

city chic collective

AUDIT AND RISK COMMITTEE CHARTER

Purpose

This Charter sets out the authority, role and responsibilities, membership and operation of the Audit and Risk Committee (the 'Committee').

Authority

The Board, through the Constitution and its Charter, has delegated authority to the Committee to assist the Board to oversee the integrity of City Chic's corporate reporting, internal controls framework, the processes for the appointment and removal of the internal and external auditors, to oversee City Chic's risk management framework and to identify and monitor City Chic's material and emerging risks.

Role and responsibilities of the Committee

The role of the Committee is to:

- assist the Board in discharging its duties in relation to financial and corporate reporting and internal control framework;
- oversee the external audit functions (and any internal audit function if applicable);
- assist the Board to recognise, manage and monitor risk and monitor performance against City Chic's risk management framework;
- satisfy itself that this framework deals adequately with material and emerging risks and addresses compliance requirements;
- manage other matters as determined by the Board from time to time, in accordance with its delegated authority from the Board; and
- review public disclosures related to its role and responsibilities.

The responsibilities of the Committee include:

Financial Reporting and Audit

To review and report to the Board that:

- the system of internal financial control effectively safeguards the assets of the Company;
- processes are in place such that accounting records are properly maintained in accordance with statutory requirements;
- processes exist to reasonably guarantee that financial information provided to investors and the Board is accurate and reliable;
- decisions requiring a major element of judgement by management have been considered and challenged;
- internal financial controls and processes have been evaluated to ensure compliance with applicable accounting standards and other requirements relating to the preparation and presentation of the financial results;
- overseeing the Company's financial reporting and disclosure processes and the outputs of that process;
- recommending to the Board the appointment and removal of the external auditors, and approving the terms of their engagement, their remuneration and the scope and quality of the audit and non-audit services;

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- reviewing and approving the audit plan of the external auditors, including the nature, scope, materiality levels and procedures of their audits;
- requiring and reviewing reports from the external auditors in relation to their major audit findings, management responses and action plans in relation to those findings;
- considering significant audit adjustments that may not have been adjusted;
- assessing the independence (particularly in regard to any non-audit related services), objectivity and effectiveness of the external auditors.

Risk and Compliance

- to review and report to the Board on the soundness of the Company's risk management framework;
- to review that adequate controls, systems, policies and procedures have been designed and implemented to manage identified risks;
- monitoring whether management is operating within any risk appetite set by the Board;
- monitoring the adequacy and completeness of City Chic's material risk profile, including cyber security, privacy and data breaches, sustainability and climate change;
- overseeing tax compliance and tax risk management;
- reviewing material incident reports to identify learnings and overseeing management's implementation of required action plans;
- assisting the Board to monitor regulatory and industry developments and the development of, and the Company's response to, strategic and emerging risks, both financial and non-financial;
- assisting the Board to review the Company's insurance program, having regard to the Company's business and associated insurable risks;
- reviewing and making recommendations to the Board on risk related disclosures, including material business, environmental and social risks;
- monitoring City Chic's risk culture; and
- assisting the Board to monitor the effectiveness of the Company's whistleblower, anti-bribery and corruption and modern slavery frameworks, including receiving reports of any material breaches reported under these policies.

Members

The Committee is comprised solely of independent Non-Executive Directors, with no fewer than three members, appointed by the Board. The majority of the Committee, and its Chair, are independent.

The Chair of the Committee will be elected by the Committee and hold office for the period determined by the members of the Committee. The Chair of the Committee may not be the Chair of the Board.

The Committee should be of sufficient size and independence, and its members between them should have the necessary accounting and financial expertise, technical knowledge of risk management and compliance, and sufficient understanding of the industry in which the Company operates, to be able to discharge the Committee's role effectively.

All Directors have a standing invitation to attend meetings of the Committee. The Committee may require any employee of the Company to attend meetings for the purpose of making presentations or participating in discussions.

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Procedures

The Committee shall meet as frequently as required in order to fulfil their role. However, it is intended that the Committee will meet at least three times each year.

The quorum for a meeting of the Committee is two members.

The Committee will meet with the external auditors at least once a year without executive management being present.

The Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party, and obtain external legal or other independent professional advice. The Committee may extend an invitation to any person to attend all or part of any meeting of the Committee which it considers appropriate.

In fulfilling its responsibilities the Committee receives regular reports from management and external auditors. The external auditors have a clear line of direct communication at any time to either the Chair of the Committee or the Chair of the Board.

The Committee is also responsible for determining and recommending to the Board if the Company requires a separate internal audit function.

Reporting

The Committee reports to the Board after each Committee meeting and relevant papers and minutes are provided to all Directors. The Committee will make recommendations to the Board, as it deems necessary.

Review

The Committee Charter must be approved by the Board.

The Committee will review the Charter every two years to maintain its relevance and effectiveness and make recommendations for any amendments to the Board.

The Charter is available on the Company's website.

Approved by the Board – June 2021