

NAKED WINES PLC (“COMPANY”)

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE

1. Purpose

- 1.1. The primary purpose of the Remuneration Committee (the “**Committee**”) is to oversee, monitor and make recommendations to the Board on the Company’s framework for remuneration and its costs.
- 1.2. The Committee’s overall aim is to align reward for everyone with the delivery of long-term shareholder value by ensuring the Company’s remuneration framework;
 - a) offers competitive salary packages that attract, retain and motivate talented people;
 - b) operates transparent, simple and effective reward schemes that incentivise delivery of stretching targets and long-term business strategy; and
 - c) offers the chance for all employees to participate in share reward schemes so that everyone thinks and acts like business owners.
- 1.3. The remuneration of Non-Executive Directors shall be a matter for the Board.
- 1.4. The Committee does not assume the functions of management, which remain the responsibility of the Executive Directors and other members of senior management.

2. Membership

- 2.1. The Committee’s membership is restricted to independent Non-Executive Directors only.
- 2.2. The Committee shall consist of not less than three independent Non-Executive Directors of the Company. The Committee shall be appointed by the Board in consultation with the chairperson of the Committee (the “**Chair**”).

3. Attendees

- 3.1. Only the members of the Committee have the right to attend Committee meetings.
- 3.2. Non-Executive Directors who are not Committee members may also attend Committee meetings upon request and at the invitation of the Chair. Other individuals such as the Chief Executive Officer, Group Finance Director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 3.3. The Chair may exclude anyone from a meeting if a conflict of interest is considered to be present. No individuals should be in attendance when their own individual remuneration or benefits are being considered.

4. Chairperson

- 4.1. The Chair shall be appointed by the Board from amongst the independent Non-Executive Directors. In the absence of the Chair, the remaining members present shall elect one of themselves to chair the meeting.
- 4.2. The Chairman of the Board shall not be the Chair.

5. Secretary

- 5.1. The Company Secretary or his/her designee shall be secretary to the Committee. The Company Secretary shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration of the issues.
- 5.2. The Company Secretary will make available a suitable induction process for new members of the Committee as well as ongoing training where appropriate and agreed with the Committee.

6. Quorum

A quorum shall be any two members.

7. Frequency of meetings

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The Committee shall meet at least two times a year and at such other times as the Chair shall require.

8. Notice of meetings

- 8.1. Meetings shall be called by the Company Secretary at the request of the Chair.
- 8.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee in advance of the meeting.

9. Minutes of meetings

- 9.1. The Secretary shall minute the proceedings and decisions of all meetings of the Committee.
- 9.2. The Secretary shall circulate the minutes of meetings to the Committee. The Secretary shall also circulate the minutes (or a summary thereof) to all members of the Board and such other attendees of the meetings as the Chair shall direct.

10. Annual General Meeting

The Chair shall attend the Annual General Meeting of the Company (“AGM”) to answer shareholder questions on the Committee’s activities.

11. Duties

- 11.1. determine and recommend to the Board the Company’s overall remuneration policy, and then monitor the ongoing effectiveness of that policy;
- 11.2. determine and recommend to the Board the remuneration of Executive Directors and the Chairman;
- 11.3. monitor, review and approve the levels and structure of remuneration for other senior managers and employees;
- 11.4. determine the headline targets and approve the outturn for annual performance related bonuses and long-term incentive schemes, exercising its right of discretion if necessary;
- 11.5. review and approve any material payments on termination of employment (ensuring that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised);
- 11.6. to keep abreast of external remuneration trends and market conditions through the receipt of reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys, or information which it deems necessary at the expense of the Company but within any budgetary restraints by the Board;
- 11.7. to be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee; and
- 11.8. to approve, execute or give effect to all documents (including service contracts), deeds, acts and things that the Committee may consider necessary or desirable in connection with or in relation to any of the foregoing matters.

12. Reporting responsibilities

- 12.1. The Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 12.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

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- 12.4. The Committee shall develop and keep under review the Remuneration Policy and ensure that it is put to shareholders for approval at the AGM at least once every three years.
- 12.5. The Committee shall oversee for the production of the Remuneration Report to be included in the Company’s annual report and ensure each year that it is put to shareholders for approval at the AGM.

13. Other matters

The Committee shall:

- 13.1. investigate any activity within its terms of reference, as well as any matter referred to it by the Board for consideration;
- 13.2. consider the provisions of the Quoted Companies Alliance (QCA) Corporate Governance Code and all applicable laws and regulations, including the Companies Act 2006 and appropriate institutional investor guidance;
- 13.3. arrange for periodic reviews of its own membership and performance and, at least annually, review its constitution and terms of reference and recommend any changes it considers necessary to the Board for approval;
- 13.4. work and liaise with other Board committees as necessary;
- 13.5. agree the policy for authorising claims for expenses by the Directors;
- 13.5. have the authority to further sub-delegate its authority to a sub-committee and or one or more members of the Committee; and
- 13.5. make the Committee’s terms of reference publicly available.

APPROVED
REVISED

October 2018
August 2020