

# GROUP 1 AUTOMOTIVE®

## CORPORATE GOVERNANCE GUIDELINES

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the “**Board**”) of Group 1 Automotive, Inc. (the “**Company**”) to assist the Board in the exercise of its responsibilities to the Company and its stockholders. These Guidelines should be interpreted in the context of all applicable laws, the Company’s Restated Certificate of Incorporation (the “**Certificate of Incorporation**”) and Third Amended and Restated Bylaws (the “**Bylaws**”), each as amended from time to time, and other corporate governance documents, and are intended to serve as a framework within which the Board may conduct its business.

### I. Board of Directors

#### a) *Qualification Standards*

Directors should possess the highest personal and professional integrity, including commitment to the Company Core Values, and be committed to representing the long-term creation of value for the Company and its stockholders.

The Board will have a majority of directors who meet the independence requirements of the New York Stock Exchange (“**NYSE**”). Each year, the Governance & Corporate Responsibility Committee will review the relationships between the Company and each director and will report the results of its review to the Board, which will then determine which directors satisfy the applicable independence standards.

The Governance & Corporate Responsibility Committee is responsible for establishing criteria for identifying individuals qualified to become Board members. Nominees for directorship will be selected by the Governance & Corporate Responsibility Committee in accordance with the policies and principles in its charter.

#### b) *Size of Board*

The number of directors that constitutes the Board will be fixed from time to time pursuant to the Company’s Certificate of Incorporation and Bylaws. The Governance & Corporate Responsibility Committee is responsible for reviewing, on an annual basis, and advising the Board with respect to the advisability or need for any change in the number and composition of the Board.

#### c) *Service on Other Boards*

No director may serve on more than four other public company boards, and directors should advise the Chair of the Governance & Corporate Responsibility Committee before accepting an invitation to serve on another public company board.

d) *Change in Status*

If a director has a substantial change in professional responsibilities, occupation or business association, he or she should promptly notify both the Governance & Corporate Responsibility Committee and the Chair of the Board and offer his or her resignation from the Board. The Governance & Corporate Responsibility Committee will evaluate the facts and circumstances and make a recommendation to the full Board whether to accept the resignation or request that the director continue to serve.

e) *Retirement Age*

No director may stand for election if he or she reaches the of age 75 at the time of the election, unless otherwise determined by the Board.

f) *No Term Limits*

The Board does not believe it should establish term limits, except as a result of reaching the mandatory retirement age. However, the Governance & Corporate Responsibility Committee will review each director's continuation on the Board every year. This will also allow directors the opportunity to conveniently confirm their desire to continue as members of the Board.

g) *Majority Voting Policy for the Election of Directors*

It is a policy of the Board that any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election (a "**Majority Withheld Vote**") in an election of directors that is not a "contested" election is expected to tender his or her resignation as a director to the Board promptly following the certification of the election results. For purposes of this policy, a "contested" election is an election in which the number of nominees for director exceeds the number of directors to be elected. Neither abstentions nor broker non-votes will be deemed to be votes for or withheld from a director's election for purposes of this policy.

The Governance & Corporate Responsibility Committee will consider each resignation tendered under this policy and recommend to the Board whether to accept or reject it. The Board will act on each tendered resignation, taking into account the Governance & Corporate Responsibility Committee's recommendation, within 90 days following the certification of the election results. The Governance & Corporate Responsibility Committee in making its recommendation, and the Board in making its decision, may consider any factors or other information it considers appropriate, including, without limitation, the reasons (if any) given by stockholders as to why they withheld their votes, the qualifications of the tendering director and his or her contributions to the Board and the Company, and the results of the most recent evaluation of the tendering director's performance by the Governance & Corporate Responsibility Committee and other members of the Board. The Board will promptly disclose to the public (1) its decision whether to accept or reject the director's tendered resignation, and (2), if rejected, the reasons for rejecting the tendered resignation.

Any director who tenders his or her resignation pursuant to this policy shall not participate in the Governance & Corporate Responsibility Committee recommendation or Board action regarding whether to accept or reject the tendered resignation. If, however, each member of the Governance & Corporate Responsibility Committee received a Majority Withheld Vote in the

same election, then the Board will appoint a committee comprised solely of independent directors who did not receive a Majority Withheld Vote in that election to consider each tendered resignation and recommend to the Board whether to accept or reject it.

If a director's tendered resignation is rejected by the Board, the director will continue to serve for the remainder of his or her term and until his or her successor is duly elected, or his or her earlier death, resignation or removal.

If a director's tendered resignation is accepted by the Board, then the Board, in its sole discretion, may fill any resulting vacancy or may decrease the number of directors comprising the Board, in each case pursuant to the provisions of and to the extent permitted by the Company's certificate of incorporation and bylaws.

The Board will consider as candidates for nomination for election or re-election to the Board, or to fill vacancies and new directorships on the Board, only those individuals who agree to tender, promptly following their election, re-election or appointment, an irrevocable resignation that will be effective upon (i) the occurrence of a Majority Withheld Vote for that director and (ii) acceptance of the tendered resignation by the Board.

The Board may at any time in its sole discretion supplement or amend any provision of this policy in any respect, repeal the policy in whole or part or adopt a new policy relating to director elections with such terms as the Board determines in its sole discretion to be appropriate. The Board will have the exclusive power and authority to administer this policy, including, without limitation, the right and power to interpret the provisions of this policy and to make all determinations deemed necessary or advisable for the administration of this policy, including, without limitation, any determination as to whether any election of directors is contested. All such actions, interpretations and determinations that are done or made by the Board in good faith will be final, conclusive and binding.

#### h) *Director Responsibilities*

The basic responsibility of directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its stockholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors.

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Directors are also encouraged to attend the Company's annual meeting of stockholders. Directors should review materials that are important to their understanding of the business to be conducted at Board or committee meetings, which should generally be distributed and reviewed in advance of the meeting. Attendance at Board and committee meetings will be considered by the Governance & Corporate Responsibility Committee in assessing each director's performance.

i) ***Chair of the Board***

The Board has no policy with respect to the separation of the offices of Board Chair and the Chief Executive Officer (“**CEO**”), and believes that this issue is part of the succession planning process that the Board should determine as circumstances dictate.

j) ***Meetings of the Board***

The Board Chair, in consultation with the lead independent director, if appointed, will establish the agenda for each Board meeting. The lead independent director, if appointed, or the Board Chair may request that members of senior management assist with the preparation of meeting agendas and materials. Each director is free to suggest the inclusion of items on the agenda and to raise any subjects that are not on the agenda for that meeting; *provided*, that such director makes reasonable efforts to notify the Board Chair and/or lead independent director within a reasonable time prior to the meeting.

k) ***Meetings of Non-Management Directors***

The non-management directors will meet in executive session after each regularly scheduled Board meeting. In the event that the non-management directors include directors who are not independent under the requirements of the NYSE, then at least annually, there should be an executive session including only independent directors. The director presiding at these meetings will be chosen by the Board, based on the recommendations of the Governance & Corporate Responsibility Committee, at the annual meeting of directors and will serve until the next annual meeting of directors. The Board Chair or the lead independent director, if appointed, will be responsible for preparing an agenda for such meetings. The name of the lead independent director, if appointed, will be disclosed in the annual proxy statement.

l) ***Board Interaction with External Constituencies***

The Board believes that management speaks for the Company. As such, it is not expected that individual directors will meet or otherwise communicate with stockholders, research analysts, vendors, the press or other external constituencies on behalf of the Company unless such communication is (i) requested by the Board Chair, the CEO or the full Board or (ii) required to discharge the director’s duties as set forth in committee charters.

m) ***Director Compensation***

The Governance & Corporate Responsibility Committee will conduct an annual review of director compensation and recommend to the Board the form and amount of director compensation in accordance with its charter. The Governance & Corporate Responsibility Committee will consider that a director’s independence may be jeopardized if (i) director compensation and perquisites exceed customary levels, (ii) the Company makes substantial charitable contributions to organizations with which a director is affiliated or (iii) the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director, or an immediate family member, or an organization with which the director is affiliated. Directors who are employees of the Company will not receive any additional compensation for service on the Board.

n) *Annual Performance Evaluation of the Board and its Committees*

The Governance & Corporate Responsibility Committee will lead the Board in its annual performance evaluation, including review of the criteria to be used in the Board and committee self-evaluations. The Governance & Corporate Responsibility Committee will provide the annual committee evaluation to each committee chair. The Board Chair will meet with each director to discuss the board evaluation results and ideas for continued improvement.

o) *Director Orientation and Continuing Education*

The Governance & Corporate Responsibility Committee is responsible for developing and periodically evaluating an orientation and continuing education program for directors, and for making appropriate recommendations to the Board for final approval. Each director is expected to be adequately informed about the Company and its business, including the markets in which it operates and developments in its industry.

p) *Communications with Directors*

The Board welcomes communications from the Company's stockholders and other interested parties, who may send communications to the Board, to any Board committee, to the Board Chair, to the lead independent director of the executive sessions, if one is appointed, or to any director in particular, to:

c/o Group 1 Automotive, Inc.  
800 Gessner, Suite 500  
Houston, Texas 77024

Any correspondence addressed to any recipient care of the Company's offices should be forwarded to the addressee.

## **II. Board Committees**

The Board will have an Audit Committee, a Compensation & Human Resources Committee, a Finance/Risk Management Committee, a Governance & Corporate Responsibility Committee and such other committees as the Board may determine from time to time. Committee members will be appointed by the Board upon recommendation of the Governance & Corporate Responsibility Committee, with consideration given to the desires of individual directors.

The members of each committee will satisfy the independence and experience requirements detailed in their respective charters.

Each committee will have its own charter setting forth the authority and responsibilities of the committees, qualifications for membership, procedures for member appointment and removal, structure and operations and reporting to the Board. The charters will provide that each committee will annually evaluate its performance.

The committees will meet as frequently as necessary to carry out the committee's responsibilities consistent with any requirements set forth in the committee's charter. The chair of each committee, in consultation with the other members of the committee and appropriate

members of management, will develop the committee's agenda, though members may raise subjects that are not on the agenda at any meeting.

### **III. Director Access to Management and Independent Advisors**

The Board and each committee have the power to hire independent legal, financial or other advisors as they may deem necessary.

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent appropriate, copy the CEO on any written communications between a director and an officer or employee of the Company.

The Board welcomes regular attendance at each Board meeting of senior officers of the Company, except as otherwise determined by the Board or required by applicable laws. If the CEO wishes to have additional employees regularly attend, he or she should obtain prior Board approval.

### **IV. CEO Evaluation and Management Succession**

The Compensation and Human Resources Committee will annually evaluate the performance of the CEO in accordance with its charter.

The Governance & Corporate Responsibility Committee will meet at least annually on succession planning, whereby it will (i) identify, and periodically update, the qualities and characteristics necessary for an effective CEO, (ii) monitor and review the development of potential candidates against these standards and (iii) evaluate policies regarding succession in the event of an emergency or the retirement of the CEO. In addition, the Governance & Corporate Responsibility Committee will evaluate potential successors to the CEO and other key officers of the Company. The CEO should at all times make available his or her recommendations and evaluations of potential successors for various positions, along with any development plans recommended for such individuals.

### **V. Review of Governance Policies**

The Governance & Corporate Responsibility Committee will periodically review and reassess the adequacy of these Guidelines and recommend any proposed changes to the Board for approval. In addition, the Governance & Corporate Responsibility Committee will consider any other corporate governance issues that arise from time to time and develop appropriate recommendations for the Board.

### **VI. Posting Requirement**

The Company will post these Guidelines, the charters of each Board committee and the Company's Code of Conduct on the Company's website as required by applicable rules and regulations. In addition, the Company will disclose in its Proxy Statement that a copy of each document is available on the Company's website and provide the website address.