

# BOARD CHARTER

## Naked Wines PLC (“Company”)

### 1. INTRODUCTION

The Board Charter is a policy document that clearly defines the respective roles, responsibilities and authorities of the Board of Directors (both individually and collectively) in setting the direction, the management and the control of the Company.

The Board Charter is complementary to the applicable legislation and the provisions of the Memorandum and Articles of Association of the Company. This Board Charter is not intended to replace or amend the Memorandum and Articles of Association of the Company in any way. In the event of a conflict between the Memorandum and Articles of Association and the Charter, the provisions of the Memorandum and Articles of Association shall have preference.

The Board Charter is not intended to contain a comprehensive summary of the applicable legal principles. Board Members requiring advice in respect of any matter referred to in this Charter should contact the Company Secretary.

### 2. COMPOSITION OF THE BOARD AND APPOINTMENT OF DIRECTORS

2.1 In terms of the Memorandum and Articles of Association the Board may consist of a maximum of 10 Directors and must consist of a minimum of 2 Directors.

2.2 The Directors shall be appointed by the Shareholders in general meeting and in accordance with the founding documentation of the Company. Regard shall be had to the provisions regulating the rotation and re-appointment of Directors, including the information to be provided in support of any appointment / reappointment.

2.3 The office of the Chairman of the Board and the Chief Executive Officer shall be separate.

2.4 The Nominations Committee shall recommend suitable candidates to the Board for consideration and recommendation to the Shareholders. The Board shall use its best efforts to ensure that:

2.4.1 Its members can act critically and independently of one another;

2.4.2 Each Board member has sufficient expertise to perform his / her role as a Board member. Members will collectively possess appropriate skills and experience relevant to the business of the Company;

2.4.3 At least one Board member shall be a financial expert, meaning that he / she has expertise in financial administration and accounting for companies similar to the Company in size and complexity; and

2.4.4 Its composition reflects diversity, including in respect of relevant business, geographic and academic backgrounds, as well as racial and gender mix.

2.5 Independence

For purposes of clarification, to be considered as independent, a Director:

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- 2.5.1 Is not, or has not, been employed by or acted as an advisory to the Company at any time during the past five years;
  - 2.5.2 Is not, or has not been affiliated with any significant supplier or customer of the Company;
  - 2.5.3 Is not affiliated with any non-profit organization that receives significant funding from the Company;
  - 2.5.4 Is not a controlling person of the Company, or a member of a group of individuals and / or entities that collectively exercises effective control over the Company;
  - 2.5.5 Has not served on the Board for more than nine years; and
  - 2.5.6 Is not a related party of any of the persons falling into any of the categories listed above. A related party shall include a spouse (or a person with whom one co-habits), parent, child, sibling, grandparent, nephew, niece, cousin, in-law or heir.
- 2.6 The Chairman of the Board shall be appointed by the Board.
- 2.7 The Board shall identify and appoint the Chief Executive Officer who will be an executive Director of the Company.
- 2.8 The Board shall identify and appoint the Chief Financial Officer who will be an executive Director of the Company.
- 2.9 The members of the Board shall be expected to:
- 2.9.1 Have, or acquire a good knowledge of corporate governance, with an understanding and commitment to the fiduciary duties of Board members, particularly to represent and act in the best interests and needs of the organisation and not that of a particular interest group;
  - 2.9.2 Acquire a knowledge and understanding of the Company's business, laws and regulations that govern the activities and business of the Company;
  - 2.9.3 Keep abreast of changes and trends in the Company's business and the economic, political, social and legal climate in general;
  - 2.9.4 Adhere to the principle of confidentiality and, subject to the right of any member to have a dissenting vote recorded, should present a uniform position externally. This should include an acknowledgement and respect for differing opinions and expertise;
  - 2.9.5 Maintain independence with the highest levels of integrity coupled with an ability to make decisions and the courage to stand up for ones' convictions with constructive dissention, where necessary;
  - 2.9.6 Exercise stewardship at all times and uphold the highest standard of ethics;
  - 2.9.7 Participate in meetings with a sharing of opinions and a respect for common sense;
  - 2.9.8 Exercise the ability and experience to be able to contribute to the overall development and determination of the Company's strategy; and
  - 2.9.9 Be willing to leverage expertise and professional skills to contribute to the overall business and oversight of the Company while also providing an opportunity to the individual for personal and / or professional development.
- 2.10 A Board member may accept appointments to other Boards, provided that such appointments do not result in any conflict of interests with the Company. The appointment of an executive Director to another Board shall be subject to the Company policy applicable from time to time.
- 2.11 All new Directors shall be required to participate in a formal induction process and ongoing professional development programs shall be implemented to ensure that Directors receive regular briefings with regards to matters relevant to the business of the Company.

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### **3 ROLES AND RESPONSIBILITIES OF THE BOARD, CHAIRMAN, COMMITTEES AND COMPANY OFFICIALS**

The role, function and powers of the Shareholders, Board, Committees, Management and Staff are determined by law, the Memorandum and Articles of Association of the Company, corporate governance best practices and decisions and policies of the Board.

#### **3.1 The Shareholders**

- 3.1.1 Matters reserved for decision-making by the Shareholders are set out in terms of the Memorandum and Articles of Association of the Company and the relevant legislations (e.g. Companies Act 2006).
- 3.1.2 Proceedings at meetings of Shareholders are governed by the provisions of the Companies Act and the Memorandum and Articles of Association of the Company.

#### **3.2 The Board (including Non-Executive and Executive Directors)**

The Board shall:

- 3.2.1 Provide strategic leadership and assume ultimate accountability and responsibility for the performance of the Company;
- 3.2.2 Determine the Company's strategy and objectives, and monitor the progress made to achieve such objectives;
- 3.2.3 Ensure that the necessary corporate and management structures and resources are in place so as to enable the Company to achieve its objectives;
- 3.2.4 Provide ethical leadership based on an ethical foundation;
- 3.2.5 With the Directors, at all times act in the best interests of the Company in terms of the common law and legislation;
- 3.2.6 Act as the focal point for, and custodian of, corporate governance for the Company;
- 3.2.7 Ensure that the Company complies with all applicable laws and considered adherence to non-binding rules, codes and standards;
- 3.2.8 The Board shall oversee the Company's financial position with the assistance of the Audit and Risk Committees and shall ensure that:
  - a) The financial statements are true and fair and contain proper disclosures and comply with the law; and
  - b) The integrity of the Company's annual report is not compromised and complies with the set standards of reporting;
- 3.2.9 The Board shall manage stakeholder relations and ensure that the Company has a comprehensive stakeholder engagement plan and process;
- 3.2.10 Be responsible for the governance of risk and determine the Company's levels of risk tolerance;
- 3.2.11 Develop clearly defined levels of materiality and sensitivity in order to determine the scope and delegation of its authority and ensure that it reserves specific powers and authority to itself. All delegated powers shall be in writing and shall be evaluated on an annual basis;
- 3.2.12 May establish Committees for purposes of assisting it in carrying out its duties;
- 3.2.13 Manage potential conflict of interests of its members, management, the shareholder and other relevant stakeholders with a low tolerance of conflicts; and
- 3.2.14 Ensure that succession plans are in place in respect of key positions.

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The matters listed on Appendix A shall be reserved to the Board. Matters which the Board considers suitable for delegation are contained in the terms of reference of its Committees. Some items are often considered by the whole Board but with the formal decision being delegated to a Committee.

### 3.3 Board Members

#### 3.3.1 Chairman and Deputy Chairman (if appointed)

The role of the Chairman is to lead the Board and ensure that it functions effectively. The Chairman also acts as the Chairman of General Meetings of Shareholders. The specific responsibilities of the Chairman include:

- a) Leading the Board effectively;
- b) Setting of the agenda, style and tone of Board discussions;
- c) Ensuring effective meetings through receipt of accurate, timely and accurate information, allowing sufficient time for consideration of all issues and managing the meeting to enable appropriate input from all participants;
- d) Promoting constructive relations between executive and non-executive Directors, including meeting with non-executives without executives' present;
- e) In conjunction with the Chief Executive Officer, where appropriate, representing the Company to external stakeholders;
- f) overseeing the adoption, delivery and communication of the company's corporate governance model;
- g) Ensuring that the Company maintains contact with its principal shareholders about remuneration, governance and strategy; and
- h) Ensuring a suitable induction programme for new Directors, taking the lead in identifying and agreeing training needs of all Directors and the Board as a whole and ensuring performance evaluations are undertaken as and when necessary.

#### 3.3.2 The Chief Executive Officer

The role of the Chief Executive Officer is to manage the day-to-day business of the Company, subject to the matters reserved to the Board and its Committees. The Chief Executive Officer shall assist the Board in carrying out its role by providing advice and recommendations to support the agreed strategy, objectives, risk and financial management and regulatory good practice. The Chief Executive Officer acts within the authority delegated to him by the Board and his specific responsibilities include:

- a) Leading management in the day-to-day running of the Company;
- b) Ensuring that the Company is operating in an efficient and effective manner;
- c) Ensuring that the day-to-day operations of the Company are in line with the overall organisation's objectives;
- d) Developing and recommending to the Board the long-term strategy and vision of the Company and its quantified expression by way of critical performance targets;
- e) Developing and recommending to the Board the annual business plans and budgets that support the Company's long-term strategy;
- f) Acting as an interface between the Board and management;
- g) Ensuring the integrity of the financial reporting system of the Company;

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- h) Ensuring that the internal controls and governance policies and procedures are effectively implemented;
  - i) Ensuring the implementation of the resolutions of the Board;
  - j) Negotiating agreements, contracts and related legal instruments approved by the Board;
  - k) Ensuring that the Company has an effective management team and management structures;
  - l) Ensuring that appropriate Company and Group policies are formulated and implemented;
  - m) Serving as the chief spokesperson of the Company; and
  - n) In conjunction with the Chairman, represent the Company to external stakeholders.

### 3.3.3 Senior Independent Director (“SID”) and Non-Executive Directors (“NEDs”)

- a) SID
  - acts as a trusted intermediary between shareholders and other NEDs, particularly when they have concerns which engagement through the normal channels has not resolved or for which contact is inappropriate;
  - Provides a sounding Board for the Chairman; and
  - Leads the review of the Chairman’s performance.
- b) NEDs

All NEDs are required, as part of the unitary Board, to:

  - Fully participate in the functioning of the Board, and bring unfettered judgement to bear on issues of strategy, performance, resources, key appointments and standards of conduct;
  - Provide entrepreneurial leadership within the controls framework;
  - Develop strategy and ensure resourcing to accomplish same;
  - Set Company’s values and ensure they are adhered to while upholding the highest ethical standards of integrity and probity; and
  - Allocate sufficient time to discharge responsibilities effectively including but not limited to preparing for Board and Committee meetings, attending meetings, committing to ongoing development and supporting the Chairman and Company

### 3.3.4 Executive Directors

Executive Directors have day-to-day management responsibilities in addition to those as members of the Board. Executive Directors have the same responsibilities as NEDs.

### 3.3.5 Committees

The Board recognises and accepts the legal principle that whilst certain powers are capable of delegation to individuals and/or Committees the ultimate accountability for the matters delegated remains with the Board. The Board has created the following Committees which will have the roles of assisting the Board in the execution of its mandate. Each Committee shall have express Terms of Reference, which will set out the mandate of the Committee from the Board and will be reviewed and approved by the Board as and when required. The Board has established the following Committees:

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- a) The Audit and Risk Committee
  - b) The Nomination Committee; and
  - c) The Remuneration Committee

### 3.4 Company Secretary

The Company secretary is appointed, and dismissed, by the Board and is accountable to the Board to:

- 3.4.1 Ensure that Board procedures are followed and reviewed regularly and that the applicable rules and regulations for the conduct of the affairs of the Board are complied with;
- 3.4.2 Maintain statutory records in accordance with legal requirements;
- 3.4.3 Provide the Board as whole and individual Board members with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the Company;
- 3.4.4 Keep abreast of, and inform, the Board of current corporate governance thinking and practice;
- 3.4.5 Act as an interface between the Board and the Company; and
- 3.4.6 Comply with section 88 of the Companies Act.

## 4. **MEETING PROCEDURE**

### 4.1 Frequency of Meetings

- 4.1.1 The Board must hold sufficient meetings to discharge all of its duties as set out in this Board Charter, but no less than quarterly.
- 4.1.2 Any Board member shall be entitled to call a Board meeting at any time and such request shall be conveyed to the Company Secretary. The Chairman of the Board shall be made aware of any such requests.
- 4.1.3 Non-Executive Directors may meet separately without executive Directors present.

### 4.2 Attendance

- 4.2.1 Board Members will use their best endeavours to attend Board meetings and prepare thoroughly. Board Members are expected to participate fully, frankly and constructively in Board discussions and to bring the benefit of their particular knowledge, experience, skills and abilities to bear in discharging their duties as Directors.
- 4.2.2 Members of senior management, assurance providers and professional advisors may be in attendance at meetings, but by invitation only and may not vote.
- 4.2.3 Board Members who are unable to attend Board meetings shall advise the Chairman or Company Secretary at an early date. Participation in a Board meeting, where attendance in person is not be possible, through the use of audio or video conferencing facilities is acceptable.
- 4.2.4 The Company secretary is the secretary to the Board.
- 4.2.5 Irrespective of any prior general declarations of interests, which a Director may have filed with the Company, a Director who has a real or prospective specific interest in any of the business of the Company that may be dealt with at a Board meeting should inform the Chairman or the Board of such an interest as soon as the Director becomes aware of such specific interest. The Chairman, may at his sole discretion, require that such Director recuse him from discussions at Board or Board Committee meetings where such business would be discussed.

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4.2.6 If the Chairman of the Board is absent, the members present must elect one of their number to act as Chairman for the meeting.

#### 4.3 Quorum

4.3.1 The quorum for Board meetings shall be not less than 50% of all Directors in office from time to time, present in person or via electronic communication.

4.3.2 The Board will endeavour to reach decisions by consensus but if this is not possible, decisions will be taken by simple majority of votes.

4.3.3 In the event of the necessity for an urgent decision to be taken between Board meetings, such decision may be taken by way of a written resolution (round robin). In this instance decisions taken by written resolution (round robin / other than at a meeting) are valid decisions of the Board if such resolution is approved by the number of Directors required to meet the ordinary quorum requirements.

#### 4.4 Agenda, Meeting Papers and Minutes

4.4.1 The annual work plan of the Board and schedule of Board and Committee meetings are considered annually and are approved by the respective Committees and the Board. The work plan must ensure proper coverage of the matters set out in this Board Charter.

4.4.2 The Chairman must ensure, with the assistance of the Company Secretary, that an agenda is prepared prior to the meeting that raises all relevant issues requiring attention in such a way and sequence that effective proceedings are facilitated. The agenda should allow for other members to add additional matters to the agenda for discussion and consideration.

4.4.3 The Company Secretary must ensure that the agenda and meeting papers are circulated to Board meetings and all invitees at least seven days before the date set down for the meeting.

4.4.4 Minutes of the meetings will be prepared by the Company Secretary as soon as possible after the meeting and in any event not later than fourteen working days after the meeting. The first draft shall be circulated to the Board for review prior to the next meeting. The minutes shall be considered for formal approval at the following meeting.

#### 4.5 Disclosure of Interests

4.5.1 All Directors shall comply with the current disclosure requirements.

4.5.2 A full disclosure of all interests held by Directors and Committee members is required to be completed and updated as and when information changes. The responsibility to ensure this information is correct lies with the Director / Committee member who shall be responsible to update this information as and when necessary.

### 5. **ACCESS TO INFORMATION AND INTERACTION PROTOCOL**

4.6 The role of the Board is oversight, with the role of management being implementation. As part of the oversight role the Board, collectively or individually must have unrestricted access to accurate information. In pursuance of this oversight role any Board, or Committee member, may request any information which he or she legitimately requires in order to execute their role and responsibility as a Director or member of a Committee. Access to the relevant executive manager may also be required to fully access required information.

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4.7 Where members of the Board feel the need to access specialized advice to enable them to execute any of their duties or responsibilities, such advice will be provided at the expense of the Company. In these instances, a formal request shall be made in accordance with the Board approved process for accessing such advice.

6. **PERFORMANCE EVALUATION: BOARD, BOARD COMMITTEES AND INDIVIDUAL DIRECTORS AND MEMBERS OF COMMITTEES**

6.1 With the assistance of the Company Secretariat and / or and external service provider, the Board may conduct an evaluation of its performance on an annual basis.

6.2 For this purpose, an appropriate methodology will be developed to perform the performance evaluations.

7. **REMUNERATION**

Directors shall be remunerated for their services to the Company as set out in the Remuneration Policy.

9. **APPROVAL and REVIEW**

This Board Charter has been approved by the Board on the **17 November 2020** and will be reviewed annually.

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## APPENDIX A

### Authority of the Board

The Board shall reserve certain matters and decisions, as set out below, to itself and may not delegate same to any other person unless otherwise agreed:

1. Approval of the annual report and annual financial statements of the Company;
2. Approval of the Company's budget;
3. Approval of the vision, mission and values of the Company;
4. Approval of the business plan and budgets;
5. Approval of the risk management plan;
6. Approval of the internal accounting controls and significant changes to the accounting policy;
7. Definition of levels of materiality and the categories of transactions requiring Board approval;
8. The appointment and removal of the Chief Executive Officer;
9. Approval of policies and principles relating to reward, incentive schemes, conditions of service, benefits, health and safety;
10. Approval of delegations of the Board's powers and authority to Committees of the Board subject to the Committee reporting back to the Board;
11. Approval of contracts or transactions that do not relate to the ordinary business of the Company, including any extension of the group's activities into new business or geographic areas;
12. Approval of the Company's Code of Conduct and Ethics;
13. Approval of any matter that would have a material effect of the Company's financial position, liabilities, future strategy or reputation;
14. Oversight of compliance with statutory and regulatory obligations;
15. Review of performance in the light of the group's strategic aims, objectives, business plans and budgets and ensuring that any necessary corrective action is taken;
16. Any decision to cease to operate all or any material part of the group's business;
17. Changes relating to the group's capital structure including reduction of capital, share issues (except under employee share plans), share buy back;
18. Any changes to the Company's listing or its status as a PLC;
19. Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives;
20. Approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting;
21. Approval of all circulars, prospectuses and listing particulars, excluding routine documents;
22. Appointment or removal of the Company secretary;
23. Approval of strategic policies;
24. The making of political donations;
25. Prosecution, commencement, defence or settlement of litigation, or an alternative dispute resolution mechanism involving above £250,000 or being otherwise material to the interests of the group;
26. Approval of the overall levels of insurance for the group including Directors' & Officers' liability insurance and indemnification of Directors; and
27. Major changes to the rules of the group's pension scheme or changes in the fund management arrangements.