IAA, INC.

CORPORATE GOVERNANCE GUIDELINES

Effective as of 11:59pm June 27, 2019

The following Corporate Governance Guidelines (these “Guidelines”) have been adopted by the Board of Directors (the “Board”) of IAA, Inc. (the “Company”) to assist the Board in the exercise of its responsibilities. These Guidelines are not intended to change or interpret any federal or state law or regulation, including the General Corporation Law of the State of Delaware, the Company’s Amended and Restated Certificate of Incorporation (the “Charter”) or the Company’s Second Amended and Restated By-Laws (the “By-Laws”). These Guidelines are subject to modification from time to time by the Board. A current version of these Guidelines shall be posted on the Company’s website.

I. THE BOARD’S ROLE AND RESPONSIBILITIES

Role of Directors

The business and affairs of the Company shall be managed by or under the direction of the Board. A director is expected to spend the time and effort necessary to properly discharge such director’s responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which such director sits, and to review prior to meetings material distributed in advance for such meetings. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the Chairman of the Board (the “Chairman”), the Lead Independent Director (as defined below) for meetings of non-management directors, or the chairperson of the appropriate committee in advance of such meeting.

In addition, the Board acknowledges that effective directors maintain an attitude of constructive skepticism; they ask incisive, probing questions and require accurate, honest answers; they act with integrity and diligence; and they demonstrate a commitment to the Company, its business plans and long-term stockholder value.

The Board’s Goals

The Board’s goals are to build long-term value for the Company’s stockholders and to assure the vitality of the Company for its customers, employees and the other individuals and organizations who depend on the Company.

To achieve these goals, the Board will monitor both the performance of the Company (in relation to its goals, strategy and competitors) and the performance of the Chief Executive Officer, and offer him or her constructive advice and feedback. When it is appropriate or necessary, it is the Board’s responsibility to remove the Chief Executive Officer and to select his or her successor.
Director Attendance at Annual Meetings of Stockholders

Directors are expected to attend the Company’s annual meeting of stockholders. A director who is unable to attend the Company’s annual meeting of stockholders (which it is understood will occur on occasion) is expected to notify the Chairman.

II. BOARD LEADERSHIP

Selection of the Chairman of the Board

The Board does not require the separation of the offices of the Chairman and the Chief Executive Officer. The Board shall be free to choose its Chairman in any way that it deems best for the Company at any given point in time.

Lead Independent Director

If the Chairman is not qualified as an independent director (“Independent Director”) under the listing standards of the New York Stock Exchange, the Independent Directors will annually designate one of the Independent Directors on the Board to serve as a lead Independent Director (the “Lead Independent Director”). The Independent Directors may rotate the designation of the Lead Independent Director. If the Chairman is an Independent Director then the duties of the Lead Independent Director described herein shall be a part of the duties of the Chairman. The Lead Independent Director’s duties will include coordinating the activities of the Independent Directors, coordinating the agenda for and moderating sessions of the Board’s Independent Directors and other non-management directors, and facilitating communications between the other members of the Board.

In performing the duties described above, the Lead Independent Director is expected to consult with the chairperson of the appropriate Board committees and solicit their participation in order to avoid diluting the authority or responsibilities of such committee chairpersons.

III. BOARD COMPOSITION

Size of the Board

The Board believes that it should generally have no fewer than two (2) and no more than fifteen (15) directors. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability. The size of the Board, however, could be increased or decreased if determined to be appropriate by the Board. For example, it may be desirable to increase the size of the Board in order to accommodate the availability of an outstanding candidate for director.

Selection of New Directors

The Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Nominating and Corporate Governance Committee (the “NCG Committee”) is responsible for identifying, screening and recommending candidates to the Board for Board membership. When formulating its Board membership recommendations, the NCG Committee shall also consider advice and recommendations from others as it deems appropriate.
The NCG Committee will consider candidates recommended by stockholders. In considering candidates submitted by stockholders, the NCG Committee will take into consideration the needs of the Board and the qualifications of the candidate. The NCG Committee may establish procedures, from time to time, regarding stockholder submission of candidates.

**Board Membership Criteria**

The NCG Committee shall be responsible for assessing the appropriate balance of criteria required of Board members.

The NCG Committee may apply several criteria in selecting nominees. Among the qualifications considered in the selection of candidates, the NCG Committee shall look at the following attributes and criteria of candidates: experience, skills, expertise, diversity, personal and professional integrity, character, business judgment, time availability in light of other commitments, dedication, conflicts of interest and such other relevant factors that the NCG Committee considers appropriate in the context of the needs of the Board.

**Director Elections and Resignation Procedures**

In accordance with the Company’s By-Laws, except in the case of a “Contested Election” (as defined in Article II, Section 9 of the By-Laws), a director nominee must receive the vote of a majority of votes cast with respect to his or her election in order to be elected or re-elected to the Board. An incumbent director must tender his or her resignation immediately following the certification of the stockholder vote relating to such director’s election if he or she fails to receive the number of votes required for re-election, which tendered resignation shall specify that it becomes effective only upon the Board’s acceptance of the tendered resignation.

Within ninety (90) days following such certification of the stockholder vote, the NCG Committee will determine whether to recommend accepting the director’s resignation or take other action and will submit such recommendation for prompt consideration by the Board. The Board will act promptly on the NCG Committee’s recommendation and will disclose its decision whether to accept the director’s tendered resignation (and the reasons for rejecting the resignation, if applicable) in a Current Report on Form 8-K filed with the Securities and Exchange Commission. The NCG Committee may consider any factors that the NCG Committee deems relevant in determining whether to recommend accepting a director’s resignation. In the event that one or more directors’ resignations are accepted by the Board, the NCG Committee will recommend to the Board whether to fill such vacancy or vacancies or to reduce the size of the Board.

Any incumbent director who fails to receive the votes required for re-election in an election other than a Contested Election and who tenders his or her resignation shall remain active and engaged in Board activities while the NCG Committee considers whether to recommend accepting his or her resignation; **provided, however**, that it is expected that such incumbent director shall voluntarily recuse himself or herself from participation in any proceedings or consideration by the NCG Committee or the Board regarding whether to accept such director’s resignation or to take other action with respect to such director.
Other Public Company Directorships

The Company does not have a policy limiting the number of other public company boards of directors upon which a director may sit, in general. However, the NCG Committee shall consider the number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee or a director is a member. Directors shall provide prior written notice to the chairperson of the NCG Committee of any proposed service on the board of a public or private company.

Although the Company does not impose a limit on outside directorships, it does recognize the substantial time commitments attendant to Board membership and expects that the members of its Board be fully committed to devoting all such time as is necessary to fulfill their Board responsibilities, both in terms of preparation for, and attendance and participation at, meetings.

In addition, in recognition of the enhanced time commitments associated with membership on a public company’s audit committee, the Board has adopted a policy that no member of the Audit Committee may serve simultaneously on the audit committees of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee.

Independence of the Board

The Board shall have a majority of Independent Directors.

Directors Who Change Their Present Job Responsibility

Directors who are also employees of the Company are expected to resign from the Board at the same time they leave employment with the Company.

Directors shall tender their resignation from the Board in the event of any significant change in their primary job responsibilities. The Board does not believe that a director in this circumstance should necessarily leave the Board, but that the director’s continued service should be re-evaluated. Accordingly, the NCG Committee shall review the director’s continuation on the Board in light of all the circumstances and recommend to the Board whether the Board should accept such proposed resignation or request that the director continue to serve on the Board.

Director Tenure

In connection with each director nomination recommendation, the NCG Committee shall consider the issue of continuing director tenure and take steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to critically re-examine the status quo. The NCG Committee shall consider each director’s performance and suitability in connection with each director nomination recommendation.
IV. BOARD MEETINGS

Frequency of Meetings

At least one regularly scheduled meeting of the Board shall be held quarterly.

Selection of Agenda Items for Board Meetings

The Chairman and the Lead Independent Director (if not the same person), in consultation with the Chief Executive Officer, shall annually prepare a “Master Agenda.” This Master Agenda shall set forth a general agenda of items to be considered by the Board during the year. Thereafter, the Chairman and Lead Independent Director, in consultation with the Chief Executive Officer, shall prepare the agenda for each meeting, including applicable items from the Master Agenda, as well as items not contemplated during the preparation of the annual Master Agenda.

Each Board member shall be free to suggest inclusion of items on the agenda, as well as free to raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

Board Materials Distributed in Advance

Information and materials that are important to the Board’s understanding of the agenda items and other topics to be considered at a Board meeting should, to the extent practicable, be distributed sufficiently in advance of the meeting to permit prior review by the directors. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

Separate Sessions of Non-Management Directors

In general, the non-management directors of the Company shall meet in executive session without management at each regularly scheduled Board meeting. The Chairman, if an Independent Director, or the Lead Independent Director shall preside at such executive sessions, or in such director’s absence, another Independent Director designated by the Chairman or the Lead Independent Director, as applicable, shall preside at such executive sessions.

V. BOARD ACCESS

Strategic Direction of the Company

Normally it is management’s job to formalize, propose and implement strategic choices and the Board’s role to approve strategic direction and evaluate strategic results. However, as a practical matter, the Board and management will be better able to carry out their respective strategic responsibilities if there is an ongoing dialogue among the Chief Executive Officer, other members of top management and other Board members. To facilitate such discussions, members of senior management who are not directors may be invited to participate in Board meetings or other Board functions when appropriate.
Board Access to Management

Board members shall have access to the Company’s management and, as appropriate, to the Company’s outside advisors. Board members shall coordinate such access through the Chief Executive Officer or the Secretary and Board members will use judgment to ensure that this access is not distracting to the business operation of the Company.

Board Access to Independent Advisors

The independent directors and committees of the Board are free to retain their own independent advisors at the expense of the Company whenever they feel it would be desirable to do so. All committees of the Board shall have the sole authority to retain independent advisors to their respective committees.

Attendance of Management Personnel at Board Meetings

The Board encourages the Chief Executive Officer to bring members of management from time to time into Board meetings to (i) provide management insight into items being discussed by the Board which involve members of management; (ii) make presentations to the Board on matters which involve the members of management; and (iii) bring members of management with significant potential into contact with the Board. Attendance of such management personnel at Board meetings is at the discretion of the Board. Should the Chief Executive Officer desire to add additional members of management as attendees on a regular basis, this should be suggested to the Board for its concurrence.

VI. BOARD COMPENSATION AND SELF-EVALUATION

Board Compensation

A director who is employed by the Company shall not receive additional compensation for such service as a director.

The Company believes that compensation for non-employee directors should be competitive and should encourage increased ownership of the Company’s stock through the payment of a portion of director compensation in Company stock, options to purchase Company stock or similar compensation. The NCG Committee will periodically review the level and form of the Company’s director compensation, including how such compensation relates to director compensation of companies of comparable size, industry and complexity. Such review will also include a review of both direct and indirect forms of compensation to the Company’s directors, including any charitable contributions by the Company to organizations in which a director is affiliated and consulting or other similar arrangements between the Company and a director. Changes to director compensation will be proposed to the full Board for consideration.

Director’s fees (including any additional amounts paid to chairpersons and members of committees of the Board) are the only compensation a member of the Audit Committee may receive from the Company; provided, however, that a member of the Audit Committee may also elect to defer the receipt of their annual cash director fees (other than any fees received for serving as chairperson of the Audit Committee) into a pre-tax interest-bearing deferred compensation account pursuant to the Company’s deferred compensation plan for non-employee directors.
Self-Evaluation by the Board

The NCG Committee will coordinate an annual self-assessment of the Board’s performance, as well as the performance of each committee of the Board, the results of which will be discussed with the full Board and each committee. The assessment should include a review of any areas in which the Board or management believes the Board can make a better contribution to the Company. The NCG Committee will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to various committees.

VII. OTHER BOARD TOPICS

Board Orientation and Continuing Education

The Company shall provide new directors with a director orientation program to familiarize such directors with, among other things, the Company’s business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, Code of Business Conduct and Ethics, principal officers, internal auditors, independent auditors and these Guidelines. Each director is expected to participate in continuing educational programs in order to maintain the necessary level of expertise to perform his or her responsibilities as a director. The Company shall pay all reasonable expenses relating to continuing director education.

Board Interaction with Institutional Investors, Analysts, Press and Customers

The Board believes that management generally should speak for the Company. It is suggested that each director shall refer all inquiries from institutional investors, analysts, the press or customers to the Chief Executive Officer or his or her designee. Nevertheless, the Chairman (if a non-employee director), the Lead Independent Director, or committee chairs may meet with stockholders from time to time, but such meetings will typically be coordinated through the Secretary.

Any interested parties desiring to communicate with the Board, the Chairman or the Lead Independent Director, a committee of the Board or any of the independent directors individually or as a group regarding the Company may directly contact such directors by delivering such correspondence to the Company’s Executive Vice President and Chief Legal Officer at IAA, Inc., Two Westbrook Corporate Center, Suite 500, Westchester, Illinois 60154.

VIII. COMMITTEE MATTERS

Number and Names of Board Committees

The Board shall have three standing committees: Audit, Nominating and Corporate Governance, and Compensation. The purpose and responsibilities for each of these committees shall be outlined in committee charters adopted by the Board. The Board may, from time to time, form a new committee or disband a current committee (except the Audit, Nominating and Corporate Governance, and Compensation Committees) depending on circumstances. In addition, the Board may determine to form ad hoc committees from time to time, and determine the composition and areas of competence of such committees.
**Frequency of Meetings**

The chairperson of each committee, in consultation with members of the committee, shall determine the frequency of meetings, subject to minimums set forth in a committee charter.

**Selection of Agenda Items for Committee Meetings**

The chairperson of each committee, in consultation with members of the committee, shall prepare the agenda for each meeting. Each committee member shall be free to suggest inclusion of items on the agenda, as well as free to raise at any committee meeting subjects that are not specifically on the agenda for that meeting.

**Assignment and Rotation of Committee Members**

The NCG Committee shall be responsible, after consultation with the Chairman and the Lead Independent Director, for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the NCG Committee’s recommendations, the Board shall be responsible for appointing the chairpersons and members to the committees on an annual basis.

The NCG Committee shall annually review the Committee assignments and shall consider the rotation of the chairpersons and members with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors.

**IX. EXECUTIVE DEVELOPMENT**

**Selection of the Chief Executive Officer**

The Board shall be responsible for identifying potential candidates for, and selecting, the Company’s Chief Executive Officer. In identifying such potential candidates, the Board shall consider, among other things, a candidate’s experience, understanding of the Company’s business environment, leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community.

**Evaluation of Chief Executive Officer**

The formal evaluation of the Chief Executive Officer shall be made in the context of the annual compensation review by the Compensation Committee, with input from the other non-management directors, and should be communicated to the Chief Executive Officer by the Chairman or Lead Independent Director, as applicable, and the chairperson of the Compensation Committee. The evaluation shall be based on such criteria as the Compensation Committee, with input from the other non-management directors, shall determine, including performance of the business and accomplishment of long-term strategic objectives.

**Succession Planning**

The Board, with input from the NCG Committee or the Compensation Committee, as applicable, shall periodically review succession plans for the Chief Executive Officer and other senior management positions, including in the event of unanticipated vacancies in those offices.
Management Development

The Board, led by the Compensation Committee, shall determine that a satisfactory system is in effect for education, development and orderly succession of senior and mid-level managers throughout the Company.

X. STOCK OWNERSHIP AND HOLDING GUIDELINES

Director Stock Ownership and Holding Guidelines

The Company’s non-employee directors are subject to the Company’s stock ownership and holding guidelines as determined by the NCG Committee.

Executive Officer Stock Ownership and Holding Guidelines

The Company’s executive officers are subject to the Company’s stock ownership and holding guidelines as determined by the Compensation Committee.