

24 June 2020

STOCK SPIRITS GROUP PLC

Additional Response to 2020 AGM Voting Outcome

At the Stock Spirits Group PLC Annual General Meeting held on 6 February 2020, resolution 2 (to approve of the Directors' Remuneration Report) was approved by c.79.11% of shareholders and resolution 3 (to approve of the Directors' Remuneration Policy) was approved by c. 76.78%. The Board provides the following information, as an update to the statement made on that date.

Resolution 2 - Directors' Remuneration Report

In relation to the annual approval of the Directors' Remuneration Report, overall the feedback was positive. The handful of shareholders who voted against the report, would like to have seen downward discretion applied to the 2019 annual bonus outturn and to the vesting level of the 2017 LTIP. As explained on page 88 of the 2019 annual report, discretion has been used in the past and was considered again, however, it was not felt to be necessary on this occasion. There were also requests for more detail around the M&A strategy which was noted and more information was provided within the half year results presentation.

Resolution 3 - Directors' Remuneration Policy

During the Policy drafting process and in the lead up to the AGM, the Remuneration Committee offered engagement with our major shareholders and the advisory bodies to gain their views on the proposed changes to the Remuneration Policy. More details can be found in our 2019 annual report on pages 87 and 89. It was clear from the conversations held, that feedback was generally positive, however, there were some differing views amongst our shareholders and this was reflected in the voting outcome.

It was disappointing to note that one of our major shareholders who, despite our continued efforts to engage with them, chose not to and instead issued a press release ahead of the 2020 AGM outlining their intention to vote against several resolutions, including the Remuneration Policy and Report. This shareholder has voted against these resolutions on 3 out of the last 4 years, despite our efforts to engage and understand their concerns. At the 2020 AGM, their votes 'against' represented over 50% of the total votes cast against both the Remuneration resolutions.

Following the conclusion of the 2020 AGM, the Remuneration Committee Chair reached out to the small number of shareholders who had voted against the policy and who had not raised their concerns in advance. The feedback received, indicated opposition to both the lack of a TSR measure (see page 88-89 of the 2019 annual report for an explanation as to why this remains an inappropriate measure for the Company) and the post-shareholding requirement not being fully in line with the Investment Association principles.

In line with the majority of our shareholders, we believe that the 2019 Remuneration Policy is fit for purpose and in the best interests of the Company and its shareholders. Therefore the Committee and the Board believe any modifications to the Policy at this time would not be the right course of action.

Conclusion

The Board and the Remuneration Committee is encouraged by the continued support of the majority of its shareholders. The Company continues to be committed to governance best practice and will continue its policy of keeping remuneration under review and proactively engaging with shareholders and advisory bodies on such matters.

Sally Kenward
Company Secretary