	(0.9)
At 30 September 2022	**8.4**

The Group takes the following factors into account when considering expected credit losses for trade receivables:

- payment performance history;
- external information available regarding credit ratings;
- future expected credit losses; and
- offset of rebate liabilities outstanding to customers.

The Group has considered its customer base and portfolio, and uses a provision matrix to evaluate credit risk exposure on the Group's trade receivables. The ageing analysis and allowance for expected credit loss of trade receivables at 30 September 2022 is as follows:

		Days past due					
	Total £m	**Not past due £m**	**< 30 days £m**	**30 – 60 days £m**	**61 – 90 days £m**	**91 – 120 days £m**	**> 120 days £m**
Gross carrying amount	407.4	361.2	16.9	7.2	3.6	2.3	16.2
Expected credit loss	(8.4)	(2.0)	(0.1)	–	(0.1)	(0.3)	(5.9)
Net carrying amount	**399.0**	**359.2**	**16.8**	**7.2**	**3.5**	**2.0**	**10.3**
Average expected credit loss rate	2.1%	0.6%	0.5%	0.4%	2.3%	11.4%	36.6%

The ageing analysis and allowance for expected credit loss of trade receivables at 30 September 2021 was as follows:

		Days past due					
	Total £m	Not past due £m	< 30 days £m	30 – 60 days £m	61 – 90 days £m	91 – 120 days £m	> 120 days £m
Gross carrying amount	343.3	295.7	20.6	6.0	3.0	1.9	16.1
Expected credit loss	(7.7)	(1.5)	(0.1)	–	(0.3)	(0.2)	(5.6)
Net carrying amount	335.6	294.2	20.5	6.0	2.7	1.7	10.5
Average expected credit loss rate	2.3%	0.6%	0.5%	0.6%	8.4%	8.8%	34.8%

Refer to note 25 for details of the Group's credit risk policy. The Group monitors the credit quality of trade receivables by reference to credit ratings available externally.

Notes to the consolidated financial statements continued

18. Cash and cash equivalents

	2022 £m	2021 £m
Cash at bank and in hand	**71.7**	60.1
Short-term deposits	**15.9**	11.0
	87.6	71.1

Short-term deposits are made for varying periods of time, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Such deposits are readily convertible to known amounts of cash, are subject to insignificant risk of changes in value and are held for the purpose of meeting the Group's short-term cash commitments. The fair value of cash and cash equivalents is equal to the book value.

At 30 September 2022, the Group had available £400.0m (2021: £400.0m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. £33.3m of the borrowing facilities mature in February 2025 with the remaining £366.7m maturing in February 2027.

Where available, the Group operates cash pooling arrangements whereby the net cash position across a number of accounts is recognised.

19. Share capital and own shares reserve

The movements in the company's issued share capital were as follows:

Issued, called up and fully paid ordinary shares	No. of shares	Nominal value £m
At 1 October 2020	266,916,062	53.4
Shares issued relating to incentive schemes for employees	398,575	0.1
At 30 September 2021	267,314,637	53.5
Shares issued relating to incentive schemes for employees	445,546	0.1
Shares cancelled pursuant to share buyback	(4,459,302)	(0.9)
At 30 September 2022	**263,300,881**	**52.7**

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.

The movements in the company's own shares reserve were as follows:

	Value £m
At 1 October 2020	3.7
Shares issued/purchased for share schemes	1.5
Shares used to satisfy share schemes	(3.7)
At 30 September 2021	1.5
Shares issued/purchased for share schemes	10.1
Shares used to satisfy share schemes	(5.5)
Shares purchased pursuant to share buyback	37.7
Shares cancelled pursuant to share buyback	(36.6)
At 30 September 2022	**7.2**

The own shares reserve represents shares in the company purchased from the market and held by an employee benefit trust to satisfy share awards under the Group's share schemes (see note 29) as well as shares purchased for cancellation as part of the share buyback programme (see below). Shares purchased for cancellation are included in the own shares reserve until cancellation, at which point the consideration paid is transferred to retained earnings and the nominal value of the shares is transferred from share capital to the capital redemption reserve.

Of the issued and fully paid ordinary shares, 720,838 shares (2021: 129,455 shares) are own shares held by an employee benefit trust. This equates to £144,168 (2021: £25,891) 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.

Share buyback programme

On 23 May 2022, the company commenced a share buyback programme (the Programme) to repurchase ordinary shares with a market value of up to £75.0m. The purpose of the Programme is to reduce the company's share capital and therefore the shares purchased pursuant to the Programme are subsequently cancelled. The Programme takes place within the limitations of the authority granted to the Board at the company's last Annual General Meeting, held on 27 January 2022, pursuant to which the maximum number of shares that can be bought back by the company is 26,736,653.

During the year ended 30 September 2022, the company purchased 4,612,302 ordinary shares under the Programme at an average price of 816.4p per share and an aggregate cost of £37.8m (including £0.1m of transaction costs). A financial liability of £1.1m in respect of shares to be delivered under a share repurchase agreement with an external bank is included in other current liabilities (note 28). During the year ended 30 September 2022, the company cancelled 4,459,302 ordinary shares that had been purchased pursuant to the buyback.

An explanation of the Group's capital management process and objectives is set out in note 25.

Notes to the consolidated financial statements continued

20. Other reserves

	Capital redemption reserve £m	Hedging reserve £m	Translation reserve £m	Merger reserve £m	Total £m
At 1 October 2020	–	0.3	(27.8)	87.3	59.8
Gains in the year in respect of cash flow hedges	–	0.1	–	–	0.1
Amounts reclassified to the income statement in respect of cash flow hedges	–	6.3	–	–	6.3
Current tax in respect of cash flow hedges	–	0.2	–	–	0.2
Deferred tax in respect of cash flow hedges	–	(1.1)	–	–	(1.1)
Exchange differences on translation of foreign operations (note 26)	–	–	(9.7)	–	(9.7)
Tax on exchange differences accounted for in the translation reserve	–	–	(0.6)	–	(0.6)
Movements included within other comprehensive income	–	5.5	(10.3)	–	(4.8)
Transfer of cash flow hedge reserve to inventories	–	(1.3)	–	–	(1.3)
At 30 September 2021	–	4.5	(38.1)	87.3	53.7
Gains in the year in respect of cash flow hedges	–	56.6	–	–	56.6
Amounts reclassified to the income statement in respect of cash flow hedges	–	(23.8)	–	–	(23.8)
Current tax in respect of cash flow hedges	–	0.5	–	–	0.5
Deferred tax in respect of cash flow hedges	–	(6.8)	–	–	(6.8)
Exchange differences reclassified to profit or loss on disposal of foreign operations	–	–	(0.8)	–	(0.8)
Exchange differences on translation of foreign operations (note 26)	–	–	28.9	–	28.9
Tax on exchange differences accounted for in the translation reserve	–	–	0.5	–	0.5
Movements included within other comprehensive income	–	26.5	28.6	–	55.1
Transfer of cash flow hedge reserve to inventories	–	(3.7)	–	–	(3.7)
Shares cancelled pursuant to share buyback	0.9	–	–	–	0.9
At 30 September 2022	**0.9**	**27.3**	**(9.5)**	**87.3**	**106.0**

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

Own shares represent the shares of the company that are held by an employee benefit trust for the purpose of satisfying employee share plan awards, or which are purchased and held for cancellation as part of the share buyback programme. The cost of own shares is deducted from shareholders' equity in the own shares reserve until the shares are transferred to employees or are cancelled, at which point they are transferred to retained earnings.

Capital redemption reserve

The capital redemption reserve relates to the repurchase and cancellation of shares of the company pursuant to the share buyback programme (see note 19). Upon cancellation, the nominal value of shares cancelled is transferred from share capital to the capital redemption reserve.

Hedging reserve

The hedging reserve records the effective portion of movements in the fair value of commodity contracts, forward exchange contracts, interest rate and cross currency swaps that have been designated as part of a cash flow hedge relationship.

Notes to the consolidated financial statements continued

20. Other reserves continued

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-preemptive share placement which took place on 21 May 2010. It was executed using a structure which created a merger reserve under Sections 612 to 613 of the Companies Act 2006.

21. Interest-bearing loans and borrowings

	2022 £m	2021 £m
Current		
Private placement notes	**(42.9)**	(2.8)
Less: unamortised issue costs	**0.7**	0.6
Total current	**(42.2)**	(2.2)
Non-current		
Private placement notes	**(565.0)**	(579.2)
Less: unamortised issue costs	**1.9**	2.3
Total non-current	**(563.1)**	(576.9)
Total interest-bearing loans and borrowings	**(605.3)**	(579.1)

Total interest-bearing loans and borrowings comprise the following:

	2022 £m	2021 £m
2010 notes	**(39.4)**	(33.5)
2014 notes	**(117.2)**	(99.6)
2017 notes	**(175.0)**	(175.0)
2018 notes	**(120.1)**	(119.4)
2020 notes	**(152.7)**	(151.7)
Accrued interest	**(3.5)**	(2.8)
Unamortised issue costs	**2.6**	2.9
Total interest-bearing loans and borrowings	**(605.3)**	(579.1)

Analysis of changes in interest-bearing loans and borrowings

	2022 £m	2021 £m
At the beginning of the year	**(579.1)**	(664.7)
Other loans repaid	**–**	0.1
Repayment of private placement notes*	**–**	74.1
Issue costs	**0.3**	0.3
Amortisation of issue costs and write-off of financing fees	**(0.6)**	(0.6)
Net translation gain and fair value adjustment	**(25.2)**	11.1
Accrued interest	**(0.7)**	0.6
At the end of the year	**(605.3)**	(579.1)
Derivatives hedging balance sheet debt**	**42.9**	19.5
Debt translated at contracted rate	**(562.4)**	(559.6)

* During the year ended 30 September 2021, the Group repaid £74.1m of private placement notes, comprising £54.1m related to the 2010 notes and £20.0m related to the 2014 notes. £7.1m was also received on maturity of derivatives hedging the 2010 notes and £1.6m was received in respect of the firm commitment for the 2010 notes, resulting in net cash outflows presented in the consolidated statement of cash flows of £65.4m.

** 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.

Private placement notes

The Group holds loan notes with coupons and maturities as shown in the following table:

Year issued	Maturity date	Amount	Interest terms
2010	December 2022	$43m	US$ fixed at 4.14%
2014	February 2024	£15m	UK£ fixed at 3.92%
2014	February 2024 – February 2026	$114m	US$ fixed at 4.09% – 4.24%
2017	February 2025 – February 2032	£120m	UK£ fixed at 2.31% – 2.76%
2017	February 2027 – February 2032	£55m	SONIA plus 1.32% – 1.36%
2018	June 2028 – June 2033	£65m	UK£ fixed at 2.66% – 2.88%
2018	June 2030	£20m	SONIA 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	SONIA plus 1.45%
2020	May 2035	€25m	EURIBOR plus 1.15%

The Group entered into a number of cross currency swap agreements in relation to the loan notes to manage any foreign exchange risk on interest rates or on the repayment of the principal borrowed. These swaps expire in line with the loan notes and are discussed in note 26.

See note 26 for an analysis of the interest rate profile and the maturity of the borrowings and related interest rate swaps.

Notes to the consolidated financial statements continued

22. Pensions

Net asset/(liability) by scheme

	2022				
	GB £m	**ROI £m**	**NI £m**	**France £m**	**Total £m**
Present value of benefit obligation	(446.4)	(65.9)	(21.8)	(1.4)	(535.5)
Fair value of plan assets	565.2	75.8	32.0	–	673.0
Net asset/(liability)	**118.8**	**9.9**	**10.2**	**(1.4)**	**137.5**
Pension asset	118.8	9.9	10.2	–	138.9
Pension liability	–	–	–	(1.4)	(1.4)
Net asset/(liability)	**118.8**	**9.9**	**10.2**	**(1.4)**	**137.5**

	2021				
	GB £m	ROI £m	NI £m	France £m	Total £m
Present value of benefit obligation	(739.2)	(101.3)	(35.0)	(2.0)	(877.5)
Fair value of plan assets	864.3	93.7	51.1	–	1,009.1
Net asset/(liability)	125.1	(7.6)	16.1	(2.0)	131.6
Pension asset	125.1	–	16.1	–	141.2
Pension liability	–	(7.6)	–	(2.0)	(9.6)
Net asset/(liability)	125.1	(7.6)	16.1	(2.0)	131.6

GB schemes

The Group's principal pension scheme for GB employees, the Britvic Pension Plan (BPP), has both a final salary defined benefit section and a defined contribution section.

BPP defined benefit scheme

The defined benefit section was closed to new members from 1 August 2002 and closed to future accrual for active members from 1 April 2011, with active members moving to the defined contribution section for future service benefits.

The BPP is a limited partner of Britvic Scottish Limited Partnership (Britvic SLP), which in turn is a limited partner in both Britvic Property Partnership (Britvic PP) and Britvic Brands LLP. Britvic SLP, Britvic PP and Britvic Brands LLP are all consolidated by the Group. The investment held by BPP does not represent a plan asset for accounting purposes and is therefore not included in the fair value of the Plan assets.

Certain properties and Group brands have been transferred to Britvic PP and Britvic Brands LLP respectively, all of which are leased back to Britvic Soft Drinks Limited. The Group retains operational flexibility over the properties and brands, including the ability to substitute the properties and brands held by Britvic PP and Britvic Brands LLP respectively. The BPP is entitled to a share of the profits in Britvic SLP until 2026. At the end of this period, the partnership capital allocated to the BPP will be changed to an amount equal to any funding deficit of the BPP at this time, up to a maximum of £105m.

Contributions are ordinarily paid into the defined benefit section of the BPP as determined by the Trustee, agreed by the company and certified by an independent actuary in the Schedule of Contributions. No deficit funding payments were paid during the year except for the £5.0m annual partnership payment which will continue until 2025. This is being reviewed as part of the triennial valuation as of 31 March 2022, which remains in progress as of the date of approving these financial statements.

Following the court ruling on pension increases, the company provided for certain future pension increases with reference to CPI in the prior year. The change to CPI from RPI was the main driver behind the remeasurement gain of £50.5m included within the consolidated statement of comprehensive income/(expense) shown in the comparative year.

Accounting standards require all companies to discount their projected cash flows at a standard rate based on high- quality corporate bonds and not to allow for prudence when calculating the value of the liabilities. This is in contrast to the funding valuation where prudence is a requirement when assessing the value of the liabilities. This, in combination with the Plan being invested in relatively low-risk assets as part of the funding strategy agreed, results in the funding valuation being expected to show a higher deficit than the accounting valuation. The benefits of adopting a low -risk approach to funding is that there is less volatility expected in the company's future contribution requirements.

BPP defined contribution scheme

The amount recognised as an expense in relation to the BPP defined contribution scheme in the consolidated income statement for 2022 was £12.4m (2021: £11.1m).

The Britvic Executive Top Up Scheme

Britvic's business in GB also has a secured unfunded, unregistered retirement benefit scheme called The Britvic Executive Top Up Scheme (BETUS), which provides benefits for members who have historically exceeded the earnings cap or the lifetime allowance while members of the defined benefit section of the BPP. BETUS closed to future accrual on 10 April 2011, which coincided with the closure of the defined benefit section of the BPP.

Republic of Ireland scheme

The Britvic Ireland Pension Plan (BIPP) is a defined benefit pension plan. Following legislative changes made in 2012, no deficit recovery contributions are currently required. The Trustee has been undertaking investment de-risking to protect the ongoing funding position achieved as a result of the 2012 changes. The latest triennial valuation was carried out as at 1 January 2018. The scheme remains open to future accrual for current members.

The amount recognised as an expense in relation to the Irish defined contribution scheme in the consolidated income statement for 2022 was £0.7m (2021: £0.8 m).

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 2020.

Notes to the consolidated financial statements continued

22. Pensions continued

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 2022 additional contributions of £nil were paid (2021: £nil).

The amount recognised as an expense in relation to the Northern Ireland defined contribution scheme in the consolidated income statement for 2022 was £0.1m (2021: £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.

IFRIC 14 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'

The rules of the GB 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. Similarly to the GB plan, for BIPP and BNIPP 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 is provided for this to occur. Potential trustee rights under the Plans 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 Plans which provide for augmentation (benefit increases) require employer consent. These two points mean that IFRIC 14 does not have any practical impact on the GB Plan, BIPP or BNIPP 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.

Defined contribution pension expense

The total defined contribution pension expense for the year ended 30 September 2022 is £13.4m (2021: £12.1m) and includes £0.2m which relates to schemes for entities within the Group in addition to those mentioned above (2021: £0.1m).

Net defined benefit pension benefit/(expense)

	2022 Total £m	2021 Total £m
Current service cost	**(1.4)**	(1.8)
Net interest on net defined benefit asset/(liability)	**2.9**	1.7
Curtailment gain	**–**	0.4
Past service cost	**–**	(0.7)
Net benefit/(expense)	**1.5**	(0.4)

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

	2022 Total £m	2021 Total £m
Actual return on scheme assets	**(311.0)**	(6.0)
Less: amounts included in net interest expense	**(19.7)**	(17.0)
Return on plan assets (excluding amounts included in net interest expense)	**(330.7)**	(23.0)
Losses due to demographic assumptions	**(0.5)**	(1.0)
Gains due to financial assumptions	**349.5**	7.6
Experience (losses)/gains	**(20.4)**	50.5
Remeasurement (losses)/gains taken to the statement of comprehensive income	**(2.1)**	34.1

Notes to the consolidated financial statements continued

22. Pensions continued

Movements in present value of benefit obligation:

	2022				
	GB £m	ROI £m	NI £m	France £m	Total £m
At 1 October 2021	**(739.2)**	**(101.3)**	**(35.0)**	**(2.0)**	**(877.5)**
Exchange differences	**–**	**(0.7)**	**–**	**(0.1)**	**(0.8)**
Current service cost	**–**	**(1.2)**	**–**	**(0.2)**	**(1.4)**
Member contributions	**–**	**(0.2)**	**–**	**–**	**(0.2)**
Interest cost on benefit obligation	**(14.9)**	**(1.2)**	**(0.7)**	**–**	**(16.8)**
Benefits paid	**29.5**	**1.9**	**1.2**	**–**	**32.6**
Remeasurement gains	**278.2**	**36.8**	**12.7**	**0.9**	**328.6**
At 30 September 2022	**(446.4)**	**(65.9)**	**(21.8)**	**(1.4)**	**(535.5)**
Weighted average duration of the liabilities	**14 years**	**18 years**	**15 years**	**11 years**	

	2021				
	GB £m	ROI £m	NI £m	France £m	Total £m
At 1 October 2020	(808.6)	(105.6)	(38.3)	(2.8)	(955.3)
Exchange differences	–	5.6	–	0.1	5.7
Curtailment gain	–	0.3	–	0.1	0.4
Current service cost	–	(1.6)	–	(0.2)	(1.8)
Past service cost	(0.7)	–	–	–	(0.7)
Member contributions	–	(0.2)	–	–	(0.2)
Interest cost on benefit obligation	(13.5)	(1.1)	(0.6)	–	(15.2)
Benefits paid	27.4	3.6	1.3	0.2	32.5
Remeasurement gains/(losses)	56.2	(2.3)	2.6	0.6	57.1
At 30 September 2021	(739.2)	(101.3)	(35.0)	(2.0)	(877.5)
Weighted average duration of the liabilities	19 years	22 years	19 years	15 years	

Movements in fair value of plan assets:

	2022			
	GB £m	ROI £m	NI £m	Total £m
At 1 October 2021	**864.3**	**93.7**	**51.1**	**1,009.1**
Exchange differences	**–**	**1.2**	**–**	**1.2**
Interest income on plan assets	**17.5**	**1.1**	**1.1**	**19.7**
Return on scheme assets excluding interest income	**(292.5)**	**(19.2)**	**(19.0)**	**(330.7)**
Employer contributions	**5.4**	**0.7**	**–**	**6.1**
Member contributions	**–**	**0.2**	**–**	**0.2**
Benefits paid	**(29.5)**	**(1.9)**	**(1.2)**	**(32.6)**
At 30 September 2022	**565.2**	**75.8**	**32.0**	**673.0**

Notes to the consolidated financial statements continued

22. Pensions continued

	2021 GB £m	2021 ROI £m	2021 NI £m	2021 Total £m
At 1 October 2020	898.4	97.7	50.3	1,046.4
Exchange differences	–	(5.1)	–	(5.1)
Interest income on plan assets	15.1	1.0	0.8	16.9
Return on scheme assets excluding interest income	(27.0)	2.7	1.3	(23.0)
Employer contributions	5.0	0.8	–	5.8
Member contributions	–	0.2	–	0.2
Benefits paid	(27.2)	(3.6)	(1.3)	(32.1)
At 30 September 2021	864.3	93.7	51.1	1,009.1

There have been significant reductions in both the pension liability and asset values in the year ended 30 September 2022 on an IAS19 basis. This is a consequence of an increase in gilt yields which broadly doubled over the last 6 months of the year from 2% to 4%, reducing the value of the BPPs assets. The increase in yields on high quality corporate bonds has increased discount rates meaning the amount of money required today to meet future payments has reduced, reducing the present value of scheme liabilities.

Principal assumptions

The assets and liabilities of the pension schemes were valued on an IAS 19 (revised) basis at 30 September 2022, by Willis Towers Watson (for the BPP and the French schemes), Invesco (for the BIPP) and Buck (for the BNIPP).

Financial assumptions

	2022 GB %	**2022 ROI %**	**2022 NI %**	**2022 France %**
Discount rate	**5.25**	**3.60**	**5.35**	**3.75 – 3.80**
Rate of compensation increase	**–**	**2.00**	**–**	**2.00 – 3.00**
Pension increases	**2.05 – 3.30**	**–**	**2.15 – 5.00**	**–**
Inflation assumption	**3.65**	**2.40**	**3.05**	**2.00**
Indexation	**RPI and CPI**	**CPI**	**CPI**	**ECB***

	2021 GB %	2021 ROI %	2021 NI %	2021 France %
Discount rate	2.05	1.20	2.10	0.80 – 1.10
Rate of compensation increase	–	2.00	–	2.00 – 3.00
Pension increases	2.00 – 3.10	–	2.10 – 2.85	–
Inflation assumption	3.35	1.90	2.90	2.00
Indexation	RPI and CPI	CPI	CPI	ECB*

* 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:

	2022 GB Years	**2022 ROI Years**	**2022 NI Years**	2021 GB Years	2021 ROI Years	2021 NI Years
Current pensioners (at age 65) – males	**21.7**	**22.2**	**21.0**	21.7	21.8	21.0
Current pensioners (at age 65) – females	**24.6**	**24.4**	**23.9**	24.5	24.2	23.8
Future pensioners currently aged 45 (at age 65) – males	**23.1**	**24.5**	**22.3**	23.0	24.1	22.3
Future pensioners currently aged 45 (at age 65) – females	**26.0**	**26.3**	**25.4**	26.0	26.2	25.3

Notes to the consolidated financial statements continued

22. Pensions continued

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 £30.1m	Decrease by £5.4m	Decrease by £1.4m	Decrease by £0.1m
	Decrease by 0.5%	Increase by £32.3m	Increase by £6.2m	Increase by £1.6m	Increase by £0.1m
Inflation rate	Increase by 0.25%*	Increase by £10.8m	Increase by £0.8m	Increase by £0.5m	Increase by £0.04m
	Decrease by 0.25%*	Decrease by £10.0m	Decrease by £0.7m	Decrease by £0.4m	Decrease by £0.04m
Longevity rates	Increase by 1 year	Increase by £14.5m	Increase by £1.4m	Increase by £0.7m	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

	2022				
	GB £m	**ROI £m**	**NI £m**	**Total £m**	**Total %**
UK equities	**–**	**0.6**	**–**	**0.6**	**–**
Overseas equities	**2.1**	**12.7**	**–**	**14.8**	**2**
Properties	**31.5**	**–**	**–**	**31.5**	**5**
Corporate bonds	**372.6**	**40.7**	**4.9**	**418.2**	**62**
Diversified funds	**–**	**–**	**17.9**	**17.9**	**3**
Liability-driven investments	**129.9**	**–**	**9.2**	**139.1**	**21**
Cash and other assets	**29.1**	**21.8**	**–**	**50.9**	**7**
Total	**565.2**	**75.8**	**32.0**	**673.0**	**100**

	2021 restated*				
	GB £m	ROI £m	NI £m	Total £m	Total %
UK equities	–	0.7	–	0.7	–
Overseas equities	0.9	23.4	–	24.3	2
Properties	29.9	20.8	–	50.7	5
Corporate bonds	449.8	48.4	7.5	505.7	50
Diversified funds	–	–	28.1	28.1	3
Liability-driven investments	366.2	–	11.2	377.4	38
Cash and other assets	17.5	0.4	4.3	22.2	2
Total	864.3	93.7	51.1	1,009.1	100

* The categorisation of ROI scheme assets has been restated from that previously presented in the financial statements for the year ended 30 September 2021. The previous disclosure incorrectly presented all of the assets of the ROI scheme as being UK equities.

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.

Notes to the consolidated financial statements continued

22. Pensions continued

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

	2022 £m	2021 £m
Trade payables	**353.8**	267.7
Other payables	**9.0**	8.2
Accruals	**77.5**	67.9
Other taxes and social security	**68.5**	74.0
	508.8	417.8

Trade payables are non-interest bearing and are normally settled on 60 to 90 day terms.

Trade payables include £68.2m (2021: £46.8m) 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:

	2022 £m	2021 £m
Rebate accruals	**137.0**	122.3

24. Leases

The Group has lease contracts for properties, plant and machinery and vehicles. Leases of property have lease terms between 5 and 75 years, plant and machinery generally have lease terms between 5 and 10 years, while motor vehicles generally have lease terms between 2 and 4 years. There are several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased asset portfolio and align with the Group's business needs. Where a lease contract contains an extension or termination option, management uses judgement to determine the lease term when measuring lease liabilities. At 30 September 2022, 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 year:

	Leased property £m	Leasehold plant and machinery £m	Leased vehicles £m	Total £m
Net carrying amount				
At 1 October 2020	68.6	5.8	3.7	78.1
Exchange differences	–	–	(0.1)	(0.1)
Additions	1.0	2.4	1.1	4.5
Depreciation charge for the year	(5.7)	(2.8)	(2.0)	(10.5)
Disposal	(0.2)	–	(0.1)	(0.3)
At 30 September 2021	63.7	5.4	2.6	71.7
Exchange differences	0.2	–	–	0.2
Additions	4.8	1.0	1.9	7.7
Depreciation charge for the year	(6.6)	(2.7)	(1.6)	(10.9)
At 30 September 2022	**62.1**	**3.7**	**2.9**	**68.7**
At 30 September 2022				
Cost (gross carrying amount)	**78.7**	**16.0**	**7.5**	**102.2**
Accumulated depreciation and impairment	**(16.6)**	**(12.3)**	**(4.6)**	**(33.5)**
Net carrying amount	**62.1**	**3.7**	**2.9**	**68.7**
At 30 September 2021				
Cost (gross carrying amount)	74.3	14.7	7.3	96.3
Accumulated depreciation and impairment	(10.6)	(9.3)	(4.7)	(24.6)
Net carrying amount	63.7	5.4	2.6	71.7

Notes to the consolidated financial statements continued

24. Leases continued

Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2022 £m	2021 £m
At the beginning of the year	**75.1**	79.8
Exchange differences	**0.4**	(0.2)
Additions	**7.7**	4.3
Accretion of interest	**2.1**	1.9
Other movements	–	(0.1)
Payment of principal portion of lease liabilities	**(9.3)**	(8.7)
Payment of interest portion of lease liabilities	**(2.1)**	(1.9)
At the end of the year	**73.9**	75.1
Current	**8.6**	8.9
Non-current	**65.3**	66.2
At the end of the year	**73.9**	75.1

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:

	2022 £m	2021 £m
Depreciation of right-of-use assets	**10.9**	10.5
Interest expense on lease liabilities (note 9)	**2.1**	1.9
Total amount recognised in profit or loss	**13.0**	12.4

The Group had total cash outflows for leases of £11.4m during the year ended 30 September 2022 (2021: £10.6m).

Finance lease receivables

The Group enters into finance leasing arrangements as a lessor for tap systems that dispense instant boiling, chilled and sparkling water. The term of finance leases ranges from three to five years, which forms the majority of the expected useful economic life of the tap system and after which the residual value of the equipment is not expected to be material.

The amounts receivable under finance leases were as follows:

	2022 £m	2021 £m
Not later than one year	**0.7**	0.4
Later than one year and not later than two years	**0.3**	0.4
Later than two years and not later than three years	**0.2**	0.2
Later than three years and not later than four years	**0.2**	0.1
Later than four years and not later than five years	**–**	–
Later than five years	**–**	–
Total undiscounted lease payments receivable	**1.4**	1.1
Less: unearned finance income	**(0.2)**	(0.1)
Net investment in the lease	**1.2**	1.0
Net investment in the lease analysed as:		
Recoverable within 12 months	**0.6**	0.4
Recoverable after 12 months	**0.6**	0.6
Net investment in the lease	**1.2**	1.0

The following table presents the amounts included in profit or loss:

	2022 £m	2021 £m
Selling profit for finance leases	**0.4**	0.3
Finance income on the net investment in finance leases	**0.1**	0.1

Notes to the consolidated financial statements continued

25. Financial risk management objectives and policies

Overview

The Group's principal financial instruments comprise derivatives, borrowings and overdrafts, and cash and cash equivalents. These financial instruments are used to manage interest rate, currency and commodity exposures, funding and liquidity requirements. Other financial instruments which arise directly from the Group's operations include trade receivables and payables (see notes 17 and 23 respectively).

It is, and has always been, the Group's policy that no derivative is entered into for trading or speculative purposes.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Additionally, the Group uses commodity derivatives to manage commodity price risk. The policies for managing these risks are approved by the Board of Directors.

Interest rate risk

The Group's policy is to manage its interest cost by maintaining a mix of fixed and variable rate debt. The Group enters into interest rate swaps, cross currency swaps and forward rate agreements to hedge underlying debt obligations. At 30 September 2022, after taking into account the effect of these instruments, approximately 76% of the Group's gross debt was at a fixed rate of interest (2021: 76%).

Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Group's profit before tax (through the impact on floating rate borrowings) and equity (through the change in fair values of applicable derivative and debt instruments).

	Increase/ (decrease) in basis points	Effect on profit before tax £m	Effect on equity £m
2022			
Sterling	**200**	**(1.6)**	**28.9**
	(200)	**1.6**	**(33.3)**
Euro	**200**	**0.6**	**5.1**
	(200)	**(0.6)**	**(5.9)**
2021			
Sterling	200	(1.5)	43.8
	(200)	1.5	(51.0)
Euro	200	0.2	7.4
	(200)	(0.2)	(8.9)

Interest rate benchmark reform

All external borrowing arrangements (Revolving Credit Facility and US Private Placements) and interest rate derivatives that previously made reference to sterling LIBOR have transitioned over to applying the Sterling Overnight Index Average Rate (SONIA) rate.

The rebasing of derivatives to risk-free rates did not have an impact upon hedge effectiveness or produce any material financial impact.

Foreign currency risk

Foreign currency risk is primarily in respect of exposure to fluctuations to the sterling-euro, sterling-US dollar and US dollar-Brazilian real rates of exchange. The Group has operations in euro-denominated countries and finances these partly through the use of foreign currency borrowings and cross currency swaps which hedge the translation risk of net investments in foreign operations. Additionally, certain internal flows from euro-denominated operations can be utilised to meet euro payment obligations in sterling denominated companies, providing a natural hedge.

The Group also has transactional exposures arising from purchases of prime materials, capital expenditure and interest costs in currencies other than the functional currency of the individual Group entities. Non-functional currency purchases and interest costs are mainly in the currencies of US dollars and euros. As at 30 September 2022, the Group had hedged 63% (2021: 64%) 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).

Notes to the consolidated financial statements continued

25. Financial risk management objectives and policies continued

Foreign currency risk continued

	Increase/ decrease) in percentage points	Effect on profit before tax £m	Effect on equity £m
2022			
Sterling/euro	**10**	**2.8**	**(6.8)**
	(10)	**(2.8)**	**6.8**
Sterling/US dollar	**10**	**0.2**	**(1.0)**
	(10)	**(0.2)**	**1.0**
Euro/US dollar	**10**	**0.2**	**–**
	(10)	**(0.2)**	**–**
US dollar/Brazilian real	**10**	**0.3**	**–**
	(10)	**(0.3)**	**–**
2021			
Sterling/euro	10	1.1	(5.5)
	(10)	(1.1)	5.5
Sterling/US dollar	10	0.5	(1.2)
	(10)	(0.5)	1.2
Euro/US dollar	10	0.2	–
	(10)	(0.2)	–
US dollar/Brazilian real	10	0.5	–
	(10)	(0.5)	–

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. Where appropriate, the Group insures its trade receivables across GB, Ireland and France with reputable credit insurance companies.

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 & Poor's 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 are reviewed regularly to ensure compliance with this policy.

Commodity price risk

The main commodity price risk arises in the purchases of prime materials, being polyethylene terephthalate (PET), sugar, steel, aluminium and fruit juice. The Group also has some exposure to diesel prices in respect of logistics costs. The Group uses commodity swaps to hedge commodity price risk on a proportion of its sugar, aluminium, gas, power, PET and diesel requirements. Also, in the normal course of business, where it is considered commercially advantageous, the Group enters into fixed price contracts with suppliers to protect against unfavourable commodity price changes.

Liquidity risk

The Group monitors its risk of a shortage of funds using rolling cash flow forecasts. These forecasts consider the maturity of both its financial investments and financial assets (e.g. accounts receivable and other financial assets) and projected cash flows from operations. The objective of the Group's liquidity policy is to maintain a balance between continuity of funds and flexibility through the use of bank loans and overdrafts and long-term private placement issuance.

The maturity date of the Group's £400m multi-currency bank facility was extended from February 2026 to February 2027 for £367m of commitments. The remaining £33m of commitment matures in February 2025. As at 30 September 2022, the Group had no outstanding borrowings under this facility (2021: £nil).

The table below summarises the maturity profile of the Group's financial liabilities at 30 September 2022 based on contractual undiscounted payments and receipts including interest:

	Less than 1 year £m	1 to 5 years £m	> 5 years £m	Total £m
2022				
Private placement notes including coupons	**55.3**	**201.9**	**445.0**	**702.2**
Derivatives hedging private placement notes – payments	**32.2**	**76.1**	**–**	**108.3**
Derivatives hedging private placement notes – receipts	**(33.4)**	**(79.4)**	**–**	**(112.8)**
	54.1	**198.6**	**445.0**	**697.7**
Trade, other payables and rebate liabilities (excluding other taxes and social security)	**577.3**	**–**	**–**	**577.3**
Lease liabilities	**10.1**	**27.5**	**55.0**	**92.6**
Other liabilities	**11.2**	**5.7**	**–**	**16.9**
Other derivative liabilities	**9.5**	**0.4**	**–**	**9.9**
	662.2	**232.2**	**500.0**	**1,394.4**

Notes to the consolidated financial statements continued

25. Financial risk management objectives and policies continued

Liquidity risk continued

	Less than 1 year £m	1 to 5 years £m	> 5 years £m	Total £m
2021				
Private placement notes including coupons	13.8	210.1	441.3	665.2
Derivatives hedging private placement notes — payments	3.8	107.8	–	111.6
Derivatives hedging private placement notes — receipts	(4.8)	(109.2)	–	(114.0)
	12.8	208.7	441.3	662.8
Trade, other payables and rebate liabilities (excluding other taxes and social security)	466.1	–	–	466.1
Lease liabilities	9.6	26.5	60.0	96.1
Other liabilities	5.4	9.2	–	14.6
Other derivative liabilities	1.4	–	–	1.4
	495.3	244.4	501.3	1,241.0

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 2022 was £367.1m (2021: £424.8m) compared to a carrying value of £442.3m (2021: £418.2m). The fair value of the Group's fixed rate interest-bearing borrowings and loans is determined by using discounted cash flow methods using discount rates that reflect the Group's borrowing rate as at the end of the reporting period.

Capital management

The Group defines 'capital' as being adjusted net debt plus equity. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and maintain an appropriate capital structure to balance the needs of the Group to grow, while operating with sufficient headroom within its bank covenants. Further information on the Group's covenants is provided within the going concern disclosure in note 3.

The following table summarises the capital of the Group:

	2022 £m	2021 £m
Financial assets		
Cash and cash equivalents	**(87.6)**	(71.1)
Derivatives hedging balance sheet debt (note 21)	**(42.9)**	(19.5)
Financial liabilities		
Interest-bearing loans and borrowings (note 21)	**605.3**	579.1
Adjusted net debt	**474.8**	488.5
Equity	**488.0**	410.7
Capital	**962.8**	899.2

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or in order to facilitate acquisitions. To maintain or adjust the capital structure, the Group has a number of options available to it, including modifying dividend payments to shareholders, returning capital to shareholders or issuing new shares. In this way, the Group balances returns to shareholders between long-term growth and current returns while maintaining capital discipline in relation to investing activities and taking any necessary action on costs to respond to the current environment.

The Group monitors capital on the basis of the adjusted net debt/EBITDA ratio. Adjusted net debt is calculated as being the net of cash and cash equivalents, interest-bearing loans and borrowings, and the element of the fair value of interest rate currency swaps hedging the balance sheet value of the US private placement notes. The adjusted net debt/EBITDA ratio enables the Group to plan its capital requirements in the medium term. The Group uses this measure to provide useful information to financial institutions and investors.

Notes to the consolidated financial statements continued

26. Derivatives and hedge relationships

The fair values of the Group's derivative contracts are as follows:

	2022 £m	2021 £m
Consolidated balance sheet		
Non-current assets: derivative financial instruments		
USD GBP cross currency fixed interest rate swaps*	31.1	17.7
USD GBP cross currency floating interest rate swaps***	–	1.9
Forward currency contracts*	0.4	0.1
Commodity contracts*	11.0	2.4
Interest rate swaps*	3.4	0.1
	45.9	22.2
Current assets: derivative financial instruments		
USD GBP cross currency fixed interest rate swaps*	7.4	0.6
USD GBP cross currency floating interest rate swaps***	4.4	0.3
Forward currency contracts**	0.5	–
Forward currency contracts*	3.3	0.4
Forward currency contracts	0.2	–
Commodity contracts*	11.6	2.7
Commodity contracts****	11.5	–
	38.9	4.0
Current liabilities: derivative financial instruments		
Forward currency contracts*	–	(1.1)
Forward currency contracts	(1.3)	(0.2)
GBP euro cross currency floating interest rate swaps**	(1.0)	–
Commodity contracts*	(8.2)	(0.1)
Commodity contracts****	(0.7)	–
	(11.2)	(1.4)
Non-current liabilities: derivative financial instruments		
GBP euro cross currency fixed interest rate swaps**	–	(0.6)
Commodity contracts*	(0.4)	–
	(0.4)	(0.6)
Net derivative financial assets	73.2	24.2

* 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.

**** Instruments for which cash flow hedge accounting has been discontinued (see below).

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		
2022		**Net carrying amount £m**	**Less than 1 year £m**	**Greater than 1 year £m**	**Total £m**
Cross currency swaps	Cash flow hedge	38.5	16.2	70.8	87.0
Cross currency swaps	Fair value hedge	4.4	11.7	–	11.7
Cross currency swaps	Net investment hedge	(1.0)	16.2	–	16.2
Forward currency contracts	Cash flow hedge	3.7	66.0	7.9	73.9
Forward currency contracts	Net investment hedge	0.5	34.1	–	34.1
Interest rate swaps	Cash flow hedge	3.4	–	37.6	37.6
Commodity swaps	Cash flow hedge	14.0	65.0	28.1	93.1

			Notional maturity profile		
2021		Carrying amount £m	Less than 1 year £m	Greater than 1 year £m	Total £m
Cross currency swaps	Cash flow hedge	18.3	–	87.0	87.0
Cross currency swaps	Fair value hedge	2.2	–	11.7	11.7
Cross currency swaps	Net investment hedge	(0.6)	–	16.2	16.2
Forward currency contracts	Cash flow hedge	(0.7)	58.6	8.8	67.4
Forward currency contracts	Net investment hedge	–	32.8	–	32.8
Interest rate swaps	Cash flow hedge	0.1	–	37.2	37.2
Commodity swaps	Cash flow hedge	5.0	20.3	13.3	33.6

Notes to the consolidated financial statements continued

26. Derivatives and hedge relationships continued

Cash flow hedges

Forward currency contracts

The forward currency contracts hedge expected future euro and US dollar purchases in the period to February 2024 and have been assessed as part of effective cash flow hedge relationships as at 30 September 2022.

Cross currency interest rate swaps

USD GBP cross currency interest rate swaps

The Group has a number of cross currency interest rate swaps relating to the 2010 and 2014 USPP notes. These cross currency interest rate swaps have the effect of fixing both the value of the USD borrowings into sterling and the rate of interest payable. The cross currency interest rate swaps are designated as part of a cash flow hedge relationship with the USPP notes.

Cash flows due under these cross currency interest rate swaps match the interest payment dates and maturity profile of the USPP notes. The maturity profile of the USPP notes can be seen in note 21.

During the year ended 30 September 2022, a loss of £nil (2021: £0.5m) has been recognised in the income statement in respect of ineffectiveness.

The Group's cash flow hedging reserve relates to the following hedging instruments:

2022	**Net gain/(loss) within equity £m**	**Related deferred tax asset/ (liability) £m**
Forward currency contracts	**3.7**	**(0.8)**
Interest rate swaps	**3.4**	**(0.8)**
2010 cross currency swaps	**(1.0)**	**0.2**
2014 cross currency swaps	**0.4**	**(0.1)**
Commodity swaps	**28.2**	**(5.9)**
	34.7	**(7.4)**

2021	Net gain/(loss) within equity £m	Related deferred tax asset/ (liability) £m
Forward currency contracts	(0.6)	0.1
Interest rate swaps	0.3	(0.1)
2010 cross currency swaps	(0.8)	0.2
2014 cross currency swaps	1.5	(0.3)
Commodity swaps	5.2	(1.0)
	5.6	(1.1)

Discontinuation of cash flow hedge accounting

In September 2022, the Group discontinued hedge accounting for certain commodity derivatives that were hedging purchases during the period from October 2022 to March 2023 as there is no longer an economic relationship between the hedged item and hedging instrument because of new commercial arrangements with suppliers. Prior to the discontinuation of hedge accounting, the Group had accumulated a gain of £13.8m through other comprehensive income in the hedging reserve. This gain will be reclassified to profit or loss during the six months ended 31 March 2023 as the hedged purchases occur.

The Group has closed out a portion of the discontinued hedges with proceeds of £3.1m received in October 2022, accordingly the Group is no longer exposed to changes in fair value of these derivatives. The Group has also closed out the remainder of the discontinued hedges by entering into back-to-back derivatives to pay floating prices in exchange for fixed. As a result, for the 6 months ended 31 March 2023, the Group has no net commodity price exposure from its discontinued commodity hedges, which had a net fair value of £10.7m in the balance sheet at 30 September 2022.

Fair value hedges

Cross currency interest rate swaps

The Group has a number of cross currency interest rate swaps in respect of the 2010 USPP notes. These instruments swap the principal and interest from fixed rate US dollar into floating rate sterling (the 2010 USD GBP cross currency interest rate swaps). The cross currency interest rate swaps are designated as part of a fair value hedge relationship with the USPP notes.

The fair value movements on the 2010 USD GBP cross currency interest rate instruments are recorded in the consolidated income statement. The carrying value of the notes is adjusted by the change in their fair value, which is recognised in the consolidated income statement.

An increase in fair value of the 2010 cross currency interest rate swaps of £2.2m (2021: £2.0m decrease) has been recognised in finance costs and offset with a related loss on the 2010 USPP notes of £2.0m (2021: £1.5m gain). The net gain of £0.2m (2021: £0.5m loss) represents the ineffectiveness in respect of this fair value hedge.

Net investment hedges

Cross currency interest rate swaps

2010 GBP EUR cross currency interest rate swaps

These instruments swap sterling liabilities arising from the 2010 USD GBP cross currency interest rate swaps into euro liabilities and have been designated as part of effective hedges of the net investments in Britvic France and Britvic Ireland.

The GBP EUR cross currency interest rate swaps, along with the underlying loan instruments, are being used to hedge the Group's exposure to foreign exchange risk on these euro investments. Movements in the fair value of the GBP EUR cross currency interest rate swaps are taken to equity where they offset foreign exchange movements on the translation of the net investments in Britvic France and Britvic Ireland.

No ineffectiveness has been recognised in the consolidated income statement in respect of net investment hedges (2021: no ineffectiveness).

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

	2022 £m	2021 £m
Consolidated statement of comprehensive income		
Amounts reclassified to the income statement in respect of cash flow hedges		
Forward currency contracts*	**1.5**	1.1
Interest rate swaps**	**(0.2)**	–
2010 cross currency interest rate swaps**	**(3.8)**	1.6
2014 cross currency interest rate swaps**	**(17.6)**	3.6
Commodity swaps*	**(3.7)**	–
	(23.8)	6.3
Gains/(losses) in respect of cash flow hedges		
Forward currency contracts and interest rate swaps	**6.1**	(1.3)
2010 cross currency interest rate swaps	**3.7**	(1.2)
2014 cross currency interest rate swaps	**16.5**	(4.0)
Commodity swaps	**30.3**	6.6
	56.6	0.1
Exchange differences on translation of foreign operations		
Movement on 2010 GBP EUR cross currency interest rate swaps	**(0.3)**	1.3
Movement on FX swaps designated as net investment hedges	**(0.7)**	1.8
Movement on euro loans designated as net investment hedges	**–**	0.1
Exchange movements on translation of foreign operations	**29.9**	(12.9)
	28.9	(9.7)

* Offsetting amounts recorded in cost of sales.

** Offsetting amounts recorded in finance income/costs.

27. Provisions

	Restructuring £m	Other £m	Total £m
At 1 October 2020	11.0	3.7	14.7
Provisions made during the year	3.1	0.2	3.3
Provisions utilised during the year	(7.3)	(2.2)	(9.5)
Unused amounts reversed	(1.2)	(1.1)	(2.3)
Exchange differences	(0.3)	(0.1)	(0.4)
At 30 September 2021	5.3	0.5	5.8
Provisions made during the year	0.1	0.2	0.3
Provisions utilised during the year	(2.5)	–	(2.5)
Unused amounts reversed	(1.0)	–	(1.0)
Exchange differences	–	0.2	0.2
At 30 September 2022	**1.9**	**0.9**	**2.8**
Current	**1.9**	**–**	**1.9**
Non-current	**–**	**0.9**	**0.9**
At 30 September 2022	**1.9**	**0.9**	**2.8**
Non-current	–	0.5	0.5
At 30 September 2021	5.3	0.5	5.8

Restructuring provisions

Restructuring provisions at 30 September 2022 and 30 September 2021 primarily relate to historic group-wide strategic restructuring and provisions related to the closure of the Group's Norwich site. Restructuring provisions are expected to be settled within one to three years. The impact of discounting is immaterial.

Other provisions

Other provisions at 30 September 2022 and 30 September 2021 primarily relate to certain provisions in Brazil for regulatory and legal claims and are expected to be settled in one to four years. The impact of discounting is immaterial.

Notes to the consolidated financial statements continued

28. Other liabilities

	2022 £m	2021 £m
Deferred and contingent consideration	–	0.4
Forward contracts to purchase own shares	15.5	10.5
Share buyback programme	1.1	–
Other	–	0.8
	16.6	11.7
Due within less than one year	11.1	5.5
Due after more than one year	5.5	6.2
	16.6	11.7

Deferred and contingent consideration

A reconciliation of the carrying amount of the deferred and contingent consideration liability is provided below:

	2022 £m	2021 £m
At the beginning of the year	0.4	7.1
Acquisitions	–	0.4
Unwinding of discount (note 9)	–	0.1
Cash paid	–	(7.2)
Offset against amounts receivable	(0.4)	–
At the end of the year	–	0.4

Plenish

The consideration for the acquisition of Plenish (see note 34) included deferred consideration of £0.4m; this was outstanding at 30 September 2021 and settled during the year ended 30 September 2022.

Aqua Libra Co

On 6 June 2020, the Group acquired 100% of the issued share capital of The Boiling Tap Company Limited (subsequently renamed Britvic Aqua Libra Co Limited, 'Aqua Libra Co'), an integrated tap system business that supplies premium water dispense systems to businesses in the workplace, hospitality and retail sectors.

Deferred consideration of £7.2m was paid to the previous owners in May 2021. The purchase consideration also includes consideration of up to £6.0m payable if operating profit targets are achieved during an earn-out period commencing 1 May 2021:

- up to £3.0m in the first year; and
- up to a further £3.0m in the second year.

This 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 are expected to be met. The performance targets for the first year were not met. The performance targets for the second year are not expected to be met and the fair value of this contingent consideration was estimated to be £nil at 30 September 2022 (2021: £nil).

Pursuant to the terms of acquisition, an employee incentive scheme was setup for the benefit of employees of Aqua Libra Co. An initial £0.5m became payable upon acquisition, this was recorded as an expense during the year ended 30 September 2020 and paid in June 2021. Further amounts of up to £4.0m are payable over a three-year period commencing May 2021, subject to performance conditions aligned with those of the contingent consideration. No expense has been recognised during the year ended 30 September 2022 (2021: £nil) as the performance conditions are not expected to be met.

This 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 are expected to be met. At both 30 September 2022 and 30 September 2021, the fair value of the contingent consideration is measured as £nil as the probability of meeting the profit target is considered to be remote.

Forward contracts to purchase own shares

To satisfy the future requirements of its share schemes (see note 29), the Group has entered into forward contracts to acquire a fixed quantity of its own shares for a fixed price. Upon entering into the forward contracts, the Group recognised a financial liability and corresponding reduction in equity. The financial liability was initially recognised at fair value and subsequently accounted for at amortised cost.

Share buyback programme

At 30 September 2022, the Company has recognised a financial liability of £1.1m in respect of shares to be delivered under a share repurchase agreement with an external bank as part of the share buyback programme (note 19). The financial liability was initially recognised at fair value and subsequently accounted for at amortised cost.

29. Share-based payments

Britvic operates a number of share schemes for the benefit of its executives and employees. In GB, Britvic operates SIP plans for all employees, whereas outside of GB Britvic operates both share-settled and cash-settled plans. Executives participate in ESOP and PSP plans and the senior leadership team participates in PSP plans.

The expense recognised for share-based payments in respect of employee services received during the year ended 30 September 2022, including National Insurance, is £4.2m (2021: £4.5m). This expense arises from transactions which are expected to be equity-settled share-based payment transactions.

The Britvic Share Incentive Plan (SIP)

The SIP is an all-employee HMRC approved share plan open to employees based in GB. Employees are entitled to receive the annual free share award, where granted by the Group, provided they are employed by the company on the last day of each financial year and on the award date. Employees cannot sell these shares for three years from their date of award. Employees also have the opportunity to invest up to £150 every month (£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 £55 (2021: £50 per four-week pay period) per monthly 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.

Notes to the consolidated financial statements continued

29. Share-based payments continued

	2022 No. of shares	2022 Weighted average fair value	2021 No. of shares	2021 Weighted average fair value
Annual free shares award	**304,401**	**943.1**	–	–
Matching shares award – one free share for every ordinary share purchased	**85,469**	**846.4p**	85,410	862.6p

The Britvic Executive Share Option Plan (ESOP)

The ESOP allows for options to buy ordinary shares to be granted to executives. The option price is the average market price of Britvic plc's shares on the three business days before the date of grant. Options become exercisable on the satisfaction of the performance condition and remain exercisable until 10 years after the date of grant.

In some circumstances, at the discretion of the company, an option holder who exercises his/her option may receive a cash payment rather than the ordinary shares under option. The cash payment would be equal to the amount by which the market value of the ordinary shares under option exceeds the option price. However, it is expected that this plan will be equity-settled and as a consequence has been accounted for as such.

Options granted in 2022

Following the approval of a new directors' remuneration policy at the 2022 AGM, share options are no longer granted under the ESOP. An increased level of PSP awards in lieu of ESOP awards was made to replace the value of share options that would previously have been granted.

Options granted in 2021

The performance condition requires the adjusted EPS to be between 52.8p and 61.5p at the end of the three-year performance period for the options to vest. If the adjusted EPS is 52.8p, 20% of the options will vest, with full vesting at an adjusted EPS of 61.5p. Straight-line apportionment will be applied between these two levels to determine the number of options that will vest and no options will vest if the adjusted EPS is below the lower threshold.

The following table illustrates the movements in the number of share options outstanding:

	Number of share options	Weighted average exercise price (pence)
Outstanding at 1 October 2020	4,211,994	743.3
Granted	1,139,521	769.6
Exercised	(227,440)	443.0
Lapsed	(862,133)	803.0
Outstanding at 30 September 2021	4,261,942	754.3
Granted	–	–
Exercised	(1,762)	819.7
Lapsed	(648,563)	826.9
Outstanding at 30 September 2022	**3,611,617**	**741.2**
Exercisable at 30 September 2021	1,580,343	607.2
Exercisable at 30 September 2022	**1,804,101**	**635.3**

The weighted average share price for share options exercised during the year was 899.0p (2021: 932.7p).

The share options outstanding as at 30 September 2022 had a weighted average remaining contractual life of 5.6 years (2021: 6.7 years) and the range of exercise prices was 427.5p – 963.0p (2021: 331.6p – 963.0p).

The weighted average fair value of options granted during the year was nil as there were no options granted under the ESOP this year (2021: 114.1p).

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 the UK, respectively, whereas awards of ordinary shares are exercised when vested.

Notes to the consolidated financial statements continued

29. Share-based payments continued

The Britvic Performance Share Plan (PSP) continued

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.

Awards granted in 2022

Two categories of award were granted during the year ended 30 September 2022.

The first award was made to the senior leadership team and the senior management team. These awards vest subject to the company achieving financial performance conditions during the three years ended 30 September 2024 and the employee remaining in employment for three years from the date of grant. 50% of the award is subject to a performance condition based on adjusted diluted EPS and 50% of the award is subject to a condition based on total shareholder return (TSR). 20% of the awards subject to an EPS condition will vest if the company achieves adjusted diluted EPS of 55.4p in the year ended 30 September 2024, increasing to 100% if the company achieves 65.0p or higher. The TSR condition measures the company's TSR relative to a comparator group (the FTSE 250, excluding investment trusts) over the 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 is an exceptional award under the PSP and has been awarded to selected employees. The service condition applied to awards granted is continued employment for three years from date of grant – no company financial performance condition applies.

Awards granted in 2021

Three awards were granted in 2021.

The first award is split between the senior leadership team and the senior management team. The performance condition applied to awards granted to members of the senior leadership team is divided 50% and 50% between EPS and the TSR performance conditions respectively. EPS is the only condition applied to awards granted to the senior management team. The EPS condition is the same as described in the ESOP section for options granted in 2021.

The TSR condition measures the company's TSR relative to a comparator group (the FTSE 250, excluding investment trusts) over a three-year performance period. The awards will not vest unless the company's position in the comparator group is at least median. At median 20% will vest, rising on a straight-line basis to 100% vesting at upper quartile.

The second award was granted to members of the senior management team. EPS is the only condition applied to awards granted to the senior management team.

The third award is an exceptional award under the PSP and has been awarded to selected employees. The service condition applied to awards granted is continued employment for three years from date of grant - no company financial performance condition applies.

The following tables illustrate the movements in the number of PSP shares and nil cost options outstanding:

Number of shares and nil cost options subject to specific conditions	TSR condition	EPS condition	Continued employment condition
Outstanding at 1 October 2020	**341,169**	**2,305,758**	**159,861**
Granted	315,135	815,411	134,689
Exercised	(54,204)	(148,729)	(75,021)
Lapsed	(100,688)	(747,999)	(16,630)
Outstanding at 30 September 2021	**501,412**	**2,224,441**	**202,899**
Granted	713,964	747,755	194,441
Exercised	(52,993)	(353,373)	(57,825)
Lapsed	(95,901)	(458,327)	(10,784)
Outstanding at 30 September 2022	**1,066,482**	**2,160,496**	**328,731**
Exercisable at 30 September 2021	–	0.2	–
Exercisable at 30 September 2022	**–**	**–**	**–**

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.

The following table lists the inputs to the model used in respect of the PSP awards and ESOP options granted during the financial year:

	2022	2021
Dividend yield (%)	**2.81%**	3.34%
Expected volatility (%)	**26.90%**	24.66%
Risk-free interest rate (%)	**1.00%**	(0.07)%
Expected life of option (years)	**3 – 5**	3 – 5
Share price at date of grant (pence)	**806.0 – 889.0**	766.0 – 926.0
Exercise price (pence)	*	763.0 – 924.0

* No option grants under the ESOP were made during the year ended 30 September 2022.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Notes to the consolidated financial statements continued

30. Changes in liabilities arising from financing activities

	2021 £m	Cash flows £m	Exchange differences £m	Change in fair value £m	New leases £m	Accrued interest £m	Other £m	2022 £m
Interest-bearing loans and borrowings	**(579.1)**	**15.1**	**(23.2)**	**(2.0)**	**–**	**(16.1)**	**–**	**(605.3)**
Lease liabilities	**(75.1)**	**11.4**	**(0.4)**	**–**	**(7.7)**	**(2.1)**	**–**	**(73.9)**
Net derivative assets related to financing activities[1]	**20.1**	**0.8**	**–**	**24.9**	**–**	**–**	**–**	**45.8**
Other assets and liabilities related to financing activities[2]	**(9.5)**	**3.3**	**–**	**–**	**–**	**(0.3)**	**(9.2)**	**(15.7)**
Net liabilities arising from financing activities	**(643.6)**	**30.6**	**(23.6)**	**22.9**	**(7.7)**	**(18.5)**	**(9.2)**	**(649.1)**
Issue of shares relating to incentive schemes for employees		**(1.0)**						
Purchase of own shares related to share schemes		**5.7**						
Share buyback programme		**36.7**						
Dividends paid to equity shareholders		**67.9**						
Net cash flows used in financing activities		**139.9**						

1. Total net derivative assets in the balance sheet at 30 September 2022 are £72.2m, of which £45.8m relate to financing activities and £27.4m relate to operating activities (2021: total of £24.2m, of which £20.1m relate to financing activities and £4.1m relate to operating activities).
2.. Other assets and liabilities related to financing comprise financial assets and liabilities whose cash flows are presented within financing activities. They include firm commitments related to the USPP notes, forward contracts to acquire own shares and liabilities related to the share buyback programme.

	2020 £m	Cash flows £m	Exchange differences £m	Change in fair value £m	New leases £m	Accrued interest £m	Other £m	2021 £m
Interest-bearing loans and borrowings	(664.7)	89.9	9.8	1.5	–	(15.6)	–	(579.1)
Lease liabilities	(79.8)	10.6	0.2	–	(4.3)	(1.9)	0.1	(75.1)
Net derivative assets related to financing activities[1]	31.0	(8.4)	–	(2.5)	–	–	–	20.1
Other assets and liabilities related to financing activities[2]	(2.3)	(1.6)	–	–	–	(0.1)	(5.5)	(9.5)
Net liabilities arising from financing activities	(715.8)	90.5	10.0	(1.0)	(4.3)	(17.6)	(5.4)	(643.6)
Issue of shares relating to incentive schemes for employees		(2.2)						
Dividends paid to equity shareholders		74.8						
Net cash flows used in financing activities		163.1						

1. Total net derivative assets in the balance sheet at 30 September 2021 are £24.2m, of which £20.1m relate to financing activities and £4.1m relate to operating activities (2021: total of £24.2m, of which £20.1m relate to financing activities and £4.1m relate to operating activities).
2 Other assets and liabilities related to financing 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.

31. Commitments and contingencies

Capital commitments

At 30 September 2022 the Group has commitments of £26.6m (2021: £10.8m) for the acquisition of new plant and machinery, primarily relating to new production lines at Beckton, Rugby and Crolles (France).

Contingent liabilities

The Group had no material contingent liabilities at 30 September 2022 (2021: none).

Notes to the consolidated financial statements continued

32. Related party disclosures

The consolidated financial statements include the financial statements of Britvic plc and the subsidiaries listed in the table below.

Name	Principal activity	Country of incorporation	% equity interest
Directly held			
Britannia Soft Drinks Limited	Holding company	England and Wales[1]	100
Indirectly held			
Britvic Aqua Libra Co Limited	Design, installation and maintenance of integrated tap solutions	England and Wales[3]	100
Britvic Asset Company No.1 Limited	Pension funding vehicle	England and Wales[1]	100
Britvic Asset Company No.2 Limited	Pension funding vehicle	England and Wales[1]	100
Britvic Asset Company No.3 Limited	Pension funding vehicle	England and Wales[1]	100
Britvic Asset Company No.4 Limited	Pension funding vehicle	England and Wales[1]	100
Britvic Brands LLP	Pension funding vehicle	England and Wales[1]	100
Britvic EMEA Limited	Marketing and distribution of soft drinks	England and Wales[1]	100
Britvic Finance Partnership LLP	Financing company	England and Wales[1]	100
Britvic International Investments Limited	Holding company	England and Wales[1]	100
Britvic Overseas Limited	Holding company	England and Wales[1]	100
Britvic Soft Drinks Limited	Manufacture and sale of soft drinks	England and Wales[1]	100
Orchid Drinks Limited	Brand licence holder	England and Wales[1]	100
Plenish Cleanse Ltd	Manufacture and sale of soft drinks	England and Wales[1]	100
Red Devil Energy Drinks Limited	Dissolved on 11 October 2022	England and Wales[1]	100
Robinsons (Finance) No.2 Limited	Financing company	England and Wales[1]	100
Robinsons Soft Drinks Limited	Holding company	England and Wales[1]	100
Britvic Property Partnership	Pension funding vehicle	Scotland[5]	100
Britvic Scottish Limited Partnership	Pension funding vehicle	Scotland[5]	100
Britvic Finance Limited	Financing company	Jersey[4]	100
Aquaporte Limited	Supply of water-coolers and bottled water	Republic of Ireland[6]	100
Britvic Americas Limited	Marketing and distribution of soft drinks	Republic of Ireland[6]	100
Britvic Ireland Limited	Manufacture and marketing of soft drinks	Republic of Ireland[6]	100
Britvic Ireland Pension Trust DAC	Pension trust company	Republic of Ireland[6]	100
Britvic Irish Holdings Limited	Holding company	Republic of Ireland[6]	100
Britvic Northern Ireland Limited	Marketing and distribution of soft drinks	Republic of Ireland[6]	100
Robinsons (Finance) Limited	Financing company	Republic of Ireland[6]	100
Britvic North America LLC	Marketing and distribution of soft drinks	USA[7]	100
Britvic France SAS	Holding partnership	France[8]	100
Pressade SAS	Manufacture and sale of soft drinks	France[8]	100
Teisseire France SAS	Manufacture and sale of soft drinks	France[8]	100

Notes to the consolidated financial statements continued

32. Related party disclosures continued

Name	Principal activity	Country of incorporation	% equity interest
Bela Ischia Alimentos Ltda	Manufacture and sale of soft drinks	Brazil[10]	100
Empresa Brasileira de Bebidas e Alimentos SA	Manufacture and sale of soft drinks	Brazil[9]	100
Britvic Asia PTE. Ltd	Holding company	Singapore[11]	100
Britvic India Manufacturing Private Limited	Sold on 16 November 2022	India	100
British Vitamin Products Limited	Dissolved on 18 October 2022	England and Wales	100
Britvic Beverages Limited	Dissolved on 18 October 2022	England and Wales	100
Britvic Corona Limited	Dormant	England and Wales[1]	100
Britvic Healthcare Trustee Limited	Dormant	England and Wales[1]	100
Britvic International Support Services Limited	Dissolved on 11 October 2022	England and Wales[1]	100
Britvic Pensions Limited	Dormant	England and Wales[1]	100
Greenbank Drinks Company Limited	Dormant	England and Wales[1]	100
H. D. Rawlings Limited	Dissolved on 18 October 2022	England and Wales	100
Hooper,Struve & Company Limited	Dissolved on 18 October 2022	England and Wales	100
Idris Limited	Dissolved on 18 October 2022	England and Wales	100
London Essence Company Limited (The)	Dissolved on 18 October 2022	England and Wales	100
R.White & Sons Limited	Dissolved on 18 October 2022	England and Wales	100
Southern Table Water Company Limited (The)	Dissolved on 18 October 2022	England and Wales	100
Sunfresh Soft Drinks Limited	Dissolved on 18 October 2022	England and Wales	100
The Really Wild Drinks Company Limited	Dissolved on 18 October 2022	England and Wales	100
Wisehead Productions Limited	Dormant	England and Wales[2]	100
Britvic Licensed Wholesale Limited	Dormant	Republic of Ireland[6]	100
Britvic Munster Limited	Dormant	Republic of Ireland[6]	100

1. Registered office: Breakspear Park, Breakspear Way, Hemel Hempstead, HP2 4TZ, England.
2. Registered office: 9 Roding Road, Beckton, London, E6 6LF, England.
3. Registered office: 1 New Street, London, EC2M 4TP, England.
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: 1209 Orange Street, Wilmington, Delaware 19801, United States of America.
8. Registered office: 482 Avenue Ambroise Croizat 38926, Crolles, France.
9. Registered office: Avenida Consul Joseph Noujaim 40, Pina, Recife, Pernambuco, CEP 51110-150, Brazil.
10. Registered office: Rodovia MG 285-KM 77, sem número, Centro, CEP 36780-000, Astolfo Dutra/MG, Brazil.
11. Registered office: 80 Robinson Road #17-02, Singapore 068898, Singapore.

Notes to the consolidated financial statements continued

32. Related party disclosures continued

Key management personnel are deemed to be the Executive and Non-Executive Directors of the company and members of the Executive team. The compensation payable to key management in the period is detailed below.

	2022 £m	2021 £m
Short-term employee benefits	**6.4**	5.6
Post-employment benefits	**0.5**	0.5
Share-based payments	**0.4**	1.6
	7.3	7.7

See note 8 for details of directors' emoluments.

During the year ended 30 September 2021, the Group entered into deeds of release with its directors in respect of past dividends paid otherwise than in accordance with the Companies Act 2006. 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

Norwich land and buildings

On 8 October 2020, contracts were exchanged for the sale of the Britvic Norwich production site (jointly owned with Unilever). The Norwich land and buildings (forming part of the Group's GB operating segment and previously presented within property, plant and equipment) continue to be classified as assets held for sale under IFRS 5 as the assets are available for sale in their present condition and the sale is highly probable. The sale is, however, subject to conditions precedent, including certain planning consents being obtained by the buyer. On 1 February 2022, the company signed a variation agreement to allow the buyer additional time to obtain the necessary consents as certain planning processes have taken longer than initially anticipated. Accordingly, the sale may now take up until October 2024 to complete. In line with IFRS 5, assets held for sale are measured at the lower of carrying value and fair value less costs to sell. The carrying value of the Norwich land and buildings is £16.8m (30 September 2021: £16.8m).

34. Acquisitions

Acquisition of Plenish during the year ended 30 September 2021

On 1 May 2021, the Group acquired 100% of the issued share capital of Plenish Cleanse Limited (Plenish), providing access to the growing opportunity of the plant-based drinks category.

Plenish contributed £2.7m of revenue and a loss of £1.3m to the Group's profit after tax for the period between the date of acquisition and 30 September 2021.

If the acquisition of Plenish had been completed on the first day of the financial year, Group revenues for the year ended 30 September 2021 would have been £1,409.1m and Group profit after tax would have been £94.6m.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Plenish at the date of acquisition were as follows:

	1 May 2021 £m
Assets	
Intangible assets: trademark	15.7
Deferred tax asset	1.7
Inventories	0.3
Trade and other receivables	1.6
Current income tax receivables	0.2
Total assets	19.5
Liabilities	
Trade and other payables	(2.8)
Deferred tax liabilities	(3.7)
Total liabilities	(6.5)
Total identifiable net assets at fair value	13.0
Goodwill arising on acquisition	10.6
Purchase consideration	23.6

The goodwill arising on acquisition of £10.6m was allocated entirely to the GB operating segment as the current business operations are GB focused.

The key constituent parts of goodwill comprise mainly future customer relationships and the replacement cost of Plenish's workforce. Plenish's workforce is not separately capitalised on the balance sheet under IFRS but is a component of goodwill.

Notes to the consolidated financial statements continued

34. Acquisitions continued

Purchase consideration

The fair value of the purchase consideration at the acquisition date comprised the following:

	1 May 2021 £m
Cash	23.6
Deferred consideration liability	0.4
Purchase price adjustment receivable	(0.4)
Total consideration	23.6

Analysis of cash flows on acquisition

	1 May 2021 £m
Transaction costs of the acquisition	0.4
Cash paid to acquire subsidiary	23.6
Cash consideration at acquisition	24.0

Employee incentive scheme

Pursuant to the terms of acquisition, an employee incentive scheme was setup for the benefit of key management personnel of Plenish. Amounts of up to £6.0m were payable based on the achievement of financial performance conditions during the year ended 31 March 2024. The former key management personnel of Plenish have left the employment of the Group during the year ended 30 September 2022 and therefore no liability will arise under this incentive scheme.

35. Restatement – Software as a Service (SaaS) arrangements

As disclosed in note 3, the Group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing SaaS arrangements. This is in response to the IFRS Interpretations Committee (IFRIC) agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements.

The Group's accounting policy has historically been to capitalise costs directly attributable to the configuration and customisation of SaaS arrangements as intangible assets in the balance sheet, irrespective of whether the services were performed by the SaaS supplier or a third party. The Group has reviewed its SaaS arrangements and has applied the guidance in the agenda decision to determine whether the configuration and customisation expenditure gives rise to an asset, including whether the Group has control of the software that is being configured or customised or whether the configuration or customisation activities create a resource controlled by the Group that is separate from the software. Where these recognition criteria are not met, the Group recognises configuration and customisation costs, along with the ongoing fees to obtain access to the SaaS provider's application software, as operating expenses as the services are received.

The implementation of the updated accounting policy gave rise to a restatement of historical financial information in accordance with IAS 8 as set out below. This change led to an £11.8m reduction in intangible assets at 30 September 2021 (£3.5m at 1 October 2020) and an £8.3m reduction in profit before tax in the year ended 30 September 2021. Substantially all of the SaaS implementation costs that have been expensed relate to systems that were in the process of being implemented at the comparative balance sheet dates and therefore the impact of reversing amortisation has not been material to the comparative income statements. The taxation charge and associated deferred tax balances have also been restated by the amounts shown below. Total net assets and retained earnings at 30 September 2021 decreased by £9.6m (£2.9m at 1 October 2020).

Impact of restatement on the income statement and statement of comprehensive income

	Year ended 30 September 2021		
Income statement and statement of comprehensive income (extract)	As reported £m	Adjustment £m	As restated £m
Administration expenses	(200.2)	(8.3)	(208.5)
Operating profit	**160.7**	**(8.3)**	**152.4**
Profit before tax	**142.9**	**(8.3)**	**134.6**
Income tax	(39.7)	1.6	(38.1)
Profit for the year attributable to equity shareholders	**103.2**	**(6.7)**	**96.5**
Total comprehensive income for the year attributable to the equity shareholders	**120.5**	**(6.7)**	**113.8**
Basic earnings per share	**38.7p**	**(2.5)p**	**36.2p**
Diluted earnings per share	**38.6p**	**(2.5)p**	**36.1p**

Impact of restatement on the balance sheet

	30 September 2021		
Balance sheet (extract)	As reported £m	Adjustment £m	As restated £m
Intangible assets	418.3	(11.8)	406.5
Total assets	**1,745.8**	**(11.8)**	**1,734.0**
Deferred tax liabilities	(100.7)	2.2	(98.5)
Total liabilities	**(1,325.5)**	**2.2**	**(1,323.3)**
Net assets	**420.3**	**(9.6)**	**410.7**
Retained earnings	158.4	(9.6)	148.8
Total equity	**420.3**	**(9.6)**	**410.7**

Notes to the consolidated financial statements continued

35. Restatement – Software as a Service (SaaS) arrangements continued

Impact of restatement on the balance sheet continued

Balance sheet (extract)	1 October 2020 As reported £m	 Adjustment £m	 As restated £m
Intangible assets	403.5	(3.5)	400.0
Total assets	**1,700.8**	**(3.5)**	**1,697.3**
Deferred tax liabilities	(68.7)	0.6	(68.1)
Total liabilities	**(1,325.3)**	**0.6**	**(1,324.7)**
Net assets	**375.5**	**(2.9)**	**372.6**
Retained earnings	111.9	(2.9)	109.0
Total equity	**375.5**	**(2.9)**	**372.6**

Impact of restatement on the statement of cash flows

Statement of cash flows (extract)	Year ended 30 September 2021 As reported £m	 Adjustment £m	 As restated £m
Cash flows from operating activities			
Profit before tax	142.9	(8.3)	134.6
Increase in trade, other payables and commercial rebate liabilities	74.2	1.3	75.5
Net cash flows from operating activities	**232.3**	**(7.0)**	**225.3**
Cash flows from investing activities			
Purchases of intangible assets	(17.3)	7.0	(10.3)
Net cash flows used in investing activities	**(104.2)**	**7.0**	**(97.2)**
Net increase/(decrease) in cash and cash equivalents	**(35.0)**	**–**	**(35.0)**

36. Events after the reporting period

There were no events after the reporting period requiring disclosure in these financial statements.

Company balance sheet

	Note	30 September 2022 £m	30 September 2021 £m
Non-current assets			
Investments in group undertakings	5	**720.4**	710.6
Other receivables		**–**	1.0
Derivative financial instruments	10	**34.6**	19.7
		755.0	731.3
Current assets			
Trade and other receivables	6	**663.1**	645.3
Derivative financial instruments	10	**13.5**	1.0
Cash and cash equivalents	7	**41.0**	11.6
		717.6	657.9
Current liabilities			
Trade and other payables	8	**(76.0)**	(76.0)
Interest-bearing loans and borrowings	9	**(113.6)**	(62.9)
Derivative financial instruments	10	**(2.5)**	(0.1)
Other current liabilities	11	**(11.1)**	(5.0)
		(203.2)	(144.0)
Net current assets		**514.4**	513.9
Total assets less current liabilities		**1,269.4**	1,245.2
Non-current liabilities			
Interest-bearing loans and borrowings	9	**(563.1)**	(576.9)
Deferred tax liabilities		**(0.7)**	(0.3)
Derivative financial instruments	10	**(0.1)**	(0.7)
Other non-current liabilities	11	**(5.5)**	(5.3)
		(569.4)	(583.2)
Net assets		**700.0**	662.0

	Note	30 September 2022 £m	30 September 2021 £m
Capital and reserves			
Issued share capital	12	**52.7**	53.5
Share premium account		**157.2**	156.2
Own shares reserve	12	**(7.2)**	(1.5)
Capital redemption reserve		**0.9**	–
Hedging reserve		**2.1**	0.7
Merger reserve		**87.3**	87.3
Retained earnings*		**407.0**	365.8
Total equity		**700.0**	662.0

* 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 £151.0m in the year (2021: £85.0m).

The financial statements were approved by the Board of Directors and authorised for issue on 22 November 2022. They were signed on its behalf by:

Simon Litherland **Joanne Wilson**

Company statement of changes in equity

	Issued share capital £m	Share premium account £m	Own shares reserve £m	Capital redemption reserve £m	Hedging reserve £m	Merger reserve £m	Retained earnings £m	Total £m
At 1 October 2020	53.4	154.1	(3.7)	–	(0.6)	87.3	360.1	650.6
Profit for the year	–	–	–	–	–	–	85.0	85.0
Movement in cash flow hedges	–	–	–	–	1.6	–	–	1.6
Deferred tax in respect of cash flow hedges	–	–	–	–	(0.3)	–	–	(0.3)
Total comprehensive income	–	–	–	–	1.3	–	85.0	86.3
Issue of shares	0.1	2.1	(1.5)	–	–	–	–	0.7
Own shares utilised for share schemes	–	–	3.7	–	–	–	(7.6)	(3.9)
Movement in share-based schemes	–	–	–	–	–	–	3.1	3.1
Payment of dividend	–	–	–	–	–	–	(74.8)	(74.8)
At 30 September 2021	53.5	156.2	(1.5)	–	0.7	87.3	365.8	662.0
Profit for the year	–	–	–	–	–	–	151.0	151.0
Movement in cash flow hedges	–	–	–	–	1.8	–	–	1.8
Deferred tax in respect of cash flow hedges	–	–	–	–	(0.4)	–	–	(0.4)
Total comprehensive income	–	–	–	–	1.4	–	151.0	152.4
Issue of shares	0.1	1.0	(1.1)	–	–	–	–	–
Share buyback programme	(0.9)	–	(1.1)	0.9	–	–	(36.7)	(37.8)
Own shares purchased for share schemes	–	–	(9.0)	–	–	–	3.2	(5.8)
Own shares utilised for share schemes	–	–	5.5	–	–	–	(12.5)	(7.0)
Movement in share-based schemes	–	–	–	–	–	–	4.1	4.1
Payment of dividend	–	–	–	–	–	–	(67.9)	(67.9)
At 30 September 2022	**52.7**	**157.2**	**(7.2)**	**0.9**	**2.1**	**87.3**	**407.0**	**700.0**

Notes to the company financial statements

1. Significant accounting policies, judgements, estimates and assumptions

Statement of compliance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101)

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with the provisions of the Companies Act 2006.

Basis of preparation

These financial statements are prepared on a going concern basis and in accordance with the Companies Act 2006 and applicable UK accounting standards and present information about the company as an individual undertaking, and not about its Group.

The financial statements are prepared under the historical cost convention except for the measurement of derivative instruments at fair value. The company has taken advantage of the exemption permitted by Section 408 of the Companies Act 2006 not to publish its individual profit and loss account and related notes.

The financial statements are presented in pounds sterling and all values are rounded to the nearest £0.1 million. As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available in relation to:

a. the requirements of IFRS 7 'Financial Instruments: Disclosures';

b. the requirements of IFRS 9 'Financial Instruments';

c. the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements';

d. the requirements of IAS 7 'Statement of Cash Flows';

e. the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' in relation to standards not yet effective;

f. the requirements of paragraphs 17 and 18A of IAS 24 'Related Party Disclosures'; and

g. the requirements of IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the consolidated financial statements of Britvic plc.

Significant accounting policies: use of judgement, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. There are no significant judgements and estimates relevant to these financial statements.

Foreign currency translations

The company's financial statements are presented in sterling, which is also the company's functional currency.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Income taxes

The current income tax is based on taxable profits for the year, after any adjustments in respect of prior years. It is calculated using taxation rates enacted or substantively enacted by the balance sheet date and is measured at the amount expected to be recovered from or paid to the taxation authorities.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, on all material temporary differences between the tax base of assets and liabilities and their carrying values in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as probable that future taxable profits will be available against which the temporary differences can be utilised.

Share-based payments

The cost of the equity-settled transactions with employees of other Group companies is measured by reference to the fair value at the date at which equity instruments are granted and is recognised as a capital contribution in investments in subsidiary undertakings over the vesting period, which ends on the date on which the employees become fully entitled to the award. A corresponding credit is recognised within equity. Fair value is determined by using an appropriate valuation model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

Investments

The company recognises its investments in subsidiaries at cost less any provisions made for impairment. The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

In respect of IFRS 2 'Share-based Payment', the company records an increase in its investment in subsidiaries to reflect the share-based compensation expense recorded by its subsidiaries.

Notes to the company financial statements continued

1. Significant accounting policies, judgements, estimates and assumptions continued

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, which are readily convertible into known amounts of cash and subject to insignificant risk of changes in value.

The company evaluates the nature of any restrictions on cash held in deposit accounts to determine whether the restriction results in the balance ceasing to be available on demand, highly liquid or readily convertible. Where this is the case, the deposit is classified within other assets in the balance sheet.

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 method, less any expected credit losses.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that gives a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded as the proceeds received, net of direct issue costs.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are initially recognised at fair value and net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost using the effective interest rate method.

Gains and losses arising on the repurchase, settlement or other cancellation of interest-bearing loans and borrowings are recognised in finance income and finance costs, respectively.

Trade and other payables

Trade and other payables are recognised initially at fair value, and subsequently at amortised cost using the effective interest 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.

Notes to the company financial statements continued

1. Significant accounting policies, judgements, estimates and assumptions continued

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

Own shares represent the shares of the company that are held by an employee benefit trust for the purpose of satisfying employee share plan awards, or which are purchased and held for cancellation as part of the share buyback programme. The company adopts a 'look-through' approach which, in substance, accounts employee benefit trusts as an extension of the company. The cost of own shares is deducted from shareholders' equity in the own shares reserve until the shares are transferred to employees or are cancelled, at which point they are transferred to retained earnings.

Capital redemption reserve

The capital redemption reserve relates to the repurchase and cancellation of shares of the company pursuant to the share buyback programme. Upon cancellation, the nominal value of shares cancelled is transferred from share capital to the capital redemption reserve.

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-preemptive share placement which took place on 21 May 2010. It was executed using a structure which created a merger reserve under Sections 612 to 613 of the Companies Act 2006.

New standards, amendments and interpretations effective for the current financial year

See note 3 to the consolidated financial statements for details of new standards, amendments and interpretations applied.

2. Auditor's remuneration

Auditor's remuneration has been borne by another Group undertaking. For further details, refer to note 7 to the consolidated financial statements.

3. Profit of the company

The company made a profit of £151.0m in the year (2021: £85.0m).

4. Directors' remuneration

The remuneration of the Directors of the company is borne by another Group company.

	2022 £m	2021 £m
Directors' emoluments	**3.2**	3.0
Aggregate gains made by directors on exercise of options	**–**	0.1

No directors accrued benefits under defined benefit pension schemes in either the current or prior year.

Further information relating to Directors' remuneration for the year ended 30 September 2022 is shown in the Directors' Remuneration Report on pages 105—108.

The average number of employees for the year, including executive directors, was two (2021: two).

5. Investments in group undertakings

	2022 £m	2021 £m
Cost and net book value at the beginning of the year	**710.6**	706.9
Capital contribution	**9.8**	3.7
Cost and net book value at the end of the year	**720.4**	710.6

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

	2022 £m	2021 £m
Loans due from subsidiary undertakings	**662.1**	645.2
Other receivables	**1.0**	0.1
	663.1	645.3

Loans due from subsidiary undertakings are interest bearing, unsecured and repayable on demand. At 30 September 2022, loans due from subsidiary undertakings are stated net of an allowance for expected credit losses of £nil (2021: £18.0m). During the year ended 30 September 2022, the company recovered £0.6m of the loan that was previously impaired and then wrote off the remaining £17.4m against the allowance for expected credit loss.

Notes to the company financial statements continued

7. Cash and cash equivalents

	2022 £m	2021 £m
Cash at bank and in hand	**36.6**	0.6
Short-term deposits	**4.4**	11.0
	41.0	11.6

Short-term deposits are made for varying periods of time, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates. Such deposits are readily convertible to known amounts of cash, are subject to insignificant risk of changes in value and are held for the purpose of meeting the company's short-term cash commitments.

8. Trade and other payables

	2022 £m	2021 £m
Amounts due to subsidiary undertakings	**75.0**	74.2
Accruals	**1.0**	1.8
	76.0	76.0

All of the amounts due to subsidiary undertakings are repayable on demand.

9. Interest-bearing loans and borrowings

	2022 £m	2021 £m
Current		
Loans due to subsidiary undertakings	**71.4**	60.7
Private placement notes	**42.9**	2.8
Unamortised issue costs	**(0.7)**	(0.6)
Total current	**113.6**	62.9
Non-current		
Private placement notes	**565.0**	579.2
Unamortised issue costs	**(1.9)**	(2.3)
Total non-current	**563.1**	576.9

Private placement notes

The Group holds loan notes with coupons and maturities as shown in the following table:

Year issued	Maturity date	Amount	Interest terms
2010	December 2022	$43m	US$ fixed at 4.14%
2014	February 2024	£15m	UK£ fixed at 3.92%
2014	February 2024 – February 2026	$114m	US$ fixed at 4.09% – 4.24%
2017	February 2025 – February 2032	£120m	UK£ fixed at 2.31% – 2.76%
2017	February 2027 – February 2032	£55m	SONIA plus 1.32% – 1.36%
2018	June 2028 – June 2033	£65m	UK£ fixed at 2.66% – 2.88%
2018	June 2030	£20m	SONIA 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	SONIA 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. The fair value of derivatives also includes the non-performance risk of both Britvic and its derivatives trading counterparties.

Notes to the company financial statements continued

9. Interest-bearing loans and borrowings continued

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 company's fixed rate interest-bearing borrowings and loans at 30 September 2022 was £367.1m (2021: £424.8m) compared to a carrying value of £442.3m (2021: £418.2m). The fair value of the Group's fixed rate interest-bearing borrowings and loans is determined by using discounted cash flow methods using discount rates that reflect the Group's borrowing rate as at the end of the reporting period.

10. Derivative financial instruments

	2022 £m	2021 £m
Non-current assets: derivative financial instruments		
USD GBP cross currency fixed interest rate swaps	**31.1**	17.7
USD GBP cross currency floating interest rate swaps	**–**	1.9
Interest rate swaps	**3.4**	0.1
Commodity contracts	**0.1**	–
	34.6	19.7
Current assets: derivative financial instruments		
USD GBP cross currency fixed interest rate swaps	**7.4**	0.6
USD GBP cross currency floating interest rate swaps	**4.4**	0.3
Forward currency contracts	**0.7**	–
Commodity contracts	**1.0**	0.1
	13.5	1.0
Current liabilities: derivative financial instruments		
GBP euro cross currency fixed interest rate swaps	**(1.0)**	–
Forward currency contracts	**(0.5)**	–
Commodity contracts	**(1.0)**	(0.1)
	(2.5)	(0.1)
Non-current liabilities: derivative financial instruments		
GBP euro cross currency fixed interest rate swaps	**–**	(0.7)
Commodity contracts	**(0.1)**	–
	(0.1)	(0.7)
Net derivative financial assets	**45.5**	19.9

Cash flow hedges

Cross currency interest rate swaps

The company has a number of cross currency interest rate swaps relating to the 2010 and 2014 USPP notes. These cross currency interest rate swaps have the effect of fixing both the value of the USD borrowings into sterling and the rate of interest payable. The cross currency interest rate swaps are designated as part of a cash flow hedge relationship with the USPP notes.

Cash flows due under these cross currency interest rate swaps match the interest payment dates and maturity profile of the USPP notes. The maturity profile of the USPP notes can be seen in note 9.

During the year ended 30 September 2022, a loss of £nil (2021: £0.5m loss) has been recognised in the income statement in respect of ineffectiveness.

Fair value hedges

Cross currency interest rate swaps

The company has a number of cross currency interest rate swaps in respect of the 2010 USPP notes. These instruments swap the principal and interest from fixed rate US dollar into floating rate sterling (the '2010 USD GBP cross currency interest rate swaps'). The cross currency interest rate swaps are designated as part of a fair value hedge relationship with the USPP notes.

The fair value movements on the 2010 USD GBP cross currency interest rate swaps are recorded in the income statement. The carrying value of the notes is adjusted each period by the change in their fair value, which is recognised in the income statement.

An increase in fair value of the 2010 cross currency interest rate swaps of £2.2m (2021: £2.0m decrease) has been recognised in finance costs and offset with a related loss on the 2010 USPP notes of £2.0m (2021: £1.5m gain). The net gain of £0.2m (2021: £0.5m loss) represents the ineffectiveness in respect of this fair value hedge.

11. Other liabilities

	2022 £m	2021 £m
Forward contracts to purchase own shares	**15.5**	10.3
Share buyback programme	**1.1**	–
	16.6	10.3
Due within less than one year	**11.1**	5.0
Due after more than one year	**5.5**	5.3
	16.6	10.3

Forward contracts to purchase own shares

To satisfy the future requirements of its employee share schemes, the company has entered into forward contracts to acquire a fixed quantity of its own shares for a fixed price. Upon entering into the forward contracts, the company recognised a financial liability and corresponding reduction in equity. The financial liability was initially recognised at fair value and is subsequently accounted for at amortised cost.

Share buyback programme

At 30 September 2022, the company has recognised a financial liability of £1.1m in respect of shares to be delivered under a share repurchase agreement with an external bank as part of the share buyback programme (see note 19 to the consolidated financial statements). The financial liability was initially recognised at fair value and is subsequently accounted for at amortised cost.

Notes to the company financial statements continued

12. Share capital and own shares reserve

The movements on these accounts are disclosed in notes 19 and 20 to the consolidated financial statements.

13. Dividends paid and proposed

The dividends paid and proposed by the company are set out in note 12 to the consolidated financial statements.

14. Distributable reserves

Britvic plc, the parent company of the Group, holds investments in subsidiaries and acts as a financing entity for the Group. It derives its profits from dividends paid by subsidiary companies and interest earned on intra-group loans. The Board reviews the level of distributable reserves in the parent company prior to the declaration of interim and final dividends to shareholders to ensure that distributable reserves provide adequate cover for dividend payments.

In accordance with the UK Companies Act 2006 Section 831(2), a public company may make a distribution only if, after giving effect to such distribution, the amount of its net assets is not less than the aggregate of its called up share capital and non-distributable reserves as shown in the relevant accounts. The company determines what is realised and unrealised in accordance with the guidance provided by ICAEW TECH 02/17BL and the requirements of UK law.

Reserves available for distribution at 30 September 2022 and 30 September 2021 were comprised as follows:

	2022 £m	2021 £m
Net assets	**700.0**	662.0
Less:		
– Issued share capital	**(52.7)**	(53.5)
– Share premium	**(157.2)**	(156.2)
– Capital redemption reserve	**(0.9)**	–
– Merger reserve	**(87.3)**	(87.3)
– Other non-distributable reserves*	**(95.5)**	(90.0)
Distributable reserves	**306.4**	275.0

* 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.

15. 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.

16. Related undertakings

In accordance with Section 409 of the Companies Act 2006, a full list of related undertakings, the country of incorporation and the percentage of share capital owned as at 30 September 2022 is disclosed in note 32 to the consolidated financial statements.

Subsidiary undertakings are controlled by the Group and their results are fully consolidated in the Group's financial statements.

Additional information

Shareholder information

Contacts

Britvic plc

Registered address:
Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire HP2 4TZ

Telephone:
+44 (0)121 711 1102

Company Secretary enquiries by email:
company.secretariat@britvic.com

Investor Relations enquiries by email:
investors@britvic.com

Website: britvic.com

This report is available to download via the company's website

The Britvic Registrar:

Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

Shareholder helpline:
0371 384 2550 (UK callers), +44 121 415 7019 (non-UK callers)

Shareview dealing:
03456 037 037

ISA helpline:
+44 (0)345 0700 720 (UK and non-UK callers)

Employee helpline:
+44 (0)371 384 2520 (UK and non-UK callers)

For those with hearing difficulties, a textphone is available on 0371 384 2255 for UK callers with compatible equipment.

Websites:
equiniti.com, shareview.co.uk.

ADR Depositary Bank and Registrar:

BNY Mellon Shareowner Services, PO Box 505000, Louisville, KY 40233-5000, USA

Direct mailing for overnight packages:
BNY Mellon Shareowner Services, 462 South 4th Street, Suite 1600, Louisville, KY 40202, USA

Investor helpline
+1-888-BNY-ADRs (US callers, toll free), +1-201-680-6825 (non-US callers)

Email:
shrrelations@cpushareownerservices.com

Website:
mybnymdr.com

Dividends

2022 dividends

	Payment date	Amount per share
Interim	6 July 2022	7.8p
Final	8 February 2023	21.2p

Dividend mandates

If you choose to take your dividends in cash, you can have these paid directly into a sterling bank or building society account in the UK. This method of payment removes the risk of delay or loss of dividend cheques in the post and ensures that your account is credited on the due date.

The easiest way to arrange this is to register on Shareview, at shareview.co.uk, the share portal for managing your shareholding. Alternatively, you can complete a dividend mandate form and return it to the Registrar by post. You can download a mandate form from the dividends page at britvic.com/dividends. Your instruction must be received by the Registrar before the record date for a dividend in order for it to be implemented for that payment.

If you live outside the UK, our Registrar offers an Overseas Payment Service, which provides dividend payments that are automatically converted into your local currency and paid directly into your bank account. The service is available in over 90 countries worldwide and it normally costs less than paying in a sterling cheque. You can find more information and download application forms at shareview.co.uk. You can call the Registrar if you need further assistance – see contact details opposite.

If you don't instruct us to pay your cash dividend into your bank account, you will be sent a sterling cheque to your registered address. You are strongly advised to register on Shareview to keep your details up to date.

Dividend reinvestment plan (DRIP)

Shareholders can choose to reinvest dividends received to purchase further shares in the company. The purchases are made on, or as soon as reasonably practicable after, the dividend payment date, at the market price(s) available at the time. Any surplus cash dividend remaining is carried forward and added to your next dividend payment. A DRIP application form is available via the Registrar or via download from the shareholder information pages at britvic.com/dividends.

2022/23 financial calendar

Ex-dividend date	22 December 2022
Record date	23 December 2022
Annual General Meeting	26 January 2023
Payment of final dividend	8 February 2023
Interim results announcement	16 May 2023

Additional information continued

Further information

Stock exchange listings

Britvic is listed on the London Stock Exchange and can be found using the code BVIC. The company was floated through an IPO in November 2005.

Britvic American Depository Receipts (ADRs) are traded on OTCQX in the USA under the symbol BTVCY. OTCQX is an over-the-counter (OTC) market, where securities not listed on major exchanges are traded directly by a network of dealers. One ADR represents two Britvic plc ordinary shares.

Share dealing services

The company's Registrar, Equiniti Financial Services Limited, offers a telephone and internet dealing service, Shareview, which provides a simple and convenient way of buying and selling shares. For telephone dealings call 03456 037 037 between 8.00am and 4.30pm, Monday to Friday, and for internet dealings log onto shareview.co.uk/dealing.

Individual Savings Accounts (ISAs)

ISAs in Britvic plc ordinary shares are available through Equiniti Financial Services Limited. Further information may be obtained through its ISA helpline, 0345 0700 720.

Warning to shareholders – boiler room fraud and other investment scams

Share or investment scams are often run from 'boiler rooms' where fraudsters cold-call investors offering them worthless, overpriced or even non-existent shares, or offer to buy their shares in a company at a higher price than the market value. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount, or offers of free reports about the company. Even seasoned investors have been caught out by such fraudsters and it is estimated that £200m is lost in this way in the UK each year.

The Financial Conduct Authority (FCA) has some helpful information about such scams on its website, including tips to protect your savings and how to report a suspected investment scam. Britvic encourages shareholders to read the information on the site, which can be accessed at fca.org.uk/scamsmart/share-bond-boiler-room-scams. If you suspect an attempt at fraud, report it to the FCA on 0800 111 6768.

Electronic communications

Britvic has adopted website communication as the default method of communication with shareholders. We periodically contact shareholders to ask if they would prefer to receive hard copy documents. Shareholders who do not respond to this query within 28 days are deemed to have consented to website communication under the 2006 Companies Act provisions. Britvic will still send a paper notification to tell these shareholders when new documents are posted to the website.

Alternatively, shareholders can elect to receive these notifications by email, by registering with Shareview at shareview.co.uk. This will save on printing and distribution costs, creating environmental benefits. When registering, you will need your shareholder reference number which can be found on your share certificate or proxy form. Please contact Equiniti if you require any assistance or further information.

Shareholder profile as at 30 September 2022

Range of holdings	Number of shareholders	Percentage of total shareholders	Number of Ordinary shares	Percentage of issued share capital
1 – 199	496	19.78%	30,589	0.01%
200 – 499	288	11.48%	93,100	0.04%
500 – 999	303	12.08%	207,593	0.08%
1,000 – 4,999	776	30.94%	1,735,664	0.66%
5,000 – 9,999	194	7.74%	1,324,375	0.50%
10,000 – 49,999	180	7.18%	4,041,825	1.54%
50,000 – 99,999	68	2.71%	5,044,043	1.92%
100,000 – 499,999	127	5.06%	29,149,838	11.07%
500,000 – 999,999	33	1.32%	23,092,233	8.77%
1,000,000 plus	43	1.71%	198,581,621	75.42%
	2,508	100.00%	263,300,881	100.00%

Category	Number of shareholders	Percentage of total shareholders	Number of Ordinary shares	Percentage of issued share capital
Private individuals	1,882	75.05%	4,119,468	1.57%
Nominee companies	514	20.49%	197,960,224	75.18%
Limited and public limited companies	40	1.59%	53,523,700	20.33%
Other corporate bodies	69	2.75%	7,696,734	2.92%
Pension funds, insurance companies and banks	3	0.12%	755	0.00%
	2,508	100.00%	263,300,881	100.00%

Non-GAAP reconciliations

Adjusting items

The Group excludes adjusting items from its non-GAAP measures because of their size, frequency and nature to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior years and to assess trends in financial performance more readily.

These items primarily relate to strategic restructuring, impairment of assets, acquisitions and disposals. In addition, the amortisation of acquisition-related intangibles and the expense associated with the change in accounting policy for SaaS arrangements are considered to be adjusting items.

Adjusted KPIs are used to measure the underlying profitability of the Group and enable comparison of performance against peers. They are also used in the calculation of short and long-term reward schemes.

In prior years adjusting items included fair value movements on financial instruments where hedge accounting cannot be applied on future transactions and also where hedge ineffectiveness is recognised. Consideration is made each year as to whether fair value movements on derivative financial instruments where hedge accounting cannot be applied to future transactions or where there is ineffectiveness in the hedge relationship, are recorded within adjusting items.

	Notes	**Year ended 30 September 2022 £m**	Restated* Year ended 30 September 2021 £m
Implementation of SaaS accounting guidance	(a)	**(7.5)**	(8.3)
Strategic restructuring – business capability programme	(b)	**(0.5)**	(1.0)
Strategic restructuring – organisational capability transformation	(c)	**1.5**	(5.7)
Credits in relation to the acquisition and integration of subsidiaries	(d)	**0.3**	0.7
Strategic M&A activity	(e)	**1.0**	(0.9)
Past service cost on pension schemes	(f)	**–**	(0.7)
Acquisition-related amortisation	(g)	**(8.4)**	(8.2)
Total included in operating profit		**(13.6)**	(24.1)
Unwind of discount on consideration payable for acquisitions	(h)	**–**	(0.1)
Total included in finance costs		**–**	(0.1)
Total adjusting items pre-tax		**(13.6)**	(24.2)
Tax on adjusting items included in profit before tax		**1.2**	2.6
Total included in taxation		**1.2**	2.6
Net adjusting items		**(12.4)**	(21.6)

* Restated for new accounting policy relating to Software as a Service arrangements (see note 35).

a) Implementation of change in accounting policy in relation to customisation and configuration costs of SaaS has resulted in certain expenditure expensed as incurred (see note 35) – this has been presented as an adjusting item in the current and prior financial year. From 1 October 2022, all SaaS expenditure that does not meet the criteria for recognition as an intangible asset and that will be expensed as incurred, will ordinarily be presented within underlying earnings and not be presented as an adjusting item.

b) 'Strategic restructuring – business capability programme' charges relate to the restructuring of supply chain and the operating model across the Group, initiated in 2016. Costs in the year of £0.5m relate to the closure of the Norwich site and are primarily site services, advisory and exit costs. Costs in the year ended 30 September 2021 were of a similar nature.

c) 'Strategic restructuring – organisational capability transformation' charges in the current year mainly relate to the release of historic provisions in relation to the closure of the Counterpoint business, including the reclassification of cumulative translation gains of £0.8m from other comprehensive income to profit or loss upon liquidation. Costs in the prior year primarily related to contract termination costs, consultation fees and employee termination benefits.

d) 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).

e) Strategic M&A credit of £1.0m in relation to remeasurement and utilisation of historic provisions. Activity costs in the prior year relates to professional fees, stamp duty and long-term incentive schemes in relation to the acquisition of Plenish (note 34).

f) During the 12 months ended 30 September 2021, a charge of £0.7m for past service costs was recognised resulting from the equalisation of Guaranteed Minimum Pensions (GMP) for the GB defined benefit scheme.

g) Acquisition-related amortisation relates to the amortisation of intangibles recognised on acquisitions in GB, Ireland, France and Brazil.

h) The unwind of discount on consideration payable for acquisitions relates to the change in fair value of the deferred consideration payable for Aqua Libra Co.

Adjusted profit

	Year ended 30 September 2022 £m	Restated* Year ended 30 September 2021 £m
Operating profit as reported	**192.4**	152.4
Add back: adjusting items in operating profit	**13.6**	24.1
Adjusted EBIT	**206.0**	176.5
Net finance costs	**(17.3)**	(17.8)
Add back: adjusting net finance costs	**–**	0.1
Adjusted profit before tax and acquisition-related amortisation	**188.7**	158.8
Acquisition-related amortisation	**(8.4)**	(8.2)
Adjusted profit before tax	**180.3**	150.6
Taxation	**(34.9)**	(38.1)
Less: adjusting tax credit	**(1.2)**	(2.6)
Adjusted tax	**(36.1)**	(40.7)
Adjusted profit after tax	**144.2**	109.9
Adjusted effective tax rate	**20.0%**	27.0%

* Restated for new accounting policy relating to Software as a Service arrangements (see note 35).

Non-GAAP reconciliations continued

Adjusted earnings per share

	2022	Restated* 2021
Adjusted earnings per share		
Profit for the year attributable to equity shareholders (£m)	**140.2**	96.5
Add: net impact of adjusting items (£m)	**12.4**	21.6
Adjusted earnings (£m)	**152.6**	118.1
Weighted average number of ordinary shares in issue for basic earnings per share	**266.5**	266.8
Adjusted earnings per share (pence)	**57.3p**	44.3p
Adjusted diluted earnings per share		
Adjusted earnings (£m)	**152.6**	118.1
Weighted average number of ordinary shares in issue for diluted earnings per share	**267.0**	267.4
Adjusted diluted earnings per share (pence)	**57.2p**	44.2p

* Restated for new accounting policy relating to Software as a Service arrangements (see note 35).

Free cash flow

	Year ended 30 September 2022 £m	Restated* Year ended 30 September 2021 £m
Net cash flows from operating activities	**239.6**	225.3
Purchases of property, plant and equipment	**(72.9)**	(56.4)
Purchases of intangible assets	**(11.7)**	(10.3)
Proceeds from sale of property, plant and equipment	**–**	0.1
Interest paid, net of derivative financial instruments	**(14.8)**	(15.4)
Repayment of principal portion of lease liabilities	**(9.3)**	(8.7)
Repayment of interest portion of lease liabilities	**(2.1)**	(1.9)
Free cash flow	**128.8**	132.7

Adjusted net debt/EBITDA and EBITDA/net interest ratios

	Year ended 30 September 2022 £m	Restated* Year ended 30 September 2021 £m
Operating profit as reported	**192.4**	152.4
Add back adjusting items in operating profit	**13.6**	24.1
Adjusted EBIT	**206.0**	176.5
Depreciation of property, plant and equipment	**40.9**	42.7
Depreciation of right-of-use assets	**10.9**	10.5
Amortisation (excluding acquisition-related amortisation)	**7.2**	6.6
Loss on disposal of property, plant and equipment and intangible assets	**0.9**	2.8
Adjusted EBITDA pre-IFRS 16 rental charges	**265.9**	239.1
Less: payment of lease liabilities as estimate for pre-IFRS16 rental charges	**(11.4)**	(10.6)
Adjusted EBITDA	**254.5**	228.5
Adjusted net debt	**474.8**	488.5
Adjusted EBITDA	**254.5**	228.5
Net debt/EBITDA ratio	**1.9x**	2.1x
Net interest as reported	**(17.3)**	(17.8)
Add back hedge ineffectiveness	**(0.2)**	1.0
Add back IFRS 16 interest on lease liabilities	**2.1**	1.9
Adjusted net interest	**(15.4)**	(14.9)
EBITDA/net interest ratio	**16.5x**	15.3x

* Restated for new accounting policy relating to Software as a Service arrangements (see note 35).

Adjusted net debt

	30 September 2022 £m	30 September 2021 £m
Cash and cash equivalents	**(87.6)**	(71.1)
Derivatives hedging balance sheet debt	**(42.9)**	(19.5)
Interest-bearing loans and borrowings	**605.3**	579.1
Adjusted net debt	**474.8**	488.5

Glossary

† Britvic plc appointed Ernst & Young LLP to provide limited independent assurance over selected sustainability content within the Strategic Report, as at and for the period ended 30 September 2022. 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&P is Advertising and Promotions and is a measure of marketing spend including marketing, research and advertising.

Adjusted earnings per share is a non-GAAP measure calculated by dividing adjusted earnings by the average number of shares during the period. Adjusted earnings is defined as the profit/(loss) attributable to ordinary equity shareholders before adjusting items. Average number of shares during the period is defined as the weighted average number of ordinary shares outstanding during the period excluding any own shares held by Britvic that are used to satisfy various employee share-based incentive programmes.

Adjusted EBIT is a non-GAAP measure and is defined as operating profit before adjusting items. EBIT margin is EBIT as a proportion of Group revenue.

Adjusted EBITDA is a non-GAAP measure calculated by taking Adjusted EBIT and adding back depreciation, amortisation and loss on disposal of property, plant and equipment and deducting payments of lease liabilities as an estimate for pre-IFRS 16 rental charges.

Adjusted net debt is a non-GAAP measure and is defined as net debt, adding back the impact of derivatives hedging the balance sheet debt.

Adjusted profit after tax is a non-GAAP measure and is defined as profit after tax before adjusting items, with the exception of acquisition related amortisation.

Adjusted profit before tax and acquisition-related amortisation is a non-GAAP measure and is defined as profit before tax and adjusting items, with the exception of acquisition-related amortisation.

Aqua Libra Co is the Britvic Aqua Libra Co Limited, previously known as The Boiling Tap Company Limited.

ARP is defined as average revenue per litre sold, excluding factored brands and concentrate sales.

BEIS is the UK Government department for Business, Energy and Industrial Strategy.

BPS is basis points and is a measure used to describe the percentage change in a value. One basis point is equivalent to 0.01%.

Brand contribution is a non-GAAP measure and is defined as revenue, less material costs and all other marginal costs that management considers to be directly attributable to the sale of a given product. Such costs include brand specific advertising and promotion costs, raw materials and marginal production and distribution costs.

Brand contribution margin is a non-GAAP measure and is a percentage measure calculated as brand contribution divided by revenue. Each business unit's performance is reported down to the brand contribution level.

CAGR is Compound Annual Growth Rate.

CDP is a not-for-profit charity, formerly known as the Carbon Disclosure Project, that runs the global disclosure system for investors and companies to manage their environmental impacts.

CGU is Cash-Generating Unit.

Constant exchange rate is a non-GAAP measure of performance in the underlying currency to eliminate the impact of foreign exchange movements.

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

EBIT is Earnings Before Interest and Taxation.

EBITDA is Earnings Before Interest, Taxation, Depreciation and Amortisation.

EIF is Employee Involvement Forum. This provides a formal mechanism for elected representatives of Britvic employees to meet with senior management representatives to exchange information and consult on issues that affect employees.

EPS is Earnings Per Share.

ESG is Environment, Social and Governance.

ESOP is Britvic's Executive Share Option Plan.

FMCG is Fast Moving Consumer Goods.

Free cash flow is defined as cash generated from operating activities, plus proceeds from the sale of property, plant and equipment, less capital expenditure, interest and repayment of lease liabilities.

FVPL is Fair Value through Profit or Loss.

GB is Great Britain.

GMP is Guaranteed Minimum Pension.

Group is Britvic plc, together with its subsidiaries.

HFSS is food and drink that are High in Fat, Salt and/or Sugar.

Immediate Consumption is defined as pack formats to be consumed on purchase, rather than deferred packs which are purchased and consumed later.

Innovation is defined as new launches over the last five years, excluding new flavours and pack sizes of established brands.

LTIP is Long-Term Incentive Plan.

M&A is Mergers and Acquisitions.

NI is Northern Ireland.

Non-GAAP measures are provided because they are closely tracked by management to evaluate Britvic's operating performance and to make financial, strategic and operating decisions.

PBTA is Profit Before Taxation and Amortisation.

PET is polyethylene terephthalate plastic.

Glossary continued

Plenish is Plenish Cleanse Ltd, a company acquired on 1 May 2021.

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.

ROI is Republic of Ireland.

ROIC is Return on Invested Capital and is a non-GAAP measure calculated by dividing adjusted EBIT less acquisition related amortisation and tax at adjusted effective tax rate by year end invested capital. Invested capital comprises net assets less adjusted net debt. Return on invested capital is used to assess a company's efficiency at allocating the capital under its control to profitable investments. The Remuneration Committee also assesses ROIC at the end of the three year performance period of the LTIPs.

rPET is recycled polyethylene terephthalate plastic.

SaaS is Software as a Service.

SECR is Streamlined Energy and Carbon Reporting.

Section 172 of the Companies Act 2006 requires the Board to consider a number of factors in its decision-making, including the interests of its stakeholders.

TCFD is the Task Force on Climate-Related Financial Disclosures.

TSR is Total Shareholder Return.

Volume is defined as number of litres sold, excluding factored brands sold by Counterpoint in Ireland. No volume is recorded in respect of international concentrate sales.

Water intensity ratio is a measure of the amount of water used in cubic metres per tonne of production of finished product.

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Britvic plc's commitment to environmental issues is reflected in this Annual Report, which has been printed on Arena Extra White Smooth, an FSC® certified material. This document was printed by Pureprint Group using its environmental print technology, with 99% of dry waste diverted from landfill, minimising the impact of printing on the environment.
The printer is a CarbonNeutral® company. Both the printer and the paper mill are registered to ISO 14001.

Produced by

designportfolio




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