



CORPORATE GOVERNANCE STATEMENT

JOHN

- NICHOLS -

NON-EXECUTIVE CHAIRMAN

I have pleasure in introducing Nichols' Corporate Governance Statement in what is my final report as Non-Executive Chairman of Nichols.

Having experienced unprecedented trading conditions in recent years due to the effects of the Covid-19 pandemic, 2022 was another challenging and unpredictable year with rising inflation, increased cost of living pressures on consumers and global logistical challenges.

However, our commitment to supporting high standards of corporate governance and our strong governance framework have enabled the Board to act quickly and support the management team in making decisions and taking appropriate actions.

CORPORATE GOVERNANCE REPORT

In this section of the Annual Report, we set out our governance framework and describe the work that we have done during the year to ensure good corporate governance throughout Nichols plc and its subsidiaries ("the Group").

THE QUOTED COMPANIES ALLIANCE CORPORATE GOVERNANCE CODE

During 2022, we continued to follow the Quoted Companies Alliance Corporate Governance Code ("the QCA Code"). As an AIM listed company the Board considers that this is the most appropriate Code for the Company and we have complied with each of the ten principles of the QCA Code.

We recognise the need to continue to develop our governance practices and disclosures in order to ensure that they support the strategic progress of the Group and the effective application of the principles going forward. Our governance structure provides a framework of clearly

established roles, policies and procedures designed to support our compliance with the QCA Code, the AIM Rules and other legal, regulatory and compliance requirements which apply to the Group. Details of how we comply with the QCA Code are set out in the table opposite.

Further detail on our approach to corporate governance can also be found at www.nicholsplc.co.uk/Home/Aim26.

PRINCIPLES OF THE QCA CODE

HOW THE COMPANY HAS COMPLIED

PRINCIPLE 1

Establish a strategy and business model which promote long-term value for shareholders.

The Board has collective responsibility for setting the strategic aims and objectives of the Group. Our strategy is articulated on pages 26 to 28 and on our website. In the course of implementing our strategy, the Board takes into account the expectations of the Company's stakeholders and wider social and environmental responsibilities.

PRINCIPLE 2

Seek to understand and meet shareholder needs and expectations.

The Group maintains communication with institutional shareholders through individual meetings with Executive Directors, particularly following publication of the Group's interim and full year results, enabling the Executive Directors to have an open dialogue and receive feedback. Further details can be found in our s172 Statement on pages 68 to 73.

PRINCIPLE 3

Take into account wider stakeholder and social responsibilities, and their implications for long-term success.

We consider that our stakeholders are: our shareholders; our employees; our customers; our suppliers; our community; and the environment. The Board recognises the importance of maintaining regular dialogue with our stakeholders to ensure, and receive and consider, their views.

Information on how the Company engages with its key stakeholders is provided on pages 71 to 73.

PRINCIPLE 4

Embed effective risk management, considering both opportunities and threats, throughout the organisation.

The Board has ultimate responsibility for the systems of internal control and risk management. The Audit Committee reviews the Group's internal controls and risk management processes on the Board's behalf.

The Company's Risk Management Team (RMT) comprises members of the Senior Leadership Team (SLT), the Risk Controller and both a legal and H&S representative. The RMT has met regularly throughout 2022. The RMT reports to the SLT who will provide an update to the Audit Committee three times a year.

The Group's significant risks and related mitigation/ control are disclosed in the Strategic Review on pages 62 to 67.

PRINCIPLE 5

Maintain the Board as a well-functioning, balanced team led by the Chairman.

Details of how the Company has complied with this principle is set out further in this report.

PRINCIPLES OF THE QCA CODE	HOW THE COMPANY HAS COMPLIED
PRINCIPLE 6 Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.	Details of how the Company has complied with this principle are set out further in this report.
PRINCIPLE 7 Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.	Details of how the Company has complied with this principle are set out further in this report.
PRINCIPLE 8 Promote a corporate culture that is based on ethical values and behaviours.	Details of how the Company has complied with this principle are set out further in this report.
PRINCIPLE 9 Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.	Details of how the Company has complied with this principle are set out further in this report.
PRINCIPLE 10 Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	<p>Communications with shareholders are explained in Principle 2 above. In addition to the interim and full year investor roadshows, regular meetings are held with analysts, retail investor groups and prospective investors.</p> <p>The plc website contains information about the business activities, access to all RNS announcements and copies of the Annual Report and Accounts. The plc website also includes historical announcements, as well as the Annual Report and Accounts for more than the minimum five years.</p> <p>The work of the Audit, Remuneration and Nomination Committees is described on pages 86 to 99.</p>

PRINCIPLE 5

Principle 5 of the Code requires the maintenance of the Board as a well-functioning, balanced team led by the Chair.

The Board is led by our Non-Executive Chairman, John Nichols and includes two independent Non-Executive Directors, John Gittins and Helen Keays, both of whom have significant experience of plc directorships.

Liz McMeikan has been appointed on 11 January 2023 as Chair designate and is deemed to be an independent Non-Executive Director on appointment. However, when they are appointed as Chair of the Company at the 2023 AGM, they will no longer be deemed independent.

In addition, James Nichols is a Non-Executive Director. James also

holds the position of Commercial Controller at Vimto Out of Home and has worked within the business for 18 years. James was appointed as a representative of the Nichols Family pursuant to a Relationship Agreement dated 22 July 2020 between the Company and the Nichols Family. The purpose of the Relationship Agreement is to formalise Board representation for the Nichols Family whilst ensuring that the Company is capable of carrying on, at all times, its business independently. Further details of the terms of the Relationship Agreement are provided on page 101.

The Board also comprises of two Executive Directors, Andrew Milne and David Rattigan.

The Board has delegated specific responsibilities to its three

Board Committees: the Audit Committee, the Remuneration Committee and the Nomination Committee. The Audit Committee and Remuneration Committee are chaired by the two independent Non-Executive Directors. John Nichols chairs the Nomination Committee. Details of the operation of the Board Committees are set out in their respective reports.

There were six Board meetings during the year. Details of Board and Committee meeting attendance of Directors during the year is set out below.

In addition, the Board held a Strategy Session in October 2022, to review its medium-term strategic plans, at which all Directors were present.

DIRECTORS	BOARD	AUDIT	REMUNERATION	NOMINATION
P J Nichols	6/6	3/3	4/4	4/4
J A Gittins	6/6	3/3	4/4	4/4
H M Keays	6/6	3/3	4/4	4/4
J E Nichols	6/6	n/a	n/a	n/a
A P Milne	6/6	n/a	n/a	n/a
D T Rattigan	6/6	n/a	n/a	n/a

Chair's role

Currently, at the time of publication of this Annual Report and Accounts, our Non-Executive Chairman is John Nichols who is the grandson of our founder, John Noel Nichols. The Board has announced the appointment of Liz McMeikan as Chair designate who will take over from Mr Nichols at the 2023 AGM.

As Chair, Mr Nichols' primary responsibility is to effectively guide, develop and lead the Board and ensure that the Group's corporate governance framework is appropriate, is communicated and is adopted across the business activities. The Chairman is also responsible for ensuring the Board agenda concentrates on the key operational and financial issues

affecting the delivery of Nichols plc's strategy.

Whilst Mr Nichols' shareholding and long association with the business means that he is not regarded as an independent Chairman, he is not involved in the day to day operations of Nichols plc. Those responsibilities are managed by the Group's CEO.

PRINCIPLE 5 (CONTINUED)*Independent Non-Executive Directors (INEDs)*

Mr John Gittins and Ms Helen Keays are considered by the Company as INEDs. The INED role is to provide oversight and scrutiny of the performance of the Executive Directors. John and Helen chair the Audit and Remuneration Committees respectively.

Our INEDs are expected to devote such time as is necessary for the proper performance of their duties and normally expect to spend a minimum of 12 days per annum on Company business, after the induction phase, normally including attendance at six board meetings, the AGM, committee meetings plus other events as required, including meetings with our employees and attendance at strategy meetings. However, the INEDs and the Company recognise that due to the nature of their role, it is impossible to be specific about the required time commitment, and additional time commitment required when the Company is undergoing a period of increased activity. In accordance with their appointment letter, our INEDs agree to commit sufficient time to perform their duties.

Executive Directors

The Company has two Executive Directors: Andrew Milne and David Rattigan. The Executive Directors are charged with the delivery of the business model within the strategy set by the Board.

INEDs communicate with Executive Directors and senior management between formal Board meetings.

Directors are expected to attend all meetings of the Board, and of the Committees on which they sit, and to devote sufficient time to the Group's affairs to enable them to fulfil their duties as Directors. In the event that Directors are unable to attend a meeting, their comments on papers to be considered at the meeting will be discussed in advance with the Chairman, so that their contribution can be included as part of the wider Board discussion. All Directors attended every meeting which they were eligible to attend.

PRINCIPLE 6

Principle 6 of the Code requires that the Directors ensure that between them they have the necessary up to-date experience, skills and capabilities.

The current Nichols plc Board has significant sector, financial and plc experience and the Executive Directors have broad experience in the soft drinks industry and in manufacturing.

David Rattigan who was appointed as Group Chief Financial Officer in 2020, was also appointed as Company Secretary on that date. Prism Cosec Limited is engaged to provide certain company secretarial services to the Company to support David in this role. This includes the attendance at, and minuting of, Board meetings to ensure that David is able to fully participate in these meetings as a Director and Group Chief Financial Officer.

With the support of our NOMAD and our advisors, the Board training and development needs are met. The Company's in-house

legal counsel presents to the Board regularly on legal and regulatory matters and a written report on governance developments is presented at each Board meeting by Prism Cosec, the Company's corporate governance advisor.

Biographies on all Directors giving details of their experience and roles on the Board are shown on pages 76 to 77.

PRINCIPLE 7

Principle 7 of the Code requires that the Board and Committees evaluate their own performance based on clear and relevant objectives and seek continuous improvement.

A formal Board and Committee performance evaluation was undertaken in November 2021, in the form of a questionnaire which was completed by each member of the Board. The questionnaire focussed on purpose and culture, ESG, Board and Committee composition, stakeholder engagement Board effectiveness, Board processes including professional development, strategy and leadership, and Board and Group performance. The evaluation raised some actions to be considered by the Board and these were addressed during 2022.

Accordingly, there wasn't a formal performance evaluation of the Board and Committees during 2022. Instead, time was focussed on addressing the issues raised from the 2021 performance review. Progress was found to have been made on the actions suggested in the 2021 review, as summarised in the table opposite.

TOPIC AREA	PROGRESS MADE AGAINST AGREED ACTIONS
Board Succession: Commence search for Chair successor.	Liz McMeikan has been appointed as Chair designate to succeed John Nichols at the 2023 AGM. Succession planning for the Board is an ongoing topic of discussion and more information is provided on the Company's approach to succession planning in the Nomination Committee Report on page 98. The Executive Directors and other members of the SLT attend talent calibration meetings to ensure that the business has clear development and succession plans in place.
Board Diversity: Align according to Board succession planning.	Following the appointment of Liz McMeikan, gender diversity on the Board has increased to 29%. A rigorous recruitment process is undertaken for new Directors prior to their proposal and election. When making new appointments, the Company will engage a market leading recruiter to provide a shortlist of suitable candidates with the required experience and ability as well as considering gender and ethnic diversity. Any potential candidate for appointment as a Non-Executive Director will be required to disclose their other commitments before being appointed as a Director.
Board Effectiveness: Board meetings to be held at other Group locations.	With effect from 2023, the Board calendar will include at least two sets of meetings per annum being held at a Group site that is not the head office.
Processes: Ensure Board minutes are issued in the online board portal after each meeting.	Draft minutes are issued to the online board portal after each meeting for each Director to review prior to the minutes being confirmed and approved at the following meeting.
Professional Development:	Details of training sessions and webinars offered by third parties are circulated by email to the Board. The Group's advisers provide updates as necessary to the Board for them to comply with the AIM rules and other legal, regulatory and compliance requirements which apply to the Group.
Strategy:	The Board and SLT hold an annual strategy day. Outside of this day, there are regular updates on strategy at each Board meeting and the SLT hold regular strategy sessions throughout the year as a whole.
Stakeholders: How to increase Board visibility to the Group's stakeholders.	The AGM is held in person each year. The Board is reviewing the use of Investor Meet to enable it to reach more retail investors. The Board will meet more employees as Group site visits increase.
Board & Group Performance:	The next Board and Committee performance evaluation will take place in 2023, once the new Chair has settled into their role. The Remuneration Committee evaluates Executive Director performance, alongside remuneration and reward. The Audit Committee engages with the Company's external auditors biannually and holds discussions on the financial systems, procedures and efficacy of management.

PRINCIPLE 8

Principle 8 of the Code requires that the Company promotes a corporate culture that is based on ethical values and behaviours.

Nichols plc is very proud of its warm and inclusive culture. It is our people and how they go about their business that has been fundamental to the sustained success of the Group for many years. Our culture is reflected in our values and the overarching theme of our values is 'doing the right thing'.

Our Values:

- People: We value and respect our employees. Their enthusiasm, ideas and hard work are fundamental to the success of our Company and we recognise that the education and development of our people is important. We believe that developing our talent at Nichols is essential to our success and we identify the development needs of all our employees through our appraisal programme. We support the professional development of our employees.

- Sustainable Business: We value our commitment to having a sustainable business. Our sustainable business strategy takes into account our wider corporate, environmental and social responsibilities. Further details are included in pages 32 to 55 of the Strategic Report.
- Customers and Suppliers: We believe in building long-term partnerships with our customers and suppliers.
- Community: We actively encourage our employees to give something back to the wider community.

The Company has adopted a Slavery and Human Trafficking Transparency Statement (the "Statement") and has an anti-bribery policy. These set out the ethical behaviour expected of our employees, with our Human Slavery Statement also including details of actions that we have taken to ensure that human slavery does not exist within Nichols or within our supply chain.

We have a zero-tolerance approach for giving or receiving of bribes or corrupt payments in

any form. In addition, to ensure that any of our employees can raise any matters of genuine concern without fear of any action being taken against them, we also operate a whistleblowing policy. Further detail of the anti-bribery and whistleblowing policies, which are monitored by the Audit Committee, is provided in the Committee's Report on page 86 of this Annual Report. In addition, these policies and the Human Slavery Statement are available on the Company's website at www.nicholsplc.co.uk.

PRINCIPLE 9

Principle 9 of the Code requires that the Company maintains governance structures and processes that are fit for purpose and support good decision making by the Board.

Nichols plc has robust internal controls, delegated authorities and authorisation processes. The controls are subject to review, both internally by individual teams within the Company and externally by the Company's external audit provider, BDO LLP. In addition, the Company has appointed EY, as its co-sourcing partner to assist management in the development

of a 3-year internal audit strategy. Further detail of the Group's internal audit process is provided on page 88.

The Board does not consider that the appointment of a Senior Independent Director is required at this time, although this will matter be kept under review. Shareholders have access to our INEDs, John Gittins, Chairman of the Audit Committee and Helen Keays, Chairman of the Remuneration Committee.

This culture of challenge and continuous improvement is encouraged to ensure that controls evolve with the business.

The Nichols plc website at www.nicholsplc.co.uk describes the roles and terms of reference for the Committees.



John Nichols
Non-Executive Chairman
28 February 2023