

Corporate Governance Statement



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LIZ MCMEIKAN
Chair of the Board

Chair's introduction

I have pleasure in introducing my first Corporate Governance Statement as Non-Executive Chair of Nichols plc.

The Board is committed to supporting high standards of corporate governance and our effective governance framework has continued to enable the Board to act effectively and efficiently to support the management team in making timely decisions and taking appropriate actions.

As Chair I am responsible for leading the Board and for its governance of the Group. I work with the Board to ensure regular review and improvements to the Group's governance in order to promote its continued long-term success.

The Board is committed to ensuring that it is diverse and dynamic, and periodically reviews its composition to confirm it retains a balance of skills, experience and diversity and that the debate and input at board level is relevant, stimulating and constructively challenging.

During the year we announced the resignation of David Rattigan as Chief Financial Officer of the Company and in June 2023 we appointed David Taylor, as Interim Chief Financial Officer. Following a formal external search process, we announced in October 2023 that Richard Newman was being appointed to the Board as Chief Financial Officer Designate with effect from 29 January 2024. Richard will become Chief Financial Officer and Company Secretary on 21 March 2024. Details of Richard's induction can be found in our Nomination Committee Report on pages 94 and 95.

We also announced the resignation of James Nichols, who stood down from both his non-executive and executive positions after 18 years with the Group. Pursuant to the Relationship Agreement between Nichols plc and the Nichols family we announced in January 2024 that Matthew Nichols, currently serving in an executive capacity as International Commercial Director, would join the Board as a Non-Executive Director.

In January 2024, we conducted a review of our governance framework against the latest version of the Quoted Companies Alliance Corporate Governance Code that was published in November 2023. Our consideration of the new code and how it will be applied will be reported on in our 2024 Annual Report and Accounts.

Liz McMeikan
Chair of the Board

Corporate Governance Statement **continued**

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 (the 'QCA Code')

The Group has adopted the QCA Code and is compliant with all of its principles. Disclosures required by the QCA Code have been made both in this Annual Report and on our website.

The corporate governance framework within which the Group operates, including Board leadership and effectiveness, Board remuneration and internal controls, is based upon practices which the Board believes are proportional to the size, risks, complexity and operations of the Group.

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 below.

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

Principles of the QCA Code

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

2. Seek to understand and meet shareholder needs and expectations.

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

How the Company has complied

The Board has collective responsibility for setting the strategic aims and objectives of the Group. Our strategy and business model is articulated on pages 30 and 31 and 18 to 22 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.

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 64 to 69.

We consider our key stakeholders to be: our shareholders; our employees; our customers; our suppliers; and our community. The Board recognises the importance of maintaining regular dialogue with our stakeholders in order to listen to, understand and consider their views.

We also recognise that we have a duty of care to our environment and our communities and consider both to be key social responsibilities of the Group.

Information on how the Company engages with its key stakeholders is provided on pages 66 to 69.

Principles of the QCA Code

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

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

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.

7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

8. Promote a corporate culture that is based on ethical values and behaviours.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

How the Company has complied

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 senior controllers within the business, including, but not limited to, the Risk Controller and both a Legal and Health and Safety representative. The RMT has met regularly throughout 2023. The RMT reports to the Senior Leadership Team, in addition to providing an update to the Audit Committee three times a year.

The Group's significant risks and related mitigation/controls are disclosed in the Risk Management section on pages 75 to 81.

Details of how the Company has complied with Principles 5 to 9 are set out further in this report.

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.

The plc website contains information about the business activities and provides access to all RNS announcements and copies of the Annual Report and Accounts.

The work of the Audit, Remuneration and Nomination Committees is described on pages 94 to 108.

Corporate Governance Statement **continued**

Board roles and division of responsibilities

The Board sets the strategy of the Group ensuring the long-term success for our shareholders, customers and wider stakeholders. Principle 5 of the Code requires the maintenance of the Board as a well-functioning, balanced team led by the Chair.

The Chair

The Board is led by our Non-Executive Chair, Liz McMeikan, who joined the Group on 1 February 2023 and was appointed as Chair on 26 April 2023.

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

Liz is not involved in the day-to-day operations of Nichols plc. Those responsibilities are managed by the Group's CEO.

Non-Executive Directors (NEDs)

John Nichols is a Non-Executive Director. John was Chairman of the Board until he stepped down at the 2023 AGM. John has remained on the Board as a Non-Executive Director and 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 the effective and appropriate relationship between the Nichols family and the Company.

During the year, James Nichols stepped down from his position as Non-Executive Director and as a representative of the Nichols family and, in January 2024, Matthew Nichols joined the Board as a Non-Executive Director, pursuant to the terms of the Relationship Agreement which entitles the Nichols family to two Non-Executive Board positions.

Further details of the terms of the Relationship Agreement are provided on page 110.

The Board also includes two independent Non-Executive Directors (INEDs), John Gittins and Helen Keays, both of whom have significant experience of plc directorships. John and Helen are considered by the Company to be independent. The purpose of 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 are normally expected to spend a minimum of twelve days per annum on Company business, after the induction phase, typically 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. The INEDs and the Company recognise, however, that due to the nature of their role, it is impossible to be specific about the required time commitment: additional time commitment will inevitably be 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 currently has three Executive Directors: Andrew Milne, David Taylor and Richard Newman. The Executive Directors are charged with the delivery of the business model within the strategy set by the Board.

During the year David Rattigan resigned as Chief Financial Officer and David Taylor was appointed as Interim Chief Financial Officer on 21 June 2023. Following an external search process, Richard Newman was appointed as an Executive Director of the Company on 29 January 2024 and will become Chief Financial Officer and Company Secretary on 21 March 2024. David Taylor will step down from the Board at the same time in March 2024 following a comprehensive handover of responsibilities.

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 Chair, 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.

The Board has delegated specific responsibilities to its three Board Committees: the Audit Committee, the Remuneration Committee and the Nomination Committee. Liz McMeikan 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 that served during the year are set out below:

Directors	Board	Audit	Remuneration	Nomination
L McMeikan ¹	5/5	3/3	2/2 ⁶	2/2
J A Gittins	6/6	3/3	3/3	2/2
H M Keays	5/6	3/3	3/3	2/2
P J Nichols ²	6/6	—	1/1	—
J E Nichols ³	4/5	—	—	—
A P Milne	6/6	—	—	—
D Rattigan ⁴	2/2	—	—	—
D J S Taylor ⁵	3/3	—	—	—

- Liz McMeikan was appointed on 1 February 2023.
- John Nichols attended one Remuneration Committee meeting as a member of the Committee in January 2023 before stepping down from his role as Chairman.
- James Nichols resigned on 23 October 2023.
- David Rattigan resigned on 25 April 2023.
- David Taylor was appointed on 21 June 2023.
- The January Remco meeting was held prior to Liz's appointment as Chair on 1 February 2023.

In addition, the Board held a strategy session in October 2023, to review its medium-term strategic plans, at which all Directors, excluding Helen Keays, were present.

Board experience and skills

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.

Richard Newman, will be appointed as Group Chief Financial Officer and Company Secretary on 21 March 2024. Prism Cossec Limited is engaged to provide certain company secretarial services and governance advice to the Company to support Richard in this role. This includes the attendance at, and minuting of, Board meetings to ensure that Richard 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 Cossec.

Biographies on all Directors, giving details of their experience and roles on the Board and its Committees, are shown on pages 84 to 86.

Corporate Governance Statement **continued**

Board and Committee performance evaluation

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

During 2023 the Board continued to monitor progress on the action plan agreed in 2022.

A formal Board and Committee performance evaluation was undertaken in November 2023, in the form of a questionnaire, supported by Independent Audit. The questionnaire focused on key themes including strategy, risk, finance, culture, stakeholders, development and the Board Committees. An overview of the Board Evaluation Report insights, prepared by Independent Audit, was presented to the Board at its December 2023 meeting. The Board discussed action areas and prioritisation and agreed an action plan for 2024, focusing on the following key themes:

- growth strategy;
- people, culture and stakeholders;
- mix, information and development;
- audit Committee – risk and internal audit focus;
- remuneration Committee – update QCA Code considerations and scope of Committee; and
- role of the Chair – engagement with key stakeholders.

Progress against all agreed actions will be reported on in the 2024 Annual Report and Accounts.

Our culture

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 on pages 38 to 63 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 and the Human Slavery Statement are available on the Company's website at www.nicholsplc.co.uk.

Internal controls

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 continued development of its internal audit strategy and deployment of internal audits across the business. Further detail of the Group's internal audit process is provided on page 99.

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



Liz McMeikan
Non-Executive Chair
5 March 2024