

## **Vertu Motors plc (Company)**

### **COMPLIANCE COMMITTEE TERMS OF REFERENCE**

#### **1. Constitution**

- 1.1. The Committee is established by the executive directors of the Company.
- 1.2. The Committee may from time to time investigate, discuss or review matters outside its terms of reference if required to do so by the Board.

#### **2. Remit**

- 2.1. The remit of the Committee is to ensure and monitor the Group's compliance with law and regulation, particularly the following regulations:
  - a. FCA regulations including compliance with marketing guidelines and the consumer duty
  - b. Distance selling regulations
  - c. General Data Protection Regulation and the Data Protection Act 2018
  - d. Payment Card Industry (PCI) Data Security Standards
  - e. MOT requirements

The remit of the Committee will not include compliance with health and safety or environmental regulations. The Committee does not have responsibility for the oversight of the Group's internal audit activities except where it relates to FCA-regulated activity.

- 2.2. In addition to the above areas the Committee will review all incidences of Fraud and Tax Evasion arising in the Group.

#### **3. Duties and terms of references**

- 3.1. Processes and training

The Committee shall:

- a. Keep under review the adequacy and effectiveness of the Group's processes and policies to ensure that these:
  - adequately meet the requirements of the FCA guidelines applicable to its FCA registered entities
  - ensure compliance with the consumer duty
  - meet the requirements of the General Data Protection Regulation and the Data Protection Act 2018
  - ensure that the Group complies with Payment Card Industry (PCI) Data Security Standards; and
  - ensure that the Group complies with MOT testing requirements as defined by the DVSA

and ensure that Colleagues are aware of such policies as necessary through communication, training and induction.

- b. Keep under review the adequacy and timeliness of training required of all colleagues engaged in regulated activities.
- c. Ensure that the Group has in place all of the necessary licences and consents and maintains a register of the same.

3.2. Monitoring and reporting

The Committee shall:

- a. Review and challenge where necessary appropriate retail finance metrics and indicators of non-compliance with policies.
- b. Review complaints relating to data protection or FCA to identify any areas of persistent non-compliance with Group policies and processes.

3.3. Internal Controls and Internal Audit

The Committee shall:

- a. Review and assess the schedule of FCA internal audits to ensure the Group's compliance to key processes.
- b. Review the results of FCA internal audits carried out and seek remedial action or ensure training as appropriate for poor audit results.

3.4. Compliance, whistleblowing and fraud

- a. The Committee shall review the adequacy and security of the Group's arrangements for its colleagues and its contractors to raise concerns, in confidence about possible wrongdoing. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- b. Review the Group's procedures for detecting fraud and tax evasion

**4. Membership**

- 4.1. The members of the Committee shall be approved by the COO and shall consist of not less than four members including the General Counsel and Group Sales Director.
- 4.2. The Chairman of the Committee shall be the COO (who is also the Consumer Duty Champion), or in his absence the CFO.
- 4.3. The quorum necessary for the transaction of business of the Committee shall be at least three members (including the Chairman).

**5. Voting arrangements**

- 5.1. 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.
- 5.2. 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 on that matter at the meeting.

- 5.3. Decisions of the Committee will be made by majority vote. Save where he/she has a Personal interest, the chairperson will have a casting vote.

## **6. Attendance at Meetings**

- 6.1. The Committee will meet at least six times a year. The Committee may meet at other times during the year as agreed between the members of the Committee or as otherwise requested by the Board.
- 6.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, CEO, or other directors (non-executive and executive) and other Company employees may be invited to attend all or part of any meeting as and when appropriate in the opinion of the Committee Chairman or the majority of its members. The Operations Directors will also be invited to attend on rotation.
- 6.3. At the request of the Committee a representative of the external and internal auditors shall attend meetings.
- 6.4. The Company Secretary or his/her nominee shall be the secretary to the Committee.

## **7. Notice of meetings**

Meetings of the Committee shall be called by the company secretary at the request of any of its members.

## **8. Reporting**

Minutes of each meeting will be circulated to all members of the Committee and the Operations Directors. The Chairman shall report to the Board with a summary of the issues considered by and the decisions of the Committee following each meeting and the executive directors shall make recommendations to the Board as appropriate from the Committee.

## **9. General matters**

- 9.1. The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness.
- 9.2. The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.