

MOTORING AND LEISURE SERVICES LTD

TERMS OF REFERENCE OF THE MLS BOARD OF DIRECTORS

March 2021.

Context:

MLS is the main operating subsidiary of the Civil Service Motoring Association Ltd. (“CSMA”). The company is FCA authorised and as such has the legal duty to act in accordance with the rules and principles of the Financial Conduct Authority as well as acting in accordance with Company Law and all other appropriate laws and regulations.

As a fully owned subsidiary of CSMA the overall commercial objectives of MLS are steered by the parent company which has overall responsibility for the strategic direction of the group of companies. The commercial arrangement with CSMA is that in addition for being a wholly owned subsidiary, MLS also receives a management fee for providing services to CSMA and its’ subsidiaries, such as managing member recruitment and providing executive services and staff to manage the whole group. As such MLS has operational responsibility to decide upon the strategy, operating processes, controls and regulatory environment for MLS. MLS, its Directors have the sole legal responsibility for compliance with FCA regulations. Due to the management fee arrangement MLS also has responsibility formulating and proposing group strategy, and for day to day oversight of the whole CSMA group, including other operating subsidiaries.

Meetings:

Proceedings of the Board of Directors of Motoring & Leisure Services Ltd (“MLS”) are governed by the Articles of Association of MLS. The MLS Board shall meet at least four times a year.

Powers of the Board:

In managing MLS, the MLS Board may exercise all the powers of MLS, subject to any relevant laws and regulations and to MLS’s Articles of Association.

The MLS Board may delegate and confer on any directors holding executive office any of its powers, authorities and discretions (including the power to sub-delegate) on such terms as it thinks fit, subject to annual review. In addition, the Board may delegate any of its powers, authorities and discretions on such terms as it thinks fit, subject to annual review, to any committee consisting of two or more directors.

Duties:

The MLS Board is collectively responsible for the long-term success of MLS.

**Delegated to/reviewed by a Committee of the Board which may be a Committee of the parent company.*

The Board, with the input of the CSMA board, sets the strategy for MLS and approves capital and operating plans presented by management for the achievement of the strategic objectives it has set.

1. Strategy and management

- 1.1 Responsibility for overall management and long-term success of MLS
- 1.2 To formulate and approve MLS's long-term objectives and strategy after considering the overall CSMA strategy
- 1.3 To provide services to CSMA, the parent company and other companies within the group.
- 1.4 To provide executive resource to the CSMA Group.
- 1.5 There will be a minimum of three and a maximum of seven Directors, of which one must be a non-Executive Director.
- 1.6 A quorum is three Directors.
- 1.7 The Chairman of the board will be an appointed NED.

2. Financial and internal controls

- 2.1 Oversight of MLS's operations ensuring:
 - competent and prudent management and sound planning
 - an appropriate system of internal control
 - appropriate accounting and other records
- 2.2 To approve MLS's annual budgets and business plans
- 2.3 To ensure maintenance of a sound system of internal control and risk management*
- 2.4 To approve MLS's Annual Report and Accounts including the corporate governance statement and remuneration report
- 2.5 To approve any significant change in accounting policies/practices*
- 2.6 To approve the remuneration of the auditors and recommendations for the appointment or removal of auditors*

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- 2.7 Monitor the performance of MLS's businesses against plan and budget and forecasts.
- 2.8 To approve any capital expenditure or contract with a value of £100k or more. Capital expenditure or contracts with a value of £250k or more will require CSMA board approval or delegated authority.
- 2.9 To monitor and ensure that due diligence contractual processes are followed, particularly in respect of financial, compliance, legal and regulatory requirements.

3. Board Membership, Remuneration and Committees

- 3.1 To appoint directors. The shareholder can remove a Director but cannot appoint one.
- 3.2 To ensure adequate succession planning for the board and senior management.
- 3.3 To approve the appropriate division of responsibilities between the executive and non-executive directors.
- 3.4 To set terms of reference for and membership of the Committees of the MLS Board and receive reports as appropriate

4. Corporate governance, compliance and regulatory matters

- 4.1 To act within the rules and principles of the Financial Conduct Authority.
- 4.2 To meet all the companies legal and regulatory obligations. These include, but are not limited to the FCA, Health and Safety legislation, the Companies Act, Food and Hygiene, Data Protection, taxation and accounting law and rules and employment law.
- 4.3 To ensure that there are thorough processes and controls to ensure that all legal, regulatory and compliance obligations are met.
- 4.4 To review and approve MLS's risk management strategy
- 4.5 To review and approve MLS's policies

5. Other

- 5.1 To approve the prosecution, defence or settlement of litigation involving claims of more than £50,000 or being otherwise material to the interests of MLS
- 5.2 To approve overall levels of insurance for MLS and major changes to MLS's insurance programme. To also approve overall levels of insurance and major changes to the whole CSMA Group and other operating subsidiaries.
- 5.3 To approve MLS Board Minutes

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- 5.4 To consider any other matters put to the MLS Board by any director or the Company Secretary
- 5.5 Have overall responsibility for MLS and, on behalf of the CSMA group policy and operations regarding technology, legal and other operating matters.
- 5.6 To review Board performance annually.