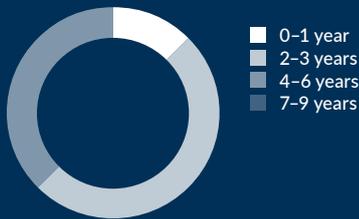


Corporate Governance Framework



I am pleased to present the Corporate Governance Report for the financial year to 30 September 2019.

Board Tenure



Board Expertise



Chairman's report

The year reflected further delivery of our growth plan, with increased revenue and profits as well as market share in our two largest markets of Poland and the Czech Republic.

In addition, we were pleased to complete two acquisitions during the year: firstly, the acquisition in May of Bartida, a high-end on-trade spirits business in the Czech Republic; and secondly, the acquisition in June of Distillerie Franciacorta, one of the leading Italian producers of grappa, liqueurs and Franciacorta – a premium Italian sparkling wine that is produced solely in the Franciacorta region. The integrations of both companies are on track, and we are now focusing our efforts on further meaningful acquisition opportunities to deliver further shareholder value.

In line with our progressive dividend policy, our proposed final dividend results in a total dividend for the year up +5.1% on the prior period “enhanced” dividend, which was paid for the 9 month prior period. The final proposed dividend is 6.31 €cents per share (final dividend for the 9 month to Sept 2018: 6.01 €cents). In total for the year, this results in dividends of 8.94 €cents per share (9 month to Sept 2018: 8.51 €cents per share). The business continues to generate strong cashflows and a healthy cash conversion rate.

Following Kate Allum's appointment in November 2018, there have been no changes to the make-up of the Board during the year. The continued success of the Company is down to the quality of its leadership and is reliant on the skills and talent of the team working throughout the organisation. On behalf of the Board, I would like to thank all of the employees of Stock Spirits for their continued hard work, commitment and dedication.

With regard to Corporate Governance, the Board is firmly committed to ensuring that our corporate governance arrangements continue to evolve and are effective and complied with in all jurisdictions in which the Group operates. We are convinced that strong corporate governance provides a stable platform for our business and underpins the delivery of shareholder value. During the year we continued to comply with the 2016 UK Corporate Governance Code (the Code),

and we reviewed the new 2018 Code and have early adopted some areas in our 2019 ARA. Although we are a FTSE Small Cap constituent, we continue to adopt best practice in line with FTSE 350 companies. Further details are set out on the following pages.

As part of our shareholder communications programme, I contacted the top 20 shareholders, representing 77% of our register, seeking a meeting or call ahead of our AGM in February 2020. Disappointingly, only six shareholders responded to these requests and only one requested a meeting, however, we will continue to seek feedback on an ongoing basis.

As previously indicated, the Board and Nomination Committee supports diversity for both internal and external appointments, although the most important area when recruiting will continue to be appointing the best person for the role. Any future appointments will be made in line with the Board Diversity Policy and will continue to be made on merit and take into account diversity, in terms of gender and ethnicity, as well as the appropriate mix of skills, background, knowledge, international and industry experience. As stated on page 85 the Board will work towards the voluntary 33% target for female representation on the Board. I believe that there will be increasing pressure on all Boards to meet the target as soon as possible. Although Stock Spirits Group has an extremely strong and capable Board, the only way we will be able to meet the target is to ask existing Directors to stand down earlier than planned. This is regrettable and will mean losing their skills and expertise which may make finding a replacement difficult.

As Chairman of the Board, I work with the Company Secretary to set the agenda for Board meetings. These are structured to ensure that sufficient time is spent on important matters and all Directors have the opportunity to contribute. During the year the Board discussed the Group's strategy, focusing on the four pillars: increased focus on premiumisation of our products, attracting more millennials to our brands, increasing the use of digital communications with our consumers and reviewing M&A opportunities. The Board also regularly reviews, among other things, the performance of each of the markets; considers the principal risks and associated procedures and processes to mitigate them; an ongoing focus on people including analysing the results of the annual employee survey; and health and safety across the markets. The Board also meets with the Group Leadership Team, both at Board and Board Committee meetings and in other routine meetings, which enables the NEDs to gain a good understanding of the business and what is happening on the ground. We believe that this is an essential requirement for Directors. The Board had an in-depth review of the Group's

stakeholders which will continue in 2020. A review of the Group's Purpose, Vision, Mission and Values and how they link to culture took place and will continue to be an area of focus in the year ahead. A robust assessment of the principal risks took place during the year. Further detail on the principal risks can be found on pages 14 to 19.

Another area of focus for the Board was succession planning, including actions to strengthen the pipeline through the development of the leadership framework and also put in place a process for the orderly succession of Board Directors. Management continued to work on the pool of emerging talent within the Group, providing bespoke training and development plans to create a strong pipeline of internal candidates.

In the second half of the year, Paula Hutchings of The People Stuff, conducted an independent and rigorous external evaluation of the Board. The evaluation was conducted according to the guidance in the Code. The outcomes from the external evaluation are shown on pages 76 and 77. I believe regular and appropriate Board and Committee evaluation is an area that is fundamental to improving Board effectiveness and ensuring objectives can be met.

As previously reported, the likely effect of Brexit on the Group is not considered to be material as we do not produce in, or export from, the UK and we report in euros. Sterling is not a major transactional currency for the Group. However, in light of the ongoing uncertainty around the exact nature of the UK's withdrawal from the EU we are continuing to monitor events closely.

As we look ahead, we are very much on track with our plans. There is good momentum in our core markets, our strategic acquisitions are delivering as planned, and we have a robust pipeline of new products and innovation. Furthermore, we have extensive plans in place to help mitigate the potential excise changes in some of our markets. We are committed to creating value for shareholders and we remain very disciplined as we assess a number of value-creating opportunities that are in front of Stock Spirits today.



David Maloney

Chairman

4 December 2019