

Risk Committee Terms of Reference

Boohoo Group plc Dated 25 February 2022

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Boohoo Group Plc (Company)
Risk Committee Terms of Reference

1 Definitions

In these terms of reference:

Board	means the board of directors of the Company
Code	the Quoted Companies Alliance (QCA) Corporate Governance Code or such other corporate governance code adopted by the Company in accordance with the AIM Rules for Companies
Committee	means the risk committee of the Board constituted at a meeting of the Board in accordance with the articles of association of the Company
Group	means the Company and its subsidiary undertakings from time to time

2 Introduction

The primary purpose of the Committee is to independently review, on behalf of the Board, management's recommendations on risk management, particularly in relation to the structure and implementation of the risk strategy, system of governance, risk management framework, the quality and effectiveness of the related internal controls and reporting processes, risk appetite limits and exposures, and the overall risk profile of the business. To perform his or her role effectively, each member of the Committee must be familiar with these terms of reference as well as the Company's business operations and risks both generally and in the retail sector.

3 Membership

- 3.1 The committee shall comprise at least three members, all of whom shall be independent non-executive directors. The committee shall include at least one member of the Audit and ESG committees. Members shall have appropriate knowledge, skills and expertise to fully understand risk appetite and strategy.
- 3.2 Members of the committee shall be appointed by the board on the recommendation of the nomination committee and in consultation with the chair of the risk committee. Appointments shall be for a period of up to three years which may be extended for up to two additional three-year periods, provided the director still meets the criteria for membership of the committee.
- 3.3 Only members of the committee have the right to attend committee meetings. However, the Chief Executive Officer, Chief Financial Officer, and any Head of Risk Management shall be expected to attend meetings of the committee on a regular basis and other individuals may be invited to attend all or part of any meeting as and when appropriate.
- 3.4 The board shall appoint the committee chair. In the absence of the committee chair and/or an appointed deputy at a committee meeting, the remaining members present shall elect one of themselves to chair the meeting.

4 Secretary

- 4.1 The Company secretary, or their nominee, shall act as the secretary of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

5 Quorum

The quorum necessary for the transaction of business shall be any two members of the Committee.

6 Voting arrangements

6.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.

6.2 Each member of the Committee shall disclose to the Committee:

6.2.1 any personal financial interest (other than as a shareholder) in any matter to be decided by the Committee; or

6.2.2 any potential conflict of interest arising from a cross-directorship.

6.3 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.

6.4 Save where he has a personal interest, the chair of the Committee will have a casting vote.

7 Frequency of meetings

7.1 The Committee shall meet at least four times a year at appropriate times and otherwise as required.

7.2 Outside of the formal meeting programme, the chairman of the Committee will maintain a dialogue with key individuals involved in the Company's governance, including the Chairman of the Board, the Chairman of the ESG Committee, the Chief Executive, the Finance Director and the Head of Risk Management.

8 Notice of meetings

8.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chairman or any of its members.

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, any other person required to attend and all other non-executive directors no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

9 Minutes of meetings

9.1 The secretary of the Committee shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance, unless a conflict of interest exists.

9.2 The secretary of the Committee shall ascertain, at the beginning of each Committee meeting, the existence of any conflicts of interest and minute them accordingly.

9.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board, unless a conflict of interest exists or, in the opinion of the chairman of the Committee, it would otherwise be inappropriate to do so.

10 Engagement with shareholders

- 10.1 The Committee chair should attend the annual general meeting to answer any shareholder questions on the Committee's activities. In addition the Committee chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

11 Duties

The Committee shall carry out the duties below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.

Risk appetite, tolerance and strategy

The Committee shall:

- 11.1 Advise the board on the Company's overall risk appetite, tolerance and strategy, and the principal and emerging risks the Company is willing to take in order to achieve its long-term strategic objectives.

The Committee should seek assurance on the risks the Company identifies as those to which the business may be exposed. The risks will be specific to the Company's circumstances but are likely to include many of the following:

- Threats to the business model or future performance
- Operational risk
- IT including cyber risk
- Environmental, Social and Governance (ESG)
- Supply chain
- Health and safety
- Pandemics
- Business continuity
- Legal & Regulatory
- International
- Human resource
- Fraud, corruption and ethical risk

- 11.2 Advise the board on the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact.

- 11.3 Advise the board on the risk aspects of proposed changes to strategy and strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on implications for the risk appetite, tolerance and strategy of the company, and taking independent external advice where appropriate and available.

Narrative Reporting

The committee shall carry out the following duties to assist the board in fulfilling its reporting responsibilities in the annual report.

- 11.4 Monitor and review the effectiveness of the company's risk management and internal control systems.
- 11.5 Review the company's procedures to manage or mitigate principal risks and to identify emerging risks, to assist in the board's assessment of principal and emerging risks.
- 11.6 Review and assess the company's risk appetite and associated stress testing

- 11.7 Evaluate the company's principal risks, to be taken into account by the board when assessing the company's prospects.
- 11.8 Review and approve the statements to be included in the annual report concerning internal controls and risk management.

Internal controls and risk management systems

The committee shall oversee and seek suitable assurance regarding:

- 11.9 The risk exposures of the company, including risk to the company's business model, and solvency and liquidity risks.
- 11.10 The regular monitoring and mitigation of ESG risks and opportunities (by consultation with the Chairman of the ESG Committee) ensuring all material ESG risks and opportunities have been identified and incorporated into the risk management framework;
- 11.11 The adequacy and effectiveness of the company's processes and procedures to manage risk and the internal control framework, including the design, implementation and effectiveness of those systems.
- 11.12 The ability of the company's risk management and internal control systems to identify the risks facing the company and enable a robust assessment of principal risks.
- 11.13 The company's capability to identify and manage new and emerging risks.
- 11.14 The effectiveness and relative costs and benefit of particular controls.
- 11.15 The effectiveness of management's processes for monitoring and reviewing the effectiveness of risk management and internal control systems and ensuring corrective action is taken when necessary.
- 11.16 The company's ability to reduce the likelihood of principal risks materialising and the impact on the business of risks that do materialise.
- 11.17 The appropriateness of the company's values and culture and reward systems for managing risk and internal controls, and the extent to which the culture and values are embedded at all levels of the company.
- 11.18 The Head of Risk Management's right of direct access to the chairman of the board and to the committee.

12 Reporting responsibilities

- 12.1 The committee chair shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 12.2 The committee shall provide advice to the remuneration committee on any risk weightings to be applied to performance objectives incorporated in the incentive structure for executive remuneration and make recommendations to the remuneration committee on clawback provisions.
- 12.3 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 12.4 The committee shall compile a report of its activities to be included in the company's annual report, describing the work of the committee.

13 Other matters

- 13.1 The Committee shall:

- 13.1.1 have access to sufficient resources in order to carry out its duties, including access to the Company secretary for assistance as required;
- 13.1.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 13.1.3 give due consideration to laws and regulations the provisions of the Code, and the requirements of the London Stock Exchange's rules for AIM Companies as appropriate;
- 13.1.4 oversee any investigation of activities which are within its terms of reference;
- 13.1.5 work and liaise as necessary with all other Board committees taking particular account of the impact of risk management and internal controls being delegated to different committees;
- 13.1.6 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board;
- 13.1.7 consider any other matters as may be requested by the Board; and
- 13.1.8 ensure that these terms of reference are made available by placing them on the Company's website.

13.2 General duties

In carrying out his specific duties set out above, each member of the Committee should also consider his general duties as a director of the Company, including without limitation:

- 13.2.1 his duty to act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, having regard to all relevant factors;
- 13.2.2 his duty to exercise independent judgment;
- 13.2.3 his duty to exercise reasonable care, diligence and skill;
- 13.2.4 his duty to avoid conflicts of interest; and
- 13.2.5 his duty to act in accordance with the Company's constitution and only exercise his powers for the purposes for which they were conferred.

14 Authority

- 14.1 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 14.2 The Committee is authorised by the Board to:
 - 14.2.1 seek any information it requires from any employee or director of the Company in order to perform its duties and all such employees or directors will be directed to co-operate with any request made by the Committee;
 - 14.2.2 exercise any activity within its terms of reference;
 - 14.2.3 obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes necessary to do so within its terms of reference;
 - 14.2.4 call any employee to be questioned at a meeting of the Committee as and when required; and

