

PARLIAMENT HILL LTD

TERMS OF REFERENCE OF: THE PH BOARD OF DIRECTORS

Definitions

1. In this document:

“Articles”	means the Articles of Association of PH
“the CSMA”	means the Civil Service Motoring Association Ltd
“the CSMA Board”	means the Board of Directors of the CSMA
“PH”	means Motoring & Leisure Services Ltd
“the PH Board”	means the Board of Directors of PH

General and Specific Responsibilities

2. The PH Board is collectively responsible for the long-term success of PH and ensuring that it is run in the best interests of its member (i.e. its holding company, the CSMA). The PH Board:
- (a) sets the strategy for PH and approves strategic, capital and operating plans presented by management for the achievement of the strategic objectives it has set.
 - (b) monitors and oversees PH’s operations, ensuring competent and prudent management, sound planning, proper procedures and systems of internal control and compliance with statutory and regulatory obligations.
3. In addition, the PH Board has the specific responsibilities set out in **Appendix 1** to these Terms of Reference.

Powers of the PH Board

4. In managing PH, the PH Board may exercise all the powers of PH, subject to:
- (a) These Terms of Reference (including **paragraph 5** below, ‘Reserved Matters’)
 - (b) any applicable legal or regulatory requirements; and
 - (c) the Articles.

Reserved Matters

5. To the extent permitted by any applicable legal or regulatory requirements:
- (a) The matters set out in **Appendix 2** to these Terms of Reference require express approval of the PH Board.

- (b) The matters set out in **Appendix 3** to these Terms of Reference require prior consultation with or approval by the CSMA Board.

Companies Act Duty

- 6. Section 172 of the Companies Act 2006 requires each member of the PH Board to act in the way they consider, in good faith, would be most likely to promote the success of PH for the benefit of its members as a whole (i.e. its holding company, the CSMA), and in doing so to have regard (amongst other matters) to:
 - (a) the likely consequences of any decision in the long term,
 - (b) the interests of PH's employees,
 - (c) the need to foster PH's business relationships with suppliers, customers and others,
 - (d) the impact of PH's operations on the community and the environment; and
 - (e) the desirability of PH maintaining a reputation for high standards of business conduct.

Delegation

- 7. Subject to **paragraph 5** above ('Reserved Matters') and to the extent permitted by any applicable legal or regulatory requirements:
 - (a) The PH Board may delegate and confer on any director or other person any of its powers, authorities and discretions (including the power to sub-delegate) for such time and on such terms as it thinks fit.
 - (b) In particular, the PH Board may delegate any of its powers, authorities and discretions for such time and on such terms as it thinks fit to any Committee of the PH Board that consists of two or more of PH's directors.

Composition of the PH Board

- 8. The composition of the PH Board and the appointment and removal of directors is governed by the Articles.

Board Meetings

- 9. Proceedings of the PH Board of Directors are governed by the Articles.
- 10. The PH Board shall meet sufficiently regularly to discharge its duties effectively. It is expected that the PH Board shall normally meet at least four times a year.
- 11. Minutes of the PH Board shall be minuted, including recording the names of those present and in attendance. The minutes shall be circulated to all members of the PH Board unless exceptionally (it would be inappropriate to do so (for example, when matters personal to an individual director were discussed)).

12. Individuals who are not directors of PH may be invited to attend and speak at meetings of the PH Board or at meetings of any committee of the PH Board on a regular or ad hoc basis. However, they shall not be entitled to vote on any resolution put to the PH Board or relevant committee.

Date approved by the PH Board:

2023

APPENDIX 1

SOME SPECIFIC RESPONSIBILITIES OF THE PH BOARD

PH strategy and management

1. To formulate and approve PH's long term objectives and strategy.
2. To monitor the performance of PH's business against plans, budgets and forecasts.
3. To approve extension of PH's activities into new business.

Compliance

4. To ensure regulatory and legal compliance by PH.
5. To act consistently within the rules and principles of the Financial Conduct Authority in respect of PH.

Financial matters and internal controls

6. To oversee PH's operations and ensure competent and prudent management, sound planning, an adequate system of internal control and adequate accounting and other records.
7. To approve PH's annual budgets, strategic and business plans.
8. To review and approve PH's financing, banking and treasury policies.
9. To ensure maintenance of a sound system of internal control and risk management.
10. To approve PH's Annual Report and Accounts.
11. To monitor the performance of PH businesses against plan and budget.
12. To approve any significant change in PH's accounting policies.

Other

13. To approve PH's Board Minutes.
14. To consider any other matters put to the PH Board by any director of PH or the Company Secretary.

APPENDIX 2

MATTERS REQUIRING EXPRESS APPROVAL BY THE PH BOARD

1. PH's strategy and any changes to it.
2. PH's annual budget and changes to it.
3. An item of capital expenditure involving cost to PH of £100,000 or more.
4. PH entering into a contract with a value of £100,000 or more.
5. PH commencing or settling any material legal proceedings. For these purposes legal proceedings or a dispute shall be deemed to be "material" if it involves a claim of £100,000 or more by or against PH.

APPENDIX 3**MATTERS REQUIRING PRIOR CONSULTATION WITH OR APPROVAL BY THE CSMA BOARD**

1. The appointment by the PH Board of any person as a director of PH.¹
2. An item of capital expenditure involving cost to PH of £250,000 or more.
3. PH acquiring or disposing of an asset having a value of £250,000 or more.
4. PH entering into a contract with a value of £250,000 or more.
5. PH commencing or settling any major legal proceedings. For these purposes legal proceedings or a dispute shall be deemed to be “major” if it involves a claim of £250,000 or more by or against PH.
6. PH significantly changing the nature of its business or commencing any new business which is not ancillary or incidental to its existing business.
7. PH forming any subsidiary.
8. The issue of any shares by PH to any person other than CSMA.
9. PH amalgamating or merging its business with any other company or business undertaking.
10. PH creating any charge or other security over the whole or any part of its business, undertaking or assets (other than liens arising in the ordinary course of business or any charge arising by the operation or purported operation of title retention clauses and in the ordinary course of business).
11. PH making any loan or granting any credit or giving any guarantee or indemnity (other than in the normal course of trading e.g. employee season ticket loans).
12. Changing the auditors of PH or its financial year end.
13. Any material change in the accounting policies and principles adopted by PH in the preparation of its audited accounts (except as may be required to ensure compliance with relevant accounting standards under the Companies Act 2006 or any other generally accepted accounting principles in the United Kingdom).
14. Any changes to these Terms of Reference.

¹ Article 13 of PH's Articles of Association give the PH Board the power to appoint a person as a director (either to fill a vacancy or as an additional director).