

AUTO TRADER GROUP PLC

TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

These Terms of Reference for the Remuneration Committee have been adopted by the Board of Directors (the "Board") of Auto Trader Group plc (the "Company"). The Remuneration 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 in fulfilling the Board's oversight responsibilities relating to remuneration for the Company and its group as a whole (the "Group"). In summary, the Board shall be responsible for monitoring and approving the Company's policies relating to remuneration of its directors and Operational Leadership Team.

2. Duties and Responsibilities

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

- 2.1 Determine the framework or broad policy for the remuneration of the Company's and the Group's executive directors and Chairman, and to monitor and recommend changes to the level and structure of remuneration of the Company Secretary, members of any executive bonus scheme for which the board determines the targets and awards and/or other employees either earning a basic salary of £150,000 per annum or above. The remuneration of non-executive directors shall be the matter for the Chairman and executive members of the Board. No individual shall be involved in any decisions as to their own remuneration.
- 2.2 Where the Company releases an executive director of the Company for non-executive roles, the Committee minutes will include a statement as to the time commitment associated with such appointments, and whether the director should retain any earnings in relation to the role, and if so, what the remuneration is. This shall also be recorded in the directors' remuneration report.
- 2.3 Ensure that the remuneration of executive management is adequate and appropriate to attract, motivate and retain personnel of high calibre and provides, in a fair and responsible manner, reward for their individual contributions.
- 2.4 Review the on-going appropriateness and relevance of the remuneration policy.
- 2.5 Approve the design of, and determine targets for, any performance related pay schemes operated by the Company or the Group and approve the total annual payments under such schemes.
- 2.6 Determine the policy for, and scope of, pension arrangements for each executive director the Company Secretary, members of any executive bonus scheme for which the board determines the targets and awards and/or other employees either earning a basic salary of £150,000 per annum or above.

- 2.7 Ensure the contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- 2.8 Review the terms of engagement for and determine, within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive as appropriate, the total individual remuneration package of each Executive Director and other senior executives including bonuses, pensions and other benefits.
- 2.9 Review and note annually the remuneration trends across the Company and the Group. At the instigation of the Committee Chairman periodically review and benchmark the Company's position against the external market.
- 2.10 Oversee any major changes in employee benefits structures throughout the Group.
- 2.11 Agree the policy for authorising claims for expenses.
- 2.12 Delegate any of its responsibilities to subcommittees as the Committee may deem appropriate in its sole discretion.
- 2.13 In determining the remuneration policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long-term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company.
- 2.14 Review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and other designated senior executives and the performance targets to be used.
- 2.15 Approve design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes (in accordance with the provisions of Schedule A of the UK Corporate Governance Code).
- 2.16 In determining such packages and arrangements, give due regard to the comments and recommendations of the UK Corporate Governance Code as well as the UK Listing Authority's rules and associated guidance.

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 on the recommendation of the Nomination Committee. All Committee members shall be independent non-executive directors of the Company.

- 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 Finance Director and external advisors, may be invited to attend for all or 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 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.
- 3.5 Appointments to the Committee shall be for a period of three (3) years, which may be extendable by no more than two (2) additional three (3) year periods, provided that 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 or her alternate.

4. Meetings

- 4.1 The Committee shall meet, in person, at least three (3) times 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 any of its members.
- 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 by the Committee Secretary to each member of the Committee, and any other person required to attend, 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 Chairman should attend the annual general meeting to answer 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 regarding executive remuneration, appropriate and timely training will be provided to the Committee from suitably qualified external advisers for new members and on an on-going basis.
- 7.3 The Committee will give due consideration to all relevant laws, regulations and codes of practice in relation to executive remuneration, including, but not limited to, the provisions of the UK Corporate Governance Code, the Companies Act 2006 and the requirements of the UK Listing Authority.

8. Outside Advisors

The Committee shall have the authority to retain, at the Company's expense, remuneration consultants to assist in the evaluation of director, Chief Executive or executive officer remuneration or any other matters within its terms of reference. The Committee shall retain and terminate these advisors without seeking Board approval and shall have sole authority to approve related fees and retention terms. The Committee and the Board shall ensure that any such remuneration consultants retained shall be identified in the Company's annual report, together with a statement as to whether they have any other connection with the Company.

9. Authority

- 9.1 The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.
- 9.2 In connection with its duties the Committee is authorised by the Board to obtain, at the company's expense, any outside legal or other professional advice.

10. Other matters

The Committee shall:

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

As approved by the Board on 7 June 2016.