

NAKED WINES PLC

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. INTRODUCTION

The Audit Committee (the “Committee”) is constituted as a committee of the Board of Directors of Naked Wines plc (the “Company”). The duties and responsibilities of the members of the Committee are in addition to those as members of the Board.

2. PURPOSE

The purpose of these Terms of Reference is to set out the Committee’s role and responsibilities as well as the requirements for its composition and meeting procedures.

3. COMPOSITION AND SKILLS

- 3.1 The Committee shall comprise at least two Non-Executive members of the Board. The majority shall be independent directors and all others shall be non-executive members of the Board.
- 3.2 The chairperson of the Committee (the “Chairperson”) shall be appointed by the Board.
- 3.3 The members of the Committee must collectively have sufficient qualifications and experience to fulfill their duties.

4. RESPONSIBILITIES OF THE COMMITTEE

The Committee shall perform all the functions necessary to fulfill its role including the following:

3.1 REPORTING

The Committee shall: -

- 3.1.1 evaluate significant judgments and reporting decisions made, including changes in accounting policies, completeness and clarity of proposed financial disclosures and any decisions which required an element of judgment;
- 3.1.2 consider any monitoring or enforcement actions by a regulatory body and participate in Company responses where necessary;
- 3.1.3 consider any evidence that brings into question previously published information and determine corrective action where necessary; and
- 3.1.4 review the forward-looking statements of financial information to ensure that same provides a proper appreciation of the key drivers that will enable the Company to achieve these forward-looking goals.

3.2 FINANCIAL

The Committee shall: -

NAKED WINES PLC

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

- 3.2.1 comment and keep the Board apprised on the financial statements (including interim or provisional results and all other narrative information which should present a balanced view of the Company's performance), accounting practices and the internal financial controls of the Company, including but not limited to:
- a) describing how the Committee carried out its functions;
 - b) stating whether the Committee is satisfied that the auditor was independent of the Company; and
 - c) commenting in any way the Committee considers appropriate on the financial statements, the accounting practices and the internal financial controls of the Company.
- 3.2.2 assist the Board to make a statement on the going concern status of the Company through the review of a documented assessment prepared by management, including key assumptions made in reaching any conclusion.

3.3 INTERNAL AUDIT

The Committee is responsible for overseeing of the Company's internal audit function and, in particular, the Committee shall:

- 3.3.1 ensure that the internal audit function is independent and has the necessary resources, budget, standing and authority to enable it to discharge its duties;
- 3.3.2 ensure the internal auditor has direct access to the board chairman and to the committee chairman, providing independence from the executive and accountability to the committee;
- 3.3.3 review significant matters reported by the internal audit function and the adequacy of corrective action taken in response to significant internal audit findings;
- 3.3.4 ensure that the internal audit function is subject to an independent quality review, as and when the Committee determines it appropriate; and
- 3.3.5 approve the appointment or termination of appointment of the head of internal audit.

3.4 INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

The Committee shall:

- 3.4.1 keep under review the Company's internal financial controls systems that identify, assess, manage and monitor financial risks and other internal control and risk management systems: and
- 3.4.2 review and approve the statements to be included in the annual report concerning internal audit control, risk management and the going concern statement.

NAKED WINES PLC

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

3.5 FRAUD, BRIBERY AND COMPLIANCE

The Committee shall:

- 3.5.1 review the Company's procedures for detecting fraud;
- 3.5.2 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance; and
- 3.5.3 keep under review the adequacy and effectiveness of the Company's compliance function.

3.6 EXTERNAL AUDIT

The Committee is responsible for recommending the appointment of the external auditor and to oversee the external audit process and in this regard the Committee shall:

- 3.6.1 recommend the external auditor for appointment by the shareholders;
- 3.6.2 approve the terms of engagement and remuneration for the external audit engagement;
- 3.6.3 review, monitor and report on the external auditor's independence and objectivity and the effectiveness of the annual audit process;
- 3.6.4 define a policy for Board approval addressing the nature, extent and terms under which the external auditor may perform non-audit services and pre-approve the contracts for non-audit services to be rendered by the external auditor;
- 3.6.5 agree to the timing and nature of reports from the external auditor;
- 3.6.6 consider whether any significant ventures, investments or operations are not subject to external audit; and
- 3.6.7 ensure that there is a process for the Committee to be informed of any Reportable Irregularities identified and reported by the external auditor.

4. MEETINGS / PROCEDURES

4.1 FREQUENCY

- 4.1.1 The Committee must hold enough scheduled meetings to discharge all its duties as set out in these Terms of Reference, but subject to a minimum of three meetings per year.
- 4.1.2 In addition to those scheduled, meetings may, with approval of the Chairperson, be held at the request of the members of the Committee, the External Auditor,

NAKED WINES PLC

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

the Chief Executive Officer, Chief Financial Officer or at the instance of the Board.

- 4.1.3 The Committee must meet with Internal and External Auditors at least once a year without management being present.

4.2 ATTENDANCE

- 4.2.1 Any director, executive, manager or other officer of the Company and any third party adviser may be required to attend a meeting of the Committee by invitation only and they may not vote.
- 4.2.2 The Company Secretary is the secretary to this Committee.
- 4.2.3 The Company Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 4.2.4 The Chairperson, at his/her discretion, may exclude anyone from a meeting if a conflict of interest is considered to be present.
- 4.2.5 If the Chairperson is absent from a meeting, the members present must elect one of the members present to act as chairman of the meeting. The quorum at any meeting shall be the majority of members of the Committee.
- 4.2.6 The Chairperson may consult members of the Committee at any time and may conclude any matter requiring the approval of the Committee by means of a round robin resolution to be approved by the full Committee. Any such resolution shall be ratified by the Committee at its next meeting.

4.3 AGENDA AND MINUTES

- 4.3.1 An agenda, together with supporting documentation, must be circulated, at least five days prior to each meeting to the members of the Committee and other invitees.
- 4.3.2 Minutes of the meeting must be prepared as soon as possible after the meeting and circulated to the Chairperson and members of the Committee for review thereof. The Minutes must be formally approved by the Committee at its next scheduled meeting.

4.4 QUORUM

- 4.4.1 A quorum for meetings is a majority of members.
- 4.4.2 Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

5. AUTHORITY

NAKED WINES PLC

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

- 5.1 The Committee acts in accordance with its delegated authority of the Board as recorded in this Terms of Reference. It has the power to investigate any activity within the scope of its Terms of Reference.
- 5.2 The Committee, in the fulfillment of its duties, may call upon the chairmen of the other Board Committees, any of the Executive Directors, officers or Company Secretary to provide it with information, subject to following a Board approved process.
- 5.3 The Committee shall have reasonable access to the Company's records, facilities and any other resources necessary to discharge its duties and responsibilities.
- 5.4 The Committee may form, and delegate authority to, sub-committees and may delegate authority to one or more designated members of the Committee.
- 5.5 The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at Company's cost, and any Member of the Committee shall be entitled to consult with specialists engaged by the Committee to assist with the performance of its functions. The appointment of such a consultant will be managed from an administrative perspective by the Company Secretary.

6. REPORTING AND ACCOUNTABILITY

- 6.1 The Chairperson (or, in his/her absence, an alternate Member of the Committee) shall attend the annual general meeting to answer questions concerning matters falling within the ambit of the Committee.
- 6.2 The Committee shall provide a report for inclusion in the annual report:

7. EVALUATION

The Board may perform an evaluation of the effectiveness of the Committee as and when considered necessary.

8. APPROVAL AND REVIEW

These Terms of Reference were approved by the Committee and may be reviewed as and when necessary and amended as required.

APPROVED **October 2018**
REVISED **August 2020**