

Nichols plc

Corporate Governance Statement

Nichols plc has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code.

Introduction

Nichols plc is very proud of its warm and inclusive culture, which is demonstrated by our team and how they go about their business. We believe this is fundamental to the sustained success of the Group for many years. Our culture is reflected in our values <https://www.nicholsplc.co.uk/Home/OurCulture>. The overarching theme of our values is ‘doing the right thing’. This statement documents our approach to corporate governance and explains how our stakeholders can have the confidence that we are indeed ‘doing *the right thing*’.

Chair’s role

Our non-executive Chairman is Peter John Nichols who is the grandson of our founder, John Noel Nichols.

As Chair, Mr Nichols’ primary responsibility is to effectively lead the Board and ensure that the Group’s corporate governance is appropriate, communicated and adopted across the business activities.

Mr Nichols is not involved in the day-to-day operations of Nichols plc; such responsibilities are independently managed by the Group’s CEO, Mrs Marnie Millard.

Further information about the experience and responsibilities of the Board can be found here <https://www.nicholsplc.co.uk/Home/TheBoard>.

Compliance with the QCA code

The QCA code is constructed around ten broad principles, the following section explains how Nichols plc complies with each of the principles.

Principle	How does Nichols comply?
1) Establish a strategy and business model, which promote long-term value for shareholders.	<ul style="list-style-type: none"> • The Group’s executive directors and senior management team have a separate forum that meets throughout the year to focus on the Group’s three-year rolling strategic plan. • The strategy is both challenged and endorsed by the Board. • The strategy is communicated to all staff members at corporate team briefs and separate team meetings. • The annual Report and Accounts (“R&A”) include a summary of the Group’s strategic plan.
2) Seek to understand and meet shareholder needs and expectations.	<ul style="list-style-type: none"> • The executive directors meet our shareholders on a number of occasions throughout the year and have open dialogue to receive feedback. • Investor roadshow meetings are undertaken at least twice a year following the preliminary and interim announcements.

	<ul style="list-style-type: none"> • Shareholders are invited to the AGM held at our head office where all board members interact with our shareholders on a one to one basis and take questions as they arise. • Executive directors specifically seek to meet retail investors at investor conferences and events. • The executive directors are available to meet shareholders on request and a number of ad-hoc meetings are held during the year. • Shareholder feedback is discussed at Board meetings.
<p>3) Take into account wider stakeholder and social responsibilities and their implications for long-term success.</p>	<p><u>Employees</u></p> <ul style="list-style-type: none"> • Regular meetings take place with staff groups to share Group strategy and seek feedback. • The Group conducts a biennial staff engagement survey with current staff engagement scoring an amazing 95%. <p><u>Customers</u></p> <ul style="list-style-type: none"> • Communications with our customers is a fundamental ingredient to our success. The Nichols team have continuous communications with customers to understand their needs, share our plans and nurture collaborative working practice. We work in partnership with our customers to create joint business plans. <p><u>Suppliers</u></p> <ul style="list-style-type: none"> • Given Nichols’ outsourced manufacturing model, having long-term partnerships with our suppliers and co-packers is essential. The Nichols Supply Chain team and senior management have regular review meetings with our supplier base. <p><u>Our community</u></p> <ul style="list-style-type: none"> • The Group cares about and contributes to its community by supporting charitable events. In particular, Nichols supports Warrington Youth Club, which provides facilities, opportunities and support to children in the community close to our Registered Office.
<p>4) Embed effective risk management, considering both opportunities and threats, throughout the organisation.</p>	<ul style="list-style-type: none"> • The senior management team maintains the Group risk register. • Risk is a fixed item on the management team agenda and the register is subject to a further annual review within the Strategy meeting calendar. • The Risk Register is also a fixed item on the Audit Committee agenda and used as a reference source for the internal audit plan. • The significant risks and related mitigation/control are disclosed in the Strategic Review within the R&A.
<p>5) Maintain the board as a well-functioning, balanced team led by the chair.</p>	<ul style="list-style-type: none"> • Our Chairman leads the Board. • The Board includes two independent non-executive directors, Helen Keys and John Gittins, who both have significant experience of plc directorships. • The current board has good gender equality with two female and four male members. • The Board currently has two sub-committees: the Audit Committee and the Remuneration Committee, which are each chaired by a non-executive director.

<p>6) Ensure that between them the directors have the necessary up-to date experience, skills and capabilities.</p>	<ul style="list-style-type: none"> • The current Nichols board has significant, sector, financial and plc experience. • Between them, the executive directors have many decades of broad experience in the soft drinks industry. • The annual Report and Accounts and the Nichols plc website contain biographies on all directors giving details of their experience and roles on the Board.
<p>7) Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.</p>	<ul style="list-style-type: none"> • Whilst the Board performance is considered to be good, as demonstrated by the Group’s sustained success and strong record over many years, historically there has not been a formal evaluation of the Board. • Therefore, plans are in place to undertake a formal Board performance evaluation to be reported in the 2018 annual Report and Accounts to be published in March 2019.
<p>8) Promote a corporate culture that is based on ethical values and behaviours.</p>	<ul style="list-style-type: none"> • As referred to in the introduction, we are proud to have developed our values with significant influence from our employees and the overarching theme is ‘doing the right thing’. • Our values and culture are embodied in management behaviour and our recruitment and staff development processes. • We have a number of Group policies to ensure we comply with both our legal and ethical responsibilities; these include an anti-Bribery Policy, a Whistleblowing Policy and a Competition Law Compliance Policy. In addition the Group’s Modern Slavery Act Statement can be found here https://www.nicholsplc.co.uk/Content/SaHTTS.pdf
<p>9) Maintain governance structures and processes that are fit for purpose and support good decision making by the board.</p>	<ul style="list-style-type: none"> • The Nichols Board meets five times a year and the Audit and Remuneration Committees meet three times a year. • Nichols has robust internal controls, delegated authorities and authorisation processes. • The controls are subject to audit, both internally and externally (by BDO our external audit provider). • A culture of challenge and continuous improvement is encouraged to ensure that controls evolve with the business. • The Nichols plc website and the R & A describe the roles and terms of reference for the Committees.
<p>10) Communicate how the company is governed and performing by maintaining a dialogue with shareholders and other relevant stakeholders.</p>	<ul style="list-style-type: none"> • Communications with shareholders are explained in (2) above. • In addition to the Interim and full year investor roadshows, regular meetings are held with analysts, retail investor groups and prospective investors. • In addition, the Nichols plc website is under constant review and contains information about the Group’s business activities, gives access to all RNS announcements and copies of the Report and Accounts. • The Nichols plc website includes historical announcements, as well as the R&A for more than the minimum five years.

