

## **QCA CORPORATE GOVERNANCE CODE COMPLIANCE STATEMENT**

### **Chairman's introduction**

The Board of Directors ('the Board') is committed to effective corporate governance and all Directors are fully aware of their duties and responsibilities. In accordance with Rule 26 of the AIM Rules for Companies, the Company confirms that it has adopted and observes the Quoted Companies Alliance ("QCA") Corporate Governance Code (the "QCA Code"). The Board believes that adherence to the QCA Code provides a strong foundation for delivering shareholder value.

It is the role of the Board, led by the Chairman, to ensure that the Company is managed in a way that nurtures and protects the medium to long-term benefit of all shareholders, supported by effective and efficient decision-making. Applying the QCA Code forms an important part of this process, which serves to mitigate and minimise risk and add value to our business.

Set out below is a description of each of the principles of the QCA Code, together with an explanation of how these are applied by the Company, or how the Company intends to apply from the date of admission to trading on AIM ("Admission"), and of any departures from the QCA Code.

This statement was issued on 25 April 2022 and will be reviewed and updated at least annually.

**Jim Sharp, Chairman**

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### **Principle 1: Establish a strategy and business model which promote long-term value for shareholders**

The Board has a clear strategy for delivering long-term shareholder value.

The Admission Document, dated 10 March 2021, sets out the Company's Mission Statement, business model and strategy and also includes the principal risks facing the business. This was reiterated in the Group's 2021 Annual Report.

Strategy – the Company intends to continue to focus on building a leading digital brand in the large, high growth, sector of the female apparel market. The Directors believe there is a significant opportunity to continue growing sales organically within this market by acquiring new customers and increasing customer value.

The Company has a clear organic growth strategy underpinned by:

- (1) continuing to campaign on relevant issues aligned with its brand values;
- (2) innovating and leveraging its social media influencer collaboration model, and
- (3) investing in people, partnerships and technology to optimise the e-commerce experience for customers.

The Board holds at least one strategy session each year. An update on strategy will be given in the Strategic Report that is included each year in the Annual Report and Accounts. There is a risk management framework in place through which the risk of any adverse effects in the implementation of the strategy are monitored.

### **Principle 2: Seek to understand and meet shareholder needs and expectations**

The group maintains an active dialogue with shareholders through a planned programme of investor relations. This activity is a keystone of the Company's corporate communications programme and is headed by the Chief Executive Officer supported by the Chief Brand Officer, Chief Financial Officer and members of the Finance team.

The Company has engaged advisers to support the Finance team with both presentation of key information to the market and to provide feedback directly to the Board from investor meetings, webinars, and events. An update on investor sentiment and or shareholding changes is provided at every Board meeting and in between meetings on request.

There is also a designated email address for Investor Relations, [investors@inthestyle.com](mailto:investors@inthestyle.com), and all contact details are included on the Company's website.

The Board will attend the Company's AGM and will be available to answer questions posed by shareholders, both during the meeting and following the AGM.

The CEO, CBO and CFO will meet with shareholders and analysts following the release of key information (including financial information) to the market and the Chairman is also available to meet with major shareholders if required.

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### **Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success**

We recognise that we are responsible not only to our shareholders and employees, but to a wider group of stakeholders (including our customers and suppliers) and the communities in which we operate. Our Mission Statement has our customers at its centre, empowering them to be who they are and not what they think they should be.

The Company is committed to the highest standards of corporate social responsibility in its activities and intends to outline these in more detail in the annual report and accounts.

*The Company's key stakeholder groups are:*

- *Employees*
- *Shareholders (both institutional and private)*
- *Customers*
- *Influencers*
- *Suppliers*

#### *Employees*

Employees are consulted throughout the organisation and are given many opportunities to provide feedback during regular meetings and annual appraisals. Recruitment and retention have also been supported by this regular communication. There is a comprehensive Code of Conduct in place setting out the ethical expectations of all employees. A key element to the strategy is to continue to attract, develop and retain high quality team members who share our brand values to support the wider growth ambitions.

#### *Shareholders*

An active dialogue is maintained with shareholders by the Finance team supported by the Chairman, CFO, CBO and CEO.

#### *Customers*

We differentiate ourselves through a steadfast commitment to championing female empowerment, body positivity and real beauty. As well as being fundamental attributes of the Company's brand identity and stated business mission, we aim to be an authentic, campaigning brand for our customers, and aim to ensure influencers are aligned with the brand's beliefs. Inclusivity is at our core which actively promotes a wide range of body types and styles which we cater for by offering customers a variety of product categories, styles and sizes.

We are continually communicating with our customers through regular launches, social media channels and our proprietary app.

#### *Influencers*

We develop strong, long-standing and exclusive collaborations with a growing and varied group of influencers. We identify and select influencers taking into consideration their fit with the brand, the quality of their social media engagement and follower numbers. Influencers are integral to the design and development of the range, with regular communications during the whole process. Including significant social media interaction in the build up to, and post, product launches.

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### *Suppliers*

We typically work with a relatively tight supplier base of 35 - 45 product suppliers at any one time with the majority in China and other international territories. The Board believes that the approach of working with a relatively tight supplier base with broad geographic spread allows us to effectively scale its operations when needed and achieve its operational strategy. As noted below, all suppliers are required to sign up to our comprehensive suite of policies and our product teams conduct regular supplier site visits.

### *Social responsibility*

The Company is committed to ethical sourcing and buying practices and all suppliers are required to sign up to our comprehensive suite of policies and our product teams conduct regular supplier site visits. In 2020, the Company engaged with an industry expert in corporate and social responsibility and specifically in global supply chain practices within the fashion industry, who leads the Company's continual improvement programme in this area. ITS works on an ongoing basis with the Reassurance Network, which advises the Company on its supplier factory audit programme, and is a member of AllianceHR Fast Forward Association, the next generation industry leading labour standards improvement programme in the UK.

The Board recognises the increasing importance and focus on the sustainability and the environmental impact of the fashion industry. Importantly, our products are made to last and not branded or priced to be seen as 'disposable'. We recognise the importance of more consumers participating in clothing recycling practices and in 2018 we partnered with the reGAIN App partnership as part of an initiative to encourage clothing recycling via vouchers. All customer orders are shipped in recycled bags.

We participate in and undertake regular charitable activities particularly to those causes closely connected to the Company.

The Company has recently founded a CSR Committee which first met in February 2021 and reports into the Board. The intention is to open membership of the CSR Committee to any member of staff.

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### **Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Board uses a considered approach to risk management with the need to accept a certain level of strategic risk to achieve its objectives of capital growth for shareholders. The risks facing the business are set out in the Admission Document and the 2021 Annual Report along with the monitoring processes and mitigating actions in place.

The Company has in place a risk management framework and risk register which assist the Board in identifying, assessing, and mitigating the risks faced by the Company to an acceptable level. This covers:

- The Board's appetite to risk,
- The responsibility for internal control,
- The Board process for the review of processes and controls, including independent checking by other departments or a formal internal audit function,
- Risk responsibility, mitigating actions and monitoring processes in place.

The risk management framework and risk register are reviewed at Audit and Risk Committee meetings and reported to the Board on a bi-annual basis.

### **Principle 5: Maintain the Board as a well-functioning, balanced team led by the chair**

The Directors acknowledge the importance of high standards of corporate governance and believe the QCA Code provides the best fit for the Company by setting out a standard best practice for small and mid-sized quoted companies, particularly those on AIM.

The Board includes a balance of Executive and Non-Executive Directors, with four Non-Executive Directors and three Executive Directors. The Board is managed by the Chairman who has the overall responsibility for strategy, risk, and corporate governance.

The Board's activities are supported by an Audit and Risk Committee and a Remuneration Committee. The terms of reference of these committees are set out on the corporate governance pages of this website. Given the size of the Board, it does not intend to establish a separate nominations committee and recommendations for appointments to the Board will be considered by the Board as a whole after due evaluation.

The Board and its committees receive high quality accurate and timely information on a regular basis (daily, weekly, or monthly as appropriate). The Board meets at least 10 times per year.

All the Directors have appropriate skills and experience for the roles they perform at the Company, including as members of Board Committees. They are subject to re-election at least every three years.

The Company is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders and will consider the requirement for additional Non-Executive Directors as the Company fulfils its growth objectives.

The Board believes that two Non-Executive directors are independent, with Nancy Cruickshank fulfilling the role of Senior Independent Director.

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**Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills, and capabilities**

The Board is represented by an appropriately diverse mix of individuals, given its size. Experiences are varied and contribute to maintaining a balanced Board that has the appropriate level and range of skill to push the Company forward. Details of the skills and experience of the Directors are provided in the Annual Report and Accounts as well as the corporate website.

The Board is not dominated by any one individual and all Directors have the ability to challenge proposals put forward to the meeting and decisions are reached democratically. The Board and Committees receive training as appropriate, including technical updates on the latest accounting, auditing, tax, and reporting developments. The balance of skills of the Board is reviewed at least on an annual basis. The Board has access to professional advisers at the Company's expense if necessary.

The Directors also receive regular briefings and updates from the Company's Nominated adviser in respect of continued compliance with, inter alia, the AIM Rules.

**Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

The Board has committed to performing a formal evaluation of performance in its first year of existence. The outcomes of this will be described in the Company's Annual Report and Accounts for the year ended 31 March 2022.

The key assessments that will be made in relation to the effectiveness of the Directors are:

- Contributions are relevant and effective;
- Skills remain current and relevant for their role on the Board;
- They are committed and able to devote a suitable amount of time to undertaking their duties as a Director; and
- If their role is as an Independent Director, that they remain independent

The results of the evaluation process will be reviewed when reviewing the composition of the Board for selecting any new Board members, and in succession planning for the Directors of the Board as well as key executive team members. The Board considers succession planning to be a matter of high priority and this is reviewed annually. Succession planning requirements relating to all members of the executive management team are considered by the CEO regularly.

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**Principle 8: Promote a corporate culture that is based on ethical values and behaviours**

The Company has a responsibility towards its employees and other stakeholders. The Board promotes an ethical corporate culture by having a documented Code of Conduct within the Employee Handbook, with any areas of non-compliance reported to the Board.

At Board level, there are terms of reference for each of its committees, requiring regular disclosure of Directors' other interests, and following a share dealing code, all of which require high standards of behaviour.

The Company's employment policies, such as those applying to Whistleblowing and Anti-bribery also assist in embedding a culture of ethical behaviour for all employees and the Company's commitment to upholding human rights of all individuals is clearly documented in its Modern Slavery Act 2015 Statement.

The Company's policies set out its zero-tolerance approach towards any form of discrimination or unethical behaviour relating to bribery, corruption, or business conduct.

The Company has a CSR Committee which first met in February 2021 and reports into the Board. The intention is to open membership of the CSR Committee to any member of staff.

This culture is set by the Board and regularly considered and discussed at Board meetings.

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### **Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board**

The Board has a formal schedule of matters reserved for its attention, including approval of strategic plans and acquisitions and meets at least 10 times per year.

The role of each member of the Board is clearly defined. The Chairman is responsible for the operation of the Board. The Chief Executive Officer is responsible for proposing the strategic direction of the Board and implementing the strategy once approved. The Chief Financial Officer is responsible for all financial matters and engagement with shareholders. Chief Brand Officer is responsible driving the brand and product direction. Board roles can be found on the Corporate Governance section of this website.

The Board is supported by the Audit and Risk Committee and Remuneration Committee in discharging its responsibilities. Each of the Committees has access information and external advice, as necessary, to enable the Committee to fulfil its duties.

The Audit and Risk Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It will receive and review reports from the Company's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company.

The Audit and Risk Committee will also advise the Board on the Company's overall risk appetite and strategy including, inter alia, regularly reviewing and updating (if appropriate) the risk management framework and risk register, including in relation to remuneration and compliance functions, and assisting in overseeing implementation of the adopted strategy.

The Audit and Risk Committee will meet at least twice a year and will have unrestricted access to the Company's auditors.

The Remuneration Committee will review the performance of the Executive Directors and make recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration and terms and conditions of appointment of the non-executive directors of the Company will be set by the Board.

The terms of reference of these committees are summarised in the Admission Document, the 2021 Annual Report and Accounts, and can be found on the Corporate Governance section of this website.



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**Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

These responses to the principles of the QCA Code and the information that will be contained in the Company's Annual Report and Accounts provide details to all stakeholders on how the Company is governed.

The Company will communicate with its shareholders through:

- the Annual Report and Accounts
- half-year report
- Regulatory Information Service ('RIS') announcements
- the Annual General Meeting ('AGM')
- one-to-one meetings with existing or potential new shareholders

As outlined at principle 2, the company maintains an active dialogue with its shareholders through a planned programme of investor relations.

A range of Company information is included on the website (<https://corporate.inthestyle.com/>) and further information can be requested from [investors@inthestyle.com](mailto:investors@inthestyle.com).