

## **AUTO TRADER GROUP PLC (the “Company”)**

### **SCHEDULE OF MATTERS RESERVED FOR THE BOARD**

#### **1. STRATEGY AND MANAGEMENT**

- 1.1 Responsibility for the overall commercial strategy and business plan of the Company and its subsidiary undertakings (the “Group”), including setting the Group's values and standards and reviewing performance.
- 1.2 Oversight of the Group's operations and management.
- 1.3 Determining the basis on which the Group generates or preserves value over the longer term (the business model) and the strategy for delivering the objectives of the Group.
- 1.4 Determining the nature and extent of the significant risks the board is willing to take in achieving the strategic objectives of the Company.
- 1.5 Approval of any major change in the nature, scope or scale of the business of the Group, including any decision to (i) cease to operate all or a substantial part of the Group's business and (ii) enter into any strategically or commercially significant new business areas not forming part of the Group's current activities from time to time.

#### **2. STRUCTURE AND CAPITAL**

- 2.1 Changes relating to the Group's capital structure, including any reductions of capital, share issues (except under employee share plans), issues of securities conferring rights of subscription for or conversion into shares and share buybacks.
- 2.2 Fixing any special rights or restrictions attaching to shares.
- 2.3 Major changes to the Group's corporate structure, management and control structure.
- 2.4 Changes related to the Company's listing or its status as a plc.

#### **3. FINANCIAL REPORTING AND AUDIT**

- 3.1 Approval of preliminary and final annual reports and accounts (including the board satisfying themselves that the annual report and accounts are fair, balanced and understandable), half-yearly reports and trading updates, having taken into account recommendations from the Audit Committee.
- 3.2 Approval of the dividend policy, approval and declaration of the interim dividend and recommendation of the final dividend.
- 3.3 Approval of accounting policies and practices and any changes thereto; the use of any off-balance sheet structures; alteration of the accounting reference date.
- 3.4 Acceptance of any proposed audit qualification of the accounts.
- 3.5 Approval of Audit Committee's:
  - 3.5.1 recommendations for the tender, appointment or removal of external auditors; and
  - 3.5.2 recommendations on external auditors' remuneration.

- 3.6 The making of any material tax elections or the entry into any agreement, compromise or accommodation with HM Revenue and Customs, in accordance with the current Tax Risk Management policy.

#### **4. RISK MANAGEMENT AND POLICIES**

- 4.1 Setting risk management and internal control policies for the Group, taking into account any recommendations of the Audit Committee.
- 4.2 Reviewing the effectiveness of risk management and internal control systems on an ongoing basis, including receiving and reviewing regular reports on internal control and approval of an appropriate statement for inclusion in the annual report.
- 4.3 Carrying out a robust assessment (at least annually) of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity, and report in the Annual Report those risks, explaining how they are being managed or mitigated.
- 4.4 Monitoring the Company's risk management and internal controls systems (covering all material controls, including financial operational and compliance controls) and at least annually, carry out a review of their effectiveness and report on that review in the Annual Report.
- 4.5 Prosecution, defence or settlement of litigation, arbitration, regulatory or other proceedings (involving anticipated costs and settlement, together exceeding £200,000 or being otherwise material to the Group).
- 4.6 Any matter which could reasonably be expected to have a material effect on the reputation or standing of the Company or Group.
- 4.7 Agreement of codes of business conduct and ethics, in light of the Bribery Act 2010 and directors' duties, in particular the duty contained in section 172 of the Companies Act 2006 to promote the success of the company for the benefit of the members as a whole and in doing so have regard to (amongst others):
- 4.7.1 the likely consequences of any decision in the long term,
  - 4.7.2 the interests of the company's employees,
  - 4.7.3 the need to foster the company's business relationships with suppliers, customers and others,
  - 4.7.4 the impact of the company's operations on the community and the environment,
  - 4.7.5 the desirability of the company maintaining a reputation for high standards of business conduct, and
  - 4.7.6 the need to act fairly as between members of the company.
- 4.8 Approval of material alterations to the limit of cover or premium of any of the insurance policies of any Group company, including, without limitation, directors' and officers' liability insurance.
- 4.9 Approval of environmental policy.
- 4.10 Approval of health and safety policy.
- 4.11 Approval of whistleblowing policy.
- 4.12 Approval of disclosure policy.

- 4.13 Approval of anti-corruption and bribery policy.
- 4.14 Approval or amendment of insider list guidance note.
- 4.15 Approval of the share dealing code.

## **5. TRANSACTIONS**

- 5.1 Approval of all budgeted capital expenditure in excess of £1 million and approving all unbudgeted capital expenditure in excess of £1 million.
- 5.2 Approval of the entry into, amendment or variation of any supplier contract entered into in the normal course of business that is in excess of £1 million in committed value over the term either as a single transaction or a series of related transactions or an acquisition or disposal of interests in real property above £500,000. Approval of any contract or agreement outside of the normal course of business of the Company in excess of £50,000 in value.
- 5.3 Contracts in which a director or other related party is interested.
- 5.4 Any proposed acquisition or disposal of a business, shares in a company, controlling/ non-controlling interests including investments in associates, joint ventures, partnerships and similar arrangements with a total consideration in excess of £5 million.
- 5.5 Any binding commitment to enter into a material strategic alliance, joint venture, partnership or profit sharing arrangement with a total annual impact on revenues or profits in excess of £5 million.
- 5.6 Giving security over significant assets and the entry into, or increasing or extending of any material liability under any guarantee, indemnity or letter of comfort other than in the ordinary and usual course of business or where the value exceeds £1 million.
- 5.7 Establishing managerial authority limits.

## **6. COMMUNICATION AND REGULATORY REQUIREMENTS**

- 6.1 Calling general meetings of shareholders.
- 6.2 Approval of resolutions and related documentation to be put forward to shareholders at a general meeting.
- 6.3 Approval of announcements and press releases concerning matters decided by the board.
- 6.4 Delegation of authority to issue an urgent announcement to the Group's Disclosure Panel without the need to call a board meeting, in order to comply with the company's regulatory obligation to announce inside information as soon as possible.
- 6.5 Ensuring compliance with the Listing, Prospectus, Disclosure and Transparency Rules.
- 6.6 Approval of all circulars, prospectuses and equivalent documents (save that approval of routine documents may be delegated to a committee).

## **7. FINANCE**

- 7.1 Any increase beyond the borrowing limits previously adopted.
- 7.2 Raising new capital and obtaining and confirming major financing facilities, debt factoring, sale and leaseback arrangements and contracts for derivatives, in each case with third parties, delegating authority, as appropriate, to finalise details.

- 7.3 Approval of any amendment, variation, waiver (including a request for a waiver) of any provision of, or termination (or giving notice to terminate) of any provision of any of the Group's material financing arrangements or granting any consent or exercising any discretion granted pursuant to such arrangements.
- 7.4 Approval of the making, increasing or extending of any material loan or advance or grant of credit to any person (other than trade credit in the ordinary and usual course of trading).
- 7.5 Approval of annual operating and capital expenditure budgets and changes thereto and review of performance against budgets.
- 7.6 Treasury policies (including foreign currency and interest rate exposures).
- 7.7 Approval of valuations of the Company's assets.

## **8. DIRECTORS, SENIOR EMPLOYEES AND OTHER APPOINTMENTS**

- 8.1 Approval of Nomination Committee's recommendations on:
  - 8.1.1 board appointments and removals;
  - 8.1.2 board and senior employee succession;
  - 8.1.3 appointment of Chairman and Chief Executive and terms of engagement (other than remuneration) for Chairman and Chief Executive;
  - 8.1.4 appointment of the senior independent director
  - 8.1.5 terms of engagement (other than remuneration) of non-executive directors;
  - 8.1.6 the re-appointment of any non-executive director at the end of his specified term of office;
  - 8.1.7 the re-election by shareholders of any director; and
  - 8.1.8 any matters concerning the continuation in office of any director at any time.
- 8.2 Setting policy on boardroom diversity, including gender, and monitoring its implementation.
- 8.3 Remuneration of non-executive directors.
- 8.4 Appointment and removal of company secretary; terms of engagement (other than remuneration) of company secretary.
- 8.5 Board policy on the duration of contracts with directors (both executive and non-executive).
- 8.6 The procedures in place (or to be put in place) for the authorisation of directors' conflict matters falling within section 175 of the Companies Act 2006 and any changes to these procedures.
- 8.7 The authorisation of any conflict matter arising for any director of the Company under section 175 of the Companies Act 2006 and the terms and conditions attaching to such authorisation taking into account any recommendations of the Nomination Committee.
- 8.8 Approval of terms of reference, membership of board committees and any material changes to either.
- 8.9 Delegation of the board's powers, including formation of such committees as the Board may from time to time consider necessary and appropriate and receiving reports on their activities.

- 8.10 Division of responsibilities between the Chairman, Chief Executive and other executive directors.
- 8.11 Procedure for directors in the furtherance of their duties to take independent professional advice, at the Company's expense.
- 8.12 Assessment of which non-executive directors are independent.
- 8.13 Approval of performance evaluation programmes for board, committees and individual directors.

## **9. REMUNERATION**

- 9.1 Approval of Remuneration Committee's recommendations on remuneration policy for the Executive Directors, company secretary and for senior employees.
- 9.2 Directors' remuneration report, including approval of Remuneration Committee's recommendations to exclude from the report any performance measures, performance targets and formulae which may be considered commercially sensitive to the Company.

## **10. EMPLOYMENT AND PENSION ISSUES**

- 10.1 Approval of the establishment or amendment of new pension or life insurance schemes.
- 10.2 Major changes in the rules or funding of the pension schemes, or changes of trustees or fund management arrangements.
- 10.3 The introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval.
- 10.4 Decisions regarding proposed large-scale redundancies.

## **11. CORPORATE GOVERNANCE AND SHAREHOLDER ENGAGEMENT**

- 11.1 Compliance with the UK Corporate Governance Code and other relevant corporate governance guidelines.
- 11.2 Overall governance framework and values of the group.
- 11.3 Relations and engagement with shareholders and the investment community generally.
- 11.4 Carrying out an assessment (at least annually) of its own performance, that of its committees and individual directors and the division of responsibilities.
- 11.5 Determination of the independence of non-executive directors in light of their character, judgment and relationships.

## **12. LEGAL, ADMINISTRATION AND OTHER BENEFITS**

- 12.1 Approval of the incorporation or liquidation of any subsidiary undertaking, the effecting of any Group reorganisation or any change in the legal form, domicile or tax residence of any Group company.
- 12.2 Approval of the initiation of any bankruptcy, dissolution, liquidation or winding up proceedings, moratorium or suspension of payments in relation to any Group company (or any similar proceedings).
- 12.3 Approval of the granting, entering into any licence, agreement or arrangement concerning any part of the name or trading names of the Company or the goodwill attaching to the same or any part of the Company's intellectual property.

12.4 Granting of a power of attorney by the Company.

**13. OTHER**

13.1 Approval of any single political donation permitted by law.

13.2 Approval of the appointment of the Group's principal professional advisers.

13.3 This schedule of matters reserved for board decisions.

***Note:** Any matter reserved to the Board may be delegated by a decision of the Board to any board committee or any director*

As approved by the Board on 26 April 2019