

## **AUTO TRADER GROUP PLC (the "Company")**

### **TERMS OF REFERENCE FOR THE NOMINATION COMMITTEE**

These terms of reference for the Nomination Committee have been adopted by the Board of Directors (the "Board") of Auto Trader Group plc (the "Company"). The Nomination Committee (the "Committee") shall review and reassess these terms of reference annually and recommend any proposed changes to the Board for approval.

#### **1. Purpose**

The Committee shall assist the Board in discharging its responsibilities relating to the composition and make-up of the Board and any committees of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or committee members as the need may arise.

#### **2. Duties and Responsibilities**

2.1 In furtherance of this purpose, the Committee shall have the following duties and responsibilities:

- (a) Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board, senior executive team and operating board and make recommendations to the Board for any changes;
- (b) Give full consideration to succession planning for the roles of the Chairman, Chief Executive, Finance Director, directors and senior executive team and other senior executives, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- (c) Be responsible for identifying and nominating, for the approval of the Board, candidates to fill board vacancies as and when they arise;
- (d) Before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity of the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.

In identifying suitable candidates the Committee:

- (i) may use open advertising or the services of external advisers to facilitate the search;
- (ii) may consider candidates from a wide range of backgrounds; and
- (iii) shall consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position;

- (e) For the appointment of a Chairman prepare a job specification, including the time commitment expected. A proposed Chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the Chairman's commitments should be reported to the Board as they arise;
- (f) Prior to the appointment of a director, require the proposed appointee to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest;
- (g) Ensure that, on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
- (h) Review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
- (i) Consider any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract;
- (j) Conduct an annual board performance evaluation process that relates to the composition and operation of the Board and individual directors; and
- (k) To oversee diversity and inclusion across the Group (including but not limited to gender, age, sexual orientation, disability, race & ethnic origin, religion & faith, marital status, social, educational background and way of thinking) and to receive reports from the Diversity & Inclusion Working Group to monitor progress made against objectives.

2.2 The Committee shall also make recommendations to the Board concerning:

- (a) formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman, Chief Executive and Finance Director;
- (b) suitable candidates for the role of senior independent director;
- (c) membership of the Audit and Risk and Remuneration Committees, in consultation with the Chairman of those committees;
- (d) the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- (e) the re-election by shareholders of any director under the annual re-election provisions of the UK Corporate Governance Code or the

retirement by rotation provisions in the Company's articles of association having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board;

- (f) any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract,
- (g) the appointment of any director to executive or other office; and
- (h) directors who will be retiring by rotation to be proposed for re-election.

### **3. Membership and Independence Requirements**

- 3.1 The Committee shall consist of at least three members. Members of the Committee shall be appointed by the Board in consultation with the Chairman of the Committee. The majority of the members of the Committee shall be independent non-executive directors.
- 3.2 The Company Secretary or his or her nominee shall act as the secretary of the Committee (the "Committee Secretary").
- 3.3 Only members of the Committee and those entitled to attend as an observer have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board or the Chief Executive may be invited to attend for all or any part of any meeting, as and when appropriate.
- 3.4 The Committee shall include a committee chairman (the "Committee Chairman"). The Committee Chairman shall be appointed by the Board. The Chairman of the Board or an independent non-executive director should be the Committee Chairman. The Committee Chairman shall be entitled to chair all regular sessions of the Committee and add topics to the agenda. In the absence of the Committee Chairman, the remaining members shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed as Committee Chairman, although the Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the Chairmanship.
- 3.5 Appointments to the Committee shall be for a period of three (3) years, which may be extended by one or more additional three (3) year periods, provided the director still meets the criteria for membership of the Committee.
- 3.6 If any member of the Committee is unable to act for any reason, the Committee Chairman may appoint any other independent non-executive director of the Company to act as his alternate.

### **4. Meetings**

- 4.1 The Committee shall meet, in person, at least once a year, or more frequently as circumstances dictate, and all Committee members shall strive to be present

at all Committee meetings. The Committee meetings shall follow a set agenda established by the Committee.

- 4.2 Two (2) Committee members, acting in person, linked by telephone or video conference facilities or by proxy, shall constitute a quorum. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## **5. Notice of Meetings**

- 5.1 Meetings of the Committee shall be summoned by the Committee Secretary at the request of the Committee Chairman.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors no later than three working days before the date of the meeting. Supporting papers shall be sent to Committee members and to the attendees as appropriate, at the same time.

## **6. Reporting Procedures**

- 6.1 The Committee Secretary shall prepare and circulate the minutes of the meetings of the Committee to all members of the Committee and maintain a minute book containing minutes for meetings signed by the chairman of the meeting.
- 6.2 The Committee shall report its actions and recommendations to the Board after each Committee meeting and, once agreed upon by the Committee, shall provide to the Board a copy of the minutes, unless in the opinion of the Committee Chairman it would be inappropriate to do so. The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 6.3 The Committee shall produce a report to be included in the Company's annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the Company.
- 6.4 The report referred to in 6.3 above should include a statement of the board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.
- 6.5 The Committee Chairman shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## **7. Annual Performance Evaluation**

- 7.1 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 and recommend any changes it considers necessary to the Board for approval.

- 7.2 To ensure that the Committee remains up to date with developments, the Committee shall be provided with appropriate and timely training from suitably qualified external advisers, for new members and on an on-going basis.
- 7.3 The Committee will give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing Rules, Prospectus Rules and Disclosure and Transparency Rules and any other applicable rules, as appropriate.

## **8. Authority**

- 8.1 The Committee is authorised by the Board to (i) seek any information it requires from any employee of the Company in order to perform its duties, and (ii) call any employee to be questioned at a meeting of the Committee as and when required.
- 8.2 In connection with its duties the Committee is authorised by the Board to obtain, at the company's expense, any outside legal, consultant or other professional advice.

## **9. Other matters**

The Committee shall:

- 9.1 have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required; and
- 9.2 consider other matters as referred to the Committee by the Board.

As approved by the Board on 22 April 2016.