

Corporate Governance Report

Induction Process

1

Understand the Business

- Governance induction programme covering external governance matters (e.g. Listing Rules and Directors' Duties) and internal governance matters (e.g. Board and Committees and policies);
- Induction material, such as Board and Committee papers, Committees' Terms of Reference, Investor Presentations etc; and
- Meeting with external relevant advisors (e.g. Jill Caseberry met with the Remuneration consultants).

2

Meet the Management Teams

- One-to-one meetings with the Directors, the Executive Team and Senior Management from key areas of the business.

3

Visit the Business

- Visit the Group's stores, Autocentres and other operational and distribution sites.

Effectiveness

Directors' Induction

New Directors receive a comprehensive and tailored induction programme on joining the Board. The induction programme facilitates their understanding of the Group and the key drivers of the business's performance. Keith Williams, Loraine Woodhouse and Jill Caseberry each received a full and personally-tailored induction programme following their appointments in July 2018, November 2018 and March 2019 respectively.

Directors' Development and Training

All Directors have opportunity for ongoing development and support via:

- a programme of visits to the Support Centre, Distribution Centres, Retail stores, Autocentres and Performance Cycling stores;
- reviews with the Chairman to identify any training and development needs;
- advice on governance, regulatory and legislative changes affecting the business or their duties as Directors from the Company Secretary;
- access to independent professional advice at the Company's expense; and
- membership of the Deloitte Academy, a training and guidance resource for Boards and Directors.

Board Evaluation

A formal and rigorous Board effectiveness review is conducted on an annual basis. This includes an assessment of the effectiveness of the Board, its Committees and individual Directors.

In FY19, an internal review was carried out and the process was completed as follows:

1

- Identify and agree questions with the Chairman and the Senior Independent Director.

2

- Circulate the review to all Directors.

3

- Receive and collate responses in a report to the Chairman and the Senior Independent Director;
- Identify areas for action; and
- Present the report to the Board.

The findings identified by the FY19 review are as follows:

	Newly established Board	Delivery of the strategy	Response to regulatory changes
FY19 findings	There have been significant changes during the period starting with the appointment of Keith Williams the new Chair, followed in October by Loraine Woodhouse joining as the new Chief Financial Officer and in March by Jill Caseberry as Chair of the Remuneration Committee. Given these new appointments, the Directors felt that it was too early to evaluate the Board's performance as a whole and therefore their responses focused instead on the need take the correct steps to ensure that the Board is fully integrated with the business and so becomes as effective as possible during the coming year. Achieving this is regarded as being of particular importance in relation to the delivery of the new Strategy.	The new Strategy is intended to be transformational so that the business is in the best possible place to thrive in future years. The Board recognises that the Group has to differentiate itself from purely online retailers and therefore the continued growth of the services business is of particular importance. The Board is fully aware that the way the Strategy is the executed will be crucial and so will ensure that all investment choices will be rigorously assessed.	The Board has identified that their ongoing training will be particularly important this year. This is especially so given the significant changes in the regulatory landscape for strategically important new areas (such as the provision of financial services to customers) and also in regard to the impact of the new UK Corporate Governance Code. The Board intends that regular updates and training will be provided to it throughout the year.

Progress on FY18 evaluation (external review)

In FY18 an external review was carried out by Lintstock, the findings were reported in the 2018 Annual Report. Details of progress made on these areas are set out below:

	Supporting new Board members	Strategy review	Understanding the business	Board composition and succession planning
FY18 Outcomes	Keith Williams' main priority in his first year as Chairman, together with the Board should be to support Graham Stapleton as Chief Executive Officer.	Supporting the new Chief Executive Officer, Graham Stapleton, with the strategic review.	Understanding the business, markets and stakeholders.	Completing recruitment and addressing talent and succession.
Progress made in FY19	Keith and the Non-Executive Directors have assisted Graham throughout the period, which has been his first as the Chief Executive Officer of a FTSE Listed PLC. In particular, Keith and the Board have supported him in undertaking a thorough review of all areas of the business and then using this review to identify transformational opportunities. This review involved an assessment of the Group's current organisational structure as well as the researching of new markets and different trading activities, which will provide growth going forward.	During the period, Keith and the Non-Executive Directors have supported Graham, in setting the new Strategy (and supporting business plan) for the next three years. The previous strategy 'Moving Up a Gear' was a three-year programme introduced by Graham's predecessor which ended in October 2018. This was replaced by the new strategy which aims to 'Inspire and Support a lifetime of Motoring and Cycling'. The new Strategy was presented to analysts and investors at a Capital Markets Day held in London on 27 September 2018.	As part of the preparations for the launch of the new Strategy, a comprehensive 'discovery phase' was undertaken. This involved a detailed review of all parts of the business and included in depth analysis of markets in which the Group operates. This enabled the business to fully understand: <ul style="list-style-type: none"> its strengths, its market differentiators; and its opportunities for future growth. 	The period has seen significant changes in both the Board of Directors and the executive leadership team. This started with the appointment of the new Chairman which took effect immediately following last year's AGM and then continued with the appointments of Loraine Woodhouse who joined in October as Chief Financial Officer and Jill Caseberry who became Chair of the Remuneration Committee in March 2019. In addition, the Chief Executive Officer has made some significant changes to the executive management team. <p>Investment into identifying and then recruiting, the best available talent to deliver the new Strategy will continue during FY20.</p>