



*Automotive*

## **CORPORATE GOVERNANCE GUIDELINES**

**October 16, 2024**

### I. Responsibilities of the Board of Directors

The Board of Directors, which is elected by the shareholders, is our ultimate decision-making body, except with respect to matters reserved to the shareholders. The Board of Directors selects the Chief Executive Officer and certain other members of our executive management, who are charged with directing our business. The primary function of the Board of Directors is therefore oversight – defining and enforcing standards of accountability that enable executive management to execute their responsibilities fully and in the interests of shareholders. Consistent with that function, the following are the primary responsibilities of the Board:

- Evaluating our performance and our executive management, which includes (i) overseeing the conduct of our business to evaluate whether it is being effectively managed, including through regular meetings of the outside Directors without the presence of management; and (ii) selecting, regularly evaluating and planning for the succession of the Chief Executive Officer and such other members of executive management as the Board deems appropriate, including fixing the compensation of such individuals;
- Reviewing, approving and monitoring our fundamental financial and business strategies and major corporate actions, such as acquisitions and divestitures;
- Assessing major risks facing the Company and reviewing options for their mitigation;
- Providing advice and counsel to the Chief Executive Officer and our other executive management;
- Assuring processes are in place for maintaining the integrity of the Company's financial statements and compliance with law;
- Establishing the form and amount of compensation for Executive Officers and Directors; and
- Evaluating the overall effectiveness of the Board of Directors, as well as selecting and recommending to shareholders for election an appropriate slate of candidates for the Board of Directors.

In discharging their responsibilities, Directors must exercise their business judgment to act in a manner that they believe in good faith is in our and our shareholders' best interests. Directors are expected to attend all or substantially all Board meetings and meetings of the Committees of the Board on which they serve. Directors are also expected to spend the necessary time to discharge their responsibilities appropriately and to ensure that other existing or future commitments do not materially interfere with their responsibilities as members of the Board. The Company shall purchase reasonable liability insurance for the Directors and indemnify and exculpate them to the fullest extent permitted by applicable law and our Certificate of Incorporation and By-Laws.

## II. Structure and Operation of the Board of Directors

### A. *Size and Composition*

The Board of Directors shall consist of such number of members established by resolution of the Board of Directors. On an annual basis, the Nominating and Corporate Governance Committee shall consider the size and composition of the Board and report to the full Board the results of its review and any recommendations for change.

We do not have a policy with respect to the number of boards of directors on which a Director may serve. A Director shall provide advance notice to the Chair of the Board of his or her acceptance of an invitation to serve on the board of directors of any other company.

The Board of Directors is responsible for selecting candidates for Board membership and for extending invitations to join the Board of Directors through the Nominating and Corporate Governance Committee. Candidates are selected for their integrity, judgment, business experience, specific areas of expertise, personal accomplishment within their field, and diversity in relation to the then-existing Board, potentially including age, gender, ethnicity, race, geography or business experience or expertise, among other relevant considerations, such as the requirements of applicable law and listing standards. The Board of Directors recognizes the importance of soliciting new candidates for membership on the Board of Directors and that the needs of the Board of Directors, in terms of the relative experience and other qualifications of candidates, may change over time. Any Director is free to recommend a candidate for nomination to the Board of Directors. Consistent with its charter, the Nominating and Corporate Governance Committee is responsible for screening candidates (in consultation with the Chair of the Board and the Chief Executive Officer), for establishing criteria for nominees and for recommending to the Board a slate of nominees for election to the Board of Directors at the Annual Meeting of Shareholders. Final approval of any candidate shall be determined by the full Board of Directors.

Each Director's continuation on the Board will be reviewed at the expiration of his or her term and before that Director is reconsidered for election. In connection with its annual recommendation of a slate of nominees, the Nominating and Corporate Governance Committee shall assess the contributions of those Directors selected for re-election. The Board of Directors does not believe that it is advisable to establish term limits for its Directors because they may deprive the Company and its shareholders of the contribution of Directors who have been able to develop valuable insights into the Company and its operations over time. In addition, it is the sense of the Board of Directors that any Director whose principal occupation or business association has changed substantially from the time he or she was elected to the Board of Directors should volunteer to resign from the Board. While it is not the sense of the Board of Directors that such Director should in all cases resign, the Board believes that it would be desirable in such circumstances to consider, through the Nominating and Corporate Governance Committee, the appropriateness of such Director's continued service.

The Board shall conduct an annual review of the performance of the Board. Consistent with its charter, the Nominating and Corporate Governance Committee shall annually evaluate the performance of the Board of Directors as a whole. At the conclusion of this process, the Chair of the Nominating and Corporate Governance Committee shall report the Committee's conclusions to the Board of Directors and may make recommendations to the Chair of the Board regarding changes that the Committee deems appropriate for consideration by the full Board of Directors.

## *B. Independence of Directors*

The Board has adopted the following independence criteria for its members. The Board recognizes that Directors who do not satisfy these independence guidelines also make valuable contributions to the Board of Directors by reason of their experience and wisdom.

For a director to be considered independent, the Board of Directors must determine that the director does not have any direct or indirect material relationship with the Company (including any parent or subsidiary in a consolidated group with the Company). The Board of Directors has established these guidelines which are more exacting than the independence requirements in the New York Stock Exchange listing requirements, to assist it in determining director independence. In addition to applying these guidelines, the Board of Directors will consider all relevant facts and circumstances in making an independence determination, and not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation.

The Board of Directors will make and publicly disclose its independence determination for each director when the director is first elected to the Board of Directors and annually thereafter for all nominees for election as directors. If the Board of Directors determines that a director who satisfies the NYSE rules is independent even though he or she does not satisfy all of our independence guidelines, this determination will be disclosed and explained in the next proxy statement.

A director will not be independent if:

- i) the director is employed by us, or an immediate family member is one of our executive officers; \*
- ii) the director receives more than \$60,000 of direct compensation from us, other than director and committee fees and forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service); \*
- iii) the director is affiliated with or employed by our independent auditor (or internal auditor), or an immediate family member is affiliated with or employed in a professional capacity by our independent auditor (or internal auditor); or
- iv) one of our executive officers is on the compensation committee of the board of directors of a company which employs the director or an immediate family member as an executive officer.
- v) the director is an executive officer or employee, or if an immediate family member is an executive officer, of another company that does business with us and the sales by that company to us or purchases by that company from us, in any single fiscal year during the evaluation period, are more than the greater of two percent of the annual revenues of that company or \$1 million.
- vi) the director serves as an officer, director or trustee of a charitable organization, and our charitable contributions to the organization are more than the greater of \$250,000 or one percent of that organization's total annual charitable receipts during its last completed fiscal year.

\* Employment as an Interim Chair or Interim CEO or other executive officer on an interim basis, and related compensation, shall not disqualify a director from being considered independent following that employment.

#### *C. Offices of Chair of the Board and Chief Executive Officer*

The offices of Chair of the Board and Chief Executive Officer may be from time to time combined and may be from time to time separated. The Board of Directors believes that the combination or separation of these offices should continue to be considered on a periodic basis giving effect to business, competitive, succession planning and governance concerns. The Board further believes that it is in our best interests for the Board to determine the combination or separation of the offices of Chair of the Board and Chief Executive Officer when it elects a new Chief Executive Officer.

The Compensation and Management Development Committee shall report periodically to the Board of Directors regarding succession planning with respect to the office of the Chief Executive Officer and other members of executive management as may be determined by the Board of Directors.

#### *D. Lead Director*

When the Chair of the Board is not an independent director, the intention of the Board is that one of our outside Directors (i.e., all Directors who are not our employees, regardless of their independence) shall serve as the "Lead Director." The Lead Director shall be elected by vote of the outside Directors and shall be responsible for coordinating the activities of the other outside Directors, including the establishment of the agenda for executive sessions of the outside Directors, with or without the presence of management, as required by these Guidelines and applicable listing standards. The name of the Lead Director or other means for persons to communicate directly with the outside Directors shall be disclosed in our annual proxy statement.

#### *E. Director Advisor Program*

To allow us to retain the benefits of continuing guidance from our long-tenured directors while encouraging director renewal, the Board by resolution of a majority of its members may from time to time designate a former Director as a "Director Advisor," as described more fully below.

1. Director Advisors shall annually receive a notice outlining which Board functions the Director Advisor is welcome to attend. A Director Advisor shall receive such Board materials as the Chair of the Board in consultation with the General Counsel determines is appropriate, subject to the agreement by such Director Advisor to hold all non-public information strictly confidential and to strictly observe restrictions on the use of material non-public information to trade securities, each as set forth in the Company's code of conduct.

2. A Director Advisor shall not be entitled to vote on any business coming before the Board, nor shall he or she be counted as a member of the Board for the purpose of determining the number of Directors necessary to constitute a quorum, for the purpose of determining whether a quorum is present, or any other purpose whatsoever. In addition, the Board or any Board committee may request that a Director Advisor be recused from any meeting which request shall be agreed to by such Director Advisor. A Director Advisor shall owe no duties to the Company as a result of such designation except those set forth in the code of conduct, including the obligations to hold strictly confidential any non-public information received and to abide by the Company's insider trading policy.

3. The term of a Director Advisor shall be for one year or until the Director Advisor's earlier resignation or removal for any reason or no reason.

4. The Board shall annually determine the compensation of a Director Advisor for the advisory and consulting services he or she may provide. A Director Advisor shall be reimbursed for reasonable expenses incurred to attend Board and committee meetings which he or she is invited to attend but shall not be compensated for attendance at such meetings.

#### *F. Board Meetings*

##### 1. Frequency and Conduct of Meetings

The Board of Directors shall meet at least four times a year. Additional meetings may be scheduled as necessary or appropriate in light of circumstances. The Chair of the Board shall, in consultation with the Chief Executive Officer, the General Counsel and the Lead Director, prepare an annual schedule of meetings for the Board of Directors. To the extent practicable, the schedule shall reflect agenda subjects that are generally of a recurring nature and are expected to be discussed during the year in question. Certain matters shall be addressed by the Board of Directors at least annually. These matters shall include, as necessary, a review of the Company's (i) the principal risk exposures and options for their mitigation; (ii) operating budget, (iii) business and financial performance for the prior year; and (iv) the Company's compliance with applicable law and listing standards, which may be accomplished by a committee of the Board and reported to the Board.

The Company's Compensation and Management Development Committee or the Company's outside Directors (as such Committee shall determine) shall meet in executive session with the Chief Executive Officer at least once each year to discuss matters relating to management succession (including the Chief Executive Officer's recommendation as to a successor should he or she be unexpectedly disabled) and management development and to evaluate members of executive management. In addition, the Chair of the Compensation and Management Committee should review with the outside directors, that committee's evaluation of the performance of the Chief Executive Officer and the approval of his or her compensation (which evaluation shall be communicated to the Chief Executive Officer by the Chair of the Compensation and Management Development Committee). Outside Directors shall meet in executive session without the Chief Executive Officer at least twice each year and, at least annually, the independent directors (as defined by applicable listing standards) shall meet in executive session. Upon reasonable notice to the other outside Directors, any outside Director may call for an executive session, with or without the presence of the Chair, if the Chair is also the Chief Executive Officer, or any member of executive management, if he or she deems it necessary or appropriate. In such circumstances, the outside Director calling the executive session shall consult with the Lead Director as to the time, location and agenda for such executive session. When meeting without the Chair, any item proposed by any outside Director may be included on the agenda upon reasonable prior notice to the Lead Director.

##### 2. Agenda

The Chair of the Board and the Chief Executive Officer (if not the same as the Chair) shall establish an agenda for each meeting of the Board of Directors, which may include matters additional to those contemplated by the annual schedule of meetings of the Board of Directors. Directors may suggest the addition of any matter to a meeting agenda. Each Director may also raise at any meeting or executive session any subject that is not on the agenda for that meeting or executive session.

### 3. Meetings

Insofar as practicable, information to inform the Directors about the Company's business, performance and prospects and regarding recommendations for action by the Board shall be made available to the Board a reasonable period of time before meetings. Requests for action by the Board of Directors should include the recommendation of management and a presentation and discussion of the matter at the meeting. Insofar as is practicable, the text of resolutions to be submitted to the Board of Directors for approval shall be distributed in advance of the meeting. The Secretary of the Company or other officer shall record minutes of all meetings of the Board of Directors or shareholders. With respect to any matter, a Director voting against a proposal may ask to have his or her dissent recorded in the minutes of the meeting, which shall be recorded.

#### *G. Access to Management, Management Information and Counsel*

Directors shall have free access to management and management information. Management shall be responsive to requests for information from Board members. The Board encourages the Chair of the Board to invite members of management to make presentations at Board meetings in order to provide particular insights into aspects of our business or to provide individuals with exposure to the Board of Directors for purposes of management development. Directors may suggest possible guests to the Chair.

The Board of Directors, the Committees thereof and the Lead Director (on behalf of the outside Directors as a group) shall be entitled, at our expense, to engage such independent legal, financial or other advisors as they deem appropriate, without consulting or obtaining the approval of any officer, with respect to any matters subject to their respective authority.

#### *H. Board Interaction with Institutional Investors, the Press and other Constituencies*

The Board believes that management speaks for the Company. Directors may, from time to time, be contacted by institutional investors, other shareholders, sellers of businesses or merger partners, governmental or community officials, analysts or the press to comment on or discuss the business of the Company. Directors are expected to refrain from communicating with any of the foregoing without prior consultation with the Chief Executive Officer or General Counsel. Any proposed contact by a Director in response to any inquiry by any governmental official shall also be notified in advance to the General Counsel of the Company.

Directors may also, from time to time, discuss the Company's business with customers, suppliers and others. While Directors are free to discuss the Company generally, any discussions regarding future commitments or confidential Company information are subject to the restrictions above. It is expected that any such discussions will be updated to the appropriate members of executive management.

#### *I. Committees of the Board*

##### 1. Committee Structure

There are currently four standing Committees of the Board of Directors: Audit, Compensation and Management Development, Nominating and Corporate Governance and Executive Committee. From time to time, the Board may designate *ad hoc* Committees in conformity with our By-Laws. Each standing Committee shall have the authority and responsibilities delineated in our By-Laws, the resolutions creating them and any applicable charter. The Board of Directors shall have the authority to disband any *ad hoc* or standing Committee when

it deems it appropriate to do so, provided that we shall at all times have Audit, Compensation and Management Development and Nominating and Corporate Governance Committees and such other Committees as may be required by applicable law or listing standards.

Committees and their Chairs shall be appointed by the Board of Directors annually on recommendation of the Nominating and Corporate Governance Committee in consultation with the Chair of the Board. It is the Board's policy that only outside Directors shall serve on the Audit Committee. The Compensation and Management Development Committee and Nominating and Corporate Governance Committees shall also at all times have that number of Directors required by applicable law or listing standards which meet the independence and other requirements of applicable law and listing requirements. Unless otherwise determined by the Board of Directors, members of the Audit Committee may not simultaneously serve on the audit committees of more than two other public companies. In appointing Committee members, the Board shall consider rotating membership from time to time in accordance with recommendations in that regard by the Nominating and Corporate Governance Committee.

Each of the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation and Management Development Committee shall have a written charter, which shall be approved by the full Board of Directors and state the purpose and duties of such Committee and provide for an annual performance evaluation of such Committee. The Board and its Committees shall conduct an annual review of each of these Committees to determine whether they are functioning effectively. Committee charters shall be reviewed not less frequently than annually to reflect the activities of each of the respective Committees, changes in applicable law or regulation and other relevant considerations, and proposed revisions to such charters shall be approved by the full Board of Directors.

The Executive Committee shall, if necessary during the intervals between meetings of the Board of Directors, exercise all of the powers of the Board of Directors in the management of the business and affairs of the Company, subject only to such restrictions or limitations as the Board of Directors may from time to time specify, or as limited by law.

## 2. Committee Meetings

The Chairs of the various Committees, in consultation with their Committee members, shall determine the frequency and length of Committee meetings. The Chair of each Committee, in consultation with appropriate Company officers, will establish the agenda for each Committee meeting. Committee members and other Directors may suggest the addition of any matter to the agenda for any Committee meeting upon reasonable notice to the Committee Chair.

To the extent practicable, information regarding matters to be considered at Committee meetings shall be distributed to Committee members a reasonable period of time before such meetings. Each Committee Chair shall designate an individual of his or her choice to act as Secretary at, and to record the minutes of, Committee meetings. The Chair of each Committee shall report on the activities of the Committee to the Board of Directors following Committee meetings, and minutes of Committee meetings shall be distributed to all Directors for their information.

### *J. Compensation of the Board of Directors*

The Compensation and Management Development Committee is charged with the responsibility of reviewing the compensation of the Board of Directors and recommending changes thereto to the full Board of Directors from time to time. In this regard, the Committee may request that management report to the Committee periodically on the status of the

Board's compensation in relation to other similarly situated companies. Directors who are Company employees shall not be compensated for their services as Directors other than for participation in the charitable donation matching program if provided to the Board of Directors.

The form and amount of Director compensation and perquisites shall be determined by the Compensation and Management Development Committee in accordance with the principles contained in its charter or any related policies, and such Committee shall review the form and amount of such compensation periodically as provided in its charter. The Board of Directors continues to believe that an alignment of Director interests with those of shareholders is important and therefore the Board of Directors shall be subject to the Company's stock ownership guidelines as revised periodically by the Board of Directors. The Board has charged the Nominating and Corporate Governance Committee with reviewing the Company's stock ownership guidelines and recommending to the Board of Directors revisions to such guidelines as appropriate.

#### *K. Related Party Transactions*

Directors and officers are expected to report to Company management any transaction as between the Director or officer and the Company that the Company would be required to disclose pursuant to Item 404(a) of Securities and Exchange Commission Regulation S-K. All such transactions shall be subject to review and approval by the Board of Directors or Audit Committee as set forth in the Company's related party transactions policy. The Board has charged the Audit Committee with reviewing the Company's related party transactions policy and recommending to the Board of Directors revisions to such guidelines as appropriate.

#### *L. Director Orientation and Education*

New Directors shall participate in an orientation program, which shall generally be conducted within three months of the Director's commencement of service. The orientation program shall address the Company's financial results, significant risk exposures and options for their mitigation, compliance programs (including its Code of Business Conduct and Ethics) and may include one or more visits to the Company's headquarters, dealerships or other facilities. Directors are encouraged to participate in continuing education programs, and the Company shall pay the reasonable expenses of attendance by a Director at one such program per year.

### III. Revisions to these Governance Guidelines

The Nominating and Corporate Governance Committee shall reevaluate these Governance Guidelines annually and recommend to the Board of Directors such revisions as it deems necessary or appropriate.