

11 February 2020

Lookers plc is publishing this Update Statement as required by the UK Corporate Governance Code in response to the votes received against the Directors' Remuneration Report resolution at our 2019 AGM, at which 32.97% of shares voted were not in favour of the resolution on the Annual Report on Remuneration.

As reported, there has been a number of recent changes to the Board at Lookers, including the appointment of a new Chief Executive Officer and Chief Operating Officer. This has changed the focus of the policy review, and we are now in a position to provide this Update Statement.

The Board understands that the reason for the number of votes cast against was connected with an adjustment to the base salary of our previous Chief Executive Officer.

We consulted with a large proportion of our shareholder base in advance of the 2019 AGM, and many investors were supportive of the rationale for the adjustment to return the then Chief Executive Officer's salary to a more market competitive position.

Following the AGM, we began the process of reviewing the remuneration policy for tabling at the 2020 AGM. We wrote to our major shareholders and have had a number of conversations during 2019 in relation to the review of policy. We have used the shareholder feedback received into the current remuneration policy proposals. While some details of the policy are to be finalised, it has been determined that no major changes will be made to the policy, but there will be a number of amendments to adopt provisions of the UK Corporate Governance Code and to reflect shareholder feedback that we have received, including:

- Adoption of more standard bonus deferral, expressed as a proportion of total bonus earned;
- Extension of the post-vesting holding period to cover the entire LTIP award;
- Introduction of post-cessation shareholding requirement;
- Reduction in pension provision for Executive Directors to 5% of salary;
- Strengthening of malus and clawback provisions; and,
- Introduction of underpins for incentives linked to customer and regulatory outcomes.

We will continue to develop the policy proposals and we are in the process of engaging again with shareholders to gain feedback and comments in advance of seeking shareholder approval for the new policy at the 2020 AGM. A summary of the changes made to the policy and their rationale will be provided in the 2019 Remuneration Report.

The Board and the Remuneration Committee are committed to keeping the remuneration policy under review and continuing their engagement with the Company's shareholders and their advisory bodies on these and other matters.